Standard & Poor's Corporation

STOCK MARKET ENCYCLOPEDIA

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INCLUDING THE S&P 500

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Preface

Published four times each year, the S&P Stock Market Encyclopedia includes a broad array of large, actively traded stocks representing a cross-section of U.S. industry. Material has been grouped within specialized segments of investor interest:

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Note: All computer-generated selections were run against the 750-company Encyclopedia database.

For every company in the Encyclopedia, we include relevant data on its earnings, dividends, and price history, and key income account and balance sheet statistics. We consider this essential background for making a decision whether to buy, sell, or hold any stock. A chart tracing the market action for each stock over the past seven years provides an additional dimension.

While all material in this book was current when we went to press, new developments will inevitably occur over time. Before you make your buy or sell decisions, therefore, we suggest several supplementary sources of updated information: Standard & Poor's weekly investment advisory publication, THE OUTLOOK, and the monthly STOCK GUIDE—either of which would make an ideal companion for this book, as does the monthly Stock Summary. Orders for any S&P publication may be directed to Sales Support: Telephone (212) 208-8786 or 8787.

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The S&P 500: What It Is, How To Use It

Standard & Poor's 500 composite stock-price index and the stock market have become one and the same in the minds of sophisticated investors. Portraying the pattern of common stock price movement, the S&P 500 is used by money managers who run mutual funds, pension funds and the like as a benchmark against which to measure their performance. The pros all strive to outpace the S&P 500 in a given period.

The index is also one of the U.S. Commerce Department's 12 leading economic business indicators. It is, moreover, used as the basis for an estimated $150 billion in index funds, which seek to replicate the S&P 500. Because of the vast sums tied to the "500" via indexing, many "derivative" financial instruments have been created that use the index as their basis, such as futures contracts and options.

Index's Composition

The broad-based "500" index, which traces its history back to 1923, tracks 500 stocks traded on the New York Stock Exchange, the American Stock Exchange and the over-the-counter market. The index is comprised of industrial companies, utilities, financial institutions and transportation firms. The 500 issues represent roughly two-thirds of the total U.S. equity market capitalization with slightly less than 10% of the stock population represented (approximately 5,500 stocks are actively traded).

Until 1988, the S&P 500 contained a fixed number of stocks in four broad categories—industrial, utilities, financial and transportations. Although the index is still comprised of 500 stocks, the number of issues in each of the four sectors varies from time to time. Previously, when a company was removed from the index, it was replaced by another company from the same category. Now, if a company is dropped in one sector, it may be replaced by one in an entirely different category. This results in greater flexibility.

It is important to note that the S&P 500 does not contain the 500 largest stocks. While many of the issues are the largest or among the largest listed on their respective exchanges, the "500" includes many relatively small companies. This is so since the index is constructed by industry groups. Using this "bottom up" approach, S&P identifies important industry categories and then allocates a representative sample of stocks to the group. There are more than 100 industry groups; thus, investors can focus on the often disparate performances of the diverse segments of the markets.

Another key feature of the index is that it is market-value weighted rather than price-weighted. This means that each stock influences the index in proportion to its

Market Measures

	12/31/89 Close	% Change 9/30/89 to 12/31/89	% Change 12/31/88 to 12/31/89	1989 —Range— High	1989 —Range— Low	—Earnings— Est. 1989	—Earnings— Est. 1990	———P/E Ratio†——— 12/31/89	1989 Range* High	1989 Range* Low	Indicated Annual Dividend	% Yield
S&P Indexes												
500 Composite	353.40	+ 1.2	+27.3	359.80	275.31	24.17	28.33	12.5	12.7	9.7	11.61	3.3
Industrials	403.49	+ 1.4	+25.6	410.49	318.66	27.70	30.82	13.1	13.3	10.3	11.73	2.9
Transportation	278.48	−10.9	+22.1	331.07	226.42	21.13	24.72	11.3	13.9	9.2	6.38	2.3
Utilities	156.04	+ 9.6	+38.5	156.04	111.15	10.58	11.90	13.1	13.2	9.3	8.53	5.5
Financial	31.30	− 8.5	+27.8	35.24	24.30	2.04	3.72	8.4	9.5	6.5	1.17	3.7
Dow Jones Industrials	2753.20	+ 2.2	+27.0	2791.41	2144.64	228.15	245.10	11.2	11.5	8.8	87.66	3.2
Amex Market Value Index	378.00	− 2.8	+23.5	397.03	305.24	...	...	...	...	...	...	...
NASDAQ OTC Composite	454.82	− 3.8	+19.3	485.73	378.56	...	...	...	...	...	...	...

*Based on daily closing indexes. †Based on estimated 1990 earnings.

importance in the market. The Dow Jones Industrial Average, on the other hand, is not an index but rather an arithmetic average of the price of 30 stocks. Higher-priced issues, as a result, tend to carry more weight in the DJIA than do lower-priced ones.

Using The "500" As An Investment Tool

Investors can compare the current price-earnings ratio (P/E) of the S&P 500 with P/Es of the past to help determine if the market in general is overpriced and due for a correction or is undervalued. As shown in the table on page iv, the P/E of the "500" at the end of 1989 stood at 12.5, which was 40% lower than the P/E of 21 just prior to the market crash in October 1987.

P/Es for the S&P group indexes may also be used this way to determine if stocks in a particular industry are fairly valued, undervalued or overvalued. One can compare the P/E of an issue to other stocks in the industry, as well as to the S&P 500. Historical data for both the "500" and the individual group indexes may be obtained in S&P's *Analyst's Handbook.*

The yield on the "500" can be used as a gauge by income investors, as well as by other investors, as a valuation measure. In recent decades, a yield of 5% or more on the S&P 500 represented good value, while a return of 3% or less has usually signaled an overextended market. The yield on the S&P 500 at the end of 1989 stood at 3.3%, compared with 2.6% prior to the October 1987 market break.

The total return on the S&P 500 index is another useful investment tool. Taking into account both price changes and dividends, the total return is the best way of measuring stock market performance. The figure for different periods may be found in Standard & Poor's weekly investment advisory publication, *The Outlook.*

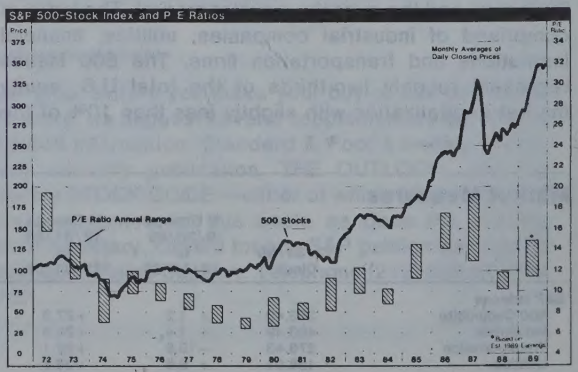
For the Record

The S&P 500 set a record high of 359.80 on October 9, 1989, then plunged 7% on October 13, which was reminiscent of the action on October 19, 1987 when the "500" plummeted 20%. For all of 1989, however, the index turned in one of its best performances, with a gain of 27%. The total return of the S&P 500 was even better; dividends plus appreciation totaled more than 31%.

†P/E Ratio and Yield of S&P 500

	P/E Ratio	Yield		P/E Ratio	Yield		P/E Ratio	Yield
1957	13.1	4.1%	1968	17.0	3.2%	1979	7.0	5.5%
1958	16.5	3.8	1969	16.9	3.3	1980	8.1	5.3
1959	16.9	3.2	1970	15.9	3.9	1981	8.2	5.3
1960	17.2	3.5	1971	17.1	3.2	1982	9.7	5.8
1961	20.4	3.1	1972	17.2	2.9	1983	11.1	4.6
1962	16.8	3.5	1973	13.0	3.2	1984	9.6	4.8
1963	17.1	3.3	1974	9.1	4.7	1985	12.9	4.3
1964	17.8	3.1	1975	10.4	4.6	1986	15.5	3.7
1965	16.8	3.1	1976	10.0	4.1	1987	17.2	3.3
1966	15.1	3.5	1977	9.1	4.8	1988	12.9	3.5
1967	16.7	3.3	1978	7.9	5.3	1989	11.2	3.3

†Average of year's high and low.


S&P 500-Stock Index and P E Ratios
Price
P/E Ratio
Monthly Averages of Daily Closing Prices
P/E Ratio Annual Range
500 Stocks
72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89

Companies With Five Straight Years of Rising Profit Margins

The following table, compiled from a computer screen of the 750 stocks in this handbook, shows 26 industrial companies that have recorded both rising per-share profits and improved profit margins for five consecutive years. Rising margins indicate that a business is operating more efficiently and is squeezing more earnings out of each additional dollar of revenue.

Company	5-Year Earn. Per-Share Growth Rate	After-Tax Profit Margins (%)					Price 1/03/90	E1989 Earn.	†P/E
		1984	1985	1986	1987	1988			
Abbott Laboratories	17	12.9	13.8	14.1	14.4	15.2	69½	3.80	18.2
Anheuser-Busch Cos.	17	6.0	6.3	6.7	7.4	8.0	39¾	2.70	14.7
Archer-Daniels	22	2.3	3.4	4.4	4.5	5.1	23	...	...
Automatic Data	17	8.4	8.5	8.7	9.5	10.9	49⅝	...	...
Barnett Banks Inc.	11	7.6	8.1	8.4	8.5	8.8	36⅝	4.10	8.9
Becton, Dickinson	27	5.6	7.6	8.5	8.9	9.4	62	...	...
Bemis Co.	21	2.3	2.9	2.9	3.4	3.7	33⅜	1.80	18.5
Browning-Ferris	22	8.9	9.7	10.3	10.3	10.9	38⅝	...	...
Coca-Cola Co.	15	8.5	9.1	10.7	11.9	12.5	76⅞	3.45	22.2
COMPAQ Computer	80	3.9	5.2	6.8	11.1	12.3	84¾	7.70	11.0
Food Lion Inc 'B'	29	2.5	2.5	2.5	2.9	2.9	11⅞	.45	26.3
Harland (John H.)	15	11.5	12.3	13.7	15.1	15.9	23	1.60	14.3
Heinz (H.J.)	13	6.0	6.5	6.9	7.2	7.3	34⅛	...	...
Ingersoll-Rand	26	2.3	3.0	3.5	4.0	5.3	52	3.50	14.8
King World Productions	88	11.6	12.1	13.6	14.0	21.7	41¾	...	...
Measurex Corp.	24	7.9	10.0	10.9	11.7	13.9	26	...	...
Melville Corp.	14	4.3	4.4	4.5	4.8	5.2	46⅛	3.50	13.1
Merck & Co.	28	13.8	15.2	16.3	17.9	20.3	79⅞	3.77	21.1
Microsoft Corp.	48	16.2	17.1	19.8	20.7	20.9	89¼	...	...
Pitney Bowes	14	7.9	8.2	8.4	8.8	9.1	48	3.40	14.1
Skyline Corp.	13	2.1	2.4	3.2	3.7	4.0	15⅜	...	...
Tyson Foods 'A'	35	2.4	3.0	3.3	3.7	4.2	25¼	...	...
Upjohn Co.	17	7.9	10.0	11.0	12.0	12.8	38⅝	1.00	38.6
UST Inc.	18	18.8	19.4	20.0	23.1	26.7	31	1.70	18.2
Woolworth Corp.	16	2.4	2.9	3.2	3.5	3.5	65⅝	4.95	13.2
Wrigley, (Wm) Jr.	24	6.7	7.0	7.6	8.9	9.7	56¼	2.60	21.6

†Based on estimated 1989 earnings. E—Estimated.

Low Prices, Low P/Es, High Rankings

The screen below shows companies in the Encyclopedia with market prices of 30 or below, P/Es no higher than 12.4 based on trailing 12-month earnings, and Standard & Poor's earnings and dividend rankings of A– or better. Low-priced issues have special attraction for smaller investors, but are usually more volatile than higher-priced stocks. Selecting issues with relatively low P/Es and high rankings may reduce some of the risk associated with low-priced stocks. At the end of 1989, the P/E of the S&P 500 was 14.9 (based on trailing 12-months actual earnings).

S&P Ranking	Company	Price 1/3/90	Latest 12-Month Per-Share Earn.	†P/E
A+	Loral Corp.	29¾	$3.35	8.8
A	Leggett & Platt	29⅝	2.61	11.3
A–	Citicorp	29½	5.32	5.5
A	Southern Co.	29¼	2.82	10.3
A–	James River Corp.	29	2.89	10.0
A–	Public Svc. Enterpr.	29	2.57	11.2
A–	New York State E&G	28⅞	2.56	11.2
A+	Consolidated Edison	28¾	2.45	11.7
A+	Old Kent Fin'l.	28	3.23	8.6
A	Minnesota Pwr. & Lt.	27¼	3.07	8.8
A+	Fleet/Norstar Fin'l.	27	3.30	8.1
A–	IPALCO Enterprises	26¼	2.54	10.3
A–	Comdisco, Inc.	24¾	2.57	9.6
A–	Textron, Inc.	24¼	3.00	8.0
A+	Rockwell Int'l.	23⅜	2.87	8.1
A–	Philadelphia Elect.	23¼	2.21	10.5
A–	Central Ill. Pub. Sv.	22⅞	1.86	12.2
A	MNC Financial	22⅞	3.34	6.8
A	Prime Motor Inns	22⅞	2.39	9.5
A–	MDU Resources Group	22⅝	1.91	11.8
A+	SunTrust Banks	22⅝	$2.56	8.8
A	Northeast Utilities	22⅜	2.08	10.7
A+	ServiceMaster L.P.	22⅛	2.06	10.7
A–	Portland Gen'l Corp.	21⅞	1.76	12.4
A–	Brush Wellman	21¼	1.89	11.2
A–	Southeast Banking	20⅝	3.75	5.4
A	First Union Corp.	20½	2.69	7.6
A	Toronto-Dominion Bk.	20½	2.20	9.3
A–	Shawmut Nat'l.	20¼	3.51	5.7
A	Meridian Bancorp.	19⅞	2.30	8.6
A–	Watkins-Johnson	19⅞	2.82	7.0
A–	Ryland Group	19⅛	2.73	7.0
A	Bank of Boston	18¾	1.92	9.7
A–	Cubic Corp.	17⅛	2.92	5.8
A–	TJX Companies	15⅞	1.37	11.5
A–	Gerber Scientific	15¾	1.39	11.3
A–	Canadian Marconi	12⅛	.98	12.3

†Based on latest 12-month earnings per share.

Rapid Growth Stocks

Of the 750 issues of companies in this Encyclopedia, the 46 stocks listed below have shown strong and consistent earnings growth. Those companies with erratic profit patterns or with recent adverse trends were eliminated, despite good overall performance. Issues of rapidly growing companies tend to carry high price earnings ratios. They offer potential for substantial appreciation, but also are subject to strong selling pressures should growth in earnings slow.

Company	5-Year Earn. Per-Share Growth Rate	Latest 12-Month Per-Share Earn.	Price 1/03/90	†P/E Ratio
Abbott Laboratories	17%	$3.70	69½	18.7
Anheuser-Busch	17	2.67	39¾	14.8
Archer-Daniels	22	1.60	23	14.3
Armstrong World	14	3.49	38¼	10.9
Autodesk, Inc.	72	1.79	41¼	23.0
Automatic Data	17	2.59	49⅝	19.1
Becton, Dickinson	27	5.40	62	11.4
Bemis Co.	21	1.71	33⅜	19.5
Browning-Ferris	22	1.74	38⅝	22.1
Circuit City Stores	31	1.59	21⅞	13.7
Community Psych Ctrs.	16	1.75	30	17.1
COMPAQ Computer	80	8.18	84¾	10.3
Cooper Inds.	17	2.46	39⅞	16.2
Dillard Dept Str. 'A'	16	3.91	74¼	18.9
Food Lion Inc. 'B'	29	.40	11⅞	29.6
Georgia-Pacific	47	6.93	51	7.3
Glaxo Hldg Plc ADR	36	1.43	26½	18.5
Great Atl. & Pac. Tea	25	3.74	60⅝	16.2
Harland (John H.)	15	1.51	23	15.2
Kaufman & Broad Home	30	2.18	14⅞	6.8
Kellogg Co.	18	3.81	67⅝	17.7
King World Productions	88	2.91	41¾	14.3
Marriot Corp.	15%	$2.12	33⅜	15.7
Measurex Corp.	24	2.17	26	11.9
Merck & Co.	28	3.62	79⅞	22.0
Microsoft Corp.	48	3.25	89¼	27.4
Nordstrom, Inc.	26	1.60	38¾	24.2
Oracle Systems	134	.72	21½	29.8
Oshkosh B'Gosh 'A'	16	2.13	40½	19.0
Philip Morris Cos.	22	2.62	43⅜	16.5
Philips Inds.	12	1.55	23⅛	14.9
Price Co.	27	2.30	47¼	20.5
Prime Motor Inns	22	2.39	22⅞	9.5
Rubbermaid, Inc.	17	1.51	37⅜	24.7
Safety-Kleen	17	1.35	31⅛	23.0
Sara Lee Corp.	16	1.80	32⅜	17.9
Sun Microsystems	32	.57	18	31.5
Syntex Corp.	19	2.79	51½	18.4
Telerate, Inc.	27	.87	20⅞	23.9
Toys R Us	22	1.41	39⅞	28.2
Tyson Foods 'A'	35	1.55	25¼	16.2
UST Inc.	18	1.59	31	19.4
Wal-Mart Stores	31	1.72	47⅛	27.3
Walt Disney Co.	84	5.10	115¾	22.6
Woolworth Corp.	16	4.61	65⅝	14.2
Wrigley, (Wm) Jr.	24	2.66	56¼	21.1

†Based on latest 12-month earnings.

Stocks with High Rankings

Based on the 750 issues in this handbook, this screen shows stocks of companies with Standard & Poor's earnings and dividend rankings of A+ or A. See page xviii for an explanation of S&P's common stock rankings system.

Companies Ranked A+

Abbott Laboratories
Albertson's, Inc.
Amer. Home Products
Ames Dept. Stores
Anheuser-Busch
Automatic Data

Banc One Corp.
Bandag, Inc.
Bard (C.R.)
Barnett Banks Inc.
Borden, Inc.
Bristol-Myers Squibb
Browning-Ferris

Capital Holding
Carter-Wallace
Charming Shoppes
Clorox Co.
Coca-Cola Co.
ConAgra Inc.
Consolidated Edison
Consol. Natural Gas

Dayton Hudson
Dean Foods
Deluxe Corp.
Dillard Dept Str 'A'
Donnelley (RR) & Sons
Dow Jones & Co.
Dun & Bradstreet

Emerson Electric
Ethyl Corp.

First Virginia Banks
Fleet/Norstar Fin'l.

Gannett Co.
General Electric
Genuine Parts

Heinz (H.J.)
Hershey Foods
Hewlett-Packard

Int'l. Bus. Machines

Jostens Inc.

Kellogg Co.
Kimberly-Clark
Knight-Ridder Inc.

Lilly (Eli)
Loral Corp.

Marriott Corp.
May Dept Stores
McDonald's Corp.
Melville Corp.
Mercantile Stores
Merck & Co.

Nat'l Service Inds.
New York Times 'A'
Nordstrom, Inc.

Old Kent Fin'l.

Pall Corp.
Pfizer, Inc.
Philip Morris Cos.
Pitney Bowes
PPG Inds.

Ralston Purina
Raytheon Co.
Rockwell Int'l.
Rubbermaid, Inc.

Sara Lee Corp.
ServiceMaster L.P.
State Str Boston
SunTrust Banks
Super Valu Stores
Sysco Corp.

Torchmark Corp.

Universal Corp.
Upjohn Co.
UST Inc.

V.F. Corp.

Walgreen Co.
Wal-Mart Stores
Westinghouse
Wisconsin Energy Corp.

Companies Ranked A

Alco Standard
Allegheny Power
American Brands
Amer. General
Amer. Intl. Group
AMP Inc.
Amoco Corp.
Aon Corp.
Armstrong World
Avery Int'l.

BCE Inc.
Ball Corp.
Baltimore G & E
Bank of Boston
Bank of New York
Bankers Trust NY
Becton, Dickinson
Bemis Co.
Block (H & R)
Brooklyn Union Gas
Brown-Forman 'B'

Capital Cities/ABC
Centel Corp.
Central & So. West
Cincinnati Bell
Citizens & Sthn. Corp.
Community Psych. Ctrs.
Consol. Freightways
Cooper Tire & Rubber

Dominion Resources
Duke Power

E G & G Inc.
E-Systems
Exxon Corp.

FPL Group
First Union Corp.

Fleming Cos.
Florida Progress
Food Lion Inc 'B'

General Cinema
General Mills
Giant Food 'A'
Gillette Co.
Grainger (W.W.)

Handleman Co.
Harland (John H.)
Hartmarx Corp.
Home Beneficial 'B'

Imperial Chemical
Int'l Flavors/Fragrances
Interpublic Group

Johnson & Johnson

Labatt (John)
Lee Enterprises
Leggett & Platt
Longs Drug Stores
Luby's Cafeterias

MNC Financial
Manor Care
Marsh & McLennan
Masco Corp.
Maytag Corp.
McDonnell Douglas
McKesson Corp.
Medtronic Inc.
Meridian Bancorp.
Millipore Corp.
Minnesota Min'g/Mfg
Minnesota Pwr. & Lt.
Morgan (J.P.)
Morrison Inc.

NCNB Corp.
NCR Corp.
National Fuel Gas
New England Electric
Northeast Utilities
North'n States Power

Orange/Rockland Util.
Owens & Minor

PNC Financial
Penney (J.C.)
PepsiCo Inc.
Philips Inds.
Prime Motor Inns
Procter & Gamble

Quaker Oats

Rite Aid
Rohm & Haas
Royal Dutch Petrol.
Russell Corp.
Ryder System

SCEcorp
Safety-Kleen
San Diego G & E
Schering-Plough
Seagram Co. Ltd.
Security Pacific
Service Corp Int'l.
Shell Transp/Trad.
Sherwin-Williams
Snap-On Tools
Southern Co.
Sthn. New Eng. Telecom.
Southwest'n Pub. Sv.
Sovran Fin'l. Corp.
Stanley Works
Syntex Corp.

TECO Energy
TRW Inc.
Tambrands Inc.
Texas Utilities
Toronto-Dominion
Tyson Foods 'A'

Union Pacific

Waste Management
Winn-Dixie Stores
Worthington Inds.

Stocks with Relatively Low P/Es, High Yields

The issues listed below have been screened for P/Es that are below 10 and yields that are 4% or higher. By contrast, the yield and P/E of the S&P 500 at the end of 1989 (based on 1990 earnings) stood at 3.3% and 12.4, respectively.

Company	Price 1/3/90	†P/E	Indicated Dividend Rate	Yield
Ahmanson (H F) & Co.	18¾	6.9	$0.88	4.6%
Alcan Aluminium Ltd.	24¼	9.1	1.12	4.6
Allied-Signal Inc.	35½	9.5	1.80	5.0
Amer. Electric Pwr.	33	10.0	2.40	7.2
Amer. General	32¾	7.7	1.50	4.5
Aristech Chemical	20¼	9.0	1.00	4.9
ASARCO Inc.	31½	8.4	1.60	5.0
Bank of Boston	18¾	4.0	1.24	6.6
Bank of New York	41½	5.7	2.12	5.1
Bankers Trust NY	43¼	5.1	2.33	5.3
Beneficial Corp.	49½	9.2	2.20	4.4
British Airways ADS	38	8.9	1.59	4.1
CalFed Inc.	20⅜	6.5	1.40	6.8
Carpenter Technology	48⅝	9.5	2.40	4.9
Centerior Energy	20¾	9.0	1.60	7.7
Central Ill. Pub. Sv.	22⅞	9.5	1.80	7.8
Chase Manhattan	35⅛	4.6	2.36	6.7
Chemical Banking	31	5.5	2.72	8.7
Chrysler Corp.	19¾	3.2	1.20	6.0
Citicorp	29½	5.7	1.62	5.4
Citizens & Sthn. Corp.	30⅞	7.4	1.40	4.5
Detroit Edison	25½	9.2	1.68	6.5
First Chicago	37	4.9	1.80	4.8
First Fidelity Bancorp.	22¾	5.4	2.00	8.7
First Union Corp.	20½	6.7	1.00	4.8
Fleet/Norstar Fin'l.	27	7.2	1.40	5.1
Ford Motor	45½	5.5	3.00	6.5
GenCorp	12	8.5	.60	5.0
General Motors	44¼	6.4	3.00	6.7
General Public Util.	46⅞	9.3	2.20	4.6

Company	Price 1/3/90	†P/E	Indicated Dividend Rate	Yield
Goodrich (B.F.)	43¼	8.6	$2.00	4.6%
Grumman Corp.	16	6.4	1.00	6.2
Household Int'l.	52	7.8	2.14	4.1
Imperial Chem. Ind.	76¼	8.9	3.98	5.2
Int'l. Bus. Machines	98⅞	9.6	4.84	4.8
IPALCO Enterprises	26¼	9.9	1.72	6.5
K mart	36⅝	9.1	1.64	4.4
Mfrs. Hanover	35⅜	5.8	3.28	9.2
Mellon Bank Corp.	28½	5.7	1.40	4.9
MNC Financial	22⅞	6.3	1.16	5.0
Morgan (J.P.)	44½	9.0	1.82	4.0
NBD Bancorp.	31¼	8.1	1.28	4.0
Nova Corp. of Alberta	7⅝	8.0	.52	5.8
PACCAR Inc.	43¼	8.6	2.50	5.7
Phelps Dodge	61⅞	5.8	3.00	4.8
Philadelphia Elec.	23¼	8.9	2.20	9.4
PNC Financial	43¼	7.3	2.12	4.9
PSI Holdings	18⅛	7.2	.80	4.4
Puget Sound P&L	22⅜	9.5	1.76	7.8
Sears, Roebuck	39⅛	9.7	2.00	5.1
Security Pacific	39⅜	5.7	2.28	5.7
ServiceMaster L.P.	22⅛	9.8	1.84	8.3
Shawmut Nat'l.	20¼	5.1	1.44	7.1
Southeast Banking	20⅝	5.0	1.12	5.4
Sovran Fin'l Corp.	38	7.6	1.52	4.0
Texas Utilities	35⅛	7.9	2.92	8.3
Textron, Inc.	24¼	7.6	1.00	4.1
Union Carbide	24⅜	6.0	1.00	4.1
Wells Fargo	75	6.2	3.60	4.8
Xerox Corp.	58¼	8.6	3.00	5.1

†Based on 1989 or 1990 earnings.

Low Price/Earnings Ratios

Using the 750 companies in the Encyclopedia as a base, the issues listed here carry price-earnings ratios that are below 8 vs. the 14.9 P/E of the S&P 500 at the end of 1989 (based on trailing 12-months actual earnings). Studies have shown that low P/E stocks generally do better over the long run than those issues with more generous multiples. Stocks should not, however, be purchased on the sole basis of a low P/E. Often, a low P/E indicates poor earnings prospects or an irregular historical profit pattern. Also, stocks of cyclical companies and utilities are two groups that consistently sell at low P/Es. The list below can nevertheless be a starting point in the investment selection process.

Company	†P/E	Company	†P/E	Company	†P/E	Company	†P/E
INTERCO Inc.	0.8	Armco Inc.	5.4	Security Pacific	6.4	Hanover Insurance	7.2
Chris-Craft Inds.	1.8	Southeast Banking	5.4	CalFed Inc.	6.4	Genesco Inc.	7.2
Whittaker Corp.	2.0	Citicorp	5.5	BankAmerica Corp.	6.5	Grumman Corp.	7.2
Quantum Chemical	2.2	Shawmut Nat'l.	5.7	Morgan Stanley Group	6.5	Georgia-Pacific	7.3
Bank of New England	2.9	Beazer PLC ADR	5.7	Barclays plc ADS	6.7	Int'l. Paper	7.3
Chrysler Corp.	3.1	Reynolds Metals	5.8	Aluminum Co. of Amer.	6.8		
Amax Inc.	3.5	Cubic Corp.	5.8	Kaufman & Broad Home	6.8	Leslie Fay Cos.	7.3
Phelps Dodge	3.8	HomeFed Corp.	5.8	MNC Financial	6.8	Outboard Marine	7.5
Inco Ltd.	3.8	Nova Corp. of Alberta	5.8	First Chicago	6.8	Abitibi-Price	7.5
Continental Bank	4.0	Bethlehem Steel	5.9	Champion Int'l.	6.9	Dow Chemical	7.5
						First Union Corp.	7.6
USG Corp.	4.0	Owens-Corning	5.9	Merrill Lynch	6.9		
Cyprus Minerals	4.0	General Motors	5.9	Aristech Chemical	6.9		
Stone Container	4.4	SPX Corp.	5.9	Ryland Group	7.0	Inland Steel Inds.	7.6
Ford Motor	4.5	Alcan Aluminium Ltd.	5.9	Watkins-Johnson	7.0	Summagraphics	7.7
PHM Corp.	4.7	Mellon Bank Corp.	6.0	Boise Cascade	7.0	First Interstate Bancorp.	7.7
						Bear Stearns Cos.	7.8
Union Carbide	4.9	Texaco Inc.	6.1	Allegheny Ludlum	7.0	AMR Corp.	7.9
General Dynamics	5.0	Goodrich (B.F.)	6.2	Delta Air Lines	7.0		
Federal Paper Board	5.2	Service Merchandise	6.2	Wells Fargo	7.1		
DeBeers Cons. Mns. ADR	5.3	Travelers Corp.	6.3	Tonka Corp.	7.1	Household Int'l.	7.9
ASARCO Inc.	5.4	Cleveland-Cliffs	6.3	Alaska Air Group	7.2	Willamette Inds.	7.9

†Based on latest 12-month earnings.

Fast-Rising Dividends

Using the 750 companies in this Encyclopedia, the companies below were chosen on the basis of their large percentage increases in dividends from 1985 to the current Indicated Rate. None of them has gone a full year without paying a dividend.

Company	Paid 1985 Divd.	Ind. 1989 Divd.	†Divd. Growth 1985 to 1989 Ind. Rate	Price 12/29/89	Yield
Celanese Canada	$0.20	2.00	900	29⅝	6.7%
Inco Ltd.	0.20	1.00	400	25⅝	3.9
DeBeers Cons. Mns. ADR	0.151	.69	360	18	3.8
Freeport-McMoRan	0.60	2.50	316	31⅝	7.9
CalFed Inc.	0.44	1.40	218	18⅞	7.4
Ford Motor	0.966	3.00	212	44½	6.7
Wells Fargo	1.17	3.60	207	74	4.8
Service Corp Int'l.	0.195	.56	194	15⅝	3.5
British Telecomm'n 'A'	0.66	1.90	187	50½	3.7
Federal Paper Board	0.35	1.00	185	25⅝	3.9
Philip Morris	0.481	1.38	185	39¾	3.4
SunTrust Banks	0.30	.84	180	22	3.8
Chrysler Corp.	0.444	1.20	172	18½	6.4
UST Inc.	0.43	1.10	155	28⅛	3.9
MNC Financial	0.475	1.16	146	21⅞	5.3
Lockheed Corp	0.75	1.80	140	40½	4.4
ServiceMaster L.P.	0.773	1.84	138	21¾	8.4
Bristol-Myers Squibb	0.905	2.12	135	56¼	3.7
Alcan Aluminium	0.488	1.12	133	23⅛	4.8
Kimberly-Clark	1.145	2.60	128	72	3.6
PACCAR Inc.	1.10	2.50	127	40¾	6.1
Aluminum Co. of Amer.	1.20	2.72	126	75½	3.6
NBD Bancorp.	0.573	1.28	124	30¾	4.1
Eaton Corp.	0.90	2.00	122	55¼	3.6
Ahmanson (H F) & Co.	0.40	.88	120	18⅛	4.8
Dow Chemical	1.20	2.60	116	70⅞	3.6
Great West'n. Fin'l.	0.376	.80	116	17⅛	4.6
National City Corp.	0.877	1.88	116	38⅝	4.8
Fleet/Norstar Fin'l.	0.66	1.40	112	26	5.3
British Petrol. ADS	2.012	4.24	110	65⅝	6.4
Block (H & R)	0.62	1.28	106	36¼	3.5
Imperial Chem. Ind.	1.941	3.98	105	78⅝	5.0
Royal Dutch Petrol.	1.40	2.86	104	74¾	3.8
Family Dollar Stores	0.186	.36	100	10½	3.4
Noranda Inc.	0.50	1.00	100	23⅞	4.1
Canad'n. Pacific, ORD.	0.473	.92	95	22⅛	3.5
Toronto-Dominion	0.395	.76	94	19⅛	3.9
Dun & Bradstreet	1.06	2.00	88	44½	4.4
PPG Inds.	0.82	1.52	85	40⅝	3.7
K mart	0.906	1.64	82	36	4.5
Shell Transp/Trad	1.072	1.93	80	46½	4.1

Company	Paid 1985 Divd.	Ind. 1989 Divd.	†Divd. Growth 1985 to 1989 Ind. Rate	Price 12/29/89	Yield
Citizens & Sthn. Corp.	$0.79	1.40	77	29⅞	4.6%
First Union Corp.	0.575	1.00	75	20¾	4.8
Shared Medical	0.48	.84	75	13¼	6.3
Security Pacific	1.31	2.28	74	39⅜	5.7
Bankers Trust NY	1.35	2.33	72	40	5.8
Rohm & Haas	0.70	1.20	71	34¾	3.4
PNC Financial	1.24	2.12	70	43¼	4.9
Echlin Inc.	0.425	.70	66	14½	4.8
Dexter Corp.	0.533	.88	66	22¾	3.8
Morgan (J.P.)	1.10	1.82	65	42⅜	4.2
duPont (El) deNemours	3.00	4.80	60	124⅜	3.8
Consol Natural Gas	1.16	1.84	58	46¼	3.9
McDonnell Douglas	1.785	2.82	58	62¼	4.5
ALLTEL Corp.	0.817	1.28	56	36⅞	3.4
Old Kent Fin'l.	0.683	1.06	55	26⅞	3.9
ASA Ltd.	2.25	3.50	55	59⅝	5.8
Bank of Boston	0.80	1.24	55	18¼	6.7
Thomas & Betts	1.30	2.00	53	49¾	4.0
Ametek Inc.	0.425	.64	52	13	4.9
Bank of New York	1.40	2.12	51	39⅜	5.3
Universal Corp.	0.98	1.48	51	34¼	4.3
Amer. General	1.00	1.50	50	32½	4.6
Diebold, Inc.	1.00	1.50	50	39⅜	3.7
Whitman Co.	0.685	1.02	50	28⅞	3.5
Consol Freightways	0.716	1.06	49	25⅝	4.1
Citicorp	1.105	1.62	47	27	6.0
St. Paul Cos.	1.50	2.20	46	61½	3.5
Rockwell Int'l.	0.545	.78	44	22¼	3.5
First Virginia Banks	0.86	1.24	44	29⅜	4.2
Consolidated Edison	1.20	1.72	43	27¾	6.1
McGraw-Hill	1.40	2.00	42	56⅜	3.5
Montana Power	2.00	2.84	42	41	6.9
GTE Corp.	2.066	2.92	41	68⅜	4.2
Lincoln Nat'l Corp.	1.84	2.60	41	56¾	4.5
Hartmarx Corp.	0.853	1.20	41	17⅝	6.8
Meridian Bancorp	0.850	1.20	41	20	6.0
Wendy's Int'l.	0.173	.24	41	4⅝	5.1
Hercules, Inc.	1.600	2.24	40	40¾	5.4
Southeast Banking	0.800	1.12	40	19¼	5.8

†Based on indicated rate. Divs. may have varied during years.

Top Encyclopedia Companies Ranked By Yield†

The stocks below are ranked solely on the basis of yield. We have eliminated from the computer screen stocks of companies whose yields were far above average, since this indicates the prices may be depressed as a result of poor fundamentals and that a dividend cut or omission could be forthcoming. The highest yield in the table is 10.8% and the lowest is 6%.

Company	Yield 1/3/90
Lone Star Inds.	10.8%
Philadelphia Elec	9.4
USF&G Corp.	9.3
Mfrs. Hanover	9.2
Portland Gen'l. Corp.	8.9
Chemical Banking Corp.	8.7
First Fidelity Bancorp.	8.7
Houston Inds.	8.3
Occidental Petrol'm	8.3
ServiceMaster L.P.	8.3
Texas Utilities	8.3
Continental Corp.	8.2
Lyondell Petrochem.	8.2
Ohio Edison	8.2
Commonwealth Edison	7.9
Central Ill. Pub. Sv.	7.8
Lincoln Natl. Cv. Sec.	7.8
Northeast Utilities	7.8
Puget Sound P&L	7.8
Centerior Energy	7.7
Freeport-McMoRan	7.6
Kansas Gas & Elec.	7.6
Allegheny Power	7.5
Connecticut Nat. Gas	7.4
Kansas City Pwr. & Lt.	7.3
Southern Co.	7.3
Amer. Electric	7.2
Delmarva Pwr. & Lt.	7.2
New England El. Sys.	7.2
Orange/Rockland Util.	7.2
Rochester G & E	7.2
Public Svc. Enterpr.	7.1
Shawmut Nat'l	7.1
Southwest'n. Pub. Sv.	7.1
New York State E&G	7.0
SCANA Corp.	6.9
CalFed Inc.	6.8
Dominion Resources	6.8
Panhandle East'n.	6.8
Celanese Canada	6.7
Chase Manhattan	6.7
First Interstate Bancorp.	6.7
General Motors	6.7
Montana Power	6.7
Pacific Enterprises	6.7
Bank of Boston	6.6
Florida Progress	6.6
Northrop Corp.	6.6
Central & So. West	6.5
Detroit Edison	6.5
Ford Motor	6.5
IPALCO Enterprises	6.5
Minnesota Pwr. & Lt.	6.5
Unisys Corp.	6.5
ASA Ltd.	6.4
British Petrol. ADS	6.4
Pacific G & E	6.4
SCEcorp	6.4
Shared Medical	6.4
Travelers Corp.	6.4
FPL Group	6.3
Idaho Power	6.3
Oklahoma Gas & Elec.	6.3
Grumman Corp.	6.2
MDU Resources Group	6.2
Baltimore Gas & El.	6.1
Carolina Pwr. & Lt.	6.1
Hartmarx Corp.	6.1
Chrysler Corp.	6.0
Meridian Bancorp	6.0
Peoples Energy	6.0

†Based on indicated annual dividend.

Per Share Data ($) Table

Tangible Book Value; Book Value (See also: "Common Equity" under Industrials)—Indicates the theoretical dollar amount per common share one might expect to receive from a company's tangible "book" assets should liquidation take place. Generally, book value is determined by adding the stated value of the common stock, paid-in capital and retained earnings and then subtracting intangible assets (excess cost over equity of acquired companies, goodwill and patents), preferred stock at liquidating value and unamortized debt discount. Divide that amount by the outstanding shares to get book value per common share.

Earnings—The amount a company reports as having been earned for the year on its common stock based on generally accepted accounting standards. Earnings may be indicated in terms of *primary* (common stock and common stock equivalents such as stock options and warrants) and *fully diluted* (reflecting dilution in earnings resulting if all contingent issuances of common stock materialized at the outset of the year), and are generally reported from continuing operations, before extraordinary items. INSURANCE companies report *operating earnings* before gains/losses on security transactions and *earnings* after such transactions.

Dividends—Generally total cash payments per share based on the ex-dividend dates over a twelve months period. May also be reported on a declared basis where this has been established to be a company's payout policy.

Payout Ratio—Indicates the percentage of earnings paid out in dividends. It is calculated by dividing the annual dividend by the earnings. For INSURANCE companies *earnings* after gains/losses on security transactions are used.

Prices High/Low—Shows the calendar year high and low of a stock's market price.

P/E Ratio High/Low—The ratio of market price to earnings—essentially indicates the valuation investors place on a company's earnings. Obtained by dividing the annual earnings into the high and low market price for the year. For INSURANCE companies *operating earnings* before gains/losses on security transactions are used.

Net Asset Value—Appears on investment company reports and reflects the market value of stocks, bonds and net cash divided by outstanding shares. The % DIFFERENCE indicates the percentage premium or discount of the market price over the net asset value. Take price minus net asset value and divide the difference by the net asset value expressed as a percentage.

Portfolio Turnover—Appears on investment company reports and indicates percentage of total security purchases and sales for the year to overall investment assets. Primarily mirrors trading aggressiveness.

Income/Balance Sheet Data Tables

BANKS

Net Interest Income—Interest and dividend income, minus interest expense.

Loan Loss Provision—Amount charged to operating expenses to provide an adequate reserve to cover anticipated losses in the loan portfolio.

Taxable Equivalent Adjustment—Increase to render income from tax-exempt loans and securities comparable to fully taxed income.

Non-interest Income—Service fees, trading and other income, excluding gains/losses on securities transactions.

% Expenses/Op. Revenues—Noninterest expense as a percentage of taxable equivalent net interest income plus noninterest income (before securities gains/losses). A measure of cost control.

Commercial Loans—Commercial, industrial, financial, agricultural loans and leases, gross.

Other Loans—Gross consumer, real estate and foreign loans.

% Loan Loss Reserve—Contra-account to loan assets, built through provisions for loan losses, which serves as a cushion for possible future loan charge-offs.

% Loans/Deposits—Proportion of loans funded by deposits. A measure of liquidity and an indication of bank's ability to write more loans.

Earning Assets—Assets on which interest is earned.

Money Market Assets—Interest-bearing interbank deposits, federal funds sold, trading account securities.

Investment Securities—Federal, state and local government bonds and other securities.

Gains/Losses on Securities Transactions—Realized losses on sales of securities, usually bonds.

Net Before Taxes—Amount remaining after operating expenses are deducted from income, including gains or losses on security transactions.

Effective Tax Rate—Actual income tax expense divided by net before taxes.

Glossary

Net Income—The final profit before dividends (common/preferred) from all sources after deduction of expenses, taxes, and fixed charges, but before any discontinued operations or extraordinary items.

Net Interest Margin—A percentage computed by dividing net interest income, on a taxable equivalent basis, by average earning assets. Used as an analytical tool to measure profit margins from providing credit services.

% Return on Revenues—Net income divided by gross revenues.

% Return on Assets—Net income divided by average total assets. An analytical measure of asset-use efficiency and industry comparison.

% Return on Equity—Net income (minus preferred dividend requirements) divided by average common equity. Generally used to measure performance.

Total Assets—Includes interest earning financial instruments—principally commercial, real estate, consumer loans and leases; investment securities/trading accounts; cash/money market investments; other owned assets.

Cash—Mainly vault cash, interest bearing deposits placed with banks, reserves required by the Federal Reserve and items in the process of collection—generally referred to as float.

Government Securities—Includes United States Treasury securities and securities of other U.S. government agencies at book or carrying value. A bank's major "liquid asset."

State & Municipal Securities—State & municipal securities owned at book value.

Loans—All domestic and foreign loans (excluding leases), less unearned discount and reserve for possible losses. Generally considered a bank's principal asset.

Deposits—Primarily classified as either *demand* (payable at any time upon demand of depositor) or *time* (not payable within thirty days).

Deposits/Capital Funds—Average deposits divided by average capital funds. Capital funds include capital notes/debentures, other long-term debt, capital stock, surplus and undivided profits. May be used as a "leverage" measure.

Long Term Debt—Total borrowings for terms beyond one year including notes payable, mortgages, debentures, term loans and capitalized lease obligations.

Common Equity—Includes common/capital surplus, undivided profits, reserve for contingencies and other capital reserves.

% Equity to Assets—Average common equity divided by average total assets. Used as a measure of capital adequacy.

% Equity to Loans—Average common equity divided by average loans. Reflects the degree of equity coverage to loans outstanding.

INDUSTRIAL COMPANIES

Following data is based on Form 10K Annual Report data as filed with SEC.

Revenues—Net sales and other operating revenues. Includes franchise/leased department income for retailers, and royalties for publishers and oil and mining companies. Excludes excise taxes for tobacco, liquor and oil companies.

Operating Income—Net sales and operating revenues less cost of goods sold and operating expenses (including research & development, profit sharing, exploration and bad debt, but excluding depreciation and amortization).

% Operating Income of Revenues—Net sales and operating revenues divided into operating income. Used as a measure of operating profitability.

Capital Expenditures—The sum of additions at cost to property, plant & equipment and leaseholds, generally excluding amounts arising from acquisitions.

Depreciation—Includes non-cash charges for obsolescence, wear on property, current portion of capitalized expenses (intangibles) and depletion charges.

Interest Expense—Includes all interest expense on short/long-term debt, amortization of debt discount/premium and deferred expenses (e.g. financing costs).

Net Before Taxes—Includes operating and non-operating revenues (including extraordinary items not net of taxes), less all operating and non-operating expenses, except income taxes and minority interest, but including equity in non-consolidated subsidiaries.

Effective Tax Rate—Actual income tax charges divided by net before taxes.

Net Income—Profits derived from all sources after deduction of expenses, taxes, and fixed charges, but before any discontinued operations, extraordinary items and dividends (preferred/common).

% Net Income of Revenues—Net income divided by sales/operating revenues.

Cash—Includes all cash and government and other marketable securities.

Glossary

Current Assets—Those assets expected to be realized in cash or used up in the production of revenue within one year.

Current Liabilities—Generally includes all debts/obligations falling due within one year.

Current Ratio—Current assets divided by current liabilities. A measure of liquidity.

Total Assets—Current assets plus net plant and other non-current assets (intangibles & deferred items).

% Return on Assets—Net income divided by average total assets on a per common share basis. Used in industry analysis and as a measure of asset-use efficiency

Long Term Debt—Debts/obligations due after one year. Includes bonds, notes payable, mortgages, lease obligations and industrial revenue bonds. Other Long Term Debt, when reported as a separate account, is excluded. This account generally includes pension and retirement benefits.

Common Equity (See also: "Book Value" under Per Share Data Table)—Common stock plus capital surplus and retained earnings, less any difference between the carrying value and liquidating value of preferred stock.

Total Invested Capital—The sum of stockholders' equity plus long-term debt, capital lease obligations, deferred income taxes, investment credits and minority interest.

% Long Term Debt of Invested Capital—Long-term debt divided by total invested capital. Indicates how highly "leveraged" a business might be.

% Return on Equity—Net income less preferred dividend requirements divided by average common shareholders' equity on a per common share basis. Generally used to measure performance and industry comparisons.

UTILITIES

Operating Revenues—Represents the amount billed to customers by the utility.

Depreciation—Amounts charged to income to compensate for the decline in useful value of plant and equipment.

Maintenance—Amounts spent to keep plants in good operating condition.

Operating Ratio—Ratio of operating costs to operating revenues or the proportion of revenues absorbed by expenses. Obtained by dividing operating expenses including depreciation, maintenance and taxes by revenues.

Fixed Charges Coverage—The number of times income before interest charges (operating income plus other income) after taxes covers total interest charges and preferred dividend requirements.

Construction Credits—Credits for interest charged to the cost of constructing new plant. A combination of allowance for equity funds used during construction and allowance for borrowed funds used during construction—credit.

Effective Tax Rate—Actual income tax expense divided by the total of net income and actual income tax expense.

Net Income—Amount of earnings for the year which is available for preferred and common dividend payments.

% Return on Revenues—Obtained by dividing net income for the year by revenues.

% Return on Invested Capital—Percentage obtained by dividing income available for fixed charges by average total invested capital.

% Return on Common Equity—Percentage obtained by dividing income available for common stock (net income less preferred dividend requirements) by average common equity.

Gross Property—Includes utility plant at cost, plant work in progress and nuclear fuel.

Capital Expenditures—Represents the amounts spent on capital improvements to plant and funds for construction programs.

Net Property—Includes items in gross property less provision for depreciation.

% Earned on Net Property—Percentage obtained by dividing operating income by average net property for the year. A measure of plant efficiency.

Total Invested Capital—Sum of total capitalization (common-preferred-debt), accumulated deferred income taxes, accumulated investment tax credits, minority interest, contingency reserves and contributions in aid of construction.

Total Capitalization—Combined sum of total common equity, preferred stock and long-term debt.

Long Term Debt—Debt obligations due beyond one year from balance sheet date.

Capitalization Ratios—Reflect the percentage of each type of debt/equity issues outstanding to total capitalization. % DEBT is obtained by dividing total debt by the sum of debt, preferred, common, paid-in capital and retained earnings. % PREFERRED is obtained by dividing the preferred stocks outstanding by total capitalization. % COMMON, divide the sum of common stocks, paid-in capital and retained earnings by total capitalization.

Stock Group Performances—Fourth Quarter 1989

Rank	Group	Market Action (% Change)
1	Oil & Gas Drilling	23.4
2	Gold Mining	16.4
3	Household Products	15.0
4	Engineering & Construction	14.8
5	Restaurants	13.5
6	Oil Well Equip. & Svc.	12.7
7	Oil (Int'l Integr.)	12.6
8	Life Insurance	12.3
9	Beverages (Soft Drinks)	12.2
10	Hospital Management	12.1
11	Electrical Equipment	11.1
12	Telephone	10.8
13	Natural Gas	9.4
14	Electric Cos.	8.6
15	Coal	8.3
16	Oil (Domestic Integr.)	8.1
17	Health Care Diversified	7.2
18	Medical Products & Supplies	7.1
19	Communication—Equip./Mfrs	6.9
20	Food Wholesalers	6.9
21	Cosmetics	6.9
22	Containers (Metal & Glass)	6.8
23	Insurance Brokers	6.0
24	Health Care-Drugs	5.3
25	Pollution Control	4.8
26	Property-Casualty Insurance	4.7
27	Foods	4.6
28	Machinery (Diversified)	2.3
29	Chemicals	1.8
30	Railroads	1.5
31	Telecommunication (Long Dist)	1.5
32	500 Composite	1.2
33	Broadcast Media	0.8
34	Gaming Cos.	0.7
35	Tobacco	0.7
36	Retail Stores (Gen. Merch.)	0.4
37	Electronics (Semiconductors)	0.3
38	Miscellaneous	0.3
39	Beverages (Alcoholic)	−0.4
40	Paper & Forest Products	−1.4
41	Housewares	−1.5
42	Retail Stores (Food Chains)	−1.8
43	Multi-Line Insurance	−1.9
44	Electronics (Defense)	−2.0
45	Truckers	−2.3
46	Conglomerates	−2.4
47	Aluminum	−2.6
48	Retail Stores (Dept. Stores)	−2.6
49	Computer Software & Services	−3.1
50	Manufacturing (Divers. Inds.)	−3.2
51	Containers (Paper)	−4.0
52	Retail Stores (Drug)	−4.4
53	Textiles (Apparel Mfrs.)	−4.9
54	Hardware & Tools	−4.9
55	Auto Parts (After-Mkt.)	−4.9
56	Household Furnishing & Appl.	−5.0
57	Chemicals (Diversified)	−5.3
58	Aerospace/Defense	−6.0
59	Health Care Misc.	−6.2
60	Electronics (Instrumentation)	−6.8
61	Machine Tools	−7.0
62	Retail Stores (Specialty)	−7.1
63	Heavy Duty Trucks & Parts	−7.1
64	Entertainment	−7.3
65	Publishing (Newspapers)	−7.5
66	Steel	−8.4
67	Financial Miscellaneous	−8.4
68	Manufactured Housing	−8.7
69	Shoes	−9.0
70	Computer & Bus. Equip. Ex.IBM	−9.0
71	Office Equipment & Supplies	−9.0
72	Personal Loans	−9.7
73	Toys	−10.6
74	Commercial Services	−10.7
75	Brokerage Firms	−11.5
76	Building Materials	−11.7
77	Computer Systems	−11.9
78	Banks (Major Regional)	−12.1
79	Automobiles	−12.8
80	Leisure Time	−14.8
81	Metals Misc.	−14.8
82	Banks (Money Center)	−15.5
83	Autos (excl. G.M.)	−16.1
84	Real Estate Inv. Trust	−16.7
85	Publishing	−17.0
86	Hotel—Motel	−17.7
87	Transportation (Misc)	−18.9
88	Banks (Other Major)	−21.5
89	Savings & Loan	−22.7
90	Homebuilding	−24.7
91	Airlines	−29.2

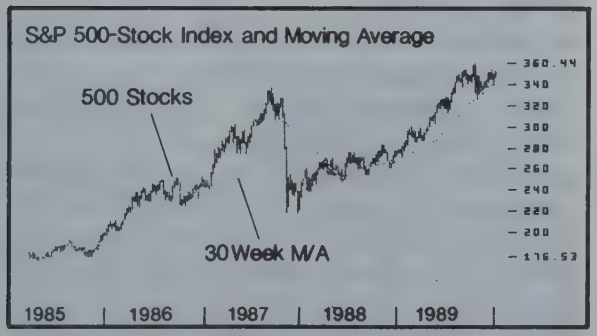
NYSE Winners & Losers—Fourth Quarter 1989

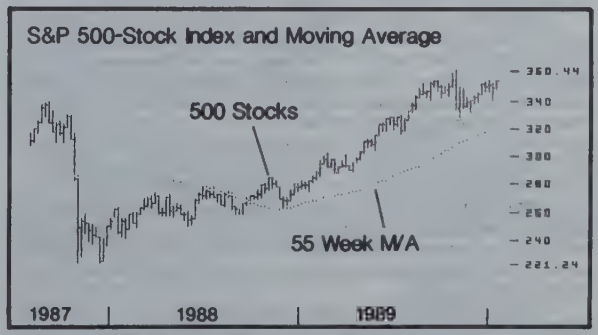
Stocks of companies in oil and gas drilling, gold mining and household products were among the strongest performers during the fourth quarter of 1989 (see listing of 90 groups on preceding page).

Among the weakest groups were homebuilding and airlines.

The ten largest winners and losers among NYSE-listed stocks were:

Largest Gains % Change		Largest Losses % Change	
+217	Service Resources	−92	Integrated Resources
+ 81	Global Marine	−86	Bay Financial
+ 62	Western North American	−73	Imperial American
+ 61	Tyler Corp.	−71	Emerald Homes
+ 60	Keystone Consolidated	−71	Mercury Savings & Loan
+ 50	Cycare Systems	−68	American Medical Int'l.
+ 49	Conseco Inc.	−68	Comprehensive Care
+ 48	Germany Fund	−67	Columbia Savings & Loan
+ 48	Dallas Corp.	−63	Home Owners Savings
+ 47	Great Northern Nekoosa	−63	Crossland Savings





Higher Dividends for Ten Years

Screened from the 750 companies in the Encyclopedia, the companies listed below paid higher dividends in each of the past ten calendar years. To be able to hike dividends under the difficult economic conditions that were experienced at times over the past ten years indicates finances and capable management. Each of the stocks also yields at least 3.4%, which compares with the S&P 500's 3.3% yield at the start of December 1989.

Allegheny Power	7.7%	Contel Corp.	3.4%	K mart	4.4%	Security Pacific	5.7%
American Brands	4.0	Delmarva Pwr. & Lt.	7.6	McDonnell Douglas	4.5	Service Corp Int'l.	3.4
Amer. General	4.6	Diebold, Inc.	3.7	Minnesota Pwr. & Lt.	6.7	ServiceMaster L.P.	8.4
Amer. Home Products	3.6	Dominion Resources	7.2	MNC Financial	5.1	Shared Medical	6.1
Baltimore G & E	6.5	Duke Power	5.8	Morgan (J.P.)	4.2	Sthn. New Eng Telecom	3.9
Bank of Boston	6.7	Dun & Bradstreet	4.4	National Fuel Gas	5.1	Southwest'n. Pub. Sv.	7.3
Bank of New York	5.3	Echlin Inc.	4.7	North'n. States Pwr.	5.8	TECO Energy	5.5
Bankers Trust NY	5.7	First Interstate Bancorp.	6.8	Oklahoma G & E	6.6	Texas Utilities	8.3
BCE Inc.	5.5	First Union Corp.	4.7	Old Kent Fin'l.	3.9	Thomas & Betts	4.0
Bristol-Myers Squibb	3.8	First Virginia Banks	4.0	Orange/Rockland Util.	7.5	Toronto-Dominion	4.0
Brooklyn Union Gas	5.8	Fleet/Norstar Fin'l.	5.3	Philip Morris Cos.	3.4	Transamerica Corp.	4.5
Brown Group	5.6	Florida Progress	6.7	PNC Financial	4.9	Universal Corp.	4.2
Carlisle Cos.	3.4	FPL Group	6.7	PPG Inds.	3.7	USF&G Corp.	9.4
Central & So. West	6.5	GTE Corp.	4.2	Questar Corp.	4.9	UST Inc.	3.8
Citicorp	5.9	Hartmarx Corp.	7.0	Rockwell Int'l.	3.4	Whitman Co.	3.5
Citizens & Sthn. Corp.	4.5	Hercules, Inc.	5.4	Rohm & Haas	3.4	Wisconsin Energy	5.4
Consolidated Edison	6.3	Household Int'l.	4.1	San Diego G & E	6.0		
Consol. Freightways	4.0	Houston Inds.	8.5	SCANA Corp.	7.1		
Consol. Natural Gas	3.9	Kimberly-Clark	3.5	SCEcorp	6.7		

S&P's Common Stock Ranking System

In the process of evaluating and comparing the earnings and dividend histories of companies, Standard & Poor's proprietary Common Stock Ranking System can be a valuable investment tool (Standard & Poor's earnings and dividend ranking appears on the top line of every stock report in this Handbook.)

The S&P Ranking System is a computerized scoring system that measures the historical growth and stability of earnings and dividends of the most recent ten years. This period is considered long enough to measure significant time segments of secular growth, to capture indications of basic changes in trends as they develop, and to encompass the full peak-to-peak range of the business cycle. The ranking system also makes allowances for company size, since large companies have certain inherent advantages over smaller ones.

After a final score is computed, it is reviewed and in some instances modified, because no computerized system can evaluate the numerous special considerations and developments that could have an impact on the company's earnings and dividend record.

Companies with high growth and stability in earnings and dividends rank higher than companies whose earnings and dividends grow slowly, erratically, or not at all. The system has seven grades: A+, A and A− are above average; B+ is average; B, B− and C are below average. An NR designation (no ranking) is given to common stocks with insufficient historical data or because the company is not amenable to the ranking process because of one or more reasons. As a matter of policy, S&P does not rank foreign companies, investment companies and real estate investment trusts. The grade of D signifies a company in reorganization, while Liq. denotes a company in liquidation.

Because S&P believes that no single scoring system can cover all facets of the investment merit of a particular stock, the Ranking System does not consider a company's balance sheet, the financial resources at its disposal, profit margins or changes in management. So as not to be biased by future expectations, the rankings are based on past events only and do not use earnings and dividend estimates.

Some companies may have below-average rankings or no ranking because of reasons not related to the investment merits of the stock: absence of cash dividends can hold a score down; a company in a developmental stage with no established record may be unranked. A company may be a desirable investment and still have a low ranking, or no ranking. The rankings do not take into consideration the price of a stock; the stock of an above-average ranked company can at times be overpriced, while a low-ranked stock's price can be undervalued.

An S&P ranking is not a recommendation to buy or sell the stock of any company. S&P common stock rankings also should not be confused with debt quality ratings.

AMP Inc.

NYSE Symbol AMP Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 5'89	1989					
46¼	49⅜-40¼	17	1.20	2.6%	A	1.39

Summary

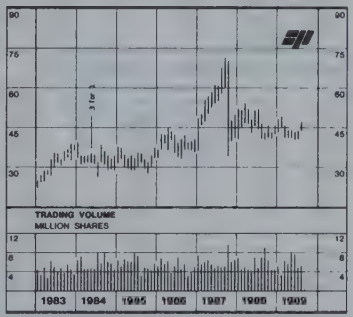
The world's largest producer of electronic and electrical connection devices, AMP in 1988 derived over half of its revenues and operating income from foreign operations. Following strong earnings progress in 1988, a decline is likely in 1989 due to pressure on margins and a nonrecurring charge. An increase in earnings is projected in 1990 due largely to reduced pricing pressures, lower costs and the absence of nonrecurring charges.

Current Outlook

Earnings for 1990 should approximate $3.10 a share, up from the $2.80 projected for 1989.

A modest increase in the $0.30 quarterly dividend is likely in 1990.

Revenues for 1990 are anticipated to increase about 5%, assuming some economic growth and reduced pressure on prices. The gain will likely be restrained by a stronger dollar and sluggish growth in the electronics industry, especially in the computer industry. Operating margins are likely to widen due to firmer prices, recent cost reductions and lower costs. The absence of a nonrecurring charge should further extend the improvement in profitability. Long-term prospects should be aided by the relatively rapid growth projected for the electronics industry, as well as AMP's strong management and finances.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	713	654	526	453
Jun.	723	687	585	492
Sep.	---	633	573	481
Dec.	---	695	633	506
	---	2,670	2,318	1,933

Sales for the six months ended June 30, 1989, year to year, despite the stronger dollar. Due to pressure on domestic profit margins due to modest growth, pricing pressures and rising wage costs, as well as a $20 million ($0.11 a share) charge for early retirement and restructuring, margins narrowed. Pretax income declined 14%. After taxes at 38.9%, versus 40.4%, net income was 11% lower. Share earnings were $1.34, compared with $1.50.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.72	0.72	0.50	0.31
Jun.	0.62	0.78	0.58	0.39
Sep.	E0.65	0.67	0.58	0.39
Dec.	E0.81	0.79	0.65	0.43
	E2.80	2.96	2.31	1.52

Important Developments

Sep. '89— AMP said that even after adjusting for the usual seasonal slowdown, domestic orders were somewhat lower than in the first half due to sluggish orders from the computer and durable goods industries and a stretchout of military orders. However, it added that international orders were strong in local currencies.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	14.16	12.54	10.50	9.23	8.57	7.45	6.64	6.13	5.35	4.46
Earnings	2.96	2.31	1.52	1.00	1.87	1.52	1.10	1.25	1.22	1.12
Dividends	1.00	0.85	0.74	0.72	0.64	0.53⅜	0.46¾	0.40	0.33⅜	0.25⅜
Payout Ratio	34%	37%	49%	72%	34%	35%	42%	32%	27%	23%
Prices—High	54¼	71½	45	37⅞	39½	39	23½	20⅞	18¾	13¾
Low	40½	34⅛	32⅞	27½	26⅛	22	15¼	14½	11	9⅞
P/E Ratio—	18-14	31-15	30-22	38-28	21-14	26-15	21-14	17-12	15-9	12-9

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1984. 1. Reflects merger or acquisition. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,670	688	25.8	220	159	[2]16.2	529	39.7%	319	12.0
1987	2,318	576	24.9	172	141	16.9	430	42.0%	250	10.8
1986	1,933	427	22.1	152	124	18.0	294	44.1%	[3]164	8.5
1985	1,636	295	18.1	198	96	20.1	193	43.9%	108	6.6
1984	1,813	445	24.5	256	75	17.1	363	44.5%	201	11.1
1983	1,515	360	23.8	128	63	13.8	293	44.3%	163	10.8
1982	1,243	274	22.0	122	59	13.0	214	44.3%	119	9.6
[1]1981	1,234	290	23.5	109	51	15.0	241	44.1%	[3]135	10.9
1980	1,155	276	23.9	113	42	[3]16.0	231	43.1%	131	11.4
1979	1,013	269	26.5	96	34	10.0	228	46.8%	121	12.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	332	1,363	662	2.1	2,376	14.3%	82.8	1,521	1,678	4.9	22.2%
1987	213	1,163	538	2.2	2,082	12.9%	71.4	1,349	1,507	4.7	20.2%
1986	208	959	484	2.0	1,787	9.8%	46.3	1,135	1,279	3.6	15.4%
1985	112	770	414	1.9	1,549	7.1%	36.1	997	1,117	3.2	11.2%
1984	163	844	455	1.9	1,487	14.8%	27.3	923	1,014	2.7	23.3%
1983	149	766	319	2.4	1,238	14.1%	46.9	801	895	5.2	21.5%
1982	176	661	246	2.7	1,076	11.3%	53.0	714	812	6.5	17.3%
1981	150	660	249	2.6	1,025	13.8%	56.1	661	760	7.4	21.8%
1980	92	609	241	2.5	929	15.0%	50.1	578	665	7.5	24.8%
1979	95	571	246	2.3	824	16.4%	48.5	481	559	8.7	27.8%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Net of interest income. 3. Reflects accounting change

Business Summary

AMP Inc. is the world's leading producer of electrical and electronic connection devices.

Over 100,000 types and sizes of terminals, splices, connectors, cable assemblies, switches, touch screen data entry systems and related application tooling (including 55,000 machines and a multitude of tools) are supplied to more than 50,000 electrical and electronic manufacturers, as well as to customers who install and maintain that equipment.

Over two-thirds of sales are of products provided in strip form on reels and applied by customers with special machines provided by the company. Another 10%-15% of sales are of products provided in single-piece form and applied by customers with special AMP tools. The balance of sales is of pre-assembled devices which do not require application tools or machines.

Foreign operations accounted for 52% of sales and 58% of operating income in 1988.

Research, development and engineering expenditures totaled $238 million (8.9% of sales) in 1988, versus $204 million (8.8%) in 1987.

Dividend Data

Dividends have been paid since 1951. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Oct. 26	Nov. 1	Nov. 7	Dec. 1'88
0.30	Jan. 25	Jan. 31	Feb. 6	Mar. 1'89
0.30	Apr. 26	May 2	May 8	Jun. 1'89
0.30	Jul. 26	Aug. 1	Aug. 7	Sep. 1'89

Next dividend meeting: late Oct. '89.

Finances

Upon releasing second quarter 1989 earnings, the company said that capital spending was expected to exceed $250 million in 1989, up from the $220 million of 1988. The increase, which is larger than originally budgeted, reflects higher spending in Europe and the Far East for new facilities and equipment.

Capitalization

Long Term Debt: $71,338,000.

Common Stock: 106,511,199 shs. (no par). Institutions hold approximately 75%. Shareholders of record: 12,746

Office—Friendship Rd., Harrisburg, Pa. 17105. Tel—(717) 564-0100. Chrmn & CEO—W. F. Raab. Pres—J. E. Marley. Secy—H. A. Walfred. Treas—M. L. Miller. Investor Contact—W. Oakland. Dirs—J. D. Brenner, J. J. Burdge, W. E. C. Dearden, R. D. DeNunzio, C. J. Fredricksen, A. P. Hixon, R. E. Jordan, J. E. Marley, H. A. McInnes, W. F. Raab, W. S. West. Transfer Agents & Registrars—Manufacturers Hanover Trust Co., NYC; Continental Stock Transfer & Trust Co., NYC. Incorporated in New Jersey in 1941. Empl—24,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

AMR Corp.

12Q

NYSE Symbol AMR Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
56⅛	107½-52⅛	7	None	None	B-	1.32

Summary

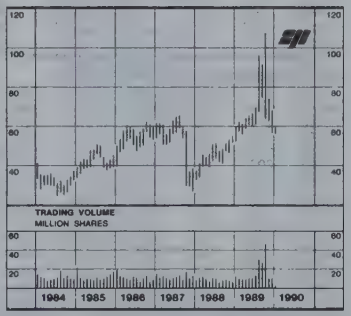
This holding company's principal subsidiary, American Airlines, is undertaking a major expansion of its fleet to support substantial route growth in the next few years. New hubs have been established in the Southeast, the Caribbean and the West and international routes are being expanded, including the proposed purchase of Eastern Air Lines' Latin American routes. Weakening fare levels and higher costs could result in a decline in earnings in 1990.

Current Outlook

Earnings for 1990 are estimated at $5.50 a share, down from the $6.80 expected for 1989.

Early resumption of dividends is not likely.

Revenues for 1990 could be up close to 10%. Traffic in the first half should reflect some softening in the economy, and fare yield is likely to decline in the early months as the result of aggressive fare discounting in some markets. Also, unit costs should rise, reflecting the current sharp increase in fuel costs. Improvement in yield and cost conditions should lead to a turnaround in earnings during the second half. Completion of acquisition of Eastern's Latin American routes could produce some initial earnings dilution.



Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	2,451	1,965	1,509
Jun.	---	2,716	2,163	1,831
Sep.	---	2,727	2,328	1,975
Dec.	---	---	2,368	1,882
	---	---	8,824	7,198

Revenues for the first nine months of 1989 increased 22.3%, year to year. Operating costs rose 23.8%. With nonoperating income larger, pretax income advanced 15.8%. After taxes, net income was up 15.5%, to $6.59 a share from $5.99.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.20	1.60	1.12	0.34
Jun.	E1.90	2.83	2.36	1.51
Sep.	E2.20	2.16	2.50	1.41
Dec.	E1.20	E0.21	1.93	d0.05
	E5.50	E6.80	7.92	3.28

Important Developments

Dec. '89— AMR reached an agreement to purchase the South and Central American routes of Eastern Airlines, together with Eastern's Miami-Toronto and Miami-Madrid routes and Continental Airlines' Miami-London route for $471 million. It also agreed to acquire TWA's Chicago-London route for $195 million. Both transactions require approval by the Departments of Justice and Transportation.

Oct. '89— Donald Trump withdrew an offer to purchase all of AMR common shares for $120 a share in cash, a total of $7.5 billion.

Jun. '89— The agreement to merge AMR's Sabre and Delta's Datas II computer reservations systems was abandoned because of anti-trust reservations by the Department of Justice.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	48.03	42.23	41.70	36.55	30.47	26.01	21.40	24.01	22.77
Earnings[2]	NA	7.92	3.28	4.63	5.94	4.37	4.79	d1.00	0.16	d5.70
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.10
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NM
Prices—High	107½	55	65½	62⅛	50¾	41¼	39⅛	25¾	21⅝	11⅜
Low	52⅛	32⅝	26¾	39¼	33½	24¼	18½	9	8⅝	6¾
P/E Ratio—	NA	7-4	20-8	13-8	9-6	9-6	8-4	NM	NM	NM

Data as orig. reptd. 1. Reflects accounting change. 2. Bef. results of disc. opers. of +0.92 in 1980, and spec. item(s) of +1.05 in 1981, +1.72 in 1980. E-Estimated. d-Deficit. NM-Not Meaningful. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	8,824	1,359	15.4	1,111	553	233	[2]741	35.6%	477	5.4
1987	7,198	947	13.2	1,668	486	213	[2]322	38.5%	198	2.8
1986	6,018	800	13.3	1,640	389	178	[2]419	33.3%	[3]279	4.6
1985	6,131	874	14.2	1,194	337	153	519	33.4%	346	5.6
1984	5,354	676	12.6	516	308	153	400	41.5%	234	4.4
1983	4,763	579	12.1	536	297	152	299	23.8%	228	4.8
1982	4,177	253	6.1	421	244	148	d30	NM	d20	NM
1981	4,109	306	7.4	542	233	136	37	54.6%	17	0.4
[4]1980	3,821	147	3.9	431	[3]240	91	d166	NM	d152	NM
1979	3,253	204	6.3	353	200	78	[2]44	NM	87	2.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,287	2,615	2,796	0.9	9,722	5.3%	2,750	3,148	6,715	40.9	16.0%
1987	1,012	2,146	2,071	1.0	8,423	2.5%	2,782	2,681	6,187	45.0	7.5%
1986	1,083	2,109	1,985	1.1	7,528	4.0%	2,412	2,485	5,404	44.6	11.8%
1985	1,357	2,271	1,803	1.3	6,421	5.4%	1,831	2,181	4,400	41.6	16.8%
1984	1,354	2,181	1,553	1.4	5,261	4.7%	1,541	1,513	3,548	43.4	15.1%
1983	1,070	1,865	1,438	1.3	4,728	4.7%	1,512	1,297	3,173	47.6	17.3%
1982	466	1,214	1,243	1.0	3,897	NM	1,517	836	2,545	59.6	NM
1981	460	1,212	1,221	1.0	3,738	0.5%	1,516	731	2,457	61.7	0.7%
1980	292	1,050	1,059	1.0	3,278	NM	1,271	695	2,187	58.1	NM
1979	452	1,104	983	1.1	3,182	2.9%	1,170	768	2,187	53.5	10.3%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1980, and spec. item(s) in 1981, 1980. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Excludes discontinued operations and reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

AMR Corp. is the parent company (formed in 1982) of American Airlines, one of the largest U.S. airlines. In early 1989 American served 151 airports in 42 states, Washington, D.C., Bermuda, Canada, the Caribbean, Great Britain, France, Spain, Switzerland, West Germany, Mexico, Puerto Rico, Japan and Venezuela. The breakdown of 1988 passenger revenues was: U.S./Canadian 88.3%, Caribbean/Mexican 4.5%, European 6.3% and Pacific 0.9%. The airline's principal domestic hubs are at Dallas/Ft. Worth, Chicago, Nashville, San Juan, Raleigh/Durham and San Jose. AirCal was acquired in early 1987.

AMR operates Sabre, the largest computer reservations and travel data processing system. Other subsidiaries include AMR Services Corp., AA Direct Marketing, AMR Information Services, AMR Leasing, AMR Investment Services and AMR Eagle (commuter airlines).

On December 31, 1988 the active fleet consisted of 13 A300-600Rs, 125 B-727-200s, 39 B-727-100s, 30 B-767-200s, 15 767-300s, 153 MD-80s, 61 DC-10s, 2 747SPs, 24 737s, 6 BAe-146s and 128 commuter aircraft. On order as of March 1989 were 10 B-767 ERs, 75 757s, 77 MD-80s, 8 MD-11s, 75 F-100s and 12 A300-600s for delivery through 1994.

Dividend Data

The most recent payment on the common was $0.10 on February 15, 1980. A "poison pill" stock purchase right was adopted in 1986.

Finances

In February, 1987 the company sold $100 million of 9% debentures and $100 million of 8⅝% debentures. In May, 1987 it sold $150 million of perpetual preferred auction rate stock in three series of $50 million each. The dividend rate is determined every seven weeks through a Dutch auction process.

Capitalization

Long Term Debt: $2,459,700,000, incl. $1.49 billion of capital lease obligations.

Perpetual Preferred Stock: $150,000,000.

Common Stock: 62,237,137 shs. ($1 par). Institutions hold approximately 75%. Shareholders of record: 20,800.

Warrants: To purchase 109,375 shs. at $40.

Office—4200 American Blvd., Fort Worth, Texas 76155. **Tel**—(817) 963-1234. **Chrmn & Pres**—R. L. Crandall. **Secy**—C. D. Marlett. **SVP-Fin & Treas**—D. J. Carty. **Dirs**—E. A. Brennan, T. S. Carroll, A. V. Casey, R. L. Crandall, C. F. Edley, C. T. Fisher III, D. J. Kelly, J. D. Lerch, W. Lyon, C. H. Pistor, Jr., J. M. Rodgers, M. Segall, E. O. Vetter, E. F. Williams, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1934; reincorporated in Delaware in 1982. **Empl**—69,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T M Canning, CFA

ASA Limited

NYSE Symbol ASA Options on ASE (Feb-May-Aug-Nov) In S&P 500

NAV	Price	% Difference	Dividend	Yield	S&P Ranking	Beta
Dec. 7'89	Dec. 7'89					
75.43	56	-25.8	[3]3.00	[5]5.4%	NR	0.33

Summary

This publicly traded (closed-end) investment company invests over 50% of its assets in common shares (or securities convertible into common) of South African gold mining companies, and most of the remainder in other South African companies. Social unrest in South Africa has had an adverse effect on the market for all South African shares, and fluctuating exchange rates are reflected in changes in the net asset value (in U.S. dollars) of ASA shares.

Business Summary

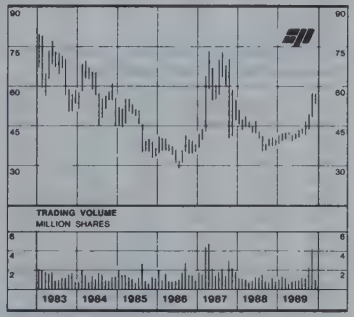
ASA Limited is a publicly traded investment company with a policy of investing over 50% of assets in common shares of gold mining and related companies in South Africa, and the balance in other South African companies. Subject to government approval, up to 20% of assets may be invested in mining or real estate outside South Africa. The company may hold up to 25% of its assets in gold or gold certificates.

Net assets were distributed as follows at August 31, 1989 and November 30, 1988:

	8/89	11/88
Gold mining cos.	76.6%	82.3%
Other cos.	19.5%	15.0%
Net cash & other assets	3.9%	2.7%

The 12 largest gold mining company holdings at August 31, 1989 were Driefontein Consolidated Ltd. (18.0% of net assets), Vaal Reefs Exploration and Mining Co. Ltd. (15.3%), Kloof Gold Mining Co. Ltd. (12.1%), Southvaal Holdings Ltd. (11.1%), Winkelhaak Mines Ltd. (6.7%), Hartebeestfontein Gold Mining Co. Ltd. (4.6%), Zandpan Gold Mining Co. Ltd. (3.0%), Western Deep Levels Ltd. (2.5%), Kinross Mines Ltd. (1.4%), American Barrick Resources Corp. (0.5%), Hemlo Gold Mines Inc. (0.4%) and Beatrix Mines Ltd. (0.4%). ASA's gold mining investments in South Africa are confined to relatively low cost producers with extensive remaining lives.

ASA also held stock of coal, diamond and platinum mining companies, including De Beers Consolidated Mines Ltd. (4.5%), Anglo American Coal Corp. Ltd. (2.7%), Gold Fields of South Africa Ltd. (2.7%), Rustenburg Platinum Holdings Ltd. (2.4%), Anglo American Corp. of South Africa Ltd. (2.0%), Rand Mines Ltd. (1.6%) and Sasol Ltd. (1.6%).



In September, 1985 South Africa reinstituted the dual-rand system of commercial rand (the "official" exchange rate) and financial rand, which it had abolished in February, 1983. In its financial statements ASA translates rands into U.S. dollars at the commercial rand exchange rate at which it is entitled to obtain U.S. dollars. The financial rand can be used for investment in securities listed on the Johannesburg Stock Exchange. If computed at the financial rand exchange rate, net asset value at August 31, 1989 would have been $36.54 per share, a discount of 34.7% from the commercial rand computation of $55.93.

Important Developments

Sep. '89— The company said that it had substantially completed its program to eliminate shares of less promising companies and increasingly concentrate its investments in stronger holdings.

Next report expected in February.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Net Asset Value	54.44	82.84	73.17	40.11	50.02	56.58	58.43	54.89	85.20	42.27
Yr. End Prices	38⅛	49⅜	36¾	35½	55⅛	56⅜	60	45¼	79⅜	31¼
% Difference	-30%	-40%	-50%	-11%	+10%	-0.4%	+3%	-18%	-7%	-26%
Dividends—										
Invest. Inc.	3.50	4.50	3.00	2.25	3.00	4.00	3.50	6.00	6.00	2.40
Capital Gains	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Portfolio Turned	0.10%	2.40%	1.80%	1.10%	0.90%	0.90%	0.90%	1.90%	3.90%	2.60%

Data as orig reptd 1. Paid in the past 12 mos. excl 0.50 extra in Nov 1989, bef. 14.73% South African withholding tax on payments to nonresidents

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Income Data (Million $)

Year Ended Nov. 30	Total Invest Inc.	Net Invest Income Total	Net Invest Income Per Share	Realized Cap. Gains Total	Realized Cap. Gains Per Sh.	[1]% Net Inv. Inc./ Net Assets	% Expenses To [1]Net Assets	% Expenses To Invest. Inc.	[2]Price Range Com. Stk. Hi	[2]Price Range Com. Stk. LO
1988	30.7	26.1	2.72	1.6	0.17	5.2	0.5	9.1	51¼	35¼
1987	35.5	35.2	3.67	10.0	1.04	3.9	0.2	5.6	73½	36⅝
1986	31.4	31.8	3.31	9.8	1.02	5.6	0.3	5.1	41½	28¾
1985	28.5	21.7	2.26	d1.6	d0.16	6.5	0.3	4.5	55⅜	32¾
1984	34.8	30.0	3.12	3.6	0.37	6.7	0.2	3.9	69¾	44¾
1983	45.6	43.2	4.50	4.3	0.45	7.5	0.2	2.7	79⅞	50¼
1982	37.8	35.6	3.71	5.2	0.54	8.9	0.3	2.9	71⅞	24½
1981	68.2	63.1	6.58	3.7	0.38	11.6	0.2	1.8	67¼	41¾
1980	63.0	63.0	6.56	13.4	1.40	9.8	0.2	1.8	91½	35⅝
1979	24.8	24.1	2.52	1.0	0.10	8.0	0.3	3.8	41¼	22⅝

Balance Sheet Data (Million $)

Nov. 30	Net Assets	% Change NAV	% Change [3]S&P 500	Bonds AAA	Investments Cost	Investments Market	% Net Asset Distribution Net Cash	ST Oblig.	Bonds & Pfd.	Com. Stk.	Other Invest.
1988	523	-34	+18.8	+0.4	144	509	2.7	Nil	Nil	97.3	Nil
1987	795	+13	-7.6	-9.5	154	785	1.3	Nil	Nil	98.7	Nil
1986	702	+82	+23.3	+15.0	142	682	2.9	Nil	Nil	97.1	Nil
1985	385	-20	+24.0	+10.5	138	374	2.9	Nil	0.1	97.0	Nil
1984	480	-12	-2.0	+3.1	130	466	2.9	Nil	0.2	96.9	Nil
1983	543	-3	+20.1	-9.0	124	528	2.7	Nil	Nil	97.3	Nil
1982	561	+6	+9.6	+25.1	106	537	4.3	Nil	Nil	95.7	Nil
1981	527	-36	-10.1	-7.6	104	509	3.4	Nil	Nil	96.6	Nil
1980	818	+102	+32.4	-19.8	91	795	2.8	Nil	Nil	97.2	Nil
1979	406	+99	+12.1	-12.9	90	401	1.1	Nil	Nil	98.9	Nil

Data as orig reptd. 1. As reptd. by co. 2. Cal. yrs. 3. Bef. reinvest. of divs. d-Deficit

[1]Net Asset Value Per Share ($)

As of:	1988-9	1987-8	1986-7	1985-6
Feb. 28	---	53.57	77.72	54.35
May 31	49.03	50.89	88.07	45.25
Aug. 31	55.93	47.52	103.05	58.06
Nov. 30		54.44	82.84	73.17

In the nine months ended August 31, 1989 net asset value per share increased 2.7%.

Investment income (in U.S. $) for the nine months ended August 31, 1989 fell 10%, year to year. Expenses were up 4.5%, and following a $2.1 million exchange translation loss, versus a $2.0 million loss, net investment income declined 13%, to $2.13 a share from $2.44. There was a net realized and unrealized gain on investments of $1.61, against a loss of $35.51.

Net Invest. Income Per Sh. ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb. 28	---	1.09	1.42	1.61
May 31	[2]1.09	0.26	0.42	0.12
Aug. 31	1.04	1.08	1.39	0.92
Nov. 30		0.29	0.44	0.66
		2.72	3.67	3.31

1. Based on Johannesburg Stock Exchange prices, translated at commercial rand exchange rates 2. Six months

Dividend Data

Dividends have been paid since 1959. A dividend reinvestment plan is available. Payments in the past 12 months (before 14.73% South African tax to U.S. residents):

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Feb. 3	Feb. 10	Feb. 16	Feb. 24'89
0.75	May 5	May 15	May 19	May 26'89
0.75	Aug. 3	Aug. 14	Aug. 18	Aug. 25'89
0.75	Nov. 3	Nov. 10	Nov. 16	Nov. 24'89
0.50 Y-E	Nov. 3	Nov. 10	Nov. 16	Nov. 24'89

Finances

Fluctuations in the exchange rate had the effect of decreasing unrealized appreciation in terms of U.S. dollars by about $88.0 million in 1988 and increasing it by $90.8 million in 1987.

Capitalization

Long Term Debt: None.

Common Stock: 9,600,000 shs. (R0.25 par).
Institutions hold about 11%.
Shareholders of record: 8,243.

Office—54 Marshall St., Johannesburg 2001, South Africa. **Chrmn & Treas**—W. A. Stanger, Jr. **Executive Dir**—R. L. McCarthy. **U.S. Secy**—W. P. Roe. **Investor Contact**—Lyons Associates, P.O. Box 269, 140 Columbia Turnpike, Florham Park, N.J. 07932 **Tel**—(201) 377-3535 **Dirs**—H. R. Breck, H. M. Conger, R. J. A. Irwin, R. H. Jones, R. L. McCarthy, R. A. Pilkington, W. P. Roe, A. M. Rosholt, W. A. Stanger, Jr., W. L. Wearly. **Transfer Agent**—First Chicago Trust Company of New York. **Custodian**—Citibank, NYC. **Incorporated** in Republic of South Africa in 1958

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

AVX Corp.

15X

NYSE Symbol AVX

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
29¼	30¼-16¼	13	[3]---	[3]---	B	1.61

Summary

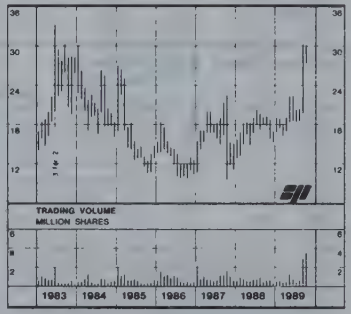
AVX, a leading manufacturer of capacitors, and Kyocera Corp., a Japanese company, announced on September 28, 1989 that they had signed a definitive merger agreement. Terms call for each outstanding share of AVX to be exchanged for 0.39 Kyocera American Depositary Share (ADS), subject to upward adjustment. The transaction is subject to approval of a majority of AVX shareholders at the special meeting expected to be held in late December, and various U.S. and Japanese regulatory approvals, and other conditions.

Current Outlook

Earnings for 1990 (for the company as a separate entity) should approximate $2.35 a share, up from the $2.20 projected for 1989.

The current $0.06 quarterly dividend is likely to be maintained.

Sales for 1990 are expected to rise 10%. The gain will likely be restrained by minimal growth in the semiconductor industry, in which capacitors are used. Margins should be well maintained.



Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	102.5	105.3	60.1	46.6
Jun.	111.1	110.5	61.6	51.0
Sep.	---	101.6	70.4	47.2
Dec	---	91.6	79.8	50.5
	---	408.9	271.9	195.4

Sales for the 26 weeks ended July 1, 1989 were off 1.0%, year to year, reflecting an industry slowdown. Despite a slight improvement in the gross profit margin, higher selling, general and administrative expenses caused margins to narrow, and operating income declined 1.9%. Following a 46% decrease in other expenses, pretax income advanced 13%. After taxes at 40.0%, versus 40.1%, net income rose 14%, to $1.08 a share from $0.96.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.47	0.43	0.26	d0.22
Jun.	0.61	0.53	0.29	d0.01
Sep.	E0.54	0.55	0.30	0.03
Dec.	E0.58	0.56	0.35	d0.08
	E2.20	2.07	1.20	d0.25

Merger Agreement

Sep. '89— AVX and Kyocera Corp., a Japanese company, signed a definitive merger agreement under which each share of AVX will be exchanged for 0.39 Kyocera American Depository Share (ADS), subject to an upward adjustment. The ADSs, each of which represents two shares of Kyocera common stock, closed at $82 on the New York Stock Exchange on September 26, 1989. The transaction is subject to approval by a majority of AVX shareholders at a meeting planned for December and various governmental approvals and other conditions. Kyocera (see Standard NYSE Stock Report No. 1315M) is a global manufacturer of technical ceramics for electronics industries whose sales exceeded $2.5 billion for its fiscal year ended March 31, 1989.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**14.14**	11.94	11.50	11.18	11.57	11.05	9.38	9.01	9.65	7.03
Earnings[2]	**2.07**	1.20	d0.25	d1.20	1.65	0.98	0.43	d0.41	1.17	1.33
Dividends	**0.12**	Nil	Nil	0.24	0.32	0.26⅝	0.21⅜	0.21⅜	0.21⅜	0.16¾
Payout Ratio	**6%**	Nil	Nil	NM	19%	27%	50%	NM	19%	12%
Prices—High	**20¼**	22⅜	18⅜	27	30⅛	33⅜	17⅞	24½	30	18⅞
Low	**12¾**	9½	9⅜	10½	16	14	7⅞	7¾	12⅛	7½
P/E Ratio—	**10-6**	19-8	NM	NM	18-10	34-14	42-18	NM	26-10	14-6

Data as orig reptd Adj. for stk. div. of 50% Jul. 1983, 100% Sep. 1979, 25% Mar. 1978 **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of +0.08 in 1982, +0.01 in 1981 **3.** See Merger Agreement d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**409**	**87.2**	**21.3**	**32.5**	**28.2**	**12.0**	**45.0**	**38.7%**	**27.6**	**6.7**
[3]1987	272	51.5	18.9	31.8	18.8	10.0	26.3	39.9%	[4]15.8	5.8
1986	195	23.1	11.8	11.1	16.4	9.2	d4.4	NM	d3.1	NM
1985	179	d3.1	NM	24.9	12.6	10.7	d23.1	NM	d12.3	NM
1984	231	41.5	18.0	47.6	8.4	7.4	26.8	42.0%	15.5	6.7
1983	161	27.0	16.8	20.8	7.3	7.0	15.5	44.0%	8.7	5.4
1982	120	13.4	11.2	16.4	5.9	7.3	3.3	7.3%	3.1	2.5
[5]1981	123	d0.5	NM	16.0	5.4	7.8	d9.7	NM	d2.9	NM
1980	141	21.1	15.0	13.3	3.7	4.9	14.0	43.0%	8.0	5.7
1979	92	16.9	18.5	16.2	2.3	1.9	12.7	41.1%	7.5	8.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**25.2**	**175**	**61.2**	**2.9**	**424**	**6.5%**	**123**	**208**	**357**	**34.5**	**13.9%**
1987	18.0	171	65.1	2.6	420	4.7%	140	186	350	40.0	9.3%
1986	35.2	129	32.5	4.0	251	NM	51	154	219	23.3	NM
1985	43.5	136	20.1	6.8	274	NM	112	128	253	44.1	NM
1984	17.5	120	49.0	2.5	243	7.0%	69	115	194	35.7	14.2%
1983	24.6	113	21.2	5.3	191	4.6%	62	98	169	36.5	9.6%
1982	18.0	81	10.9	7.4	150	2.0%	66	67	139	47.1	4.7%
1981	14.8	91	22.3	4.1	150	NM	58	64	127	45.4	NM
1980	23.1	108	22.7	4.8	161	5.6%	66	68	137	47.7	13.7%
1979	3.2	61	20.3	3.0	98	9.8%	36	39	78	46.1	21.0%

Data as orig reptd **1.** Net of interest income after 1980 **2.** Bef. results of disc. opers. in 1982, 1981 **3.** Reflects merger or acquisition **4.** Reflects accounting change **5.** Excludes discontinued operations. d-Deficit NM-Not Meaningful

Business Summary

AVX Corp. is a leading manufacturer of multilayer ceramic, tantalum and glass capacitors, as well as other passive electronic components.

Contributions to revenues by market in 1988 were: data processing 30%, military and aerospace 25%, telecommunications 20%, automotive/consumer electronics 13% and instrumentation and process control 12%.

Capacitors are basic electrical components used to store electrical energy in order to release predetermined amounts of power in a short period of time. They are also used to filter or smooth out small voltage variations and to retard signals of low frequencies while permitting signals of higher frequencies to pass.

Multilayer ceramic capacitors and tantalum capacitors are used with integrated circuits. Unit prices generally range from $0.02 to $1.00.

Foreign sales accounted for 43% of revenues and 25% of operating income in 1988.

Finances

Auditors noted in their opinion on the company's 1988 financial statements that uncertainty existed concerning the ultimate outcome of legal actions claiming substantial damages as a result of alleged violations by AVX of certain environmental protection statutes in prior years.

Dividend Data

Dividends, initiated in 1976, were omitted in October, 1985 and resumed in 1988 as follows:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Dec. 21	Jan. 13	Jan. 20	Feb. 15'89
0.06	Mar. 17	Apr. 11	Apr. 17	May 15'89
0.06	Jun. 8	Jul. 12	Jul. 18	Aug. 15'89
0.06	Sep. 28	Oct. 11	Oct. 17	Nov. 15'89

Capitalization

Long Term Debt: $114,764,000.

Common Stock: 13,071,794 shs. ($1 par).
Some 7% is closely held.
Institutions hold approximately 81%.
Shareholders of record: about 2,600

Office—750 Lexington Avenue, New York, N.Y. 10022 **Tel**—(212) 935-6363. **Chrmn & CEO**—M. D. Butler **Pres**—C. A. Dill. **Secy**—J. Prager **Treas**—J. R. Sicree **Investor Contact**—James Philipkosky **Dirs**—M. D. Butler, C. A. Dill, H. E. Grier, S. Leslie, D. K. Patton, M. D. Payson, C. Rawson, D. K. Thostenson, A. R. Towbin. **Transfer Agent & Registrar**—American Stock Transfer & Trust Co., NYC. **Incorporated** in Delaware in 1982. **Empl**—7,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine, CFA

Abbott Laboratories

NYSE Symbol ABT Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
70⅛	70⅜-46¼	19	1.40	2.0%	A+	1.01

Summary

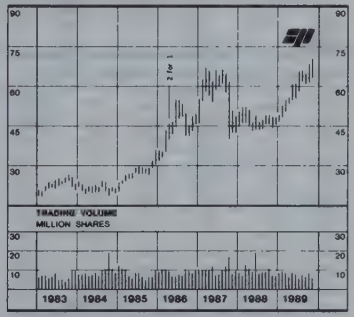
Abbott Laboratories is a major diversified health care firm, with strong positions in the areas of nutritional products such as Similac and Isomil infant formulas, pharmaceuticals, hospital and laboratory supplies, and diagnostic products, including a leading position in AIDS testing. The company's enviable long-term record of sales and earnings growth should continue in the years ahead.

Current Outlook

Earnings for 1990 are expected to reach $4.35 a share, up from the $3.80 estimated for 1989.

An increase in the $0.35 quarterly dividend is likely during the first half of 1990.

Sales for 1990 should show further progress. Although increased competition and restrictive reimbursement in the WIC program are expected to continue to impact the infant formula business, good growth is seen for established pharmaceutical, medical nutritional, and hospital & laboratory products lines. Contributions from new products will also aid comparisons. Profitability should benefit from the better volume, cost economies and productivity improvements.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,296	1,188	1,004	865
Jun.	1,318	1,230	1,060	938
Sep.	1,310	1,212	1,091	941
Dec.	---	1,306	1,233	1,063
	---	4,937	4,388	3,808

Sales for the nine months ended September 30, 1989 advanced 8.1%, year to year, reflecting gains in major business segments. Income before taxes increased 13%. After taxes at 28.0%, against 28.8%, net income was up 15%. Share earnings were $2.71, versus $2.34.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.88	0.76	0.62	0.52
Jun.	0.95	0.82	0.68	0.57
Sep.	0.88	0.76	0.64	0.53
Dec.	E1.09	0.99	0.84	0.70
	E3.80	3.33	2.78	2.32

Important Developments

Oct. '89— ABT noted that during the third quarter seven countries approved its new second generation macrolide antibiotic, clarithromycin. A New Drug Application for the drug is expected to be filed with the FDA before the end of 1989. Abbott also announced plans to acquire Damon Biotech, a producer of biomedical products, for about $9.4 million cash. In September directors approved the buyback of up to 10 million ABT shares.

Aug. '89— ABT received FDA approval for a new AIDS test, representing the first diagnostic test to detect AIDS virus antigens. ABT also formed alliances with Johnson & Johnson and Chiron to develop hepatitis C diagnostic products. Separately, ABT and Johnson & Johnson plan to collaborate in consumer diagnostics and in automated immunohematology testing.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	10.96	9.23	7.77	7.82	6.67	5.86	5.37	4.70	4.16	3.72
Earnings	3.33	2.78	2.32	1.94	1.67	1.43	1.19	1.01	0.87	0.75
Dividends	1.15	0.96	0.80½	0.67½	0.57½	0.48	0.40½	0.34½	0.28⅞	0.24
Payout Ratio	34%	34%	34%	35%	34%	33%	34%	34%	33%	32%
Prices—High	52⅜	67	55	36	24½	26¾	20⅝	16⅛	14⅜	10⅞
Low	42⅞	40	31⅞	19⅞	18½	18⅛	12⅜	11⅞	8⅝	7½
P/E Ratio—	16-13	24-14	24-14	19-10	15-11	19-13	17-11	16-12	16-10	15-10

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun 1986, 100% Jun. 1981 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,937	1,373	27.8	521	271	85	1,055	28.8%	752	15.2
1987	4,388	1,249	28.5	[2]402	244	78	937	32.5%	633	14.4
1986	3,808	1,078	28.3	383	200	86	819	34.0%	[3]540	14.2
1985	3,360	893	26.6	293	156	105	695	33.0%	465	13.8
1984	3,104	805	25.9	335	129	104	646	37.7%	403	13.0
1983	2,928	705	24.1	312	101	85	575	39.5%	[3]348	11.9
1982	2,602	574	22.1	[2]229	84	84	473	38.9%	289	11.1
1981	2,343	479	20.5	198	64	88	393	37.0%	247	10.6
[4]1980	2,038	386	19.0	163	47	[3]58	338	36.5%	214	10.5
1979	1,683	315	18.7	110	40	40	277	35.3%	179	10.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	583	2,353	1,440	1.6	4,825	16.4%	349	2,465	3,213	10.9	33.1%
1987	520	2,156	1,487	1.4	4,386	15.4%	271	2,093	2,730	9.9	32.8%
1986	482	1,889	1,304	1.4	3,866	15.0%	297	1,779	2,422	12.3	30.3%
1985	437	1,680	788	2.1	3,468	14.0%	443	1,871	2,566	17.3	26.9%
1984	447	1,550	806	1.9	3,173	13.5%	470	1,603	2,273	20.7	26.7%
1983	213	1,293	677	1.9	2,824	12.9%	484	1,418	2,060	23.5	25.6%
1982	116	1,124	893	1.3	2,567	11.8%	191	1,311	1,609	11.9	23.5%
1981	130	1,056	863	1.2	2,356	11.2%	205	1,152	1,432	14.3	22.8%
1980	118	964	728	1.3	2,063	11.2%	187	1,027	1,274	14.7	22.0%
1979	79	805	525	1.5	1,729	11.2%	210	896	1,155	18.2	21.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net of curr. yr. retirement and disposals. 3. Reflects accounting change 4. Reflects merger or acquisition.

Business Summary

Abbott Laboratories is an important manufacturer of health care-oriented products. Industry segment contributions:

1988	Sales	Profits
Pharmaceutical & nutritional products	53%	68%
Hospital & laboratory	47%	32%

International operations accounted for about 31% of sales and 23% of profits in 1988.

Pharmaceuticals (17% of 1988 sales) include erythromycin antibiotics sold under the Erythrocin, PCE (polymer-coated erythromycin), and E.E.S. names; Tranxene tranquilizer; Depakote anticonvulsant; cardiovasculars, including Loftyl, a vasoactive agent, Hytrin, an anti-hypertensive, and Abbokinase, a thrombolytic drug; Ogen, an oral estrogen; and cough cold products. Infant formulas (20% of sales) include Similac and Isomil, and Advance, with other nutritionals encompassing Ensure nitrogen formulations and Osmolite; hematinics and vitamin products. The company also sells various personal care products such as Selsun Blue dandruff shampoo, Murine eye and ear care items and other products.

Hospital and laboratory products include intravenous and irrigating fluids and related equipment (13% of total sales), venipuncture products, anesthetics, critical care and suctioning equipment, diagnostic instruments and tests (including tests for AIDS and drug abuse), and other specialty products for hospitals and clinical laboratories.

Dividend Data

Dividends have been paid since 1926. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 9	Jan. 9	Jan. 15	Feb. 15'89
0.35	Mar. 10	Apr. 10	Apr. 14	May 15'89
0.35	Jun. 9	Jul. 10	Jul. 14	Aug. 15'89
0.35	Sep. 8	Oct. 6	Oct. 13	Nov. 15'89

Next dividend meeting: Dec. 8'89.

Capitalization

Long Term Debt: $235,586,000.

Common Stock: 222,180,268 shs. (no par).
Institutions hold about 54%.
Shareholders of record: 46,324.

Office—Abbott Park, North Chicago, Ill 60064 **Tel**—(312) 937-6100 **Chrmn & CEO**—R A Schoellhorn **VP-Secy**—L F Johnson **VP-Treas & Investor Contact**—J. A. Hanley. **Dirs**—F K Austen, J F Bere, D L Burnham, L. H. Fuller, B. J Hayhoe, T R Hodgson, D A Jones, B Powell, Jr., A. E Rasmussen, W A Reynolds, R. A Schoellhorn, W. D Smithburg, W L Weiss **Transfer Agent & Registrar**—First National Bank, Boston. **Incorporated** in Illinois in 1900 **Empl**—38,751

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saftlas

Abitibi-Price

NYSE Symbol ABY Options on Toronto (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
14½	18¼–13¾	9	1.00	5.9%	B+	NA

Summary

This integrated Canadian forest products company is the world's largest producer of newsprint and one of the world's largest producers of uncoated groundwood papers, with manufacturing facilities in both Canada and the U.S. ABY also produces coated papers, building products and lumber, and has paper converting operations. Earnings rose to a new peak in 1988, but 1989's first half earnings declined sharply, primarily reflecting softened newspaper markets and the effects of the lower value of the U.S. dollar. In May, 1989 Olympia & York Developments Ltd. upped its stake in ABY to 81.8% from 80.3%.

Business Summary

Abitibi-Price, an integrated Canadian forest products company, is among the world's largest producers of newsprint and uncoated groundwood papers. It also produces coated papers, building products and lumber, and has Canada's largest distribution network for printing papers, industrial paper products, and information processing products. The company owns or has cutting rights on 29,380 square miles (about 19 million acres) of land in Canada and the U.S., and has manufacturing operations in both countries.

Contributions by business segment in 1988:

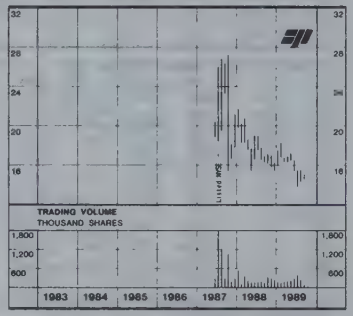
	Sales	Profits
Newsprint	38%	67%
Distribution, office products, converted products	39%	14%
Groundwood papers	10%	12%
Building products	6%	3%
Coated papers	5%	4%
Other	2%	---

In 1988 products made in Canada accounted for 77% of total sales and 94% of operating profits and in the U.S. for 23% and 6%, respectively. Products are shipped to some 30 foreign countries.

ABY operates nine newsprint mills with an annual capacity of approximately 1.9 million tons. Newsprint customers are mainly newspaper publishers.

The company distributes printing and industrial papers and allied products in Canada through a group of company-owned merchant outlets. ABY also distributes office products and converted products such as envelopes, cartons and paper bags.

Groundwood papers are sold principally to commercial printers in North America. Hardwood products and siding are produced and sold in the U.S. Coated papers are sold to publishers and various graphic arts printers and paper merchants.



Important Developments

Aug. '89— ABY said it planned to sell its building products division, subject to certain conditions. The division is located in the U.S. and makes hardboard panel and siding products, plastic moldings, and bi-fold doors, shutters and shelving.

Jul. '89— Management attributed the company's 44% year-to-year decline in 1989 first half earnings to continued soft newsprint markets, which resulted in increased discounts and reduced margins on newsprint sales. Production problems during the second quarter at one of its groundwood papers mills and the lower value of the U.S. dollar also adversely impacted earnings.

Next earnings report expected in late October.

Per Share Data (U.S. $)

Yr. End Dec. 31	[3]1988	1987	[3]1986	[3]1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.91	11.85	10.74	9.29	9.54	9.66	9.16	7.91	6.79	6.20
Earnings[4]	2.18	1.31	1.09	1.02	0.77	0.39	0.67	1.57	1.10	1.60
Dividends	0.83⅞	0.46⅛	0.43¼	0.43⅛	0.30¾	0.16⅜	0.40⅛	0.44⅞	0.45½	0.42¾
Payout Ratio	38%	35%	41%	43%	40%	41%	61%	29%	41%	27%
Prices—High	21¾	28	NA	NA	NA	NA	NA	NA	NA	NA
Low	15⅜	15⅜	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio—	10–7	21–12	NA	NA	NA	NA	NA	NA	NA	NA

Data as orig. reptd., conv. from Can. $ at yr.-end exchange rates. Adj. for stk div(s) of 200% Apr. 1985. 1. Based on current rate of exchange. 2. In Canadian funds, bef. 15% tax on nonresidents. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of +0.03 in 1988, -0.03 in 1986, -0.03 in 1984, -0.03 in 1982, -0.05 in 1981, +0.10 in 1980, +0.02 in 1979. NA-Not Available.

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,770	403	14.5	171	92.6	48.2	281	41.2%	158	5.7
1987	2,298	284	12.3	179	74.9	39.1	185	44.3%	97	4.2
[3]1986	2,007	243	12.1	170	64.4	36.0	154	43.2%	[4]80	4.0
[3]1985	1,823	206	11.3	152	58.7	37.5	127	39.1%	72	3.9
[3]1984	1,618	161	10.0	96	58.2	36.3	84	27.2%	55	3.4
1983	1,335	82	6.2	133	55.2	35.7	34	1.7%	31	2.3
1982	1,329	125	9.4	147	55.5	37.3	70	22.5%	[4]50	3.7
1981	1,487	240	16.2	165	51.3	30.5	181	38.9%	104	7.0
1980	1,142	156	13.7	181	44.4	29.4	108	31.5%	70	6.1
[5]1979	1,259	205	16.3	127	42.3	20.1	161	36.2%	98	7.8

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37	763	299	2.6	2,205	7.6%	410	1,016	1,904	21.5	16.3%
1987	151	780	301	2.6	1,961	5.4%	459	837	1,660	27.7	11.3%
1986	12	572	238	2.4	1,625	5.0%	311	761	1,386	22.5	10.4%
1985	22	535	268	2.0	1,485	5.0%	326	614	1,216	26.8	10.6%
1984	31	505	195	2.6	1,379	3.9%	318	610	1,184	26.8	7.9%
1983	41	496	187	2.7	1,367	2.3%	318	601	1,180	26.9	4.2%
1982	56	533	178	3.0	1,316	3.7%	314	570	1,139	27.5	7.6%
1981	145	604	215	2.8	1,380	7.8%	328	508	1,089	30.1	20.2%
1980	108	520	173	3.0	1,167	6.4%	302	400	934	32.3	16.1%
1979	65	454	164	2.8	1,013	10.2%	203	365	800	25.4	27.3%

Data as orig. reptd.; conv. from Can. $ at yr.-end exchange rates. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1986, 1984, 1982, 1981, 1980, 1979. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excludes discontinued operations.

Net Sales (Million Can. $)

Quarter:	1989	1988	1987	1986
Mar.	810	800	696	647
Jun.	830	836	756	702
Sep.		813	750	717
Dec.		856	786	698
		3,305	2,988	2,764

Sales for the six months ended June 30, 1989 advanced 0.3%, year to year, as a gain in distribution, office supplies and converted products barely outweighed a decline in newsprint sales. Margins narrowed, and pretax profits fell 44%. After taxes at 40.6% against 40.5%, and minority interest of $2.0 million, against $4.7 million, net income also was down 44%, to C$0.74 a share from C$1.37.

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	0.35	0.61	0.29	0.30
Jun.	0.39	0.76	0.49	0.39
Sep.		0.61	0.45	0.42
Dec.		0.62	0.47	0.39
		2.60	1.70	1.50

Finances

On July 24, 1989 all of ABY's 7½% cumulative redeemable preferred shares Series A and floating rate preferred shares Series C were called for redemption at $51 each.

Dividend Data

Dividends have been paid since 1949.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25 *	Dec. 20	Jan. 9	Jan. 13	Jan. 31'89
0.25 *	Mar. 20	Apr. 10	Apr. 14	Apr. 28'89
0.25 *	Jun. 19	Jul. 10	Jul. 14	Jul. 31'89
0.25 *	Sep. 18	Oct. 10	Oct. 16	Oct. 31'89

*In Can. funds, bef. 15% tax on nonresidents.

Capitalization

Long Term Debt: C$460,900,000.

Minority Interest: C$44,100,000.

Preferred Stock: C$31,100,000.

Common Stock: 69,266,738 shs. (no par). Olympia & York Developments Ltd. owns 81.8%. Shareholders of record: 13,511.

Warrants: To purchase 2,500,000 com. at $30 each until Jun. 1990.

Office—2 First Canadian Place, Suite 1300, Toronto, Ontario, Canada M5X 1A9. **Tel**—(416) 369-6700. **Chrmn & Pres**—B. K. Koken. **Treas**—J. A. Hone. **Secy**—M. D. Thompson. **Investor Contact**—M. D. Cernavez. **Dirs**—M. Belanger, R. J. Butler, M. A. Cohen, L. G. Dodd, R. C. Gmhin, B. K. Koken, S. K. McWalter, C. E. Medland, G. I. Newman, A. Reichmann, P. Reichmann, R. Reichmann, P. A. Rinfret, F. J. Ryan, J. A. Tory, P. G. Tremblay, D. A. Ward. **Transfer Agents & Registrars**—Montreal Trust Co., Toronto; National Bank of Detroit. **Incorporated** in Canada in 1914. **Empl**—16,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Kenneth A. Shea

Acme-Cleveland

NYSE Symbol AMT In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
10⅞	13-9¼	NM	0.40	3.7%	B-	1.16

Summary

Acme-Cleveland manufactures products and provides services designed to improve productivity and quality in the metalworking and telecommunications industries. The company reported a substantial loss from continuing operations for fiscal 1988, mainly reflecting $24.7 million of nonrecurring charges, which were recognized in the fourth quarter. AMT returned to profitability in the first nine months of fiscal 1989, benefiting from sales gains in both segments and improved margins.

Business Summary

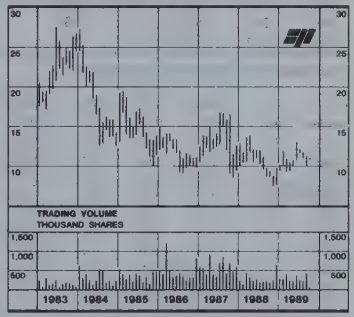
Acme-Cleveland manufactures products for the metalworking and telecommunications industries. AMT sold the LaSalle Machine Tool unit (transfer lines) in 1985 and the Hillyer machining center business in 1986. Contributions (profits in million $) in fiscal 1988:

	Sales	Profits
Metalworking	68%	$181
Telecommunications & electronics products	32%	-23,960

Operations outside the U.S. accounted for 16% of sales in fiscal 1988.

The metalworking segment manufactures metal cutting, metal removing and threading tools such as high speed steel drills, reamers, end mills, taps and thread rolling heads. It also produces multiple-spindle automatic bar and chucking machines and replacement parts for the multiple spindle machines. Other products include computerized quality control and measurement systems, master gears, spline gauges and thread gauges used in the production of precision gears and rotary tables and slides for numerically controlled machines and other products.

The telecommunications equipment segment produces cable splice closures, wire connectors and accessories, electronic equipment test sets, voltage detection equipment, cable restoration equipment, and related hardware and accessories. Other products include limit switches, solenoids, electronic proximity switches and sensors, encoders for industrial machinery and process control applications, cable analysis test equipment and software for verification of installed telephone lines. Telecommunications and electronics products are sold to the telephone, automotive and certain other industries.



Important Developments

Aug '89— Order backlog at June 30 totaled $41.4 million, up from $28.6 million at September 30, 1988.

Jul. '89— The company acquired a 44% equity interest in International Twist Drill (Holdings) Ltd. (ITD), Peterhead, Scotland, for $4.6 million. The investment was made in conjunction with the renewal of a license agreement between ITD and Cleveland Twist Drill Co. (CTD), a subsidiary of AMT. Included was an option to acquire the remaining equity interests of the other ITD shareholders. The investment was intended to secure the presence of CTD in the European cutting tool market and to provide a vehicle for increasing AMT's position in that market.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	[1]1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	9.76	15.21	13.69	15.96	18.63	19.27	27.62	27.02	26.58	24.09
Earnings[2]	d4.74	0.71	d0.34	0.70	d2.11	d7.39	2.56	2.41	4.02	4.38
Dividends	0.40	0.40	0.40	0.40	0.40	0.90	1.40	1.40	1.35	1.15
Payout Ratio	NM	56%	NM	58%	NM	NM	54%	57%	34%	26%
Prices—High[3]	13⅞	16¾	14⅞	19½	27¼	27½	24¾	31	35⅝	27¾
Low[3]	7½	8½	9	10	12½	17⅛	15⅝	17¼	18¾	17½
P/E Ratio—	NM	24-12	NM	28-14	NM	NM	10-6	13-7	9-5	6-4

Data as orig. reptd. **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of -0.38 in 1988, -1.70 in 1986, -2.60 in 1985; bef. spec item(s) of +1.03 in 1987. **3.** Cal. yr. NM-Not Meaningful. d-Deficit.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**176**	**6.9**	**3.9**	**5.8**	**10.7**	**1.17**	**d27.8**	**NM**	**d29.5**	**NM**
1987	177	8.8	5.0	4.7	11.5	2.14	14.1	66.1%	[3]4.8	2.7
[4]1986	186	14.5	7.8	7.3	11.7	4.07	0.2	161.0%	d1.8	NM
[5]1985	221	28.2	12.8	6.6	11.4	5.65	9.0	48.9%	4.6	2.1
1984	213	d7.9	NM	5.0	8.9	2.26	d15.4	NM	d11.4	NM
1983	173	d10.6	NM	9.5	9.9	3.95	d46.8	NM	d32.0	NM
1982	327	40.8	12.5	11.1	9.1	5.67	19.9	41.7%	[3]11.6	3.5
1981	401	42.1	10.5	11.5	8.0	8.06	18.1	39.8%	10.9	2.7
[6]1980	405	40.3	9.9	26.1	6.4	7.25	28.4	39.3%	17.2	4.3
1979	344	43.3	12.6	14.7	5.3	4.84	36.1	45.7%	19.6	5.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**11.4**	**73**	**43.7**	**1.7**	**129**	**NM**	**8.3**	**61**	**74**	**11.2**	**NM**
1987	14.4	86	47.6	1.8	169	2.6%	9.7	96	109	8.9	4.9%
1986	19.5	98	57.6	1.7	192	NM	31.1	86	121	25.7	NM
1985	20.1	121	64.1	1.9	224	2.0%	42.0	100	146	28.7	4.0%
1984	25.3	133	67.9	2.0	219	NM	22.5	114	140	16.0	NM
1983	7.8	102	54.1	1.9	187	NM	25.8	84	123	21.1	NM
1982	33.8	132	57.7	2.3	227	4.8%	36.1	120	169	21.3	9.5%
1981	6.0	168	70.5	2.4	252	4.2%	53.1	117	181	29.3	9.1%
1980	5.0	183	69.3	2.6	264	7.3%	70.5	114	194	36.3	15.8%
1979	9.4	157	57.1	2.7	220	9.6%	49.7	108	162	30.6	19.3%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1986, 1985 **3.** Reflects acctg. change. **4.** Excludes discontinued operations. **5.** Excl. disc. opers. and reflects merger or acquisition. **6.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	43.9	43.5	44.7	45.1
Mar.	48.3	43.6	44.0	42.8
Jun.	50.0	44.3	42.4	50.2
Sep.		44.7	45.4	47.9
		176.1	176.5	186.1

Sales for the nine months ended June 30, 1989 advanced 8.2%, year to year, reflecting gains in the metalworking and telecommunications products segments of 7.8% and 8.9%, respectively. Margins widened on the higher volume, and following a 33% decline in depreciation and amortization charges, pretax income amounted to $6.7 million, in contrast to a pretax loss of $2.8 million. After taxes at 49.0%, versus taxes of $1.6 million, net income was $3.4 million ($0.51 a share), against a net loss of $4.3 million ($0.73). Results for the 1988-9 period exclude a $0.24 per share tax loss carryforward credit.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.08	d0.22	1.44	d0.22
Mar.	0.24	d0.31	d0.20	d0.27
Jun.	0.19	d0.20	d0.09	0.14
Sep.		d4.01	d0.46	0.01
		d4.74	0.71	d0.34

d-Deficit.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jan. 26	Jan. 31	Feb. 6	Feb. 17'89
0.10	Apr. 3	May 1	May 5	May 19'89
0.10	Jul. 27	Aug. 1	Aug. 7	Aug. 18'89
0.10	Oct. 2	Oct. 30	Nov. 3	Nov. 17'89

Next dividend meeting: late Jan. '90.

Finances

AMT has a credit agreement that permits borrowings up to $10 million, which expires on December 31, 1990.

Capitalization

Long Term Debt: $7,379,000.

$1.80 Conv. Pfd. Stock: 161,374 shs.; red. at $26; conv. sh.-for-sh. into com.

Common Stock: 6,291,017 shs. ($1 par).
Institutions hold about 67%.
Shareholders of record: 2,442.

Office—30195 Chagrin Blvd., Cleveland, Ohio 44124. **Tel**—(216) 292-2100. **Pres & CEO**—D. L. Swift **VP-Fin**—F. R. Appeldorn **Secy**—Donna M. Flammang. **Dirs**—T. M. Alfred, W. P. Cooper, S. M. DuBrul, Jr., J. J. Dwyer, G. C. McDonough, D. R. Melville, D. L. Swift, R. M. Taylor, K. E. Ware. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Ohio in 1916. **Empl**—2,513

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Kenneth A. Shea

Advanced Micro Devices

NYSE Symbol AMD Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 21'89	1989					
8⅝	10½-8	NM	None	None	C	1.80

Summary

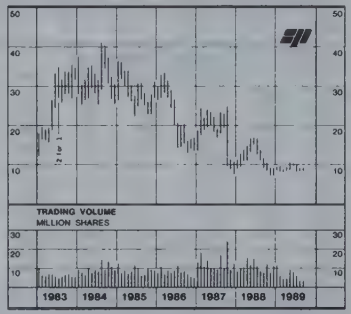
This company develops, designs, manufactures and markets semiconductors, including microprocessors, principally for use by the telecommunications and computer industries. A lower gross profit margin and unusual charges allowed only modest profitability to be restored in 1988. Assuming no further unusual charges and despite a projection of limited sales growth and pressure on prices, significant profitability is estimated for 1989. Further growth is expected in 1990 even though limited growth is likely in the semiconductor industry.

Current Outlook

Earnings for 1990 should approximate $0.50 a share, up from the $0.35 projected for 1989.

Cash dividends have never been paid.

Sales are expected to be only modestly higher in 1990, reflecting the impact of new products. The gain will be restrained by a projection of minimal industry growth and the company's emphasis on commodity products. In addition, the lackluster industry growth is likely to result in continued pressure on prices. Aggressive cost reductions, including research and development spending, should allow margins to widen. Long-term prospects are enhanced by aggressive research and development spending and increased emphasis on proprietary products.



Net Sales[1] (Million $)

Quarter:	1989	1988	1987	1986-7
Mar.	269.6	284.2	222.8	153.9
Jun.	274.9	308.1	250.8	157.7
Sep.	---	285.5	260.9	150.2
Dec.	---	248.1	262.5	170.1
	---	1,126.9	997.1	632.0

Sales for six months ended June 25, 1989 declined 8.1%, year to year, reflecting a significant slowing of industry growth and a loss of marketshare by the company. Despite lower expenses, a 4.3 percentage point decline in the gross profit margin, operating margins narrowed, and operating income declined 61%. A 256% increase in net interest and other income reduced the decline in pretax income to 52%. After taxes at 10.0% in each period, net income also declined 52%. Following preferred stock dividends, share earnings were $0.21, down from $0.51.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986-7
Mar.	0.09	0.22	0.03	d0.49
Jun.	0.12	0.29	0.04	d0.82
Sep.	E0.04	0.06	d0.72	d0.31
Dec.	E0.10	d0.46	d0.07	d0.06
	E0.35	0.11	d0.72	d1.66

Important Developments

Apr. '89— AMD said that during the second quarter demand from personal computer manufacturers remained strong. It added that during the second quarter revenues derived from products manufactured with CMOS technology reached 20%, up from 18% in the preceeding quarter and the highest level in the company's history.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31[2]	1988	[3]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	5.91	6.21	5.15	6.81	8.00	5.09	3.46	2.76	2.57	1.95
Earnings	0.11	d0.72	d1.66	d0.65	2.32	1.23	0.39	0.19	0.52	0.49
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[4]	16⅞	24⅞	33½	36⅜	44⅛	35½	14	12⅛	14⅞	6½
Low[4]	7⅛	7½	12⅞	22⅛	25⅛	12⅛	5¼	4¾	4¼	2⅛
P/E Ratio—	153-65	NM	NM	NM	18-11	29-10	36-13	66-25	29-9	13-4

Data as orig. reptd. Adj. for stk. divs. of 100% Aug. 1983, 50% Oct. 1982, 100% Oct. 1980, 50% Sep. 1979. 1. Quarters ended Jun., Sep., Dec., Mar. prior to 1987. 2. Years ended Mar. 31 of the foll. cal. yr. prior to 1987. 3. Reflects merger or acquisition. 4. Cal. yr. NM-Not Meaningful. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[2]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,126	185	16.4	132	153	18.1	19	NM	19	1.7
[3]1987	997	136	13.7	138	153	17.9	d46	NM	d48	NM
1986	632	58	9.2	66	120	16.5	d96	NM	d96	NM
1985	576	35	6.1	137	113	12.3	d85	NM	d37	NM
1984	931	254	27.2	276	74	4.7	182	25.5%	135	14.5
1983	583	141	24.2	129	44	4.6	96	26.3%	71	12.2
1982	358	48	13.4	69	30	5.6	16	NM	21	5.9
1981	282	28	9.8	61	23	4.1	3	NM	9	3.2
1980	309	55	17.7	50	16	[4]3.3	37	32.5%	25	8.0
1979	226	48	21.1	44	10	1.1	37	37.5%	23	10.3

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	287	572	266	2.2	1,081	1.7%	130	472	815	16.0	1.9%
1987	235	572	255	2.2	1,114	NM	136	487	859	15.8	NM
1986	29	426	189	2.3	844	NM	134	300	655	20.5	NM
1985	15	243	142	1.7	731	NM	152	389	589	25.7	NM
1984	25	287	216	1.3	760	21.1%	44	446	544	8.1	37.1%
1983	35	241	173	1.4	512	17.2%	27	279	340	8.1	30.4%
1982	29	122	82	1.5	308	7.3%	37	183	225	16.6	12.7%
1981	9	97	64	1.5	244	3.8%	37	132	179	20.5	7.0%
1980	13	116	60	1.9	225	12.5%	19	119	165	17.6	23.7%
1979	12	90	56	1.8	165	16.6%	15	88	109	13.4	31.4%

Data as orig. reptd. 1. Years ended Mar. 31 of the foll. cal. yr. prior to 1987. 2. Incl. interest capitalized. 3. Reflects merger or acquisition. 4. Reflects accounting change. NM-Not Meaningful. d-Deficit.

Business Summary

Advanced Micro Devices designs, develops, manufactures and markets complex monlithic integrated circuits for use by manufacturers of a board range of electronic equipment and systems. Its largest customers are manufacturers of computation and communications equipment.

The company is a leading supplier of high-speed, field programmable integrated circuits. Its programmable array logic devices (PALs) dominate the market for field-programmable logic devices.

A major portion of revenues are derived from the sale of erasable programmable read-only memories (EPROMs) and programmable read-only memories (PROMs). Other memory devices are also sold.

Under a technology exchange agreement with Intel Corp., which is the subject of arbitration, various microprocessors are produced. In addition, the company in 1988 introduced an internally developed microprocessor.

The company also provides a wide variety of solutions for a broad spectrum of connectivity problems, such as applications involving central office switches, PBX equipment and local area networks.

Foreign sales accounted for 31% of revenues and a $4,743,000 operating loss in 1988.

Research and development spending totaled $208,339,000 (18.5% of sales) in 1988, versus $247,792,000 (24.9%) in 1987.

Dividend Data

No cash dividends have ever been paid.

Finances

In August, 1987 the company acquired Monolithic Memories, a maker of semicustom semiconductors that had revenues of $205 million in fiscal 1986, for about 19 million common shares.

Capitalization

Long Term Debt: $128,080,000.

$3 Dep. Conv. Exch. Pfd. Stk.: 3,450,000 shs. ($0.10 par); ea. sh. represents 0.10 sh. of $30 conv. exch. preferred stock.

Common Stock: 79,946,656 shs. ($0.01 par).
A unit of Siemens AG owns about 15%.
Institutions hold about 49%.
Shareholders of record: 14,677.

Office—901 Thompson Place, (P.O. Box 3453) Sunnyvale, Calif. 94088-3000 **Tel**—(408) 732 2400 **Chrmn & CEO**—W. J. Sanders III **Pres**—A. Holbrook. **CFO, Treas, Secy**—R. Previte **Investor Contact**—Michael Kupiak **Dirs**—R. G. Brown, I. Federman, H. R. Franz, A. Holbrook, R. H. Jenrette, W. J. Sanders III, R. M. Shanahan **Transfer Agent & Registrar**—Bank of America, San Francisco and NYC **Incorporated** in Delaware in 1969 **Empl**—18,933.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Aetna Life & Casualty

NYSE Symbol AET Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
60½	62½–46⅝	10	2.76	4.6%	B	0.80

Summary

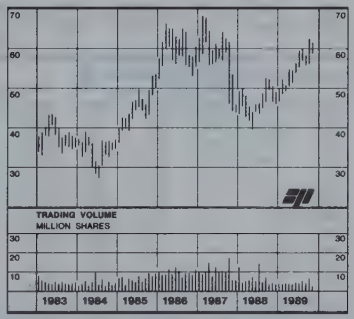
The nation's largest investor-owned insurance enterprise, Aetna has major representation in life, health and property-casualty fields. Third quarter 1989 earnings declined as continued improvement in group health lines was more than offset by deteriorating property-casualty results due to competitive pricing and increased catastrophe losses. In August, 1989 AET sold its Federated Investors unit for $350 million and an equity interest in the acquiring company.

Current Outlook

Excluding realized capital gains or losses and "fresh start" tax benefits in both years, share earnings for 1990 are estimated at $5.50, versus the $4.95 anticipated for 1989.

The $0.69 quarterly dividend is expected to be maintained over the near term.

Earnings growth in coming periods will remain under pressure from continued competitive p-c pricing. Although rates are expected to firm, AET's high loss costs, particularly in personal auto lines, will diminish the effects of improved pricing. Steps have been taken to reduce costs in these lines and, longer term, this is a plus. Offsetting these adverse factors is the group health area, where profits have benefited from sizable rate hikes and increased utilization of AET's HMO and PPO systems. Further growth is expected in this segment, particularly as employers, seeking to minimize employee health care costs, turn to alternative health care delivery programs, like HMOs. Share repurchases will benefit share earnings comparisons.



Review of Operations

Total revenues for the nine months ended September 30, 1989 rose 7.3%, year to year (1988 restated). Benefits and expenses were 6.9% higher, and after taxes of $158.0 million versus $55.9 million, and minority interests, net income advanced 1.3%. Share earnings were $4.54 (including realized capital gains of $0.72) on fewer shares, compared with $4.41 ($0.29), before an extraordinary credit of $15 million ($0.13) in the 1989 interim.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	1.52	1.11	1.56	1.21
Jun.	1.52	1.34	1.93	1.37
Sep.	1.50	1.67	2.01	1.72
Dec.		1.74	1.98	1.87
		5.85	7.48	6.18

Important Developments

Oct. '89— AET said the improvement in its group health lines during 1989's third quarter was offset by declines in personal and commercial p-c lines. While competitive pricing was part of the problem, sharply higher catastrophe claims (including those from Hurricane Hugo) and higher loss costs, especially in personal auto lines, were major contributors to this unfavorable situation.

Aug. '89— AET sold its Federated Investors (FI) investment management unit to members of FI management for $320 million in cash, about $30 million in AET common stock held by FI, and preferred stock convertible into 27.5% of the new company's common stock. AET also retained about $110 million in cash, receivables and securities from FI.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	58.11	53.56	44.75	37.55	34.42	35.09	44.04	42.90	40.79	35.56
Oper. Earnings[2]	5.85	7.48	6.18	3.84	1.59	3.06	5.80	6.11	6.30	6.93
Earnings[2,3]	6.12	7.51	7.53	3.32	1.04	3.31	4.72	5.75	6.96	7.23
Dividends	2.76	2.73	2.64	2.64	2.64	2.64	2.52	2.32	2.12	1.80
Payout Ratio	45%	36%	35%	80%	254%	80%	53%	40%	30%	25%
Prices—High	52½	68¼	66¼	53½	39	43½	48¼	47⅝	40⅛	36⅜
Low	39½	43¾	52¼	36⅛	27¼	32⅞	32⅞	30	29⅞	25⅝
P/E Ratio—	9–7	9–6	11–8	14–9	25–17	14–11	8–6	8–5	6–5	5–4

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1979. **1.** Net oper. earnings prior to 1989 **2.** Bef. spec. item(s) of +0.44 in 1987, +1.59 in 1986, +0.02 in 1979, +0.02 in 1978 **3.** Aft. gains/losses on security trans

November 29, 1989
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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income	Income Other	Net Invest. Inc.	Total Revs.	[1]Comb. Loss-Exp. Ratio	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	[3]Equity
1988	NA	18,174	296	5,826	24,296	110.9	760	668	699	2.7	10.5
1987	250,295	16,680	203	5,231	22,114	107.5	990	867	871	3.9	14.7
1986	239,764	15,274	174	5,035	20,483	107.0	971	714	865	3.5	13.7
1985	229,925	13,084	143	4,665	18,612	114.8	517	430	372	2.3	9.6
1984	223,018	11,102	104	4,205	15,411	118.5	229	183	128	1.2	4.0
1983	214,428	10,535	116	3,760	14,411	113.6	383	325	350	2.3	7.3
1982	192,376	10,654	24	3,486	14,164	114.6	345	522	427	3.7	13.1
1981	170,087	10,287	Nil	3,245	13,532	112.1	359	491	462	3.6	14.6
1980	146,434	10,652	Nil	2,666	13,318	105.9	454	508	562	3.8	16.5
1979	138,849	9,361	Nil	2,086	11,447	99.5	653	560	584	4.9	21.0

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[4]Premiums Due	Investment Assets: Bonds	Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	2,747	2,597	31,740	2,178	21,976	58,427	10.3	1,559	81,415	1,096	6,522
1987	2,963	2,456	28,912	1,509	19,372	51,603	10.5	1,336	72,754	728	6,085
1986	2,012	2,181	26,257	1,731	18,213	47,601	11.0	1,186	66,830	447	5,497
1985	2,209	1,934	24,691	1,529	15,889	43,534	11.5	1,072	58,294	409	4,582
1984	1,971	1,747	20,199	1,228	13,895	37,449	12.8	847	51,029	421	3,872
1983	1,583	1,607	13,499	1,473	11,423	28,270	13.4	776	47,626	421	4,121
1982	1,421	1,638	13,277	1,886	10,946	27,665	12.8	726	44,211	414	4,382
1981	829	1,513	13,887	1,802	10,820	27,505	12.0	743	39,631	263	3,443
1980	1,074	1,437	14,079	1,938	9,751	26,432	10.7	715	35,753	263	3,281
1979	1,179	1,182	13,050	1,706	7,945	23,397	9.6	658	30,228	250	2,868

Data as orig. reptd. **1.** As reptd. by Co.; excl. American Re-Insurance Co. **2.** Bef. spec. item(s) in 1988, 1987, 1986, 1985, 1979. **3.** Common. **4.** Incl. other receivables. NA-Not Available.

Business Summary

This company is the nation's largest investor-owned insurance organization, providing virtually all forms of business and personal insurance and pension products. Operating earnings (in million $) in recent years were derived as follows:

	1988	1987
Employee benefits	$238	$268
Personal financial	214	261
Commercial insurance	233	322
Reinsurance	151	133
Int'l & fin. services	-28	21
Corp. expenses	-140	-138

The employee benefits division provides group life, health and pension products and services to employers, associations and trusts. AET also offers clients alternative health care delivery programs such as HMOs and PPOs. Pension assets under management in 1988 amounted to $43.2 billion. The personal financial security division markets a complete line of insurance to individuals. In addition, through Federated Investors (FI), the division manages, distributes and administers mutual funds. At year-end 1988, the division had $37.8 billion of assets under management. In August, 1989 AET sold FI. The commercial insurance division writes virtually all types of p-c coverage. Commercial lines accounted for 60% of the $6.79 billion of written premiums in 1988, while personal lines accounted for 40%.

Other operations include reinsurance (American Re-Insurance), international insurance and financial services. The company has a 39% interest in MBIA Inc., the largest municipal bond insurer in the U.S.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.69	Feb. 24	Apr. 24	Apr. 28	May 15'89
0.69	May 26	Jul. 24	Jul. 28	Aug. 15'89
0.69	Sep. 29	Oct. 23	Oct. 27	Nov. 15'89
0.69	Nov. 17	Jan. 22	Jan. 26	Feb. 15'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $1,034,100,000.

Common Stock: 111,516,398 shs. (no par).
Institutions hold about 73%.
Shareholders of record: 33,697.

Office—151 Farmington Ave., Hartford, Conn. 06156 **Tel**—(203) 273-0123. **Chrmn**—J. T. Lynn **Pres**—R. E. Compton **Secy**—L. M. Nickerson. **VP-Treas**—G. G. Benanav. **Investor Contact**—A. G. Longley-Cook. **Dirs**—W. M. Anderson, A. R. Ashe, Jr., C. F. Baird, W. Barnes, R. E. Compton, J. F. Donahue, W. H. Donaldson, B. H. Franklin, J. T. Lynn, B. Manning, F. R. O'Keefe, Jr., D. M. Roderick **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Inc.** in Connecticut in 1853; reinc in 1967.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Affiliated Publications

NYSE Symbol AFP Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
13⅜	49½-12⅜	NM	0.22	1.6%	NR	1.34

Summary

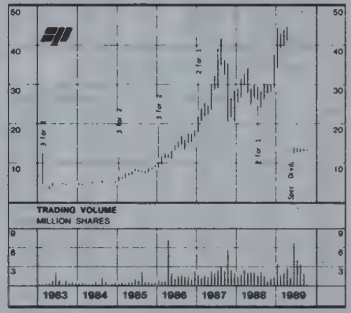
This media company owns The Boston Globe, the largest newspaper in New England, and Billboard Publications, a publisher of specialty magazines, books and directories. In May, 1989 AFP and McCaw Cellular Communications (MCAWA), which was formerly 47.2% owned by AFP, completed major restructurings of both companies, following which AFP shareholders retained share-for-share ownership in the publishing company, and received 0.84 of a share in MCAWA.

Current Outlook

Earnings for 1990 are projected at about $0.80 a share, versus the $0.75 estimated for 1989.

The $0.05½ quarterly dividend will probably be raised to $0.06 in 1990.

Revenues for 1990 from continuing operations are expected to be flat-to-up slightly, reflecting improvements at BPI Communications. The Boston Globe's revenues will continue to be penalized by advertising softness which will offset gains in newspaper circulation revenues. Margins should be penalized by the softness in newspaper revenues in spite of considerable relief in the cost of newsprint and higher operating income at BPI.



Oper. Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	130.4	126.7	102.8	91.5
Jun.	137.7	140.4	125.9	100.6
Sep.	---	130.1	125.8	98.8
Dec.	---	137.0	135.6	110.3
	---	534.2	490.1	401.1

Revenues for the 1989 first half were virtually flat, year to year, reflecting reduced advertising revenues at The Boston Globe. Operating income fell 20%. After other items and taxes at 40.4%, versus 39.9%, earnings from continuing operations were down 22%. Share earnings were $0.31, down 21% from $0.39.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.13	d0.21	0.13	0.10
Jun.	0.18	d0.15	0.21	0.16
Sep.	E0.19	d0.38	1.76	0.13
Dec.	E0.25	d0.43	d0.05	0.19
	E0.75	d1.17	2.04	0.56

Important Developments

Aug. '89— AFP raised circulation prices of the Sunday Globe and instituted a number of cost-cutting measures to help offset soft advertising volume.

May '89— AFP and McCaw Cellular Communications (MCAWA) completed major restructurings of both companies which, through a series of transactions and spinoffs, have resulted in AFP shareholders owning shares in two different companies. AFP shareholders were distributed the same number of class A and class B common shares in the new AFP, which is the parent of the Globe Publishing Co. and Billboard Publications. In addition, 0.84 of a share of MCAWA (which had been 47.2% owned by AFP) was distributed for each share of AFP held on the effective date.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	0.80	3.16	2.69	1.97	1.74	1.47	1.12	0.90	0.76	0.68
Earnings[1]	d1.17	2.04	0.56	0.43	0.38	0.32	0.23	0.21	0.19	0.19
Dividends	0.20	0.16	0.11	0.10	0.08⅞	0.07¼	0.06⅜	0.05¾	0.04⅞	0.04
Payout Ratio	NM	8%	20%	24%	24%	23%	28%	28%	26%	22%
Prices—High	37⅝	41⅞	18⅜	9½	5¾	5	3¼	2½	2½	1½
Low	24	17⅝	8¾	5¼	4⅜	2⅞	1⅞	2	1⅛	1
P/E Ratio—	NM	20-9	33-16	22-12	15-11	16-9	14-8	12-10	13-6	8-5

Data as orig reptd Adj for stk divs of 100% Jul 1988 (Class B com.), 100% Jan 1987, 50% Jan 1986, of 50% Jan 1985, 50% Feb 1983, 50% Feb 1980. 1. Bef results of disc opers of +0.57 in 1987, +0.37 in 1986, bef spec item(s) of +0.26 in 1987. NM-Not Meaningful d-Deficit. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	534	114	21.3	25.8	19.0	10.0	[2]d46	NM	d81	NM
1987	490	128	26.0	30.0	21.0	6.1	[2]191	24.7%	143	29.2
1986	401	102	25.4	27.2	15.7	5.8	[2]81	51.1%	[3]40	9.9
1985	367	80	21.8	22.4	14.8	4.7	[2]66	53.2%	31	8.4
1984	344	72	20.9	43.1	11.6	2.1	[2]57	51.8%	27	8.0
1983	294	57	19.5	32.8	6.9	1.9	[2]46	52.2%	22	7.6
1982	259	44	17.1	29.4	6.0	1.7	[2]34	53.3%	16	6.1
1981	236	35	14.8	9.3	5.9	1.0	[2]29	51.0%	14	6.0
1980	206	31	15.1	5.6	5.2	0.6	26	50.8%	13	6.2
1979	183	27	15.0	8.4	4.6	1.1	25	50.0%	13	6.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	11.1	99	59.8	1.7	425	NM	116.0	194	329	35.2	NM
1987	8.6	90	68.6	1.3	532	34.0%	95.0	324	435	21.9	56.2%
1986	39.8	113	59.0	1.9	318	13.4%	30.0	190	239	12.5	23.0%
1985	2.3	66	29.7	2.2	285	12.3%	59.0	161	238	25.0	20.4%
1984	5.9	61	30.0	2.0	219	10.9%	22.0	143	173	12.4	16.7%
1983	17.7	59	27.4	2.2	188	12.9%	19.0	123	147	12.9	20.1%
1982	5.4	41	24.0	1.7	149	11.5%	19.0	94	115	16.1	17.8%
1981	3.4	41	18.3	2.2	126	12.3%	14.0	83	99	14.2	18.3%
1980	9.7	38	20.4	1.9	105	12.9%	2.0	72	77	3.1	19.0%
1979	7.3	34	19.2	1.8	95	14.0%	3.8	63	68	5.5	21.9%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, 1986, and spec. item(s) in 1987. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. NM = Not Meaningful d-Deficit. NM-Not Meaningful.

Business Summary

Affiliated Publications publishes The Boston Globe newspaper, and publishes specialty magazines and books. Through a complex restructuring with 47.2%-owned McCaw Cellular Communications (MCAWA), involving a series of transactions and spinoffs completed in May, 1989, AFP shareholders now hold stock in both AFP and MCAWA. MCAWA is the largest nonwireline cellular telephone operator in the U.S., with majority interests in 25 of the top 90 markets. It is also the sixth largest paging operator in the country.

The Boston Globe has the largest combined daily and Sunday circulation of all newspapers in the Boston primary market, and it garners more than 80% of all advertising dollars placed in Boston newspapers. Average daily circulation in the six months ended March 31, 1989 was 509,573 daily and 787,385 Sunday.

BPI Communications, whose stated goals is to become the nation's leading information provider for the entertainment, arts and design fields, owns 14 publications, including Hollywood Reporter, Billboard Magazine, Amusement Business, Back Stage, Architecture, Music and Media, Musician, American Film, American Artist, Photo Design and Interiors. In addition it publishes and distributes books through its subsidiary, Watson-Guptil Publications, and distributes information electronically around the world.

Dividend Data

The company and its predecessor have paid dividends every year since 1882. Dividends are the same on both Class A and Class B common.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Oct. 27	Nov. 7	Nov. 14	Dec. 1'88
0.05½	Dec. 1	Feb. 7	Feb. 13	Mar. 1'89
0.05½	Apr. 18	Apr. 25	May 1	May 15'89
*Stk.	May 19	Jun. 1	May 31	Jun. 7'89
0.05½	Jun. 19	Aug. 8	Aug. 14	Sep. 1'89

*One com. A sh. API Print Corp.

Finances

In June, 1989 AFP completed the purchase of the 10% outstanding minority interest in BPI Communications. Terms were not disclosed.

Capitalization

Long Term Debt: $120,785,000 (6/89)

Cl. A Com. Stk.: 43,944,972 shs. ($0.01 par).

Cl. B Com. Stk.: 26,007,733 shs. ($0.01 par); 10 votes per sh.; limited transferability; conv. sh.-for-sh. into Class A.

About 64% is closely held, incl. some institutional holdings.

Institutions hold about 13%.

Shareholders of record: 4,741.

Office—135 Morrissey Blvd (Box 2337), Boston, Mass. 02107. **Tel**—(617) 929-3300 **Chrmn & CEO**—W O Taylor **Pres**—J P Giuggio **VP-CFO**—W B Huff. **VP-Investor Contact**—D Orr (617) 929-3035 **Dirs**—J L Cash Jr., J. P. Giuggio, R. D. Grimm, R Haydock Jr., R. A Lawrence, E E Phillips, A Simmons R Z Sorenson, C H Taylor, Jr., W O Taylor **Transfer Agent & Registrar**—State Street Bank and Trust Co., Boston. **Incorporated** in Massachusetts in 1973 **Empl**—3,011

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H Donald

Ahmanson (H.F.) & Co.

NYSE Symbol AHM Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
20	25-15¾	10	0.88	4.4%	B	1.23

Summary

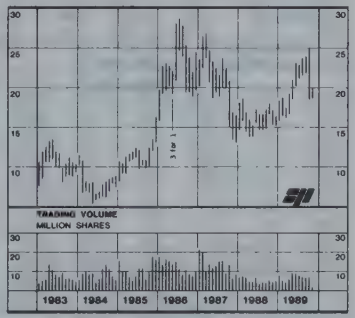
This holding company owns Home Savings of America, the nation's largest savings and loan association, with 356 savings branches in nine states and 106 mortgage lending offices in 19 states. AHM is also involved in securities brokerage and real estate development. The company's mortgage loan portfolio is comprised of substantially all (about 90%) monthly adjustable rate mortgages. It is thus well insulated from the harmful effects of higher interest rates on earnings, but it would also benefit less from lower rates.

Current Outlook

Earnings for 1990 are projected at $2.70 a share, up from the $2.00 expected for 1989.

A modest increase in the $0.22 quarterly dividend is possible in 1990.

Mortgage lending activity in 1990 is expected to moderate from the robust levels of 1989 and 1988, mainly due to a cooling of the housing market in Southern California, AHM's main lending area. The spread will probably widen sharply through late summer, based on the effect of projected lower interest rates on the company's funding costs. The provision for loan losses should be higher, given the continued decline in real estate values in the Southwest where AHM has some exposure. A major uncertainty is the extent of the damage from the October, 1989 earthquake. Gains on sales of loans are likely to be smaller, principally due to the company's goal of retaining originations for portfolio. If interest rates fall significantly, opportunistic selling could occur. General and administrative expenses may decline slightly. Ahmanson's competitive advantage is having an average cost of funds well below the index used to compute spreads on its home mortgage loans.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 6.2%, year to year, reflecting growth in the level of earning assets. The provision for loan losses increased 7.0%, to $43.8 million. Noninterest income declined 1.2%, primarily due to lower gains on asset sales ($6.6 million, against $33.8 million). Noninterest expenses were up 8.2%. Pretax income fell 3.3%. After taxes at 44.5%, versus 43.4%, net income fell 5.2%. Earnings per share were $1.29, against $1.37, before a special charge of $0.01 in 1988.

Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.40	0.30	0.84	0.80
Jun.	0.40	0.49	0.33	0.80
Sep.	0.50	0.57	0.41	0.80
Dec.	E0.70	0.68	0.46	0.82
	E2.00	2.05	2.03	3.22

Important Developments

Oct. '89— AHM said that third-quarter loan originations of $2.25 billion brought loan volume for the year to date to $7.7 billion, compared with the record $10.2 billion of loans funded in the 1988 period. The portfolio of loans serviced for investors totaled $12.3 billion at September 30, 1989, up from $11.9 billion a year earlier.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.18	12.66	11.89	5.41	4.42	5.56	2.60	5.41	11.65	11.65
Earnings[1]	2.05	2.03	3.22	2.63	0.58	1.34	d0.63	d0.86	0.69	1.70
Dividends	0.88	0.88	0.44½	0.40	0.40	0.25	0.25	0.40	0.40	0.38⅜
Payout Ratio	43%	43%	14%	15%	69%	19%	NM	NM	58%	23%
Prices—High	18⅝	26⅞	28¾	16⅜	11½	13½	11	7	8⅜	9½
Low	13¾	13	15¾	8⅛	5¼	7½	2¾	4¾	5	6
P/E Ratio—	9-7	13-6	9-5	6-3	20-9	10-6	NM	NM	12-7	6-4

Data as orig. reptd. Adj. for stk. div(s) of 200% Jun. 1986. 1. Bef. spec. item(s) of -0.01 in 1988, +0.08 in 1984, +0.01 in 1982, +0.14 in 1981, +0.09 in 1980. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	3,024	254	3,512	2,403	90.4	336	39.6%	203	5.8	0.6	11.1
1987	2,040	275	2,648	1,633	88.7	299	33.1%	200	7.6	0.7	11.5
1986	2,066	442	3,029	1,841	83.3	506	40.0%	304	10.0	1.1	21.6
1985	2,235	336	3,029	1,991	88.4	352	37.2%	221	7.3	0.9	21.3
1984	2,081	317	2,711	2,078	97.2	75	35.6%	48	1.8	0.2	5.2
1983	1,624	355	2,213	1,587	92.9	158	31.8%	108	4.9	0.6	13.1
1982	1,518	311	2,015	1,705	103.8	d76	NM	d45	NM	NM	NM
1981	1,222	167	1,564	1,395	106.1	d95	NM	d61	NM	NM	NM
1980	1,096	131	1,371	1,064	94.6	73	34.5%	48	3.5	0.4	5.7
1979	913	143	1,211	808	85.0	181	35.3%	117	9.7	1.0	14.9

Balance Sheet Data (Million $)

Dec. 31	Total Assets	[2]Cust. Accts.	Cash & Secs.	Loans	Loans/ Equity	Capitalization [3]Debt	Capitalization Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	40,258	29,506	2,862	34,260	16.2-1	7,628	1,886	9,514	1.5-1.1	
1987	30,507	22,433	3,392	24,810	12.8-1	5,303	1,800	7,103	2.1-1.0	
1986	27,592	21,687	5,834	19,658	13.9-1	3,165	1,677	4,842	2.4-1.3	
1985	27,229	19,422	5,923	19,303	18.6-1	5,548	1,134	6,682	3.0-1.5	
1984	24,307	18,545	3,244	19,240	18.6-1	3,943	940	4,883	2.6-1.2	
1983	20,226	15,566	3,267	15,402	17.3-1	2,966	924	3,890	2.4-1.3	
1982	16,864	11,815	2,100	13,119	17.0-1	3,527	725	4,252	4.2-1.1	
1981	15,049	11,064	1,472	12,455	14.6-1	2,539	775	3,314	1.3-0.9	
1980	13,110	10,072	1,099	11,391	12.9-1	1,781	859	2,640	0.7-0.4	
1979	12,137	9,352	1,147	10,467	12.5-1	1,541	831	2,371	0.8-0.5	

Data as orig. reptd. 1. Bef. spec. item(s) in 1988, 1984, 1983, 1982, 1981, 1980. 2. Savings accts. prior to 1983. 3. Incl. curr. portion. d-Deficit. NM-Not Meaningful.

Business Summary

H. F. Ahmanson is the parent of Home Savings of America, the nation's largest savings and loan association based on 1988 year-end assets of $40.3 billion. At December 31, 1988 Home Savings had 352 savings branches located in nine states and 106 loan offices located in 18 states. AHM is also involved in securities brokerage and real estate development activities.

Of AHM's $34.26 billion of loans and mortgage-backed securities outstanding at 1988 year-end, 78% were loans on single family loans, 13% on apartments, 8% on commerical properties, and 1% were non-real estate loans. New loan volume totaled $14.91 billion in 1988, up from $11.26 billion in 1987. Nonperforming assets (problem loans) were 0.92% of assets at year end, down from 1.48%.

Of total deposits of $29.51 billion at 1988 year-end, 31% were checking, passbook or money market savings accounts, 29% were term accounts six months or less, 21% were term accounts of one year, 11% two years, and 8% were jumbo CD's and other. The one-year gap (excess of liabilities maturing in one year over assets maturing in one year) was -2.47% at the end of 1988. The average yield on earning assets in 1988 was 9.42% (9.46% in 1987), the cost of funds was 6.86% (6.59%), for an earnings spread of 2.56% (2.87%).

Profits from real estate operations in 1988 amounted to $31.7 million, up from $10.7 million in 1987.

Dividend Data

Dividends have been paid since 1968.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Jan. 24	Feb. 8	Feb. 14	Mar. 1'89
0.22	Mar. 28	May 3	May 9	Jun. 1'89
0.22	Jul. 25	Aug. 9	Aug. 15	Sep. 1'89
0.22	Oct. 24	Nov. 8	Nov. 14	Dec. 1'89

Next dividend meeting: late Jan.'90.

Capitalization

FHLB Advances: $4,286,709,000.

Other Borrowings: $1,230,587.

Common Stock: 98,729,154 shs. (no par).
Institutions hold about 88%.
Shareholders of record: 8,581.

Office—660 South Figueroa St., Los Angeles, Calif. 90017 **Tel**—(213) 955-4200 **Chrmn & CEO**—R. H. Diehl **VP-Secy**—D. S. Hannah **Treas**—G. Miranda **Investor Contact**—Gayle M. Sweetland (213-955-4252) **Dirs**—R. H. Ahmanson, W. H. Ahmanson, B. Allumbaugh, M. J. Antoci, R. M. Bressler, L. M. Cook, B. Daniels, R. H. Deihl, R. M. De Kruif, S. W. Evey, D. S. Hannah, W. F. Smith, P. Tompkins, N. H. Topping **Transfer Agents & Registrars**—Union Bank, Los Angeles & NYC. **Incorporated** in California in 1928, reincorporated in Delaware in 1985.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Air Products & Chemicals

NYSE Symbol APD Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
44¾	48¾-40	11	1.32	3.0%	A-	1.22

Summary

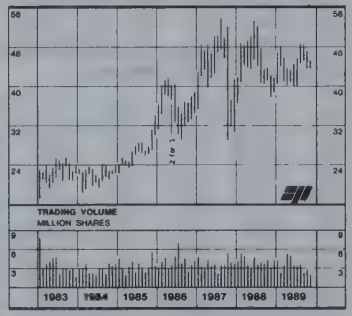
This company is a major producer of industrial and specialty gases; makes consumer, industrial and agricultural-related chemicals; provides cryogenic and process equipment; and is developing environmental and energy systems. Record earnings are expected for fiscal 1990, with volume gains for most core products. Longer-term growth is expected to come from the core industrial gases and chemicals units, global expansion, and development of new businesses.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are estimated at about $4.20, versus the $4.04 of fiscal 1989.

Dividends at $0.33 quarterly are the minimum expected.

Earnings for fiscal 1990 should benefit from continued volume gains in the core industrial gases and chemicals units, aided by contribution from new products and acquisitions. Industrial gas prices should improve somewhat with recent industrywide price increases and high operating rates, but commodity chemicals prices are expected to remain weak. Moderating business development costs should also benefit profits. The equipment/technology segment is expected to be profitable with higher levels of orders.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	641	586	534	476
Mar.	669	619	527	509
Jun.	664	605	528	495
Sep.	669	622	544	503
	2,642	2,432	2,132	1,982

Sales for the fiscal year ended September 30, 1989 (preliminary) rose 8.6%, year to year. Higher industrial gas profits and a nonrecurring gain of $0.18 a share outweighed increased selling, R&D, and interest expenses; after taxes at 30.9%, versus 29.6%, net income was up 3.5%.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	1.11	1.01	0.62	0.58
Mar.	1.04	1.02	0.73	0.67
Jun.	0.97	0.95	0.78	d1.34
Sep.	0.92	0.92	0.70	0.17
	4.04	3.90	2.83	0.08

Important Developments

Oct. '89— APD said that fiscal 1989 earnings reflected strong worldwide volumes in most major product lines. APD also invested over $500 million in new plants and acquisitions in 1989. Fourth quarter profits reflected slightly lower prices in merchant gases, falling commodity chemicals prices and higher interest expense. However, strong volumes and higher prices in strategic chemicals more than offset the decline in commodity chemicals. The equipment business remained profitable. The full-year loss for the equipment and technolgy segment reflected lower equipment orders and restructuring charges related to the consolidation of the landfill gas business. APD expected continued volume growth in fiscal 1990 and some improvement in merchant gas prices.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	NA	22.03	20.27	18.80	18.86	17.19	15.90	14.63	13.46	11.59
Earnings[2]	4.04	3.90	2.83	0.08	2.38	2.28	1.78	1.84	2.21	2.04
Dividends[3]	1.26	1.10	0.90	0.77	0.63½	0.52½	0.45	0.40	0.40	0.40
Payout Ratio	31%	28%	31%	931%	26%	23%	25%	22%	18%	20%
Prices—High[4]	48¾	53⅜	53⅞	41⅝	34⅛	24¼	25½	20⅝	24½	27⅛
Low[4]	40	36½	29	29⅛	22⅜	18⅜	17	11⅞	17	16⅛
P/E Ratio—	12-10	14-9	19-10	NM	14-9	11-8	14-10	11-6	11-8	13-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986. **1.** Reflects merger or acquisition. **2.** Bef. spec. item(s) of -0.07 in 1987, +1.13 in 1982. **3.** Divs. declared. **4.** Cal. yr. d-Deficit. NM-Not Meaningful. NA-Not Available.

December 5, 1989

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,432	621	25.5	409	258	74.4	304	29.6%	214	8.8
[3]1987	2,132	553	25.9	323	243	82.5	243	34.3%	160	7.5
1986	1,982	485	24.5	367	229	80.4	8	37.6%	[4]5	0.2
1985	1,830	440	24.1	392	197	60.9	218	34.1%	143	7.8
[5]1984	1,735	435	25.1	262	185	56.3	223	37.0%	141	8.1
1983	1,634	358	21.9	246	179	59.0	172	36.8%	109	6.7
[5]1982	1,569	327	20.8	439	153	53.4	140	24.7%	[4]106	6.7
1981	1,570	348	22.2	323	141	45.4	191	33.9%	126	8.0
1980	1,421	302	21.3	364	115	40.1	188	38.5%	116	8.1
1979	1,230	274	22.3	246	97	28.1	175	44.4%	98	7.9

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	36	626	517	1.2	3,000	7.5%	668	1,272	2,337	28.6	17.8%
1987	97	578	433	1.3	2,702	6.0%	616	1,147	2,137	28.8	14.4%
1986	117	705	472	1.5	2,706	0.2%	701	1,100	2,127	32.9	0.4%
1985	46	638	493	1.3	2,593	6.0%	525	1,163	2,019	26.0	12.9%
1984	59	564	479	1.2	2,328	6.2%	386	1,119	1,770	21.8	13.0%
1983	45	527	456	1.2	2,219	4.8%	437	1,047	1,696	25.8	10.8%
1982	64	541	454	1.2	2,170	5.1%	533	918	1,652	32.3	12.3%
1981	96	538	429	1.3	1,877	6.9%	339	774	1,295	26.2	17.5%
1980	65	487	366	1.3	1,751	7.3%	416	665	1,274	32.7	18.7%
1979	47	411	305	1.3	1,420	7.5%	297	568	1,025	29.0	18.5%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1987, 1982. **3.** Excludes discontinued operations. **4.** Reflects accounting change. **5.** Reflects merger or acquisition.

Business Summary

This major industrial gas producer derived fiscal 1989 sales and operating profits from the following business segments:

	Sales	Profits
Industrial gases	57%	77%
Equip. & technology	6%	-2%
Chemicals	37%	25%

Foreign operations accounted for 24% of sales and 26% of operating income in fiscal 1989.

The industrial gases segment produces a variety of industrial, medical and specialty gases, including nitrogen, oxygen, argon, hydrogen, helium, carbon dioxide, synthesis gas, fluorine compounds, and welding gases for both merchant and tonnage customers.

Equipment consists of cryogenic and process equipment, including air separation systems, gas processing, natural gas liquefaction, wastewater treatment, hydrogen purification, and nitrogen rejection; plant design, engineering and construction management services are also provided. Technology consists of technology licensing, landfull gas recovery and new venture R&D activities.

Chemicals include polymers for adhesives, coatings, and textiles; polyurethane intermediates and additives used in furniture, automotive and construction markets; and amines and specialty additives for pesticides, water treatment chemicals, and coatings. Commodity chemicals (methanol, ammonia, acetic acid and PVC resins) are also produced.

Dividend Data

Dividends have been paid since 1954. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Mar. 16	Mar. 30	Apr. 5	May 12'89
0.33	Jun. 15	Jun. 28	Jul. 5	Aug. 11'89
0.33	Sep. 21	Sep. 29	Oct. 5	Nov. 13'89
0.33	Nov. 16	Dec. 29	Jan. 5	Feb. 12'90

Next dividend meeting: mid-Mar.'90.

Capitalization

Long Term Debt: $701,907,000.

Common Stock: 54,958,455 shs. ($1 par).
Institutions hold about 71%.
Shareholders of record: 11,900.

Office—Allentown, Pa. (P.O. Box 538, Allentown, Pa. 18105.) **Tel**—(215) 481-4911. **Chrmn & CEO**—D. F. Baker. **Pres**—F. J. Ryan. **VP-Secy**—R. A. Gray, Jr. **VP-Treas**—R. D. Barclay. **Investor Contact**—E. D. Ervin. **Dirs**—D. F. Baker, P. L. T. Brian, W. M. Caldwell, K. V. Cassani, R. M. Davis, R. F. Dee, E. Donley, A. P. Dyer, E. A. Gee, J. L. Grant, L. C. Holt, Jr., W. F. Light, W. F. Raab, F. J. Ryan, J. B. St. Clair. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Michigan in 1940; reincorporated in Delaware in 1961. **Empl**—13,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA

Alaska Air Group

NYSE Symbol ALK Options on ASE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
21¼	30½-19⅞	7	0.20	0.9%	B+	1.07

Summary

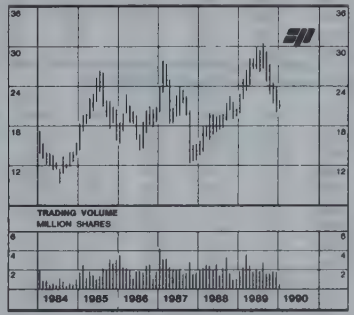
Alaska Air Group is the holding company for Alaska Airlines, the leading passenger carrier between Alaska and the lower 48 states, and Horizon Air, which serves smaller cities in the Northwest. ALK has maintained relatively high earnings in the past few years as the result of well-managed route expansion, largely in West Coast markets. Rising costs and fare discounting could produce lower earnings in 1990.

Current Outlook

Earnings for 1990 are projected at $2.15 a share, versus the $2.70 estimated for 1989.

Dividends should continue at the current $0.05 quarterly rate.

Revenues for 1990 are likely to grow moderately. Traffic growth should reflect additions to schedules to Mexican winter vacation destinations and some expansion of the fleet, which will increase capacity on routes in western states. Yields could be weak early in the year as the result of competitive fare cuts and promotional discounts. Margins should be under pressure in the early part of the year because of higher labor costs and sharply rising fuel costs.



Total Oper. Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	197.7	173.3	141.4
Jun.	---	226.6	203.1	178.4
Sep.	---	268.9	241.5	214.9
Dec.	---	---	196.5	175.1
	---	---	814.4	709.8

Revenues for the first nine months of 1989 advanced 12.2%, year to year. Operating costs increased 11.9%. Net income rose 28.8%, to $2.55 a share from $1.99.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.05	0.40	d0.08	d0.49
Jun.	E0.40	0.67	0.59	0.34
Sep.	E1.40	1.48	1.47	0.86
Dec.	E0.30	E0.15	0.38	0.04
	E2.15	E2.70	2.37	0.85

Important Developments

Nov. '89— ALK applied to the DOT for authority for service between San Jose and Guadalajara and Acapulco, which have been served from San Francisco and Los Angeles since early 1989. Service between Los Angeles and Los Cabos began in September. Service to Puerto Vallarta and Mazatlan was initiated in November 1988. The new service to Mexico accounted for 60% of traffic growth in the first nine months of 1989.

Sep. '89— ALK announced orders for six MD-80 aircraft for delivery between 1993 and 1995. This brings the number of MD-80s on order to 19. In addition, the company will lease an MD-80 in early 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	14.50	12.00	7.81	13.05	10.12	8.05	6.65	4.38	3.63
Earnings[2]	NA	2.37	0.85	1.41	2.10	2.19	1.45	1.26	1.06	1.04
Dividends	0.20	0.16	0.16	0.16	0.12	0.14	0.12½	0.12	Nil	Nil
Payout Ratio	NA	7%	19%	11%	7%	6%	9%	13%	Nil	Nil
Prices—High	30½	22½	27⅞	22¾	26⅜	17¼	18⅝	14⅜	8⅜	5
Low	19⅞	13½	12¼	14¼	14¼	9¼	10⅜	4⅝	3¾	3
P/E Ratio—	NA	9-6	33-14	16-10	13-7	8-4	13-7	11-4	8-4	5-3

Data as orig. reptd. Adj. for stk. div(s). of 5% Nov. 1981, 5% Nov. 1980. **1.** Reflects merger or acquisition. **2.** Bef. spec. item(s) of +0.73 in 1987. d-Deficit E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	814	103	12.6	128	32.3	19.2	62.5	40.0%	37.5	4.6
1987	710	77	10.8	76	42.3	23.9	22.2	39.9%	13.3	1.9
[2]1986	468	71	15.2	156	33.4	22.5	27.9	36.6%	17.7	3.8
1985	433	53	12.1	162	21.5	17.1	33.8	23.2%	25.9	6.0
1984	362	50	13.8	105	16.0	9.3	34.0	29.7%	23.9	6.6
1983	281	42	14.8	39	10.7	6.9	28.3	44.4%	15.7	5.6
1982	235	35	15.0	23	10.0	6.3	21.5	50.9%	10.6	4.5
1981	182	22	12.3	53	8.3	6.2	10.9	29.5%	7.7	4.2
1980	131	11	8.5	35	6.0	5.1	4.2	NM	5.1	3.9
[3]1979	98	7	7.3	11	4.9	[4]3.4	2.8	NM	3.0	3.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	48	144	174	0.8	730	5.2%	171	307	523	32.7	13.0%
1987	105	188	158	1.2	706	1.7%	204	272	516	39.5	5.4%
1986	66	130	138	0.9	672	2.9%	292	177	516	56.6	10.5%
1985	148	198	95	2.1	537	5.7%	234	161	432	54.1	18.1%
1984	61	100	77	1.3	326	8.3%	102	109	245	41.5	24.4%
1983	55	87	60	1.5	247	7.1%	74	87	184	40.0	19.9%
1982	44	71	53	1.3	195	5.1%	58	70	140	39.9	16.4%
1981	10	31	41	0.8	141	5.6%	48	30	97	49.0	23.1%
1980	7	23	30	0.8	94	6.2%	42	18	62	67.6	33.7%
1979	2	14	25	0.6	71	3.7%	29	13	45	64.9	15.6%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1979, and spec. item(s) in 1987. **2.** Reflects merger or acquisition. **3.** Excludes discontinued operations. **4.** Reflects accounting change NM-Not Meaningful.

Business Summary

Alaska Air Group, Inc. is the holding company for Alaska Airlines and Horizon Air Industries (acquired December, 1986). Alaska Airlines is the leading airline between Alaska and the lower 48 states. As of April, 1989 it served 14 cities in Alaska, 16 cities in Washington, Oregon, Idaho, California and Arizona, using hub cities at Seattle, Portland and Anchorage, and four cities in Mexico. It also served Dallas/Ft. Worth, Houston, Chicago and Washington through an interchange agreement with American Airlines, using Seattle as the interchange point connecting with Anchorage and Fairbanks.

As of April, 1989 Horizon Air served 30 airports in five western states, primarily connecting smaller cities to hubs in Seattle, Portland, Spokane and Boise.

As of June, 1989 the Alaska Airlines fleet included 24 727-200s, 19 MD-80s, seven 737-200Cs and one 727-100. Horizon's fleet included 29 Fairchild Metroliner IIIs, 12 deHavilland Dash 8s, and two Fokker F28s. On order were 15 MD-80s for Alaska Airlines and three Dash 8s for Horizon.

Dividend Data

Cash dividends were resumed in late 1982 after a three-year hiatus. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Feb. 23	Apr. 10	Apr. 14	May 5'89
0.05	Jun. 8	Jul. 10	Jul. 14	Aug. 4'89
0.05	Sep. 12	Oct. 6	Oct. 13	Nov. 3'89
0.05	Dec. 6	Jan. 8	Jan. 12	Feb. 5'90

Next dividend meeting: late Feb. '90.

Finances

In June, 1989 the company sold publicly $75 million of 8⅞% debentures convertible into common at $33.60 per share. Proceeds were used to repay $16.5 million of debt and for the acquisition of aircraft.

Capitalization

Long Term Debt: $232,512,000.

Common Stock: 15,688,178 shs. ($1 par).
Institutions hold approximately 70%.
Shareholders of record: 7,485.

Office— 19300 Pacific Highway South, (P.O. Box 68900), Seattle, Wash 98168. **Tel**—(206) 433-3200 **Chrmn, Pres & CEO**—B. R. Kennedy **VP-Secy**—M. E. Lawe. **VP-CFO & Treas**—J. R. Vingo **Dirs**—O. F. Benecke, W. H. Clapp, R. F. Cosgrave, M. J. Fale, J. F. Kelly, B. R. Kennedy, B. I. Mallott, R. L. Parker Jr., F. G. Turpin, R. J. Vecci, J. R. Vingo, R. A. Wien **Transfer Agent & Registrar**—First National Bank of Boston, Boston. **Incorporated** in Alaska in 1937; reincorporated in Delaware in 1985 **Empl**—5,915

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. T.M. Canning, CFA

Alberto-Culver

NYSE Symbol ACV In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	[1]1989					
[1]44 3/4	49 7/8–32 3/4	20	0.36	0.8%	A-	1.15

Summary

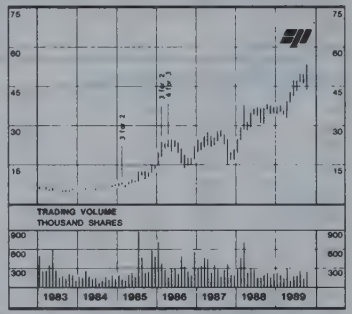
This company is an important producer of hair care products and health and beauty aids. Its Sally Beauty division operates the world's largest chain of professional beauty supply stores in the world. The company's strong positions in its major markets and benefits from an aggressive new product development program brighten long-term prospects.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are projected at about $2.65 a share, up from fiscal 1989's $2.25.

An increase in the $0.09 quarterly dividend is likely in early calendar 1990.

Another good sales gain is anticipated for fiscal 1990, bolstered by growth in established hair care, personal care and other consumer lines (especially overseas), new products, and further expansion in the chain of Sally Beauty outlets. Profits are expected to benefit from the better volume, possible reductions in certain raw material costs and productivity improvements.



Net Sales[2] (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec	---	162.5	133.5	112.7
Mar	---	180.6	151.8	124.7
Jun	---	182.2	154.2	132.7
Sep	---	192.2	165.2	144.3
		717.4	604.7	514.5

Sales for the fiscal year ended September 30, 1989 (preliminary) increased 19%, year to year. Pretax income rose 17%. After taxes at 37.7%, against 39.0%, net income was up 20%, to $2.25 a share from $1.83, which excludes a special credit of $0.16 from sale of an investment.

Common Share Earnings[3] ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec	E0.47	0.42	0.48	0.23
Mar	E0.55	0.48	0.36	0.25
Jun	E0.78	0.63	0.53	0.37
Sep	E0.87	0.72	0.62	0.43
	E2.65	2.25	1.99	1.28

Important Developments

Nov. '89— A company spokesman noted that by the end of fiscal 1990 the Sally Beauty division was expected to be operating some 880 to 900 outlets, up from 807 at September 30, 1989. Sally Beauty's earnings for fiscal 1990 were projected to rise between 25% and 30%. ACV plans to introduce a Consort men's shampoo and a new product in the household products group is expected to be launched in tbe spring of 1990.

Mar. '89— ACV signed a licensing agreement with Sunstar Inc. of Japan which will allow Sunstar to manufacture and market Alberto products in Japan. Sunstar presently markets the Alberto VO5 hair spray line in Japan. Also, in March ACV began shipping a new line of Bold Hold shampoos and conditioners.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	[4]1985	1984	1983	[4]1982	[4]1981	[4]1980
Tangible Bk. Val.	NA	9.33	8.64	7.72	5.60	5.40	5.34	5.20	4.97	4.67
Earnings[5]	2.25	1.99	1.28	1.05	0.68	0.39	0.34	0.58	0.52	0.87
Dividends	0.34 1/2	0.28 1/2	0.23 1/4	0.23 7/8	0.18 7/8	0.18	0.18	0.16 3/4	0.13 1/2	0.12
Payout Ratio	15%	14%	18%	23%	28%	46%	53%	29%	25%	13%
Prices—High[6]	53 3/8	38 1/4	28 1/4	25	15 1/8	7 5/8	6 7/8	8	5 1/2	5 5/8
Low[6]	32 3/4	19 3/8	14 3/4	13 1/2	6 1/4	5 3/8	4 5/8	3 1/2	3 1/4	2 3/8
P/E Ratio—	24-15	19-10	22-12	24-13	22-9	19-13	20-13	14-6	10-6	7-3

Data as orig. reptd. Adj. for stk. div(s) of 33 1/3% Apr. 1986 (1/3 Com. A), 50% Feb. 1986, 50% Feb. 1985. **1.** Class B stk. **2.** Incl. cash discounts. **3.** On Class A and Class B shares combined. **4.** Reflects merger or acquisition. **5.** On Class A & Class B shares combined aft. 1985 bef. results of disc. opers. of -0.37 in 1986, -0.50 in 1985. **6.** Cal. yr.; Class B stk. aft. 1985. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	605	56.3	9.3	19.7	9.98	5.93	44.0	38.9%	26.9	4.4
1987	514	43.6	8.5	17.3	6.09	4.51	33.0	45.0%	18.2	3.5
[3]1986	435	33.7	7.7	11.9	4.64	5.80	23.3	43.1%	13.3	3.0
[4]1985	369	26.2	7.1	5.3	4.75	7.36	13.6	42.1%	7.9	2.1
1984	349	16.4	4.7	4.9	4.01	7.43	6.5	30.4%	4.5	1.3
1983	314	15.4	4.9	4.2	3.59	6.64	5.0	22.0%	3.9	1.2
[5]1982	320	18.0	5.6	9.0	3.22	6.38	9.1	27.2%	[6]6.6	2.1
[5]1981	294	18.1	6.1	8.9	3.04	3.90	11.0	45.3%	6.0	2.0
[5]1980	229	12.4	5.4	4.6	3.11	1.65	17.4	39.9%	10.4	4.6
1979	188	10.2	5.4	3.2	3.04	0.94	7.3	50.0%	3.7	2.0

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	34.1	217	122	1.8	303	9.6%	44.8	135	181	24.8	20.7%
1987	37.0	197	112	1.8	272	7.3%	23.6	133	159	14.9	14.6%
1986	24.1	166	86	1.9	228	5.8%	22.8	116	141	16.1	13.3%
1985	14.3	142	88	1.6	190	4.2%	29.7	69	102	29.0	11.3%
1984	3.0	139	86	1.6	184	2.5%	22.9	69	97	23.6	6.5%
1983	3.7	131	80	1.6	173	2.2%	20.9	69	93	22.4	5.7%
1982	3.4	132	87	1.5	175	4.1%	18.9	67	88	21.5	10.0%
1981	3.2	107	70	1.5	146	4.6%	9.6	65	76	12.6	9.6%
1980	3.0	90	51	1.7	118	10.0%	4.3	61	67	6.4	18.8%
1979	3.6	76	40	1.9	98	4.0%	2.6	54	58	4.4	7.1%

Data as orig. reptd. **1.** Excl. cash discounts. **2.** Bef. results of disc. opers in 1986, 1985, and spec. item(s) in 1979. **3.** Excludes discontinued operations. **4.** Excludes discontinued operations and reflects merger or acquisition. **5.** Reflects merger or acquisition. **6.** Reflects accounting change.

Business Summary

Alberto-Culver primarily manufactures mass marketed products, mostly hair care products, and industrial institutional food and cleaning products. Business segment contributions:

Fiscal 1988	Sales	Profits
Personal use products	52%	59%
Institutional/industrial	12%	18%
Other	36%	23%

Foreign operations accounted for about 25% of sales and 4% of profits in fiscal 1988.

Hair care products include Alberto VO5 line, Consort hair sprays, and related items sold under the Alberto, Get Set, TCB, and Bold Hold names. Other personal use products include the FDS Feminine Deodorant Spray and other health and beauty aids; household aids such as Static Guard antistatic spray, and Kleen Guard furniture polish; and several retail food items such as Sugartwin sugar replacement, Mrs. Dash seasonings and Molly McButter butter substitute.

Institutional and industrial products include specialty foods for institutions and restaurants and professional hair care products. Other products principally are professional beauty and barber products sold by the Sally Beauty division. Sally Beauty, the largest beauty supply company in the world, operated 807 outlets at September 30, 1989.

Dividend Data

Dividends have been paid since 1967. Payments on the Class A and Class B shares:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Jan. 18	Jan. 30	Feb. 3	Feb. 20'89
0.09	Apr. 19	Apr. 27	May 3	May 20'89
0.09	Jul. 19	Jul. 31	Aug. 4	Aug. 20'89
0.09	Oct. 18	Oct. 30	Nov. 3	Nov. 20'89

Next dividend meeting: mid-Jan.'90

Capitalization

Long Term Debt: $70,696,000.

Class A Common Stock: 4,842,425 shs. ($0.22 par); divd. may exceed Class B divd.; 0.10 vote per sh.

Class B Com. Stk.: 8,253,982 shs. ($0.22 par); conv. sh.-for-sh. into Class A com.The Lavin family holds about 49% of the Class B and 16% of the Class A common stock.

Institutions hold about 26% of Class B.

Shareholders of record (Class B): 1,811.

Office—2525 Armitage Ave., Melrose Park, Ill. 60160 **Tel**—(312) 450-3000 **Chrmn & CEO**—L. H. Lavin **Pres**—H. B. Bernick **VP-Secy-Treas**—B. E. Lavin **Dirs**—C. L. Bernick, H. B. Bernick, R. P. Gwinn, B. E. Lavin, L. H. Lavin, W. C. Stone, W. W. Wirtz. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Delaware in 1961. **Empl**—4,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Sattas

Albertson's, Inc.

NYSE Symbol ABS Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
53⅛	55-36⅝	20	0.80	1.5%	A+	0.83

Summary

This Idaho-based operator of supermarkets and combination food-drug stores has increased sales and earnings substantially over the past decade, largely through internal expansion. The company's $1.75 billion five-year growth plan, calling for the opening of 200 new stores, remodeling of 175 existing stores, installing in-store computers, and a major expansion of the distribution system, bodes well for the future, as does its representation in growing geographic markets.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 should advance to about $2.85 share from the $2.44 of fiscal 1988-9. Earnings for fiscal 1990-1 could approximate $3.20 a share.

The $0.20 quarterly dividend is the minimum expected.

Revenues for fiscal 1989-90 should reflect increased selling space, store remodelings, and new store expansion. Margins should benefit from increased overall volume, more high margin service departments, and tight control of operating and administrative expenses. Share earnings will reflect fewer shares outstanding.

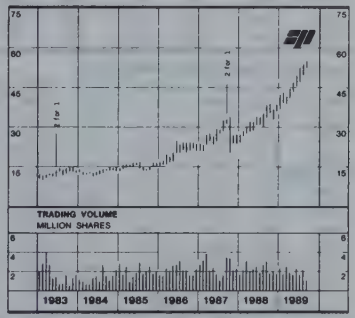
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	1,813	1,555	1,399	1,279
Jul.	1,826	1,660	1,481	1,338
Oct.	---	1,669	1,469	1,357
Jan.	---	1,889	1,521	1,405
	---	6,773	5,869	5,380

Sales for the 26 weeks ended August 3, 1989 rose 13%, year to year. Gross margins widened, reflecting efficiencies gained from the new Portland, Ore. distribution center and an improved product mix. Operating and administrative expenses increased as a percentage of sales due to higher labor costs and reduced volume due to a strike in Seattle. Pretax income advanced 24%. After taxes at 37.0% in both periods, net income also rose 24%, to $1.34 a share from $1.09.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.66	0.53	0.44	0.38
Jul.	0.68	0.56	0.43	0.35
Oct.	E0.71	0.57	0.40	0.32
Jan.	E0.80	0.78	0.61	0.46
	E2.85	2.44	1.88	1.50



Important Developments

Aug. '89— ABS said that same store sales for the second quarter of fiscal 1989-90 increased 3.3%; an 11½ week strike in 34 Seattle, Wash. area stores substantially affected store sales. During the first half of fiscal 1989-90, a total of eight stores were opened. ABS expected to open an additional 24 stores during the second half, including three combination units in Austin, Texas which will be purchased from American stores in October. Remodels were completed on 17 stores during the first half of fiscal 1989-90; 27 more are expected to be completed in the second half. The Brea, Calif. distribution center finished a 344,000 sq. ft. addition during the second quarter. In March, directors authorized the repurchase of up to 3.3 million shares. Under a previous buyback program, ABS repurchased 1.2 million shares.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	11.96	10.02	8.90	7.80	6.88	5.97	5.22	4.02	3.52	3.02
Earnings	2.44	1.88	1.50	1.29	1.21	1.08	0.96	0.79	0.68	0.63
Dividends	0.54	0.46½	0.41	0.37	0.34	0.30	0.25	0.22	0.20	0.15
Payout Ratio	22%	25%	27%	29%	21%	28%	26%	28%	29%	23%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	38¾	34	24⅞	16⅝	14⅞	15⅛	12½	7½	6⅜	5¾
Low	24	20¼	15⅜	13¼	11⅜	9⅞	6⅛	4⅞	4¼	4⅜
P/E Ratio—	16-10	18-11	17-10	13-10	12-9	14-9	13-6	9-6	9-6	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Oct 1987, 100% Jun. 1983, 100% Mar 1980 E-Estimate

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	6,773	349	5.2	322	88.4	22.6	257	36.8%	163	2.4
1988	5,869	290	4.9	194	73.1	22.4	212	40.8%	[1]125	2.1
1987	5,380	255	4.7	139	66.4	21.3	185	45.8%	100	1.9
1986	5,060	218	4.3	120	60.0	22.3	155	45.0%	85	1.7
1985	4,736	199	4.2	150	51.4	23.5	147	45.9%	80	1.7
1984	4,279	176	4.1	95	44.9	21.6	127	44.8%	70	1.6
1983	3,940	159	4.0	91	41.6	21.8	107	45.6%	58	1.5
1982	3,481	138	4.0	59	37.6	20.6	89	45.4%	49	1.4
1981	3,039	127	4.2	59	35.2	[2]21.1	77	46.0%	42	1.4
1980	2,674	114	4.3	52	29.9	25.3	72	46.5%	38	1.4

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	82	592	488	1.2	1,591	10.8%	177	800	990	17.9	22.1%
1988	201	635	440	1.4	1,402	9.4%	183	665	860	21.3	20.0%
1987	246	625	380	1.6	1,265	8.4%	187	594	796	23.5	18.0%
1986	197	562	351	1.6	1,125	7.9%	188	519	731	25.8	17.4%
1985	201	530	335	1.6	1,033	8.1%	194	454	667	29.1	18.8%
1984	158	507	307	1.7	936	7.9%	200	392	608	32.8	19.1%
1983	168	453	260	1.7	831	7.3%	201	340	557	36.1	19.4%
1982	88	365	241	1.5	710	7.2%	206	239	459	44.9	21.6%
1981	75	306	195	1.6	627	6.9%	205	209	426	48.1	21.5%
1980	58	268	169	1.6	573	6.8%	212	178	400	52.9	23.4%

Data as orig. reptd. 1. Reflects accounting change. 2. Net of interest income.

Business Summary

As of February 2, 1989 Albertson's was operating 497 stores in 17 Western and Southern states, consisting of 167 conventional supermarkets, 127 combination food and drug units, and 175 superstores and 28 warehouse stores. During the past 10 years about 86% of the square footage has been newly built or completely remodeled.

Conventional supermarkets average 26,000 sq. ft. in size and offer a full line of grocery items and, in many locations, feature in-store bakeries and delicatessens.

The typical combination food and drug store covers 57,000 sq. ft. Selling space is divided between prescription and proprietary drugs and general merchandise, and the regular supermarket products. Superstores, which are smaller versions of combination stores, approximate 42,000 sq. ft. on average.

The company also operates 28 stores in a warehouse format varying in size up to 73,000 square feet.

Albertson's has been expanding distribution facilities, and in fiscal 1988-9 handled 61% of the merchandise purchased for resale, through its own distribution centers.

Dividend Data

Dividends have been paid since 1960. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Nov. 28	Jan. 30	Feb. 3	Feb. 25'89
0.20	Mar. 6	May 1	May 5	May 25'89
0.20	May 26	Jul. 31	Aug. 4	Aug. 25'89
0.20	Sep. 5	Nov. 6	Nov. 10	Nov. 25'89

Next dividend meeting: late Nov.'89.

Finances

Capital expenditures for fiscal 1989-90 were projected at $369 million, up 13% from the $327 million in fiscal 1988-9.

Capitalization

Long Term Debt: $174,732,000, incl. $111 million of capital lease obligations.

Common Stock: 66,934,219 shs. ($1 par).
Officers & directors own 19%, incl. 16.3% by J. A. Albertson; Theo Albrecht Stiftung owns 10.9%.
Institutions hold some 42%.
Shareholders of record: 10,743.

Office—250 Parkcenter Blvd. (P.O. Box 20), Boise, Idaho 83726. **Tel**—(208) 385-6200. **Chrmn & CEO**—W. E. McCain **Pres**—J. B. Carley **Vice-Chrmn & CFO**—G. G. Michael **VP-Treas & Investor Contact**—D. I. Connolly **Secy**—L. Bock **Dirs**—J. A. Albertson, K. Albertson, A. G. Ames, J. E. Bruce, J. B. Carley, P. I. Corddry, J. B. Fery, R. V. Hansberger, B. Z. Kastler, C. D. Lein, W. E. McCain, H.F. Magnuson, G. G. Michael **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Idaho First National Bank, Boise **Registrars**—Morgan Shareholder Services Trust Co., NYC; First Security Bank of Idaho, Boise **Incorporated** in Idaho in 1945; reincorporated in Delaware in 1969 **Empl**—50,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Alcan Aluminium

NYSE Symbol AL Options on ASE (Mar-Jun-Sep-Dec) & Toronto (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
22⅛	25⅛-20⅛	5	[2]1.12	[2]5.1%	B	1.00

Summary

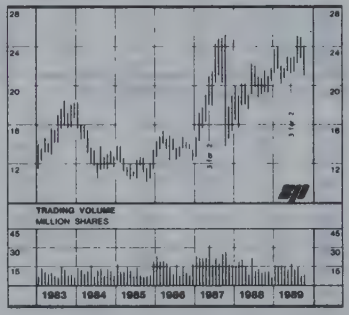
Alcan Aluminium is the largest aluminum producer in the world from facilities located mainly in Canada, with a wide geographical range of markets. Profits are likely to decline in 1989 and 1990, reflecting sluggish economic growth. Earnings had risen steadily in recent years to a record level, as a result of a prolonged business expansion along with previous cost cutting measures.

Current Outlook

Earnings for 1990 are projected at $2.65 a share, down sharply from 1989's estimated $3.70.

Dividends are expected to continue at $0.28 quarterly.

Operating revenues for 1990 may decline slightly on expected modest decreases in aluminum shipments and annual average aluminum prices. Significantly reduced earnings are likely from North America and European income may be about the same. However, Pacific profits will probably increase further, albeit at a more modest pace. With negative operating leverage (the spreading of high fixed costs over fewer units of production), earnings should decline substantially.



Oper. Revenues (Million U.S. $)

Quarter:	1989	1988	1987	1986
Mar	2,239	1,950	1,523	1,432
Jun	2,320	2,198	1,699	1,560
Sep.	2,188	2,158	1,707	1,482
Dec	---	2,223	1,868	1,482
	---	8,529	6,797	5,956

Operating revenues for the first nine months of 1989 rose 7.0%, year to year, reflecting higher average prices mainly in the first half. With an after-tax nonrecurring gain of $60 million ($0.26 a share), net income was up 2.5%. Share earnings were $2.98 (on reduced preference dividends), versus $2.76 (adjusted).

Common Share Earnings (U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	1.16	0.70	0.26	0.11
Jun.	1.05	0.99	0.40	0.43
Sep.	0.77	1.07	0.48	0.21
Dec.	E0.72	1.09	0.54	0.22
	E3.70	3.85	1.68	0.97

Important Developments

Oct. '89— AL said that Logan Aluminum (40% owned by AL and 60% by Atlantic Richfield) began a $280 million expansion of its Russellville, Ky. sheet rolling facilities including a 3-stand, high-speed cold mill, a coating line, a precision slitting line, two ingot preheat furnaces, and an ingot scalper. The expansion would be financed and owned by AL with the exception of the furnaces, which would be jointly funded. In September AL said that it intended to file notice, effective October 27, of a new 1989-90 program to buy back up to 15 million (6.5%) of its common shares.

Nov. '88— AL proceeded immediately with construction of the fourth and final phase of its 200,000 metric-ton-a-year Laterrière smelter in Quebec. The phase would cost $75 million between November, 1988 and March, 1991 when Laterrière would be completed. Overall project cost was estimated at more than $600 million.

Next earnings report expected in late January.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.06	15.05	13.18	12.23	13.07	12.83	13.10	14.15	13.53	11.15
Earnings[1]	3.85	1.68	0.97	d0.97	0.98	0.29	d0.31	1.44	2.98	2.23
Dividends	0.58⅝	0.38⅞	0.35⅝	0.48⅞	0.53⅜	0.40	0.60	0.80	0.60	0.46⅝
Payout Ratio	15%	23%	39%	NM	54%	141%	NM	56%	20%	21%
Prices—High	22¼	25⅛	15⅜	13⅞	18⅜	18½	12⅝	17⅞	17¼	10⅜
Low	15⅝	12⅝	12⅜	10⅛	10½	11⅜	7	8¾	10⅛	7¼
P/E Ratio—	6-4	15-7	16-13	NM	19-11	65-40	NM	12-6	6-3	5-3

Data as orig reptd. Adj. for stk div(s) of 50% Jun 1989, 50% Jun 1987, 100% Apr 1980. 1. Bef spec. item(s) of +0.11 in 1986, +0.16 in 1985, +0.17 in 1984, +0.07 in 1983, +0.12 in 1979. 2. In U.S. funds, bef 15% Can. nonresident tax. NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	8,529	1,800	21.1	660	316	150	1,450	34.3%	931	10.9
1987	6,797	1,138	16.7	409	296	183	668	34.4%	433	6.4
1986	5,956	850	14.3	318	276	217	413	38.7%	218	3.7
1985	5,718	581	10.2	569	258	271	d267	NM	d216	NM
1984	5,467	811	14.8	414	250	276	403	37.5%	216	4.0
1983	5,208	587	11.3	310	238	292	153	47.7%	[3]58	1.1
1982	4,644	408	8.8	545	221	333	d57	NM	d58	NM
1981	4,978	776	15.6	869	202	250	425	33.4%	284	5.3
1980	5,215	1,181	22.6	683	162	[3]143	963	40.8%	542	10.4
1979	4,381	842	19.2	451	149	114	646	32.6%	406	9.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	670	3,770	1,655	2.3	8,615	11.7%	1,199	4,109	6,598	18.2	23.9%
1987	493	3,198	1,159	2.8	7,660	5.9%	1,336	3,565	6,135	21.8	11.9%
1986	316	2,746	1,086[4]	2.5	7,118	3.0%	1,366	3,116	5,557	24.6	7.3%
1985	177	2,578	1,126	2.3	6,861	NM	1,600	2,746	5,261	30.4	NM
1984	361	2,659	1,171	2.3	6,690	3.2%	1,350	2,916	5,332	25.3	7.5%
1983	262	2,600	1,148	2.3	6,600	0.8%	1,499	2,799	5,271	28.4	2.1%
1982	136	2,519	1,158	2.2	6,633	NM	1,837	2,511	5,340	34.4	NM
1981	203	2,651	1,165	2.3	6,339	4.4%	1,612	2,631	5,055	31.9	10.3%
1980	283	2,567	1,194	2.2	5,470	10.9%	910	2,463	4,161	21.9	24.1%
1979	228	2,189	914	2.4	4,490	9.7%	759	2,030	3,463	21.9	22.1%

Data as orig reptd. 1. Incl equity in earns. of nonconsol. subs. 2. Bef spec. item(s) in 1986, 1985, 1984, 1983, 1979. 3. Reflects accounting change. NM-Not Meaningful d-Deficit

Business Summary

Alcan is the largest producer of aluminum in the world. Shipments in 1988 were 2,278,000 metric tons, of which 63% was fabricated products and 37% ingot and ingot products. Of 1988 total sales, 35% were in the U.S., 32% in Europe, 14% in Canada, 13% in the Pacific, 5% in Latin America, and 1% elsewhere. Sales by market in 1988 were divided among containers and packaging (23% of the total), building and construction (22%), electrical (9%), transportation (8%), and other (38%), which includes ingot sales, sales to distributors, and sales of chemicals, alumina and bauxite.

Bauxite reserves are estimated to be sufficient to support existing smelter capacity for more than 50 years. Mines are located in Brazil, Guinea, India, Jamaica and Malaysia.

Alumina plants are located in Canada, Jamaica, India, Brazil, Ireland, and Japan. Alcan also has a 21% interest in an alumina plant in Queensland, Australia.

Consolidated primary capacity at year-end 1988 was 1,680,000 metric tons a year. Smelting capacity in Canada is rated at 1,075,000 tons, with the rest in Australia, Brazil, the U.K., and the U.S. In 1988 consolidated primary output was 1,619,000 tons.

Alcan has its own hydroelectric facilities in Canada, and electric power outside that country is supplied from a variety of sources.

Dividend Data

Dividends have been paid since 1939. Payments are made in U.S. funds, subject to 15% Canadian tax. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Oct. 27	Nov. 4	Nov. 10	Dec. 9'88
0.42	Feb. 8	Feb. 13	Feb. 17	Mar. 17'89
3-for-2	Feb. 8	Jun. 12	May 9	Jun. 9'89
0.28	Apr. 27	May 3	May 9	Jun. 9'89
0.28	Jul. 27	Aug. 2	Aug. 8	Sep. 8'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $1,067,000,000.

Minority Interests: $70,000,000.

Cum. Red. Preference Stock: $211,000,000.

Common Stock: 227,500,000 shs. (no par). Institutions hold some 52%. Shareholders of record: 41,000.

Office—1188 Sherbrooke St. West, Montreal, Quebec, Canada H3A 3G2. **Tel**—(514) 848-8000 **Chrmn & CEO**—D. Morton. **Pres**—J. Bougie **Treas**—M. D. Taylor **VP-Secy**—P. K. Pal **Investor Contact**—D. Curry **Dirs**—S. I. Bata, L. Beaudoin, W. R. C. Blundell, J. Bougie, W. Chippindale, D. M. Culver, J. R. Evans, L. E. Fouraker, A. E. Gotlieb, A. A. Hodgson, D. Morton, J. E. Newall, J. L. Nichol, P. H. Pearse, Lord Peyton, J. Poitras, G. Russell, I. Suchoveraky **Transfer Agents**—National Trust Co., Montreal, Winnipeg, Regina, Calgary, Vancouver and Toronto; Royal Trust Co., London, England; Manufacturers Hanover Trust Co., NYC; Manufacturers Hanover Trust of Ca., S.F. **Incorporated** in Canada in 1928 **Empl**—56,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A.M. Sorrentino, CFA

Alco Standard

NYSE Symbol ASN Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
33⅝	36⅝-25⅜	13	0.84	2.5%	A	1.20

Summary

ASN is the largest U.S. distributor and converter of paper and related products, a major and rapidly growing distributor of office products, and a manufacturer of foodservice equipment. It also provides specialty manufacturing and services to the aerospace and steel converting industries. ASN is building a nationwide office products distribution system through the acquisition of numerous regional distributors.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 may rise to $2.80 a share from fiscal 1989's $2.68 from continuing operations.

The dividend was raised 11%, to $0.21 quarterly from $0.19, with the December, 1989 payment.

Fiscal 1990 sales at Paper Corp. of America should rise on increased volume and higher prices. Office Products should report sharp increases, fueled by internal growth and an aggressive acquisition program. Higher contributions by the Triumph Group are expected, and results at Foodservice should stabilize from the decline of recent years. Earnings will be penalized by higher interest expense and a sharply higher tax rate. There will be fewer shares outstanding.

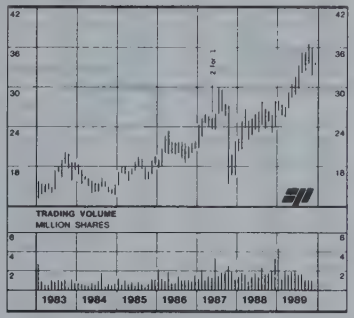
Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	985	920	864	1,021
Mar.	1,044	941	881	1,045
Jun.	1,032	955	918	1,141
Sep.	1,085	1,001	971	1,116
	4,146	3,817	3,633	4,323

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 8.6% from those of the prior year. Boosted by contributions by acquisitions in the office products segment, pretax income rose 12%. After taxes at 21.9%, against 23.6%, net income was up 16%. Share earnings were $2.68 on 8.2% fewer shares, versus $2.10, before income from discontinued operations of $1.31, versus $0.21.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.45	0.42	0.35	0.33
Mar.	0.67	0.45	0.36	0.27
Jun.	0.74	0.62	0.45	0.40
Sep.	0.82	0.63	0.65	0.62
	2.68	2.12	1.81	1.62



Important Developments

Nov. '89— ASN said that all of its groups surpassed operating and financial goals in fiscal 1989. Paper Corp. of America's revenues rose 11% and operating income advanced 11% to $117.5 million. Alco Office Products reported a 48% increase in revenues and 59% rise in operating income to $41.7 million. A turnaround began in the Foodservice group in the second half of the year with fourth quarter income up 35% from the year-earlier level. The Triumph Group reported a 21% increase in revenues and a 16% rise in operating income to $18.9 million. In fiscal 1989 ASN realized a gain of $57.3 million ($1.19 a share) from the sale of most of its 49% interest in Alco Health Services. Cash proceeds of $181 million were used by the company to buy back 7.5 million (15.8%) of its common shares at $28 a share through a "Dutch Auction" tender offer.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	[1]1989	[1]1988	[1]1987	[2]1986	[1]1985	[1]1984	[1]1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	11.11	11.68	8.70	9.14	9.27	9.12	9.30	8.18	7.47
Earnings[3,4]	2.68	2.12	1.81	1.62	1.69	1.44	1.36	1.48	1.44	1.32
Dividends	0.76	0.68	0.64	0.62	0.60	0.58	0.56	0.54	0.50	0.42
Payout Ratio	28%	32%	35%	38%	34%	39%	42%	35%	33%	32%
Prices[5]—High	36⅝	28	30	23½	19½	18⅜	20⅛	16⅛	10⅞	9½
Low	25⅜	20¼	15¼	17⅞	15⅛	13⅝	13⅛	8⅝	8¼	6½
P/E Ratio—	14-9	13-10	17-8	14-11	12-9	13-9	15-10	11-6	8-6	7-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987, 100% May 1981. **1.** Reflects merger or acquisition. **2.** Reflects merger or acquisition and accounting change. **3.** Ful. dil.: 2.68 in 1989, 2.10 in 1988, 1.68 in 1987, 1.54 in 1986, 1.51 in 1985, 1.40 in 1984, 1.28 in 1983, 1.40 in 1982, 1.36 in 1981, 1.25 in 1980. **4.** Bef. results of disc. opers. of +1.31 in 1989, +0.21 in 1988, -0.29 in 1986, -0.53 in 1985, -0.01 in 1984, -0.01 in 1983. **5.** Cal. yr. NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,310	191	5.0	49	47.5	22.8	132	23.3%	100.0	2.6
[3]1987	3,617	168	4.6	48	42.3	28.4	140	40.7%	80.2	2.2
[4]1986	4,315	195	4.5	46	43.7	32.8	139	43.6%	[5]69.3	1.6
[3]1985	[6]3,823	189	4.9	46	35.3	28.9	131	40.6%	74.8	2.0
[7]1984	[6]3,392	170	5.0	101	27.7	25.1	117	44.6%	64.8	1.9
[7]1983	[6]2,786	140	5.0	86	25.5	19.6	95	39.8%	[5]57.3	2.1
1982	[6]2,852	154	5.4	44	23.0	25.4	106	41.7%	61.6	2.2
1981	2,522	134	5.3	36	19.4	19.0	103	44.1%	57.8	2.3
[3]1980	2,234	121	5.4	33	16.4	19.9	92	44.9%	50.8	2.3
[3]1979	1,917	107	5.6	37	12.8	13.5	93	46.0%	50.4	2.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37.0	839	443	1.9	1,399	7.4%	171	659	879	19.4	15.8%
1987	49.7	861	409	2.1	1,324	5.8%	178	604	835	21.3	14.5%
1986	14.5	753	359	2.1	1,230	5.6%	308	426	792	38.8	16.1%
1985	13.6	862	437	2.0	1,288	6.1%	220	442	784	28.1	17.0%
1984	8.7	785	421	1.9	1,158	5.8%	203	425	689	29.4	15.2%
1983	8.7	709	401	1.8	1,060	5.6%	158	409	617	25.7	14.1%
1982	6.3	621	299	2.1	921	6.6%	153	363	589	25.9	17.4%
1981	13.5	641	318	2.0	909	7.0%	173	305	546	31.8	19.4%
1980	7.2	520	244	2.1	739	7.1%	130	281	458	28.4	18.7%
1979	15.1	514	243	2.1	693	7.8%	124	256	416	29.7	20.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1986, 1985, 1984, 1983. **3.** Reflects merger or acquisition. **4.** Reflects merger or acquisition and accounting change. **5.** Reflects acctg. change. **6.** Incl. other inc. **7.** Excl. disc. opers. and reflects merger or acquisition.

Business Summary

Alco Standard is a diversified company with operations in distribution and manufacturing. ASN identified paper, office products, foodservice and specialty manufacturing as its key business units. Segment contributions in fiscal 1988:

	Sales	Profits
Paper	74%	60%
Office products	10%	15%
Foodservice	9%	16%
Triumph Group	3%	9%
Other businesses	4%	Nil

Paper Corp. of America is the largest U.S. distributor and converter of paper and related products, including printing papers, packaging supplies and equipment, janitorial and industrial supplies and specialty paper.

Office products includes the sale, renting and servicing of copiers, typewriters and other automated office equipment, and the sale and distribution of office furniture, equipment and supplies. During fiscal 1988 ASN acquired 13 office products dealers with some $145 million in annual sales. The company's goal is to continue to expand through acquisitions and internal growth, the geographical coverage of its dealer network.

ASN is a leading maker of commercial and institutional food service equipment, including equipment for preparation, storage, dispensing and packaging of food and beverages.

Dividend Data

Dividends have been paid since 1965. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Feb. 8	Feb. 14	Feb. 21	Mar. 10'89
0.19	May 10	May 22	May 26	Jun. 10'89
0.19	Aug. 9	Aug. 15	Aug. 21	Sep. 10'89
0.21	Nov. 15	Nov. 20	Nov. 27	Dec. 10'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $169,200,000.

Minority Interest: $2,400,000.

Serial Preferred Stock: $7,500,000.

Common Stock: 40,352,000 shs. (no par). Institutions hold approximately 48%. Shareholders of record: 14,082.

Office—825 Duportail Rd., P.O. Box 834, Valley Forge, Pa. 19482-0834. **Tel**—(215) 296-8000. **Chrmn & CEO**—R. B. Mundt. **Pres**—R. C. Gozon. **VP-Secy**—J. K. Croney. **VP Fin & Treas**—O. G. Brewer, Jr. **Investor Contact**—M. A. Buckley. **Dirs**—J. M. Buck, Jr., W. F. Drake, Jr., R. C. Gozon, F. S. Hammer, B. B. Hauptfuhrer, J. H. Kennedy, R. B. Mundt, P. C. O'Neill, E. N. Patrone, R. H. Potts, R. G. Sada, W. J. Schaft-fenberger, J. W. Stratton, T. Veale III. **Transfer Agent & Registrar**—National City Bank, Cleveland. **Incorporated** in Ohio in 1952. **Empl**—16,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Alexander & Alexander

52T

NYSE Symbol AAL Options on CBOE (Feb-May-Aug-Nov) In S&P 500

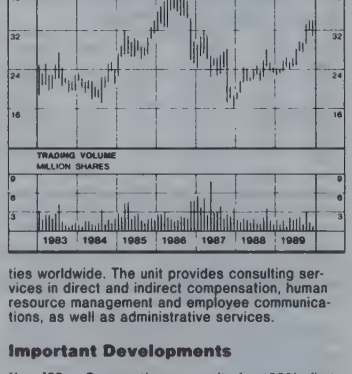
Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
30⅞	34-22⅝	19	1.00	3.2%	B+	0.91

Summary

Alexander & Alexander is an international insurance brokerage and risk management firm operating in over 70 countries and territories. In an effort to emphasize core businesses as it expands internationally, AAL sold its premium financing unit for $73.8 million in late 1988. Earnings for 1989's first nine months were impaired by downward pricing pressures in the competitive U.S. insurance marketplace and by increased reserves.

Business Summary

Alexander & Alexander Services is the second largest international insurance brokerage company and the world's leading retail insurance broking firm. AAL provides a broad range of insurance services, risk management and financial services to companies, organizations and individuals. Other subsidiaries provide a variety of human resource management services and management consulting services. AAL serves clients through offices in more than 160 cities in the U.S., Canada and the United Kingdom, and operates in over 70 countries and territories worldwide.



1988	Revs.	Op. Inc.
Insurance services	87%	107%
Human resources mgmt. consulting	11%	12%
Other & corp.	2%	-19%

The insurance services business consists primarily of negotiating and placing property, casualty and marine insurance for clients (mostly corporations) with underwriters worldwide. Compensation is generally by commissions, usually as a percentage of the premium paid by the client. Other services include risk surveys and analyses, loss control and cost studies, claims and loss processing assistance, marine average adjusting, formulation of safety programs, research in connection with new insurance coverages, and consultation on self insurance programs.

In 1988 AAL sold TIFCO Inc., its premium finance unit for $73.8 million. In December, 1987 AAL sold its two major underwriting units, Sphere Drake Insurance Group plc and Shand, Morahan & Co.

The Alexander Consulting Group oversees employee benefit and management consulting activities worldwide. The unit provides consulting services in direct and indirect compensation, human resource management and employee communications, as well as administrative services.

Important Developments

Nov. '89— Commenting on results for 1989's first nine months, AAL said that revenue growth continued to be restrained by marketwide reductions in U.S. property-casualty premium rates. Margins were impaired by an increase in reserves in anticipation of a large policy settlement, and to cover previously incurred system development costs. These two factors offset a substantial rise in investment income and a lower tax rate, and net income declined 10%.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	2.90	3.40	2.62	2.04	0.87	1.86	1.88	8.87	8.44	7.24
Earnings[2]	1.71	1.77	1.62	1.17	0.97	d0.13	0.57	2.98	3.06	2.87
Dividends	1.00	1.00	1.00	1.00	1.00	1.00	1.94	1.84	1.64	1.40
Payout Ratio	57%	56%	63%	89%	106%	NM	341%	62%	54%	49%
Prices—High	28⅛	32	42⅜	34	25⅝	27⅝	30⅜	38	36½	33¾
Low	17¾	15⅞	25⅛	22½	17	18⅝	20	25½	24⅛	25½
P/E Ratio—	16-10	18-9	26-16	29-19	26-18	NM	53-35	13-9	12-8	12-9

Data as orig reptd 1. Reflects merger or acquisition 2. Bef results of disc. opers. of -0.15 in 1988, -0.24 in 1987, -0.58 in 1986, -1.36 in 1985, 2.89 in 1984, -0.11 in 1983, and spec item(s) of +0.06 in 1988, +0.09 in 1987, +0.01 in 1986, +0.06 in 1984, +0.27 in 1983, -1.60 in 1982 d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,228	185	15.1	72	62.6	23.5	129	43.5%	71.0	5.8
1987	1,119	111	9.9	[3]100	62.8	14.2	137	45.3%	74.9	6.7
1986	1,068	152	14.3	[3]52	54.4	17.5	147	54.6%	66.6	6.2
[4]1985	914	112	12.2	[3]34	39.3	20.8	97	53.9%	[5]44.7	4.9
[6]1984	550	61	11.1	[3]16	27.3	18.0	45	41.9%	25.9	4.7
[6]1983	539	48	8.9	[3]17	30.4	22.5	8	141.8%	d3.3	NM
[4]1982	549	54	9.9	35	28.7	32.3	48	70.6%	14.2	2.6
[4]1981	445	121	27.2	32	14.2	13.1	107	46.1%	57.5	12.9
[4]1980	403	120	29.8	26	10.4	9.3	109	48.4%	56.4	14.0
[4]1979	360	109	30.4	21	7.9	6.3	103	50.1%	51.6	14.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	575	1,918	1,771	1.1	2,635	2.8%	215	372	694	30.9	19.0
1987	625	1,917	1,854	1.0	2,610	3.0%	150	389	642	23.4	21.0
1986	573	1,855	1,803	1.0	2,429	2.9%	98	324	555	17.7	21.4
1985	483	1,636	1,583	1.0	2,127	2.2%	126	284	510	24.6	16.4
1984	254	917	891	1.0	1,322	1.9%	142	179	411	34.4	12.2
1983	252	929	904	1.0	1,400	NM	158	235	465	34.0	NM
1982	209	939	961	1.0	1,457	1.1%	177	266	481	36.9	5.4
1981	218	632	617	1.0	853	7.4%	6	205	228	2.4	29.2
1980	212	550	475	1.2	673	8.5%	5	180	190	2.7	33.8
1979	201	532	469	1.1	630	8.7%	4	150	153	2.4	37.5

Data as orig reptd 1. Incl equity in earns of nonconsol subs 2. Bef results of disc opers in 1988, 1987, 1986, 1985, 1984, 1983, and spec item(s) in 1988, 1987, 1986, 1985, 1984, 1983, 1982. 3. Net of curr. yr. retirement and disposals. 4. Reflects merger or acquisition 5. Reflects accounting change 6. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	303	300	270	250
Jun.	320	313	295	269
Sep.	298	297	273	267
Dec.		318	281	282
		1,228	1,119	1,068

Revenues for the nine months ended September 30, 1989 rose 1.1%, year to year. With operating expenses up 2.7%, operating income declined 13%. The absence of equity earnings after the sale of TIFCO in 1988's fourth quarter offset higher investment income, and pretax earnings were down 13%. After taxes at 38.2%, versus 41.0%, and losses from minority interests of $2.6 million, versus $2.0 million, net income decreased 10%. Share earnings were $1.12 (on 2.6% fewer shares), compared with $1.21, before special credits of $0.03, versus $0.06.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.30	0.39	0.34	0.54
Jun.	0.62	0.48	0.66	0.55
Sep.	0.20	0.34	0.52	0.38
Dec.		0.50	0.25	0.15
		1.71	1.77	1.62

Dividend Data

Dividends have been paid since 1922. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 2	Feb. 27	Mar. 3	Mar. 31'89
0.25	May 18	May 26	Jun. 2	Jun. 30'89
0.25	Aug. 3	Aug. 28	Sep. 1	Sep. 29'89
0.25	Nov. 16	Nov. 28	Dec. 4	Dec. 29'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $216,400,000.

Cl. A Common Stock: 3,095,406 shs. ($0.00001 par); conv. into com. sh. for sh.

Cl. C Common Stock: 637,292 shs. ($1 par); conv. into com. sh. for sh.

Common Stock: 36,564,742 shs. ($1 par).
Institutions hold approximately 80%.
Shareholders of record: 3,364.

Office— 1211 Ave. of the Americas, NYC 10036 **Tel**—(212) 840-8500 **Chrmn, Pres & CEO**—T. H. Irvin **Secy & Investor Contact**—F. R. Wieczynski **VP-Treas**—R. A. Kershaw **Dirs**—J. D. Berry, K. Black, Jr., J. A. Bogardus, Jr., R. E. Boni, P. C. Godsoe, A. M. M. Grossen, T. H. Irvin, V. R. McLean, M. K. White, W. W. Wilson. **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Equitable Trust Co., Baltimore, Md. **Incorporated** in Maryland in 1922; reincorporated in 1973. **Empl**—17,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Allegheny Ludlum

NYSE Symbol ALS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
40⅜	41⅝-29¼	7	1.20	3.0%	NR	NA

Summary

This company is a leading manufacturer of specialty steel and specialty metals and one of the largest domestic producers of stainless steel. Sales and earnings for the first nine months of 1989 benefited substantially from higher selling prices and increased nonoperating income. A projected decline in sales along with margin contraction and lower nonoperating income will probably lead to an earnings decline in 1990. In November, 1989 directors increased the dividend 20%.

Current Outlook

Earnings for 1990 are projected at $4.50 a share, versus the $5.60 estimated for 1989.

The dividend was increased 20%, to $0.30 from $0.25 quarterly, with the November, 1989 declaration.

Sales for 1990 are expected to decline from 1989's levels as slower economic growth results in lower shipments and less buoyant pricing. Margins will likely contract as decreased operating rates outweigh the benefits of lower raw material costs. Given a probable increase in interest costs and a decline in nonoperating income connected to higher capital spending levels, earnings will probably decrease in 1990.

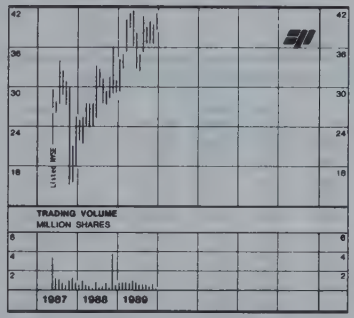
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	364	275	206	---
Jun.	334	318	217	---
Sep.	267	320	209	---
Dec.	---	294	235	---
	---	1,208	867	733

Sales for the nine months October 1, 1989 rose 5.6%, year to year, as higher selling prices offset a 6.0% decline in tonnage shipped. Margins widened, and following sharply higher nonoperating income, pretax income advanced 23%. After taxes at 38.0%, versus 38.1%, net income was up 24%. Share earnings were $4.66, versus $3.76.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.52	0.90	0.74	---
Jun.	1.63	1.16	0.73	---
Sep.	1.51	1.70	0.40	---
Dec.	E0.94	1.05	0.47	---
	E5.60	4.81	2.27	0.78



Important Developments

Jun. '89— Allegheny Ludlum announced that it was planning to increase its production capacity for stainless sheet and strip by 30% during the next four years.

Jun. '89— The company said that directors had authorized the repurchase of up to 1.0 million ALS common shares from time to time in the open market or through privately negotiated transactions. The shares acquired would be held in the treasury.

Jun. '89— ALS reported that it had filed suit against Nippon Steel Corp. of Japan and others charging patent infringement of a process for manufacturing grain oriented silicon steel. ALS said that it was seeking a preliminary injunction to prevent further infringement and also stated that it believed it was entitled to triple damages and attorney's fees.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986
Tangible Bk. Val.	9.99	9.27	NA
Earnings	4.81	2.27	[1]0.78
Dividends	4.09	0.20	Nil
Payout Ratio	85%	10%	Nil
Prices—High	36⅛	34	NA
Low	21⅜	15⅛	NA
P/E Ratio—	8-4	15-7	NA

Data as orig. reptd., prior to 1987 pro forma data (aft. stk. offering) as reptd. in Prospectus dated May 8, 1987. **1.** Based on shs. assuming exercise of over-allotment option. NA-Not Available E-Estimated

December 21, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,208	195	16.1	24.4	19.9	6.4	175	37.8%	109	9.0
1987	867	110	12.7	9.8	19.0	14.6	77	40.1%	46	5.3
1986	732	63	8.6	NA	11.3	13.0	40	44.3%	22	3.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	9.2	393	230	1.7	704	16.1%	76.0	226	355	21.4	50%
1987	28.4	343	184	1.9	649	NA	83.2	209	343	24.3	NA

Data as orig. reptd.; prior to 1987 pro forma data (aft. stk. offering) as reptd. in Prospectus dated May 8, 1987. **1.** Incl. equity in earns. of nonconsol. subs. NA-Not Available.

Business Summary

Allegheny Ludlum is a leading manufacturer of specialty steel and specialty metals and one of the largest domestic producers of stainless steel. The company has three principal product lines: stainless steel, silicon electrical steel, and other specialty steel alloys (including specialty metals). Contributions to sales in recent years:

	1988	1987	1986	1985
Stainless	80%	80%	78%	79%
Silicon electrical	15%	15%	17%	17%
Other specialty steel alloys	5%	5%	5%	4%

Stainless steel products are sold in the form of sheet, strip and plate, as well as stampings and welded tubing. Stainless steel sheet is used in commercial kitchens, fast food restaurants, food processing equipment, chemical processing equipment, chemical process and storage tanks. Stainless steel strip is used in flatware, cookware, dishwashers, ranges, vacuum bottles, and a range of automotive components. Stainless steel plate is used primarily in industrial equipment that requires cleanliness or corrosion-resistant capabilities, including food processing equipment, pulp and paper equipment, chemical equipment, and power generation equipment.

Silicon electrical steel products are used primarily in applications in which electrical conductivity and magnetic properties are important. Users of ALS's silicon electrical steel products include manufacturers of transformers, motors, generators and communications equipment.

ALS produces tool steel, high temperature alloys, electronic and thermostatic alloys, and other special alloys in flat-rolled form. These specialty steel alloys are used primarily in applications that require high strength, hardness, heat resistance and special magnetic, electronic or expansion characteristics.

Principal markets in 1988 included steel service centers (42%), energy (16%), transportation (10%), converters (10%), commercial and domestic products (7%), exports (6%), industrial machinery and equipment (4%), construction and contractor products (3%), communications and electronic equipment (1%), and other (1%).

Dividend Data

Dividends were initiated in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 9	Feb. 22	Feb. 28	Apr. 3'89
0.25	May 19	May 23	May 30	Jul. 3'89
0.25	Aug. 10	Aug. 23	Aug. 29	Sep. 29'89
0.30	Nov. 9	Nov. 24	Nov. 30	Dec. 29'89

Next dividend meeting: early Feb. '90.

Finances

In 1980 ALS's senior management and Tippins Machinery Co. purchased ALS from Allegheny International, Inc. and took the company private. At the end of 1986 the company purchased all of its common stock held by Tippins (about 86% of the shares then outstanding) and all of its preference stock for $128 million in cash and $50 million in subordinated notes due 1995. To finance these purchases and refinance $40 million of bank debt the company borrowed $168 million from a group of banks.

ALS went public on May 8, 1987 when underwriters offered 6,265,000 ALS common shares at $25 each, including 5,500,000 for the company and 765,000 for selling shareholders (net of underwriters over-allotment of 939,750 shares, subsequently exercised). Proceeds from the sale together with internally generated funds were used to repay $40 million of a bridge loan, $50 million of senior subordinated notes, and $60 million of term notes.

Capitalization

Long Term Debt: $75,673,000.

Common Stock: 22,399,500 shs. ($0.10 par).
Officers and directors own some 43.7%.
Institutions hold about 45%.

Office—1000 Six PPG Place, Pittsburgh, Pa 15222-5479. **Tel**—(412) 394-2800 **Chrmn & CEO**—R P Simmons. **Pres**—R P Bozzone **VP-CFO**—J. L. Murdy. **Secy**—J. D. Walton. **Investor Contact**—H. W Delano **Dirs**—R. P. Bozzone, P. S. Brentlinger, C. F. Fetterolf, T. Marshall, W. C. McClelland, J. L. Murdy, R. K. Piller, C. J. Queenan, J. E. Rohr, R. P. Simmons, G. W. Tippins, S. C. Wheelwright **Transfer Agent & Registrar**—Mellon Bank, Pittsburgh **Incorporated** in Pennsylvania in 1979 **Empl**—5,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Allegheny Power System

NYSE Symbol AYP

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
40⅞	42½-35⅝	11	3.16	7.7%	A	0.35

Summary

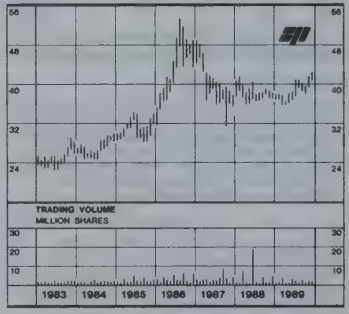
This integrated coal-based electric utility system serves contiguous areas primarily in Pennsylvania, West Virginia and Maryland. With completion of the 40%-owned Bath County pumped-storage hydroelectric project in 1985, no additional generating capacity is expected to be needed until the year 1999. Earnings in recent years have been lackluster because of weak economic conditions in the company's service territories. Flat earnings are expected for 1990.

Current Outlook

Earnings for 1990 are expected to approximate the $3.80 estimated for 1989.

Directors raised the quarterly dividend 2.6%, to $0.79 from $0.77, with the December 1989 payment.

Flat earnings are expected for 1990. AYP should operate more efficiently thanks to a decline in financing costs and efforts to trim overhead expenses. However, these factors are expected to be offset by rate cuts as well as soft economic conditions in many of the local service territories. An aggressive program to attract new businesses could help long term. Separately, construction expenditures (excluding AFUDC) for 1989-91 were expected to total approximately $776 million.



Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	590	616	474
Jun.	---	559	504	454
Sep.	---	538	526	522
Dec.	---	---	525	531
	---	---	2,170	1,981

Operating revenues for the nine months ended September 30, 1989 rose 2.5%, year to year, primarily reflecting higher sales to other utilities, partially offset by rate decreases. Net income fell 3.2%. Share earnings were $2.84 on 1.3% more shares, against $2.98.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.20	1.20	1.30	1.22
Jun.	E0.80	0.81	0.73	0.89
Sep.	E0.90	0.83	0.95	1.04
Dec.	E0.90	E0.96	0.99	0.90
	E3.80	E3.80	3.96	4.05

Important Developments

Nov. '89— Allegheny estimated its growth rate in electric kwh sales and peak load for the 1988-98 period at 1.9% and 2.0%, respectively. For 1991 AYP projected total system generating capacity of 7,981 mw and a winter peak of 6,567 mw, or reserves equal to 22% of peak. For 1989 the company estimated reserves of 25%, down from the actual level of 31% in 1988.

Sep. '89— The company said that effective September 1 the Virginia PSC approved a $544,000 base-rate decrease. The reduction reflected increased operational efficiencies and growth in sales of electricity in the Potomac Edison units' Virginia service territory. Proceeds from a $70 million offering of first mortgage bonds in August were used to refund two other first mortgage bond issues.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value	29.25	27.85	26.62	25.43	24.43	23.40	22.33	21.22	21.05	20.37
Earnings[1]	3.96	4.05	4.03	3.59	3.61	3.54	3.41	3.03	2.59	2.24
Dividends	3.02	2.94	2.86	2.70	2.62½	2.50	2.28	2.01	1.80	1.76
Payout Ratio	76%	73%	71%	75%	73%	71%	67%	66%	69%	79%
Prices—High	41½	49	53½	34⅜	30	29	24½	17¼	17	18
Low	35⅞	31⅜	31⅝	28⅛	24⅝	22⅜	16⅛	13	12⅛	14⅜
P/E Ratio—	10-9	12-8	13-8	10-8	8-7	8-6	7-5	6-4	7-5	8-6

Data as orig. reptd. 1. Bef. spec. item(s) of +0.17 in 1979. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	2,170	166	167	83.8%	3.01	4.3	31.7%	224	10.3	9.1	13.8
1987	1,981	159	181	82.1%	3.27	5.1	37.4%	226	11.4	9.3	14.7
1986	1,704	151	165	79.4%	3.45	5.2	42.8%	226	13.3	9.5	15.3
1985	1,831	125	149	84.4%	3.08	46.5	36.7%	206	11.2	9.1	14.2
1984	1,721	119	131	83.3%	3.24	34.9	39.8%	204	11.8	9.5	14.9
1983	1,724	113	123	83.5%	3.17	26.0	39.5%	197	11.4	9.7	15.2
1982	1,752	106	124	84.2%	---	23.1	38.8%	188	10.7	9.8	15.4
1981	1,607	97	99	84.6%	---	8.7	36.9%	158	9.8	9.5	14.2
1980	1,160	84	93	82.4%	---	22.6	33.3%	123	10.6	8.4	12.3
1979	1,025	80	78	83.0%	---	24.9	32.7%	99	8.0	7.8	10.6

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	5,493	199	3,813	9.2	3,961	1,586	47.0	266	7.9	1,525	45.1
1987	5,320	219	3,781	9.5	3,911	1,604	48.3	266	8.0	1,452	43.7
1986	5,092	198	3,688	9.6	3,782	1,584	49.2	266	8.3	1,370	42.5
1985	4,917	520	3,641	8.3	3,688	1,601	49.8	319	9.9	1,293	40.3
1984	4,424	298	3,248	9.1	3,407	1,465	48.7	321	10.7	1,221	40.6
1983	4,135	207	3,048	9.5	3,249	1,418	49.1	321	11.1	1,149	39.8
1982	3,962	387	2,955	9.8	3,081	1,346	49.0	321	11.7	1,078	39.3
1981	3,633	193	2,708	9.3	2,879	1,246	48.4	321	12.5	1,009	39.1
1980	3,459	234	2,611	8.1	2,666	1,229	51.4	296	12.4	863	36.2
1979	3,241	214	2,462	7.3	2,523	1,206	53.0	243	10.7	824	36.3

Data as orig. reptd. 1. Time int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. stk. divs. of subs.; bef. spec. item(s) in 1979. 3. Based on income bef. interest charges.

Business Summary

Allegheny Power System is an integrated electric utility holding company operating in Pennsylvania (44.3% of 1988 revenues), West Virginia (29.0%), Maryland (21.5%), and small adjacent sections of Virginia (3.9%) and Ohio (1.3%). Its subsidiaries, West Penn Power, Potomac Edison and Monongahela Power, serve a highly industrialized area with a population of nearly 2.9 million. Electric revenues in recent years were derived:

Revenues	1988	1987	1986	1985
Residential	29%	32%	34%	28%
Commercial	15%	17%	17%	15%
Industrial	26%	30%	31%	27%
Other	30%	21%	18%	30%

The fuel mix in 1988 was 89% coal, 10% pumped storage, and 1% hydroelectric. Peak load in 1988 was 6,045 mw and system capability at year-end was 7,906 mw, for a capacity margin of 23.5%.

AYP has a 40% interest in the 2,100 mw pumped-storage hydroelectric generating facility in Bath County, Va., completed in December, 1985. The entire project's cost was about $1.9 billion ($772 million for AYP). No additional generating capacity should be needed until the year 1999.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.77	Mar. 2	Mar. 7	Mar. 13	Mar. 31'89
0.77	Jun. 1	Jun. 6	Jun. 12	Jun. 30'89
0.77	Sep. 6	Sep. 11	Sep. 15	Sep. 29'89
0.79	Dec. 7	Dec. 12	Dec. 18	Dec. 29'89

Next dividend meeting: early Mar. '90.

Finances

The company's long-term objective is to have common equity comprise above 45% of total capitalization, reduce the long-term debt portion below 45%, and maintain the preferred stock ratio for the balance.

Capitalization

Long Term Debt: $1,582,650,000.

Subsidiary Pfd. Stock: $265,791,000.

Common Stock: 52,637,139 shs. ($2.50 par). Institutions hold about 38%. Shareholders of record: 71,748.

Office—320 Park Ave., NYC 10022. **Tel**—(212) 752-2121. **Pres & CEO**—K. Bergman. **Secy**—E. M. Beck. **VP-Fin & Investor Contact**—A. J. Nora. **Dirs**—E. Baum, C. Bergman, C. B. Finch (Chrmn), R. E. Herzlinger, P. E. Lint, E. H. Malone, F. H. May, Jr., F. A. Metz, Jr., C. F. Michaels, R. Reid, S. H. Rice, J. G. Short. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Manufacturers Hanover Trust Co. of California, Los Angeles and San Francisco. **Incorporated** in Maryland in 1925.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Allied-Signal

NYSE Symbol ALD Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
35⅛	40⅜-31¾	10	1.80	5.1%	B	0.88

Summary

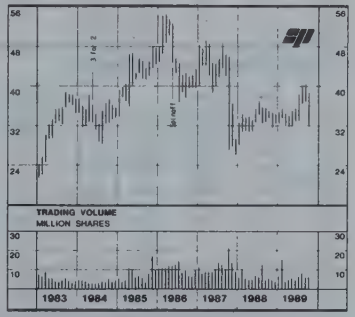
This diversified company provides a broad range of products and services to the aerospace and automotive industries and makes synthetic fibers and plastics. During the past three years ALD has undergone extensive restructuring, including the sale of several operations. Proceeds have been used primarily to repurchase stock, including 27.4 million shares in 1987 and 5.5 million shares in 1988. An extensive cost-cutting program will benefit earnings in 1990.

Current Outlook

Earnings for 1990 are projected at $3.70 a share, up from 1989's estimated $3.56, which includes a $0.16 nonrecurring gain.

Dividends should continue at $0.45 quarterly.

Sales for 1990 should rise slightly. The bulk of the improvement will continue to come from aerospace, reflecting booming commercial markets. A slight gain could develop for automotive as marketing efforts are increased. Engineered materials should be modestly better, assuming a slight gain for housing starts. Overall corporate margins should improve, reflecting the extensive cost-cutting and restructuring moves currently under way and the lessening of problems affecting certain markets in 1989.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.94	2.94	2.64	2.91
Jun.	3.12	3.10	2.85	2.94
Sep.	2.83	2.86	2.68	2.91
Dec.	---	3.01	2.95	3.04
	---	11.91	11.12	11.79

Sales for the first nine months of 1989 decreased 0.2%, year to year. Margins widened, and pretax income rose 11.5%. After taxes at 35.9%, against 27.7%, but larger equity earnings, net income was up 15.0%, to $2.77 a share (including a $0.16 nonrecurring gain) from $2.40.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.85	0.75	0.87	0.98
Jun.	1.11	0.85	0.64	0.99
Sep.	0.81	0.80	1.02	0.91
Dec.	E0.79	0.70	0.50	0.38
	E3.56	3.10	3.07	3.26

Important Developments

Oct. '89— The company reported that profits from automotive operations declined 67% in the third quarter because of lower vehicle production, foreign exchange losses and investment in antilock brake systems.

Sep. '89— ALD agreed to sell its KDI Composite Technology subsidiary to Wyman-Gordon Co.

Jul. '89— During the second quarter of 1989 ALD recorded a gain equal to $0.16 a share from an insurance settlement received by Union Texas Petroleum.

Jan. '89— The company announced that it planned to expand industrial polyester fiber capacity 10% by the third quarter of 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	1982	[1]1981	1980	[1]1979
Tangible Bk. Val.	22.09	10.55	9.64	25.09	24.36	21.60	34.95	34.12	31.87	27.28
Earnings[2]	3.10	3.07	3.26	d3.28	5.02	4.61	4.15	6.11	5.43	3.97
Dividends	1.80	1.80	1.80	1.80	1.75	1.60	1.60	1.56⅔	1.43⅓	1.33⅓
Payout Ratio	58%	53%	55%	NM	36%	36%	41%	26%	27%	34%
Prices—High	36⅞	49¼	54½	48⅛	38⅛	38⅝	30¼	39¾	41⅛	33
Low	28	26	36¾	33¾	28¼	21⅜	19⅛	26	26	19
P/E Ratio—	12-9	16-8	17-11	NM	8-6	8-5	7-5	7-4	8-5	8-5

Data as orig. reptd. Adj. for stk. div(s). of 50% May 1984. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.48 in 1987, +0.01 in 1984, 5.04 in 1983, -3.83 in 1979, and spec. item(s) of +0.35 in 1987, +0.50 in 1983. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	11,909	1,294	10.9	602	416	338	639	27.5%	463	3.9
[3]1987	11,116	1,097	9.9	609	347	289	757	32.0%	515	4.6
[4]1986	11,794	1,420	12.0	708	368	297	907	33.3%	605	5.1
[5]1985	9,115	1,257	13.8	616	362	223	223	225.1%	d279	NM
[6]1984	10,734	1,804	16.8	878	462	281	1,151	57.7%	487	4.5
[6]1983	10,022	1,573	15.7	607	468	239	1,042	56.8%	450	4.5
1982	6,167	1,167	18.9	524	382	122	779	65.1%	272	4.4
[4]1981	6,407	1,418	22.1	609	347	114	1,033	66.3%	348	5.4
1980	5,519	1,261	22.8	533	271	[7]102	926	68.8%	289	5.2
[6]1979	4,332	921	21.3	409	225	102	562	68.4%	176	4.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	397	4,117	3,202	1.3	10,005	4.6%	2,044	3,268	6,029	33.9	14.6%
1987	349	4,084	3,462	1.2	10,226	5.2%	2,017	3,129	5,852	34.5	16.4%
1986	193	4,606	3,655	1.3	11,268	4.9%	2,127	3,670	6,434	33.1	12.1%
1985	1,125	4,960	3,018	1.6	13,271	NM	2,086	5,811	8,918	23.4	NM
1984	145	2,922	2,431	1.2	8,189	6.0%	1,544	2,725	5,118	30.2	15.4%
1983	81	2,741	2,283	1.2	7,647	5.2%	1,343	2,424	4,724	28.4	13.2%
1982	176	1,624	1,208	1.3	6,272	4.6%	700	1,980	4,780	14.6	10.4%
1981	181	2,011	1,373	1.5	5,344	7.0%	857	1,866	3,683	23.3	17.5%
1980	189	1,649	1,182	1.4	4,538	6.1%	885	1,664	3,120	28.4	17.2%
1979	126	1,616	1,337	1.2	4,210	4.7%	1,013	1,229	2,683	37.8	13.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1984, 1983, 1979, and spec. item(s) in 1987, 1983. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects merger or acquisition and accounting change. 6. Excludes discontinued operations and reflects merger or acquisition. 7. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Allied-Signal Inc. is the successor to Allied Corp., which acquired The Signal Companies in September, 1985. ALD acquired Bendix Corp. in 1983. Segment contributions in 1988 (operating profits in million $):

	Sales	Profits
Aerospace	40%	$346
Automotive	34%	268
Engineered materials	26%	377
Corporate & unallocated	---	-288

Foreign operations contributed 23% of sales and $123 million in profits in 1988.

Aerospace businesses make primary propulsion and gas turbine engines, avionics, wheels, brakes, controls and other products used in aircraft, spacecraft, missiles, military vehicles and other applications.

Automotive supplies brakes and steering components, friction materials, turbochargers and other items to U.S. and foreign car and truck makers.

Engineered materials includes a wide variety of synthetic fibers, fluorine products, plastics and other specialty materials.

ALD spun off some 35 subsidiaries as The Henley Group in May, 1986. In 1985 ALD sold 50% of Union Texas Petroleum; ALD's interest in UTP was cut to 39% following a public offering of UTP's shares in September, 1987.

Dividend Data

Dividends have been paid since 1920. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Oct. 21	Nov. 14	Nov. 18	Dec. 9'88
0.45	Feb. 6	Feb. 13	Feb. 17	Mar. 10'89
0.45	Apr. 24	May 15	May 19	Jun. 9'89
0.45	Jul. 21	Aug. 14	Aug. 18	Sep. 8'89

Next dividend meeting: late Oct.'89.

Capitalization

Long Term Debt: $2,095,000,000.

Common Stock: 147,960,725 shs. ($1 par).
Institutions hold about 54%.
Shareholders of record: 111,402.

Office - Columbia Rd. and Park Ave. (P.O. Box 4000R), Morristown, N.J. 07962. **Tel**—(201) 455-2000. **Chrmn & CEO**—E. L. Hennessy, Jr. **Pres**—A. Belzer. **SVP-CFO**—J. W. Barter. **Investor Contact**—A. H. Brockie. **Dirs**—A. Belzer, E. J. Boling, J. P. Cobb, E. E. Covert, R. P. Davidson, D. W. Davis, W. R. Haselton, E. L. Hennessy, Jr., P. X. Kelley, R. D. Kilpatrick, R. A. Lenon, R. E. Palmer, S. P. Porter, T. P. Stafford, D. C. Staley, R. Warner, Jr. **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in Delaware in 1985. **Empl**— 109,550.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. T.M. Canning, CFA

ALLTEL Corp.

NYSE Symbol AT

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
37⅞	41⅞-23⅜	19	1.28	3.4%	A-	0.81

Summary

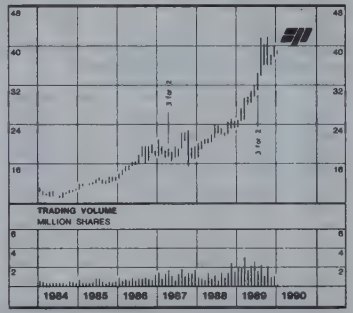
ALLTEL Corp. operates one of the largest telephone systems in the U.S., serving some 1.1 million subscriber lines in 25 states. The company derives a significant portion of its total revenues from nontelephone businesses. Growth has been enhanced in recent years through an ongoing acquisition program, which has included the December, 1988 acquisition of CP National Corp. for approximately 12.9 million (adjusted) common shares.

Current Outlook

Earnings for 1990 are projected at $2.60 a share, compared with the $2.33 estimated for 1989.

The quarterly dividend was raised 10%, to $0.32 from $0.29, with the January, 1990 payment.

Telephone revenues should advance moderately in 1990, reflecting largely increases in customer lines and calling volumes. Telephone earnings should rise, aided by continued improvement in operating efficiencies. Contributions from nonregulated operations should advance, aided by rapid revenue growth from cellular operations and the inclusion of recently acquired businesses.



Tel. Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	276	264	139	132
Jun.	311	265	142	133
Sep.	314	265	147	139
Dec.	---	274	148	141
	---	1,068	576	545

Revenues for the nine months ended September 30, 1989 rose 14%, year to year. Margins widened, and operating income advanced 16%. After a $12.9 million gain on investments and merger expenses in the 1988 period, pretax income increased 6.6%. Following taxes at 32.3%, versus 32.7%, net income increased 7.3%, to $1.72 a share on 4.9% more shares from $1.65 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.60	0.53	0.43	0.39
Jun.	0.57	0.61	0.44	0.39
Sep.	0.55	0.51	0.49	0.41
Dec.	E0.61	0.29	0.69	d0.09
	E2.33	1.94	2.05	1.09

Important Developments

Oct. '89— The company announced that it exercised its right of first refusal and would acquire the 55% interest that it does not already own in the Aiken, S.C./Augusta, Ga. cellular franchise from Pond Branch Telephone Co., Inc. Terms of the transaction, which was subject to regulatory approval, were not disclosed. AT noted that the Aiken/Augusta Metropolitan Statistical Area (MSA) has a population of about 406,000; combined with its other cellular interests, AT would have 3.8 million "pops" (population adjusted by percent ownership) in MSAs and would be the majority partner in nine markets. The MSA pops, combined with 2.6 million Rural Statistical Area (RSA) pops AT expects to own following the FCC's lottery process, would increase the company's total cellular pops to 6.4 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	10.29	9.90	8.71	8.49	7.49	6.91	6.59	5.96	5.59
Earnings	NA	1.94	2.05	1.09	1.47	1.35	1.22	1.20	1.03	1.03
Dividends	1.18⅜	1.04⅝	0.93⅜	0.88	0.83⅛	0.80½	0.76⅝	0.74¼	0.72⅝	0.70⅞
Payout Ratio	NA	54%	46%	81%	57%	59%	63%	62%	70%	69%
Prices—High	41⅞	25⅛	22¾	20	13⅜	11¼	11⅝	9⅞	7⅝	8⅛
Low	23⅜	17⅛	15⅜	12⅞	10⅝	8⅞	9	6⅞	6⅜	6⅝
P/E Ratio—	NA	13-9	11-7	18-12	9-7	8-7	10-7	8-6	7-6	8-6

Data as orig. reptd. Adj. for stk. div(s) of 50% Jul. 1989, 50% Jun. 1987, 6% Aug. 1983. E-Estimated d-Deficit. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	[1]Oper. Revs.	Depr.	Maint.	Oper. Ratio	[2]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[3]Net Inc.	% Return On [4]Invest. Capital	% Return On [5]Com. Equity
1988	1,068	155	101.0	82.8%	3.81	1.44	34.8%	125	11.7	10.4	16.3
1987	736	125	95.9	81.7%	3.88	1.77	34.1%	104	14.2	10.6	18.8
1986	697	111	96.1	81.7%	2.88	2.90	50.2%	56	8.0	7.7	10.6
1985	672	104	95.6	82.4%	2.89	3.52	41.1%	70	10.4	9.4	15.1
1984	640	97	91.9	81.4%	2.67	3.09	38.3%	63	9.8	9.3	15.0
1983	446	88	83.7	78.0%	2.52	4.48	37.5%	55	12.4	8.8	14.3
1982	330	64	66.3	77.0%	---	3.66	35.5%	40	12.2	9.1	14.4
1981	286	55	54.2	76.1%	---	2.46	36.5%	35	12.0	9.0	13.2
1980	254	50	46.1	75.4%	---	3.15	35.5%	34	13.3	9.0	13.7
1979	219	42	37.8	75.0%	---	3.34	36.0%	35	16.1	9.6	17.1

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	[6]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	[7]Pfd.	% Pfd.	Com.	% Com.
1988	2,395	201	1,553	11.7	1,839	675	45.2	37.9	2.6	779	52.2
1987	1,991	162	1,311	10.4	1,457	554	47.5	40.8	3.5	572	49.0
1986	1,904	166	1,279	10.2	1,462	613	52.4	48.7	4.2	508	43.4
1985	1,790	163	1,211	10.0	1,406	614	54.0	51.1	4.5	472	41.5
1984	1,688	144	1,161	10.4	1,303	600	56.6	56.1	5.3	405	38.1
1983	1,578	140	1,118	9.0	1,248	598	58.1	59.9	5.8	371	36.1
1982	1,235	132	888	8.9	942	449	58.0	66.0	8.5	260	33.5
1981	1,134	114	825	8.6	877	434	59.5	70.2	9.6	226	30.9
1980	1,051	109	773	8.4	819	408	58.9	73.3	10.6	211	30.5
1979	972	118	722	8.5	730	346	55.9	77.4	12.5	198	31.6

Data as orig. reptd. 1. Incl supply & other opers. aft. 1983. 2. Times int. exp. & pfd. divs. covered (pretax basis). 3. Bef. minority interest 4. Based on income before interest charges. 5. As reptd. by co. prior to 1985 6. Net; gross before 1983. 7. Incls minority interest

Business Summary

ALLTEL Corp., with its expanded scope of operations through the December, 1988 acquisition of CP National Corp., is a diversified telecommunications, energy and manufacturing company (electric properties were disposed of in 1988). Revenues and operating income in 1988 were derived as follows:

	Revenue	Income
Telephone operations	69%	90%
Gas & electric	6%	4%
Manufacturing	6%	2%
Supply	14%	2%
Other	5%	2%

At December 31, 1988 Altel's 33 telephone operating subsidiaries provided local service and toll network access to 1,085,000 customer access lines in 25 states. Natural gas service is provided to about 62,000 customers in three states; AT's natural gas requirements are met by regulated gas suppliers.

Unregulated operations include the manufacture of voice and data communications equipment for air traffic control facilities and advance electronic command and control systems for the U.S. Navy. Alltel Supply distributes nationwide telephone equipment and materials. AT operates six cellular mobile telephone systems and has minority interests in nine others. Other operations include the provision of paging services and cable television, and the publication of telephone directories.

Dividend Data

Dividends have been paid since 1961.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Jan. 25	Mar. 6	Mar. 10	Apr. 3'89
0.43	Apr. 26	Jun. 5	Jun. 9	Jul. 3'89
3-for-2	Apr. 26	Jul. 17	Jun. 23	Jul. 14'89
0.29	Jul. 27	Sep. 1	Sep. 8	Oct. 3'89
0.32	Oct. 25	Dec. 4	Dec. 8	Jan. 3'90

Next dividend meeting: Jan. 24'90.

Capitalization

Long Term Debt: $801,746,000.

Red. Cum. Preferred Stock: $25,999,000.

Cum. Preferred Stock: $10,080,000.

Common Stock: 66,087,000 shs. ($1 par).
Institutions hold about 28%.
Shareholders of record: about 48,858.

Office—100 Executive Pkwy., Hudson, Ohio 44236 **Tel**—(216) 650-7000 **Chrmn**—W. W. Case. **Pres & CEO**—J. T. Ford **EVP & CFO**—M. E. Bobitt. **Treas**—N. F. Arena. **Secy**—G. C. McConnaughey. **Dirs**—B. W. Agee, A. E. Campdon, W. W. Case, T. H. Davis, J. T. Ford, F. J. W. Heft, E. A. Mahony, Jr., G. C. McConnaughey, J. H. McConnell, C. W. Miller, W. G. Olson, P. F. Searle, C. H. Tiedemann, H. R. Wilbourn, Jr., W. H. Zimmer, Jr. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Ohio in 1960 **Empl**—7,532.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Aluminum Co. of America

NYSE Symbol AA Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
73⅛	79⅝–55¼	6	---	---	B-	1.04

Summary

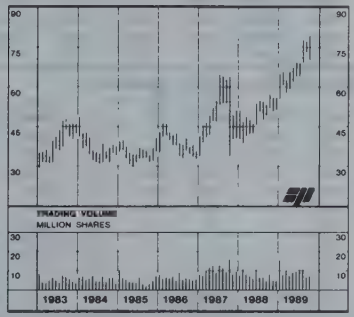
Alcoa, the leading U.S. aluminum producer, is focusing on improving returns in its aluminum operations. In recent years the company has pursued modernization and efficiency programs at various facilities to provide high-quality products for a competitive marketplace. Nevertheless, earnings for 1990 may decrease moderately, reflecting anticipated sluggish economic growth.

Current Outlook

Earnings for 1990 are projected at $9.50 a share, down from 1989's estimated $11.25.

AA's dividend policy calls for payment of a base dividend of $0.40 quarterly, plus 30% of annual earnings over $6.00 a share in the next year's first quarter. The dividend for the first quarter of 1989 totaled $1.52, based on 1988 profits.

Sales for 1990 may decline slightly on expected modest decreases in aluminum shipments and average annual aluminum prices. Primary aluminum plants are likely to operate at reduced annual rates of capacity. With negative operating leverage (the spreading of high fixed costs over fewer units of production) and lower aluminum prices, per-share earnings should decrease moderately, despite anticipated fewer shares outstanding.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,624	2,099	1,776	1,177
Jun.	2,758	2,489	1,999	1,232
Sep.	2,834	2,561	1,934	1,098
Dec.	---	2,647	2,058	1,160
	---	9,795	7,767	4,667

Sales for the nine months ended September 30, 1989 rose 15%, year to year. With costs increasing at a slower pace, and despite greater minority interests ($326 million, versus $138 million), net income was up 21%, to $8.79 a share from $7.27.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	3.12	2.02	0.56	0.01
Jun.	3.21	2.69	d0.78	0.63
Sep.	2.46	2.56	1.24	0.51
Dec.	E2.46	2.47	1.50	1.93
	E11.25	9.74	2.52	3.08

Important Developments

Jul. '89— AA said that it would idle a 42,000 metric-ton-a-year aluminum production line at its Wenatchee, Wash. facility. Separately, directors approved the repurchase of up to 10 million shares (11%) of AA's common stock.

Dec. '88— AA reported that new 43-month labor agreements were ratified by its major unions covering some 15,000 employees. The key feature of the agreements was profit sharing, which would be retroactive to January 1, 1988 and would apply through the life of the pact.

Dec. '88— AA's 51%-owned Alcoa of Australia began production from its new gold mine, which was expected to produce about 100,000 ounces in 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[2]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	49.70	41.08	39.43	39.52	40.23	38.89	38.51	41.19	39.21	34.99
Earnings[3]	9.74	2.52	3.08	d0.23	3.13	2.03	d0.15	3.97	6.54	7.15
Dividends	1.30	1.20	1.20	1.20	1.20	1.20	1.65	1.80	1.60	1.30
Payout Ratio	13%	48%	39%	NM	38%	60%	NM	46%	25%	18%
Prices—High	57⅜	64⅜	46⅜	40⅜	48⅝	47¾	32¾	37½	38¼	30⅜
Low	38⅛	33¾	32⅝	29¾	30⅜	29¼	21⅞	22⅝	26⅛	23⅜
P/E Ratio—	6-4	26-13	15-11	NM	16-10	24-14	NM	9-6	6-4	4-3

Data as orig. reptd. Adj. for stk. div(s) of 100% Feb. 1981. 1. See Dividend Data. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of -0.27 in 1987, -0.12 in 1986, +0.12 in 1983, +0.26 in 1982. NM-Not Meaningful. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[4]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	9,795	2,509	25.6	857	638	230	1,635	36.6%	861	8.8
[1]1987	7,767	1,601	20.6	856	587	282	522	41.2%	224	2.9
1986	4,667	667	14.3	556	357	176	302	12.5%	[3]264	5.7
1985	5,163	616	11.9	533	355	187	d112	NM	d17	NM
1984	5,751	882	15.3	592	345	198	406	37.0%	256	4.5
1983	5,263	667	12.7	405	339	201	214	23.2%	165	3.1
1982	4,648	261	5.6	493	321	184	d153	NM	d9	NM
1981	4,978	675	13.6	676	297	127	386	23.3%	296	6.0
1980	5,148	922	17.9	637	261	82	721	34.8%	470	9.1
1979	4,786	953	19.9	420	247	86	775	34.9%	505	10.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	507	3,192	1,884	1.7	10,538	8.4%	1,525	4,570	8,175	18.7	20.4%
1987	264	2,505	1,521	1.6	9,902	2.7%	2,458	3,845	7,929	31.0	5.9%
1986	204	1,552	944	1.6	6,767	3.9%	1,326	3,656	5,475	24.2	7.3%
1985	384	1,691	815	2.1	6,354	NM	1,554	3,242	5,276	29.4	NM
1984	258	1,753	767	2.3	6,342	4.1%	1,587	3,278	5,419	29.3	7.9%
1983	271	1,811	871	2.1	6,267	2.7%	1,630	3,162	5,239	31.1	5.2%
1982	80	1,675	709	2.4	5,990	NM	1,703	3,047	5,161	33.0	NM
1981	73	1,628	678	2.4	5,654	5.4%	1,382	3,071	4,855	28.5	9.8%
1980	123	1,634	814	2.0	5,188	9.3%	1,018	2,868	4,255	23.9	17.2%
1979	263	1,707	848	2.0	4,711	11.3%	1,021	2,463	3,799	26.9	22.2%

Data as orig. reptd. 1. Reflects merger or acquisition and accounting change. 2. Bef. spec. item(s) in 1987, 1986, 1983, 1982. 3. Reflects accounting change. 4. Incl. equity in earns. of nonconsol. subs. NM-Not Meaningful. d-Deficit.

Business Summary

Alcoa is the largest aluminum producer in the U.S. and the second largest in the world. In recent years through modernization and efficiency programs, it has been able to provide high-quality products for a competitive marketplace.

The Metals & Chemicals group manages AA's bauxite, alumina, and aluminum smelting interests in the U.S., Suriname and Jamaica to supply aluminum ingot at the lowest possible cost to AA's fabricating operations.

Packaging Systems is the world's leading supplier of aluminum sheet for beverage cans. Other products include foil packaging and closures, using not only aluminum but also polymers and other packaging materials.

Aerospace and Industrial Products group serves the aerospace, automotive, building and construction, defense, and distribution markets.

In Materials Science, AA operates businesses in separations technology, fiber optics products and systems, high-performance ceramics, and defense related businesses.

The International Group manages AA's sales offices and interests in aluminum companies outside the U.S., including Alcoa of Australia and Alcoa Aluminio, Brazil.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available. In January, 1989 AA announced a new dividend policy, under which it would pay a base dividend of $0.40 each quarter. When AA's annual earnings are more than $6 a share, it would pay out 30% of the additional earnings along with the next year's first quarter base dividend.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 20	Jan. 30	Feb. 3	Feb. 25'89
1.12 Y-E	Jan. 20	Jan. 30	Feb. 3	Feb. 25'89
0.40	Mar. 17	May 1	May 5	May 25'89
0.40	Jul. 14	Jul. 31	Aug. 4	Aug. 25'89
0.40	Sep. 15	Oct. 30	Nov. 3	Nov. 25'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $1,332,300,000.

Minority Interests: $1,477,300,000.

$3.75 Cum. Pfd. Stock: 659,909 shs. ($100 par).

Common Stock: 88,691,756 shs. ($1 par).
Institutions hold some 83%.
Shareholders: 58,400.

Office—1501 Alcoa Bldg., Pittsburgh, Pa. 15219 **Tel**—(412) 553-4545 **Chrmn & CEO**—P. H. O'Neill **Pres**—C. F. Fetterolf **Secy**—R. A. Reed **VP-Treas**—J. H. M. Hommen **Investor Contact**—E. M. Cheely, Jr. **Dirs**—W. S. Cook, K. W. Dam, J. P. Diesel, C. F. Fetterolf, J. M. Gueron, P. L. Miller, J. P. Mulroney, P. H. O'Neill, A. Parbo, F. N. Shumway, F. A. Thomas. **Transfer Agents & Registrars**—Pittsburgh National Bank, Pittsburgh; Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1925 **Empl**—59,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A.M. Sorrentino, CFA

AMAX Inc.

NYSE Symbol AMX Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
23⅜	29¾-20¾	3	0.80	3.4%	B-	1.42

Summary

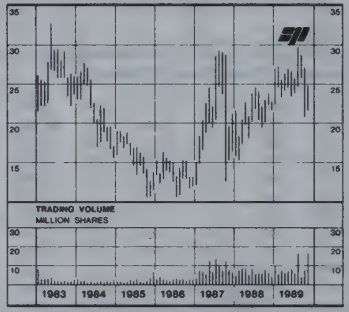
This natural resources firm is engaged in the aluminum, energy, gold and molybdenum businesses. In September, 1989 AMAX allowed its offer to buy all of the outstanding shares of Falconbridge Limited to expire. Falconbridge had accepted a competing offer from Noranda Inc. and Trelleborg AB to purchase all of its shares that they did not already own at a higher price.

Current Outlook

Earnings for 1990 are projected at $3.25 a share, down sharply from 1989's estimated $4.50.

Dividends are expected to continue at $0.20 quarterly.

Sales for 1990 may decrease moderately, reflecting sluggish industrial activity. Profits from Alumax should decline, on expected slight decreases in aluminum prices and shipments. Molybdenum income will probably fall as a result of reduced quotes. However, gold earnings are likely to rise on anticipated higher prices. Energy profits will probably be little changed. With a higher tax rate, net earnings should decline substantially.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	980	917	765	303
Jun.	1,081	1,031	834	311
Sep.	928	998	872	270
Dec.	---	998	912	423
	---	3,944	3,383	1,308

Sales for the first nine months of 1989 rose 1.5%, year to year, largely reflecting strong performances by molybdenum and natural gas. Results were hurt by stock repurchase expense of $41.7 million. and after tax items, net income was down 33%, to $3.52 a share on 4.5% fewer shares from $5.03.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.34	0.84	1.28	d0.36
Jun.	1.53	2.64	0.53	0.28
Sep.	0.66	1.61	1.15	d0.18
Dec.	E0.97	3.50	d1.84	d0.09
	E4.50	8.42	0.82	d0.35

Important Developments

Sep. '89— AMX did not extend its offer to buy all of the outstanding shares of Falconbridge Ltd., a nickel, copper and zinc producer, for C$36⅛ each, or US$2.4 billion. Falconbridge had accepted an offer from Noranda Inc. and Trelleborg AB to purchase all of its shares that they did not already own for C$37 each.

Jun. '89— Alumax Inc. announced plans to begin building a C$1 billion hydroelectric-powered aluminum reduction plant near Quebec City in August, 1989. The facility, which was forecast to be complete in the spring of 1992, was expected to produce 215,000 metric tons of aluminum a year. In December, 1988 owners of the Becancour (Quebec) hydroelectric-powered smelter (24.95%-owned by Alumax) said that they would build a third potline for C$550 million.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	20.10	13.37	10.65	10.44	20.32	24.42	32.42	40.32	39.38	33.37
Earnings[2]	8.42	0.82	d0.35	d9.18	d3.86	d7.74	d6.53	3.31	7.48	6.49
Dividends	0.20	Nil	Nil	0.10	0.20	0.20	0.85	2.40	2.40	1.71⅝
Payout Ratio	2%	Nil	Nil	NM	NM	NM	NM	73%	33%	27%
Prices—High	24⅝	29¼	16⅜	19	27¾	32¾	48⅞	69	58¾	45⅝
Low	15¼	12	10½	10½	15½	21½	17½	37½	39⅛	31⅜
P/E Ratio—	3-2	36-15	NM	NM	NM	NM	NM	21-11	8-5	7-5

Data as orig reptd Adj. for stk div(s) of 50% Jun 1979. 1. Reflects merger or acquisition 2. Bef. results of disc opers of +0.03 in 1987, -0.69 in 1986, -0.17 in 1985, bef spec item(s) of -0.32 in 1987, +1.09 in 1986 NM-Not Meaningful. d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[4]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	3,944	916	23.2	383	197	175	744	NM	741	18.8
1987	3,351	539	16.1	213	194	204	128	35.3%	77	2.3
[1]1986	1,277	210	16.5	129	145	201	d70	NM	[5]d15	NM
[1]1985	1,789	103	5.8	108	171	223	d607	NM	d610	NM
1984	2,399	297	12.4	129	207	208	d204	NM	d238	NM
1983	2,290	165	7.2	124	185	219	d447	NM	d489	NM
1982	2,416	130	5.4	305	211	279	d375	NM	d390	NM
1981	2,799	542	19.4	605	211	263	371	37.3%	231	8.2
[2]1980	2,949	815	27.6	632	198	167	645	25.3%	470	16.0
1979	2,865	651	22.7	420	171	123	441	16.0%	365	12.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	64	1,413	801	1.8	4,076	19.7%	1,097	1,696	2,870	38.2	52.3%
1987	150	1,454	757	1.9	3,969	1.6%	1,387	1,294	2,835	48.9	6.2%
1986	104	1,452	629	2.3	4,398	NM	2,395	789	3,413	70.2	NM
1985	47	923	623	1.5	3,561	NM	1,725	715	2,634	65.5	NM
1984	7	638	606	1.1	3,977	NM	1,473	1,394	3,124	47.2	NM
1983	8	725	720	1.0	4,448	NM	1,628	1,623	3,523	46.2	NM
1982	12	977	705	1.4	5,090	NM	1,708	2,126	4,141	41.2	NM
1981	41	1,277	791	1.6	5,449	4.3%	1,591	2,544	4,449	35.8	8.3%
1980	140	1,232	744	1.7	5,276	9.6%	1,356	2,445	4,109	33.0	19.8%
1979	149	980	678	1.4	3,937	9.5%	926	1,784	3,082	30.0	21.0%

Data as orig reptd 1. Excludes discontinued operations 2. Reflects merger or acquisition 3. Bef results of disc opers in 1987, 1986, 1985, and spec items in 1987, 1986 4. Incl equity in earns. of nonconsol. subs. 5. Reflects accounting change. NM-Not Meaningful d-Deficit

Business Summary

AMAX is a natural resources producer. Contributions by business segments:

1988	Sales	Op. Prof.
Aluminum	65%	79%
Coal	16%	11%
Gold	3%	7%
Molybdenum	7%	2%
Oil & gas	1%	1%
Other metals	8%	Nil

Alumax operates numerous fabricating plants, and has joint venture interests in primary aluminum reduction plants in South Carolina, Washington state, Maryland and Canada.

AMAX Coal Ind. produced 37.5 million tons of coal in 1988, nearly 90% of which was sold by long-term contract to electric utilities.

AMX's 87%-owned Amax Gold (AU) has gold interests in the Sleeper mine and Wind Mountain property in Nevada, 28% of a New Zealand mine and 49.7% of Canamax Resources (Can.). Gold output attributable to AU was estimated at 330,000 ounces for 1989, versus 254,180 in 1988.

The Henderson and Climax mines (Colo.) have the capacity to produce 65 million pounds of molybdenum a year. In 1988, the Henderson mine produced 30 million pounds of molybdenum while Climax operations remained suspended.

Amax Oil & Gas (AOG) is a U.S. natural gas producer with reserves equivalent to 410 bcf at year-end 1988. In 1988 AOG acquired SPG Exploration, conventional oil and gas properties of Kaneb Energy Partners and Kaneb Operating Co., and the interests of B & N Petroleum.

Dividend Data

After omission in July, 1985 common dividends were resumed in June, 1988. A "poison pill" stock purchase right was amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jan. 5	Feb. 6	Feb. 10	Mar. 1'89
0.10	Mar. 2	May 4	May 10	Jun. 1'89
0.20	May 4	Aug. 4	Aug. 10	Sep. 1'89
0.20	Oct. 5	Nov. 6	Nov. 10	Dec. 1'89

Capitalization

Long Term Debt: $1,064,600,000.

Minority Interests: $63,700,000.

$3 Conv. Preferred Stock: 234,566 shs. ($1 par); conv. into 1.31004 com.

Common Stock: 86,155,899 shs. ($1 par). Institutions hold approximately 63%.

Office—200 Park Ave., NYC 10166 **Tel**—(212) 856-4200 **Chrmn & Pres**—A. Born **Secy**—H. M. Feeney **Treas**—D. Arrouet **Investor Contact**—R. D. Loh **Dirs**—A. Born, H. S. Brown, W. T. Coleman, Jr., P. E. Drack, J. P. DuCane, A. P. Gammie, P. Gousseland, J. C. Huntington, Jr., T. G. Labrecque, P. W. MacAvoy, T. A. McKeever, E. Mosbacher, Jr., G. B. Munroe, A. J. Santry, Jr., J. Towers **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co.,NYC; Bank of America, Los Angeles **Incorporated** in New York in 1887 **Empl**—20,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A.M. Sorrentino, CFA

Amdahl Corp.

ASE Symbol AMH Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
4⅜	23⅜-10⅜	9	0.10	0.7%	B+	1.51

Summary

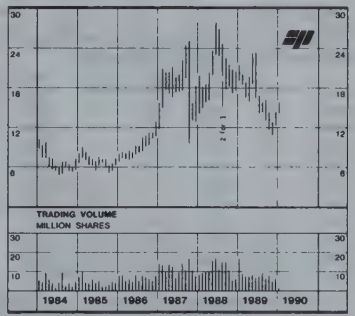
This company is a leading manufacturer of large-scale computers that are compatible with IBM software and hardware and related products and services. Sales are expected to benefit in 1990 from the wider availability of new ESA-compatible mainframes and recently introduced UNIX systems, but earnings should continue to be restricted by price competition and higher manufacturing costs. Fujitsu Ltd. holds a 44% stake.

Current Outlook

Earnings for 1990 are projected at $1.50 a share, versus the $1.40 estimated for 1989.

Dividends should continue at $0.02½ quarterly.

Revenue growth is estimated to be about 10% in 1990. Amdahl should continue to increase its penetration of the IBM 370 market as cost-conscious customers are increasingly willing to consider alternative sources to IBM that offer lower prices and increased functionality. Sales growth should benefit from support of IBM's new operating systems, MVS/ESA, and the introduction of UNIX systems (see Important Developments), but margins are likely to remain under pressure, as competitive pricing continues and new mainframe production is ramped up. AMH has said it may need additional financing in 1990 and beyond in order to meet future cash demands.



Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	470	368	319	200
Jun.	471	424	341	209
Sep.	534	465	363	220
Dec.	---	546	483	337
	---	1,802	1,505	966

Revenues for the 39 weeks ended September 29, 1989, advanced 17%, year to year; equipment sales increased 18% and service revenue was up 14%. Gross margins narrowed sharply, restricted by competitive price decreases, trade-in allowances, a stronger U.S. dollar, a provision for future engineering change costs to support IBM's new architecture, and higher manufacturing costs. In addition, a sales force expansion and increased research expenditures led to a 25% decline in net income, to $1.02 a share ($1.01 fully diluted), from $1.36 (no dilution), as restated.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.42	0.41	0.26	0.03
Jun.	0.30	0.50	0.30	0.03
Sep.	0.30	0.50	0.35	0.08
Dec.	E0.38	0.59	0.46	0.28
	E1.40	1.99	1.37	0.42

Important Developments

Nov. '89— AMH eliminated about 400 jobs (about 5% of its total workforce). The reduction was not expected to affect fourth quarter results, because the cost savings were offset by the expense of severance packages. Separately, AMH announced its first series of mainframe computers dedicated exclusively to the UNIX system market. The processors are to be available in January 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.51	7.32	5.19	4.82	4.58	4.80	3.86	3.84	3.60	3.05
Earnings[1]	1.99	1.37	0.41	0.26	0.40	[2]0.49	0.06	0.33	[2]0.21	0.26
Dividends	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Payout Ratio	5%	17%	25%	39%	25%	18%	144%	26%	44%	32%
Prices—High	28	25⅛	12⅞	9⅛	10⅛	14⅞	8⅜	12	9⅝	13¼
Low	14	9⅝	6¾	5⅛	4¾	7⅛	4¼	5⅞	3¾	4⅛
P/E Ratio—	14-7	18-7	32-17	36-20	25-12	31-14	140-72	35-18	46-18	52-16

Data as orig reptd. Adj for stk divs of 100% Aug 1988, 100% June 1983. 1. Bef spec item(s) of +0.09 in 1988, +0.04 in 1987, +0.03 in 1986, +0.05 in 1985, +0.04 in 1983, +0.03 in 1982. 2. Full dil. 0.48 in 1983, 0.20 in 1980. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**1,802**	**437**	**24.3**	**279**	**112**	**14.0**	**361**	**40.8%**	**214**	**11.9**
1987	1,505	358	23.8	158	106	18.1	267	46.8%	142	9.4
1986	966	162	16.8	114	84	28.0	69	42.9%	39	4.1
1985	862	130	15.1	98	83	25.9	36	31.8%	24	2.8
1984	779	113	14.5	137	72	17.8	37	0.8%	36	4.7
1983	778	133	17.1	157	57	15.6	73	40.4%	43	5.6
1982	462	38	8.2	123	40	8.3	8	40.4%	5	1.1
1981	443	64	14.4	75	36	7.4	42	36.9%	27	6.0
[2]1980	394	69	17.4	42	40	11.2	27	42.8%	15	3.9
1979	300	57	18.9	94	26	7.0	29	40.5%	17	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	**526**	**1,484**	**683**	**2.2**	**1,931**	**12.4%**	**95**	**1,011**	**1,248**	**7.6**	**23.9%**
1987	539	1,178	525	2.2	1,508	10.7%	99	766	983	10.1	21.7%
1986	193	701	329	2.1	1,054	4.0%	134	501	725	18.4	8.1%
1985	42	539	255	2.1	907	2.7%	112	458	652	17.1	5.5%
1984	43	532	234	2.3	895	4.1%	146	428	662	22.0	8.3%
1983	28	421	208	2.0	724	6.4%	56	372	515	11.0	12.9%
1982	5	340	162	2.1	565	0.9%	78	270	404	19.3	1.8%
1981	94	284	118	2.4	457	6.2%	29	266	339	8.6	10.5%
[2]1980	83	244	85	2.9	390	3.8%	27	240	305	9.0	6.8%
1979	25	194	70	2.8	337	5.4%	69	165	267	25.8	11.0%

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. acquisition.

Business Summary

Amdahl Corp. produces large-scale computers (mainframes) that are software and hardware compatible with those of International Business Machines (IBM), the dominant factor in the market. Foreign operations contributed 43% of revenues and 51% of profits in 1988.

AMH sells the 5890 series and the 5990 (first shipped in the second quarter of 1988), which compete with IBM's high-end 3090 series of System/370 mainframes, the most current models of which began shipping in the second half of 1988. AMH also produces high performance direct access storage devices (DASD) for use with large scale computers. The 6100 series began shipping in late 1988.

AMH competes on price/performance, functionality, reliability and service. Its proprietary multiple domain feature (MDF) allows several different operating systems to run simultaneously on a system. AMH also sells UTS, a UNIX-based proprietary operating system that runs independently on 370 systems. In addition, it supplies vector processors, communication systems, communication control processors, software, and educational services.

Fujitsu Ltd. supplies both components and subassemblies for Amdahl's computer systems. The communication control processors, direct access storage devices, and vector processors are each made by Fujitsu to Amdahl's specifications. The supply agreement provides for fixed U.S. dollar prices within a range. Outside that range, any benefits or disadvantages are split equally.

In February 1989, Amdahl acquired privately owned Key Computer Laboratories, a concern with expertise in UNIX systems and scalar technologies, in exchange for 1.5 million shares of AMH common stock. The transaction was accounted for as a pooling of interests.

Dividend Data

Cash dividends were initiated in 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02½	Jan. 26	Jan. 31	Feb. 6	Feb. 20'89
0.02½	May 4	May 8	May 15	May 29'89
0.02½	Aug. 3	Aug. 8	Aug. 14	Aug. 28'89
0.02½	Oct. 30	Nov. 7	Nov. 13	Nov. 27'89

Next dividend meeting: Jan. 25'90.

Capitalization

Long Term Debt: $82,284,000 (9/89).

Common Stock: 108,684,076 shs. ($0.05 par).
Fujitsu Ltd. owns 44%.
Institutions own about 49%.
Shareholders: About 13,000 of record.

Options: To purchase 4,795,782 shs. at $4.77 to $23.53 ea.

Office—1250 E. Arques Ave., P.O. Box 3470, Sunnyvale, Calif. 94088-3470. **Tel**—(408) 746-6000. **Chrmn & CEO**—J. C. Lewis. **Pres**—E. J. Zemke. **VP-CFO & Secy**—E. F. Thompson. **Investor Contact**—Richard A. Whitcomb. **Dirs**—E. F. Heizer, Jr., Y. Hirose, R. S. Laing, J. C. Lewis, B. G. Malkiel, Y. Nakamura, G. R. Packard, W. B. Reinhold, K. Watanabe, J. S. Webb, E. R. White, E. J. Zemke. **Transfer Agent & Registrar**—Bank of America, SF & NYC. **Incorporated** in Delaware in 1972. **Empl**—8,144.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Amerada Hess

NYSE Symbol AHC Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
42½	44½-31	7	0.60	1.4%	C	0.79

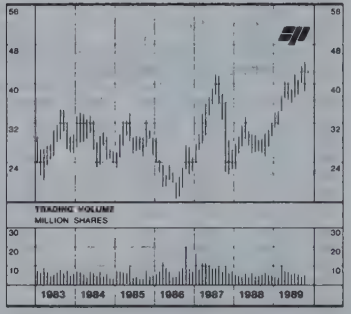
Summary

Amerada Hess is an integrated oil and gas company. AHC has substantially increased its U.S. based natural gas production capacity with the 1989 purchase of Gulf of Mexico properties from Transco Exploration Partners Ltd. The purchase positions the company to exploit expected growth in the U.S. natural gas markets. AHC's earnings historically have been volatile due to the company's use of FIFO inventory accounting, which exaggerates the swings in feedstock costs. Earnings for 1989 will be limited by damage caused by Hurricane Hugo at AHC's principal refinery in the Virgin Islands.

Current Outlook

Share earnings for 1990 are projected at $5.70, up slightly from the $5.65 estimated for 1989. The $0.15 quarterly dividend is the minimum expectation.

Revenues for 1990 are expected to benefit from increased refining volumes and greater natural gas production. However, profits may be limited by potentially soft crude prices. The Virgin Islands refinery, damaged by Hurricane Hugo in September, is expected to be back in full operation by year-end 1989. No additional charges associated with the damaged refinery are expected in 1989 or 1990. Over the longer term, AHC is positioned to be a leading supplier of natural gas in the U.S.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,485	1,262	1,233	1,432
Jun.	1,474	883	1,155	927
Sep.	1,183	925	1,122	780
Dec	---	1,194	1,275	923
	---	4,264	4,785	4,062

Revenues for the nine months ended September 30, 1989 rose 35%, year to year, due to increased crude oil prices, higher refined product prices, and increased refining volumes. As a result of stronger refined product margins (particularly for gasoline), and despite higher interest expense, net income was $405.5 million ($4.99 a share), versus $57.9 million ($0.71).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.70	0.80	2.15	d4.02
Jun.	1.65	d0.29	1.06	0.24
Sep	0.64	0.20	0.45	0.49
Dec.	E0.66	0.80	d0.93	0.69
	E5.65	1.51	2.73	d2.60

Important Developments

Oct. '89— AHC reported net income of $51.8 million for 1989's third quarter, versus $15.8 million in the 1988 period. In the third quarter the company recorded a $30.0 million net charge for estimated expenses due to hurricane damage at AHC's Virgin Islands refinery. The refinery, which represents about 95% of AHC's refining capacity, should be back on line by late 1989. In the third quarter refining and marketing operations contributed $33.3 million to net income, including the charge related to the refinery, versus $12.9 million in the 1988 interim. Downstream margins benefited from higher prices and increased volumes. Exploration and production earnings were $37.1 million, versus $17.9 million a year earlier. Upstream profits included a $19.9 million foreign currency gain, compared with a loss of $3.3 million in the 1988 period.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	27.02	26.30	24.31	26.84	30.63	30.07	30.73	29.86	28.42	22.76
Earnings	1.51	2.73	d2.60	d3.08	2.01	2.43	2.00	2.53	6.44	6.08
Dividends	0.60	0.45	Nil	1.10	1.10	1.10	1.10	1.10	1.00	0.64⅜
Payout Ratio	40%	16%	Nil	NM	54%	45%	54%	43%	15%	10%
Prices—High	33¼	41⅞	29	34	34⅛	34¾	33½	44½	54¾	24⅞
Low	22½	21½	16½	22¾	22⅞	20¼	15⅛	22⅛	18¾	12⅜
P/E Ratio—	22-15	15-8	NM	NM	17-11	14-8	17-8	18-9	9-3	4-2

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1980, 2½% in Jun. 1979. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,206	679	16.1	730	441	145	150	17.1%	124	3.0
1987	4,707	750	15.9	348	431	144	253	9.1%	230	4.9
1986	4,015	395	9.8	217	468	167	d190	NM	d219	NM
1985	7,653	1,294	16.9	699	484	195	153	270.0%	d260	NM
1984	8,277	1,323	16.0	901	445	230	760	77.6%	170	2.1
1983	8,369	1,267	15.1	726	²406	216	747	72.5%	²205	2.5
1982	8,343	951	11.4	875	395	223	483	65.1%	169	2.0
1981	9,396	947	10.1	1,260	298	235	546	61.0%	213	2.3
1980	7,869	2,013	25.6	985	268	²137	1,731	68.8%	540	6.9
1979	6,770	1,663	24.6	668	226	82	1,399	63.8%	²507	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	213	1,570	1,285	1.2	5,372	2.3%	1,314	2,215	3,914	33.6	5.7%
1987	227	1,636	1,474	1.1	5,305	4.5%	1,064	2,159	3,579	29.7	11.0%
1986	93	1,276	971	1.3	4,914	NM	1,348	2,020	3,654	36.9	NM
1985	171	2,166	1,721	1.3	6,219	NM	1,674	2,228	4,121	40.6	NM
1984	153	2,308	1,663	1.4	6,353	2.7%	1,852	2,537	4,621	40.1	6.7%
1983	121	2,300	1,555	1.5	6,217	3.3%	1,853	2,485	4,597	40.3	8.1%
1982	100	2,103	1,494	1.4	6,145	2.7%	1,784	2,521	4,591	38.9	6.7%
1981	219	2,576	1,960	1.3	6,322	3.5%	1,522	2,433	4,322	35.2	8.9%
1980	227	2,944	2,156	1.4	5,895	9.6%	1,091	2,285	3,699	29.5	26.0%
1979	167	2,600	2,038	1.3	4,899	11.3%	855	1,679	2,848	30.0	35.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Amerada Hess is an integrated oil and gas company. In August, 1989 AHC acquired oil and gas properties in the Gulf of Mexico from Transco Exploration Partners Ltd., for $865.6 million. AHC said current natural gas production from the acquisition was averaging about 150 million cubic feet a day with the potential of possibly 250 million cubic feet a day within two years. In September, 1989 AHC purchased North Sea oil and gas properties from Panhandle Eastern Corp. for $267.2 million.

Sales	1988	1987	1986
Petroleum products	68%	71%	66%
Crude oil	21%	19%	20%
Natural gas	7%	6%	7%
Other	4%	4%	7%

Refinery runs averaged 296,000 barrels a day in 1988 (371,000 b/d in 1987) and refined products sold 379,000 b/d (411,000 b/d). Operating refineries are located at St. Croix, U.S. Virgin Islands (capacity of 545,000 b/d) and Purvis, Miss. (30,000 b/d).

In 1988 net crude and natural gas liquids production averaged 144,303 b/d (136,244), of which 47% was in the U.S., and natural gas production 506.3 million cubic feet a day (531.5); 56% U.S. Net proved reserves at the 1988 year-end stood at 572 million barrels of crude oil and liquids (471); 36% U.S., and 2,136 billion cubic feet of natural gas (2,018); 36% U.S.

Dividend Data

Common dividends, paid since 1922, were suspended in March, 1986 and resumed at a lower rate with the June, 1987 declaration. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Dec. 7	Dec. 13	Dec. 19	Jan. 4'89
0.15	Mar. 1	Mar. 7	Mar. 13	Mar. 31'89
0.15	Jun. 7	Jun. 13	Jun. 19	Jun. 30'89
0.15	Sep. 6	Sep. 12	Sep. 18	Sep. 29'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $1,201,483,000.

Common Stock: 80,929,034 shs. ($1 par).
Leon Hess controls about 15% of common.
Institutions hold about 59%.
Shareholders of record: 18,031.

Office—1185 Ave. of the Americas, NYC 10036. **Tel**—(212) 997-8500. **Chrmn & CEO**—L. Hess. **Pres**—R. F. Wright. **Secy & Investor Contact**—C. T. Tursi. **Treas**—G. A. Jamin. **Dirs**—M. B. Bianchi, J. B. Collins II, B. T. Deverin, R. M. Hearn, J. B. Hess, L. Hess, P. Kramer, C. C. F. Laidlaw, H. W. McCollum, R. B. Oresman, W. S. Renchard, R. B. Sellars, W. I. Spencer, R. V. Van Fossan, R. F. Wright. **Transfer Agents**—Manufacturers Hanover Trust, NYC; First Fidelity Bank, Newark, N.J.; Royal Trust Company, Montreal & Toronto, Canada. **Registrars**—Chase Manhattan Bank, NYC; Bank of Montreal, Montreal & Toronto, Canada. **Incorporated** in Delaware in 1920. **Empl**—8,151.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

American Barrick

NYSE Symbol ABX Options on ASE (Jan-Apr-Jul-Oct) & Toronto (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
33½	34⅜-16¼	57	[3]0.15	[4]0.4%	NR	NA

Summary

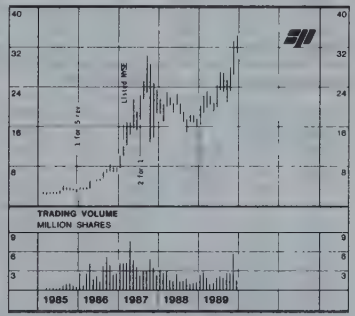
This company is a significant North American gold producer with interests in seven mines in Canada, the southwestern U.S. and Alaska. Further earnings growth is likely in 1990 on anticipated increased gold output, reflecting the continuation of a multi-year $395 million expansion at the Goldstrike property in Nevada. A 2-for-1 stock split is pending.

Current Outlook

Assuming gold market prices rise moderately, earnings for 1990 are projected at $0.80-$0.90 a share, up from 1989's estimated $0.65, before giving effect to the pending 2-for-1 split.

Dividends on the pre-split shares are expected to continue at C$0.07½ semiannually.

Revenues for 1990 may advance significantly, mainly on an expected increase in gold production (550,000 ounces, versus 1989's estimated over 440,000); 1990's gold realizations under ABX's hedging program will probably be modestly below the relatively high average annual gold price realized in 1989. Gold realizations in the first nine months of 1989 averaged $429 an ounce, down from $450 in the year-earlier period. While diminished inflation expectations could have a temporary negative effect on the gold market, increased financial fears and possible stabilization of forward gold sales by producers would keep gold quotes in their recent uptrend. With expected slightly lower unit costs and the greater ABX gold output, earnings should advance substantially.



[2]Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	46.6	27.4	24.4	20.2
Jun.	45.6	31.9	26.3	23.8
Sep.	50.2	38.5	32.3	21.4
Dec.	---	49.8	36.8	24.5
	---	147.5	119.7	89.8

Revenues for the first nine months of 1989 advanced 46%, year to year, reflecting increased gold sales (322,067 ounces, versus 217,049). With lower gold prices and heavier unit operating costs ($236 an ounce, versus $229), and after a $3.2 million pretax writedown of Valdez Creek, a $3.3 million loss on sale of part of an investment in LAC Minerals and a $3.6 million gain from an investment in Consolidated Gold Fields all in 1989, net income was up 26%, to $23.7 million ($0.39 a share) from $18.8 million ($0.32; both unadjusted).

[2]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.12	0.08	0.12	0.08
Jun.	0.09	0.11	0.10	0.11
Sep.	0.18	0.13	0.14	0.11
Dec.	E0.26	0.20	0.16	0.08
	E0.65	0.52	0.51	0.37

Important Developments

Dec. '89— ABX completed its public offering of three million common shares (unadjusted), for net proceeds of C$106 million. In November ABX said that exploration had identified gold mineralization in an area known as the Purple Vein, which is approximately one mile north of the Betze deposit. Stepout drilling on 200 foot centers would be carried out during the rest of 1989 and into 1990 to determine the overall size and significance of this resource.

Next earnings report expected in early March.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	[1]1984
Tangible Bk. Val.	6.63	5.86	2.31	1.54	2.04
Earnings[2]	0.52	0.39	0.27	0.08	d0.10
Dividends	0.08⅜	0.03⅞	Nil	Nil	Nil
Payout Ratio	16%	10%	Nil	Nil	Nil
Prices—High	23	30⅜	8½	4⅛	NA
Low	14¾	7½	3¼	2	NA
P/E Ratio—	44-28	78-19	31-12	54-27	NA

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1987 & 1-for-5 reverse split Dec. 1985. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of -0.49 in 1985, -0.34 in 1984, bef. spec. item(s) of -0.03 in 1987. **3.** In Canadian funds, bef. 15% Canadian tax on nonresidents. **4.** Based on current rate of exchange. **5.** In Can. $ prior to 1988. NA-Not Available. d-Deficit. E-Estimated.

December 21, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	**148**	**60.3**	**40.9**	**196**	**25.7**	**10.7**	**39.4**	**22.5%**	**30.5**	**20.7**
[4]1987	92	36.8	39.9	104	17.4	10.0	26.3	21.9%	20.6	22.3
[4]1986	65	23.5	36.0	56	11.2	3.6	[2]13.0	15.7%	10.9	16.8
[1]1985	35	10.4	30.0	55	8.3	2.7	[2]4.0	27.2%	2.9	8.3
[1]1984	15	3.6	24.5	110	4.4	4.8	[2]d3.5	NM	d2.8	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**51**	**87**	**NA**	**NA**	**701**	**4.4%**	**[5]238**	**390**	**639**	**37.2**	**8.3%**
1987	167	239	52.6	4.6	676	3.9%	130	338	474	27.5	8.7%
1986	96	111	89.6	1.2	301	4.7%	NA	102	NA	NA	12.8%
1985	2	13	15.5	0.8	148	1.8%	32	60	94	33.7	4.1%
1984	2	10	33.0	0.3	166	NA	41	78	128	32.0	NA

Data as orig. reptd. **1.** Excl. disc. opers. and reflects merger or acquisition. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Bef. results of disc. opers. in 1985, 1984, and spec. item(s) in 1987. **4.** Reflects merger or acquisition. **5.** Incl. current portion of lt. debt. NA-Not Available. NM-Not Meaningful. d-Deficit.

Business Summary

American Barrick (ABX) has interests in seven North American gold mines. Its share of 1988 output was 341,000 ounces, versus 225,109 ounces in 1987, and was expected to rise to over 1,000,000 ounces by 1992.

In 1987 ABX completed acquisition of the Goldstrike (Nev.) property. Gold output was 119,418 ounces in 1988, versus 1987's 40,144. In January, 1989 ABX began a $395-million plan to raise output to over 180,000 ozs. in 1989, 300,000 in 1990, 375,000 in 1991, and 900,000 in 1992. At January 1, reserves were 16.1 million ounces, comprised of 12.3 million of Post surface and Betze reserves and 3.8 million of Deep Post reserves.

ABX' Mercur mine (Utah) is an open-pit operation. The project comprises 13,400 acres of mining claims, a significant portion of which has not been explored. The addition of an autoclave circuit for treatment of refractory ore allowed for production of 115,390 ounces in 1988 at a cash cost of $235 an ounce, versus 1987's 108,278 ounces at $216. Under an agreement with an ABX unit, Gold Standard Inc. is entitled to a 15% net profits interest in Mercur. In August, 1989 GS filed an amended suit seeking return of title to the mine; establishment of a constructive trust (a legal device to gather assets and return them to their rightful owner) that would include ABX' profits from Mercur, as well as any assets acquired or developed with the profits from the mine; and punitive damages. A trial was set to begin in February, 1990.

ABX' Holt-McDermott gold mine (Ontario) commenced production in June, 1988. Output was 23,848 ounces of gold for 1988 at a cash cost of $268 an ounce, and was estimated at 70,000 ounces for 1989.

ABX owns 100% of the Camflo mine (Quebec) and earns 40% of operating profits from the adjoining Malartic Hygrade property. ABX' share of gold output in 1988 was 30,888 ounces at a cash cost of $272 an ounce. In January, 1989 ABX and Malartic agreed to explore targets on the Orion property, an extension of ground to the north, at a cost of C$2.5 million. Results of this exploration could extend both companies' operations.

The 26.25%-owned Pinson mine (Nev.) consists of open pit operations. ABX' 1988 share of gold production was 21,612 ounces at an average cash cost of $157 an ounce.

ABX owned 50% (45% since December, 1988) of the Renabie underground mine (Ontario), which produced 19,408 ounces of gold in 1988 for ABX' account at a cash cost of $353 an ounce.

In October, 1989 mining operations at ABX' 23.125%-owned Valdez Creek (Alaska) placer mine were suspended temporarily pending a recovery in the gold price. The mine provided 10,436 ozs. of gold as ABX' share in 1988 at an average cash cost of $451/ounce.

As of December 31, 1988 ABX' interest in total gold reserves at its seven properties was 18.5 million ounces, including proven and probable reserves of 17.1 million.

Dividend Data

Cash dividends were initiated in 1987. Semiannual payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.07½	May 9	May 24	May 31	Jun. 15'89
*0.07½	Sep. 6	Nov. 24	Nov. 30	Dec. 15'89
2-for-1	Dec. 1	Jan. 2	Dec. 13	Dec. 29'89

*In Canadian funds, bef. 15% nonresident tax.

Capitalization

Long Term Liabilities: $449,649,000, incl. $365,654,000 deferred revenues.

Common Stock: 64,100,000 shs. (no par).
Officers & directors own some 27%.
Institutions hold about 21%.

Office—24 Hazelton Ave., Toronto, Ontario, Canada M5R 2E2 **Tel**—(416) 923-9400. **Chrmn & CEO**—P. Munk. **Pres**—R. M. Smith. **VP-Secy**—W. R. Robertson. **Treas**—R. B. Wickham. **SVP-Investor Contact**—Belle Mulligan. **Dirs**—H. L. Beck, C. W. D. Birchall, M. A. Cohen, D. J. Davies, J. Garbutt, D. H. Gilmour, J. A. Hall, D. R. Hinde, A. A. MacNaughton, P. Munk, P. A. Noveliy, J. L. Rotman, N. J. Short, R. M. Smith. **Transfer Agents & Registrars**—Royal Trust Co., Toronto, Toronto-Dominion Bank Trust Co., NYC. **Incorporated** in Ontario in 1984.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A. M. Sorrentino, CFA

American Brands

NYSE Symbol AMB Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
68½	81⅞-61¼	11	2.72	4.0%	A	1.11

Summary

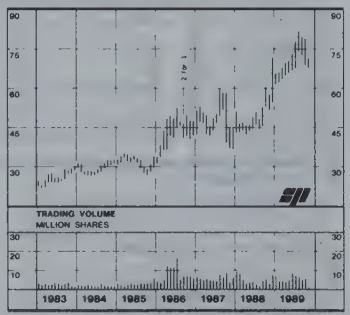
This diversified company is a significant producer of cigarettes and liquor and other consumer products in the U.S. and abroad. Core businesses also include office products, hardware, and life insurance. In July, 1988 AMB sold E-II Holdings to the Riklis family for $950 million cash and $250 million in preferred stock, and purchased five E-II companies for $645 million. Higher cigarette prices, cost cutting in acquired businesses and continued debt reduction should allow a good earnings gain in 1990.

Current Outlook

Earnings for 1990 may rise to $7.15 a share from the $6.35 estimated for 1989.

The quarterly dividend was raised 11%, to $0.68 from $0.61, with the October, 1989 declaration.

Profits should remain in an uptrend in 1990, although momentum is likely to slow somewhat. Margins should widen on higher cigarette prices in the U.S. and abroad, and on continued cost cutting programs in distilling. Expansion of office, hardware and home products businesses abroad and continued debt reduction should also be positive factors aiding growth prospects.



Revenues[1] (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	3.25	3.13	2.22
Jun.	---	2.77	2.72	1.96
Sep.	---	3.06	3.13	2.49
Dec.	---	---	3.00	2.48
	---	---	11.98	9.15

Revenues for the nine months ended September 30, 1989 rose only 0.3%, year to year, due largely to the Southland Life divestiture. Operations benefitted from higher cigarette prices and consolidation of office products facilities. With interest expense and tax provision lower, income from continuing operations rose 11%, to $4.76 a share from $4.09, which excludes income from discontinued operations of $0.41.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E2.00	1.80	1.45	1.19
Jun.	E1.40	1.25	1.11	0.90
Sep.	E1.95	1.71	1.53	1.17
Dec.	E1.80	E1.59	1.35	1.16
	E7.15	E6.35	5.44	4.42

Important Developments

Oct. '89— Lower exchange rates for foreign currencies, primarily the British pound, decreased revenues by $120 million and share earnings by $0.06 in the 1989 third quarter and by $360 million and $0.15 a share for the nine months.

May '89— Southland Life Insurance Co. was sold for approximately $434 million in cash. Proceeds were used in part to reduce AMB debt.

Jul. '88— AMB sold E-II Holdings Inc. (acquired February, 1988 for $1.1 billion for $950 million cash and $250 million of preferred stock. The sale excluded hardware and office products assets which AMB purchased. AMB bought back 17 million common shares acquired earlier by E-II Holdings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	[3]1986	[3]1985	1984	1983	[3]1982	1981	1980	1979
Tangible Bk. Val.	4.28	14.12	16.60	15.86	13.77	12.98	13.07	12.03	11.42	9.15
Earnings[4,5]	5.44	4.42	3.18	3.67	3.60	3.38	3.28	3.34	3.51	3.00
Dividends	2.26	2.16	2.03⅞	1.95	1.85⅝	1.77½	1.75	1.60⅝	1.47½	1.15¾
Payout Ratio	40%	49%	64%	53%	52%	53%	54%	48%	42%	38%
Prices—High	71¾	60	52½	35	32⅝	30¼	25½	23	22⅛	17⅛
Low	42¼	36½	31⅜	26⅝	26½	21¾	17⅝	17	14¾	11⅞
P/E Ratio—	13-8	14-8	17-10	10-7	9-7	9-6	8-5	7-5	6-4	6-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Oct. 1986, 100% May 1981. **1.** Net sales prior to 1988; incl. excise taxes. **2.** Refl. accounting change. **3.** Refl. merger or acquisition. **4.** Ful. Dil. EPS: 5.13 in 1988, 4.29 in 1987, 3.12 in 1986, 3.59 in 1985, 3.52 in 1984, 3.30 in 1983, 3.19 in 1982, 3.23 in 1981, 3.34 in 1980, 2.82 in 1979. **5.** Bef. results of disc. opers. of +0.41 in 1988, +0.18 in 1987. E-Estimated

November 14, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	7,236	1,536	21.2	235	212	[4]267	984	45.1%	541	7.5
[5]1987	5,036	987	19.6	182	141	150	855	41.2%	503	10.0
[6]1986	5,261	906	17.2	254	129	114	670	45.5%	[7]365	6.9
[6]1985	4,692	802	17.1	169	110	117	751	43.9%	421	9.0
1984	4,475	796	17.8	164	103	118	746	44.5%	414	9.3
1983	4,436	791	17.8	137	99	102	730	46.5%	390	8.8
[6]1982	4,026	715	17.8	147	83	121	669	43.0%	381	9.5
1981	4,039	721	17.9	161	88	136	605	36.2%	[7]386	9.6
1980	4,277	724	16.9	188	75	113	660	38.6%	405	9.5
1979	3,772	642	17.0	123	68	100	575	39.6%	347	9.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**116.0**	**NA**	**NA**	**NA**	**12,201**	**5.9%**	**2,359**	**2,492**	**5,180**	**45.5**	**21.1%**
1987	55.0	3,393	2,469	1.4	7,343	7.9%	1,631	2,933	4,874	33.5	17.8%
1986	32.1	2,340	1,806	1.3	5,363	7.1%	693	2,541	3,557	19.5	14.2%
1985	26.6	2,238	1,464	1.5	4,926	9.0%	741	2,378	3,462	21.4	18.0%
1984	29.2	1,999	1,269	1.6	4,429	9.5%	732	2,115	3,160	23.2	19.1%
1983	31.3	2,143	1,350	1.6	4,304	9.4%	603	2,027	2,954	20.4	18.8%
1982	24.4	2,049	1,262	1.6	4,040	9.3%	535	1,925	2,779	19.2	19.2%
1981	14.8	2,160	1,393	1.6	4,133	9.5%	574	1,826	2,740	20.9	20.5%
1980	86.5	2,131	1,335	1.6	3,971	10.5%	536	1,711	2,636	20.3	23.9%
1979	79.7	1,934	1,238	1.6	3,671	10.6%	534	1,442	2,432	21.9	23.3%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1987 **3.** Excludes discontinued operations and reflects accounting change. **4.** Net of interest income. **5.** Excludes discontinued operations and reflects merger or acquisition **6.** Reflects merger or acquisition **7.** Reflects accounting change NA—Not Available NA-Not Available

Business Summary

American Brands derived its 1988 sales and operating profits as follows:

	Sales	Profits
Tobacco products	59%	63%
Life insurance	8%	14%
Distilled spirits	6%	8%
Other consumer products	27%	15%

Tobacco brands include Pall Mall, Lucky Strike, Tareyton, Carleton and Malibu cigarettes in the U.S. (7.0% market share in 1988) and Benson & Hedges, Silk Cut and Berkeley cigarettes in the U.K. (41.6%) made by Gallaher Ltd. At 1988 year-end the company was a defendant in some 60 product liability lawsuits related to cigarettes.

Distilled spirits include Jim Beam, Old Grandad, Old Taylor, Old Crow, Gilbeys and DeKuyper.

Hardware includes Master Lock, Dexter Lock, and Swingline staplers and fasteners. Office products comprise supplies and stationery by ACCO World, Swingline, Wilson Jones and a Gallaher subsidiary. Other includes Acushnet golf balls, Foot-Joy golf shoes, and optical goods in the U.K. Financial services comprise Franklin Life Insurance Co. The company sold the Southland Life insurance unit in early 1989.

Dividend Data

Dividends have been paid since 1905. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1987.

Amt of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.61	Jan. 31	Feb. 2	Feb. 8	Mar. 1'89
0.61	Oct. 25	Oct. 28	Nov. 3	Dec. 1'88
0.61	Apr. 25	May 3	May 9	Jun. 1'89
0.61	Jul. 25	Jul. 28	Aug. 3	Sep. 1'89
0.68	Oct. 31	Nov. 6	Nov. 10	Dec. 1'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $2,032,600,000.

Red. Preferred Stock: $135,600,000.

Conv. Preferred Stock: $29,000,000.

Common Stock: 94,159,261 ($1.56 par). Institutions hold about 46%. Shareholders of record: 76,722.

Office—1700 East Putnam Ave., Old Greenwich, Conn. 06870 **Tel**—(203) 698-5000 **Chrmn & CEO**—W. J. Alley **Pres**—T. C. Hayes **Secy**—L. F. Fernous, Jr. **VP-Treas**—P. Reed, Jr. **Investor Contact**—Dan Conforti **Dirs**—W. J. Alley, E. R. Anderson, N. E. Auerbach, R. L. Austin, C. M. Bedell, T. C. Hays, A. Henson, A. D. Housekam, H. C. Humphrey, J. W. Johnstone, Jr., W. T. Kelley, J. T. Lucas, C. H. Mullin, C. H. Pistor, Jr., R. L. Plancher, P. A. Randour, R. J. Rukeyser **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Registrar**—Citibank, NYC **Incorporated** in New Jersey in 1904; reincorporated in Delaware in 1985 **Empl**—44,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Coll

American Cyanamid

NYSE Symbol ACY Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
53⅛	60⅜-45⅝	15	1.35	2.5%	A-	1.17

Summary

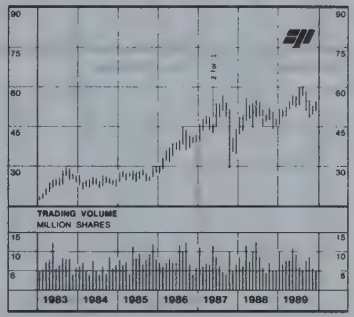
This company's broadly based operations include the production of pharmaceuticals and medical products, pesticides, animal health care products, specialty chemicals and consumer products. Earnings for 1990 are expected to rebound significantly from the depressed $3.10 a share indicated for 1989, which was reduced by dilution from recently acquired Praxis Biologics, Inc. and a nonrecurring writeoff associated with the Shulton subsidiary in Brazil.

Current Outlook

Earnings for 1990 are expected to rebound to the $4.20 a share area, up from the depressed $3.10 estimated for 1989.

An increase in the dividend, presently at $0.33¾ quarterly, is likely during the first half of 1990.

Sales for 1990 should show further progress, aided by continued strength key pharmaceutical, medical, agricultural and consumer lines. New products such as Suprax antibiotic and Pursuit herbicide will also make important contributions. Profitability should be helped by alleviation of 1989's herbicide carryover problems, reduced dilution from the Praxis Biologics acquisition and the absence of 1989's nonrecurring Shulton writeoff.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,232	1,149	1,014	918
Jun.	1,299	1,246	1,087	1,027
Sep.	1,141	1,094	1,039	921
Dec.	---	1,103	1,025	950
	---	4,592	4,166	3,816

Sales for the nine months ended September 30, 1989 increased 5.2%, year to year. Pretax income advanced 9.0%. After taxes at 37.8% against 37.6%, and slightly higher equity earnings, net income was up 8.7%. Share profits were $2.94, versus $2.70.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.99	0.88	0.67	0.53
Jun.	1.23	1.11	0.96	0.60
Sep.	0.72	0.71	0.59	0.49
Dec.	E0.16	0.71	0.67	0.56
	E3.10	3.41	2.89	2.18

Important Developments

Dec. '89— The company announced that earnings for the fourth quarter of 1989 would be reduced $0.25 a share as a result of unauthorized borrowings and unreported losses at the Shulton subsidiary in Brazil. ACY added that reflecting this provision and dilution of about $0.33 a share from the recent acquisition of Praxis Biologics, earnings for 1989 were expected to be between $3.10 and $3.15 a share.

Nov. '89— American Cyanamid completed the acquisition of Praxis Biologics, Inc. for about 4.6 million common shares. A maker of highly purified vaccines, Praxis had revenues of about $6.1 million and sustained a net loss of some $10 million in 1988. Also in November, ACY sold through underwriters 1,250,000 of its treasury shares.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.11	18.06	16.70	17.31	16.89	16.12	15.78	15.78	14.80	13.92
Earnings[1]	3.41	2.89	2.18	1.25	2.21	1.71	1.37	2.06	1.66	1.76
Dividends	1.16¼	1.02½	0.95	0.95	0.93⅛	0.87½	0.87½	0.83⅛	0.80	0.80
Payout Ratio	34%	35%	44%	74%	42%	52%	64%	41%	48%	45%
Prices—High	56	57	44⅞	29⅝	26⅝	29½	18⅞	18⅜	19	18⅛
Low	41⅞	29	27⅛	24	21⅛	16⅞	12¼	12⅜	10⅜	12¼
P/E Ratio—	16-12	20-10	21-12	24-19	12-10	17-10	14-9	9-6	11-6	10-7

Data as orig reptd Adj for stk div(s). of 100% Jun 1987. 1. Bef. results of disc. opers. of +0.13 in 1987, +0.09 in 1985 E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,592	700	15.2	374	221	[3]108	474	35.5%	306	6.7
[4]1987	4,166	570	13.7	268	189	85	396	33.3%	264	6.3
1986	3,816	453	11.9	263	181	86	290	30.2%	203	5.3
[4]1985	3,536	369	10.4	203	180	84	145	16.9%	120	3.4
1984	3,857	474	12.3	200	190	80	295	26.8%	216	5.6
1983	3,536	412	11.7	165	183	74	231	28.1%	166	4.7
1982	3,454	352	10.2	171	173	69	183	27.8%	132	3.8
1981	3,649	460	12.6	181	165	68	307	35.8%	[5]197	5.4
1980	3,454	429	12.4	196	156	63	263	39.5%	159	4.6
[5]1979	3,187	409	12.8	235	141	63	260	35.2%	168	5.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	560	2,287	1,694	1.4	4,593	7.0%	481	2,062	2,664	18.1	15.6%
1987	533	2,142	1,408	1.5	4,129	6.8%	563	1,873	2,546	22.1	14.9%
1986	446	1,891	1,127	1.7	3,667	5.8%	584	1,721	2,411	24.2	12.2%
1985	552	1,961	997	2.0	3,405	3.6%	571	1,644	2,318	24.6	7.4%
1984	449	1,805	948	1.9	3,327	6.8%	526	1,668	2,310	22.8	13.2%
1983	335	1,545	733	2.1	3,056	5.5%	520	1,604	2,252	23.1	10.5%
1982	320	1,515	757	2.0	2,997	4.3%	506	1,539	2,173	23.3	8.6%
1981	215	1,543	833	1.9	3,065	6.6%	521	1,529	2,176	24.0	13.3%
1980	181	1,408	779	1.8	2,917	5.5%	545	1,435	2,084	26.2	11.4%
1979	146	1,351	828	1.6	2,827	6.3%	523	1,347	1,955	26.7	13.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef results of disc. opers. in 1987, 1985. 3. Net of interest income. 4. Excludes discontinued operations. 5. Reflects accounting change.

Business Summary

American Cyanamid is a diversified company with interests in four major areas. Contributions by business segment in 1988:

	Sales	Profits
Medical	40%	52%
Agricultural	23%	30%
Chemicals	24%	9%
Shulton consumer	13%	9%

Foreign operations accounted for about 38% of sales and 59% of profits in 1988.

Lederle Laboratories produces prescription and non-prescription pharmaceutical products (including antibiotics, antiarthritics, ophthalmic drugs, anticancer agents, generics, vitamins, and vaccines), and Davis & Geck surgical sutures, wound closure devices and other hospital products.

The Agricultural division makes insecticides, herbicides and fungicides, and plant regulators; animal feed and health products; and nitrogen fertilizers. Pesticides are sold under the Scepter, Prowl, Counter, Pursuit and other names.

Chemicals include industrial water treating, mining and paper chemicals, molding compounds and resins, and enhanced oil recovery products; adhesives and composites materials, process chemicals, and catalysts; fine and rubber chemicals, elastomers, plastic additives, textile chemicals and resins, dyes, acrylic fibers, and industrial safety equipment.

Consumer products include personal care and grooming products, household maintenance and cleaning aids, and insect control products.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 21	Feb. 23	Mar. 1	Mar. 31'89
0.33¾	Apr. 18	May 24	May 31	Jun. 30'89
0.33¾	Aug. 15	Aug. 24	Aug. 30	Sep. 29'89
0.33¾	Oct. 17	Nov. 16	Nov. 22	Dec. 22'89

Next dividend meeting: mid-Feb '90.

Capitalization

Long Term Debt: $465,600,000.

Common Stock: 94,827,593 shs. ($5 par).
Institutions hold about 59%.
Shareholders of record: 52,662.

Office—One Cyanamid Plaza, Wayne, N.J. 07470 **Tel**—(201) 831-2000 **Chrmn & Pres**—G. J. Sella, Jr. **Secy**—E. C. Roth **Treas**—T. D. Martin **Investor Contact**—M. Friedman **Dirs**—J. G. Affleck, D. M. Culver, R. Halstead, A. J. Levine, W. A. Liffers, P. W. MacAvoy, A. M. Schmidt, G. J. Sella, Jr., M. Tanenbaum, A. Wexler. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Maine in 1907 **Empl**—35,501.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Herman Saftlas

American Electric Power

NYSE Symbol AEP Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
30⅜	31-25¾	10	2.40	7.9%	A-	0.50

Summary

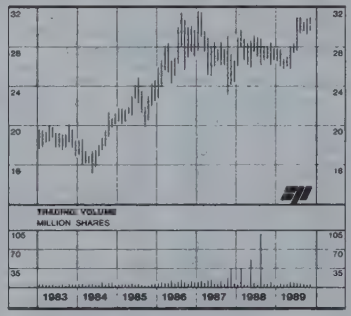
Subsidiaries of this Ohio-based electric utility holding company serve an extensive service territory from Indiana and Michigan to Kentucky, Tennessee, West Virginia and Virginia. Recent earnings have been restricted by a return to more normal summer weather in 1989, and an increase in operating expenses. The longer-term outlook is strengthening due to the planned completion of the construction program in the early 1990s and the company's ability to market its power throughout the Midwest and South and to the East Coast.

Current Outlook

Share earnings for 1990 are projected at $3.30, up from the $3.20 estimated for 1989.

The dividend was raised 3.4%, to $0.60 quarterly from $0.58, with the July, 1989 declaration. AEP's improved prospects bode well for dividend growth for the foreseeable future.

Share earnings for 1990 will benefit from continued, although slower, economic growth. The longer-term outlook is enhanced by the company's proximity to power deficient East Coast utilities.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,263	1,219	1,233	1,280
Jun.	1,197	1,103	1,144	1,155
Sep.	1,297	1,287	1,261	1,211
Dec	---	1,232	1,150	1,198
	---	4,841	4,788	4,843

Based on a brief report, revenues for the 12 months ended September 30, 1989 rose 4.9%, year to year, owing to higher system and off-system sales. Higher operating expenses narrowed profit margins. However, in the absence of the earlier period's write-off of unrecoverable costs of the Zimmer plant, net income advanced 10%. Share earnings were $3.16, versus $2.87.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.83	0.91	0.76	0.65
Jun.	0.67	0.61	0.61	0.50
Sep.	0.84	0.89	0.77	0.69
Dec.	E0.86	0.83	0.46	0.78
	E3.20	3.24	2.60	2.62

Important Developments

Oct. '89— AEP said that the major factors in the year-to-year earnings decline in 1989's third quarter were the return to more normal summer weather across the seven states served by the company compared with the unseasonably hot summer of 1988, as well as an increase in operating expenses. The company reported total kwh sales for the nine months ended September 30, 1989 advanced 9.0%, year to year. System sales were up fractionally (0.5%), as small gains in both the commercial and industrial sectors were mostly offset by lower residential sales. Residential sales fell 2.0%, while commercial sales rose 1.8%, and industrial sales increased 1.5% on continued economic growth. Off-system sales to the less profitable wholesale market were up 46% in the 1989 period.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.73	20.64	20.20	19.84	19.93	19.73	19.62	20.04	20.40	20.50
Earnings[1]	3.24	2.60	2.62	2.54	2.65	2.44	2.03	2.37	2.41	2.29
Dividends	2.34	2.34	2.26	2.26	2.34	2.26	2.26	2.26	2.23	2.19
Payout Ratio	72%	90%	86%	89%	88%	93%	111%	95%	93%	96%
Prices—High	29¾	31⅛	31½	24⅞	21⅜	20⅛	19¾	18⅜	19¾	23½
Low	25⅞	23⅛	22¾	19⅞	15⅛	16⅞	15⅜	15⅜	15¼	17¼
P/E Ratio—	9-8	12-9	12-9	10-8	8-6	8-7	10-8	8-6	8-6	10-8

Data as orig. reptd. 1. Bef. spec. item(s) of -0.35 in 1985. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	4,841	451	436	78.9%	2.73	167	26.5%	693	14.3	9.3	15.1
1987	4,788	420	425	79.2%	2.56	152	33.4%	583	12.2	8.6	12.5
1986	4,843	404	387	80.1%	2.56	138	39.5%	603	12.4	9.1	12.8
1985	4,848	386	372	79.2%	2.32	120	38.6%	585	12.1	9.6	12.4
1984	4,952	349	327	80.4%	2.37	234	36.7%	590	11.9	9.4	13.0
1983	4,368	341	282	79.0%	2.16	224	33.3%	534	12.2	9.4	12.1
1982	4,180	334	297	79.8%	---	181	26.3%	441	10.5	9.3	9.9
1981	4,193	319	274	78.8%	---	137	25.9%	456	10.9	9.8	11.5
1980	3,756	283	245	78.2%	---	114	24.6%	425	11.3	9.5	11.4
1979	2,814	224	172	78.5%	---	91	24.6%	318	11.3	8.7	10.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	[4]Total Invest. Capital	Capitalization [4]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	16,651	914	11,703	8.9	12,405	5,422	52.2	746	7.2	4,226	40.6
1987	15,942	787	11,308	8.9	12,336	5,580	53.6	776	7.5	4,052	38.9
1986	15,094	625	10,881	8.8	12,270	5,460	52.6	911	8.8	4,008	38.6
1985	14,861	632	10,971	9.2	12,042	5,413	52.5	960	9.3	3,938	38.2
1984	14,568	908	11,040	8.9	11,979	5,694	54.0	987	9.3	3,867	36.7
1983	13,955	883	10,685	8.8	11,379	5,666	54.9	1,016	9.8	3,639	35.3
1982	13,224	926	10,244	8.4	10,568	5,259	53.9	1,041	10.7	3,463	35.4
1981	12,465	840	9,770	9.3	9,978	4,998	53.7	989	10.6	3,322	35.7
1980	11,779	940	9,311	9.1	9,433	4,921	55.4	874	9.8	3,095	34.8

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. stk. divs. of subs.; bef. spec. item(s) in 1985. 3. Based on income bef. interest charges. 4. Incl. oblig. under capital leases prior to 1985.

Business Summary

American Electric Power is an integrated electric utility holding company serving portions of Ohio, Indiana, Michigan, Virginia, West Virginia, Kentucky and Tennessee with a population of about 7 million. Electric revenues by customer class:

Revenues	1988	1987	1986	1985
Residential	32%	33%	32%	30%
Commercial	20%	21%	20%	19%
Industrial	30%	30%	29%	30%
Wholesale	15%	15%	18%	18%
Other	3%	1%	1%	3%

System and off-system peak load in 1988 was 22,349 mw and capability totaled 22,704 mw for a capacity margin of 1.6%. Coal accounted for some 86% of capacity in 1988, nuclear 9% and other 5%. The company is vulnerable to onerous acid rain legislation.

AEP is adding to its coal capacity through its 1,300 mw Rockport 2 plant, scheduled for completion in late 1989, and the 25.4% owned Zimmer plant. Zimmer, originally designed as a nuclear station, was abandoned in 1984. In 1985 AEP wrote off $0.35 a share for a portion of unrecoverable costs. Following the settlement with General Electric Co., AEP wrote off $0.36 a share in 1987 for the balance of unrecoverable costs. Conversion of the plant to a 1,300 mw coal unit is proceeding and remains on schedule for service in mid-1991. Total costs have been capped at $3.6 billion. AEP does not anticipate building additional base load capacity for some 15 years.

AEP's most recent acquisition was Columbus Southern Power Co. in 1980. AEP can consider possible mergers that would offer customer and load diversity. Specifically, prospective companies would be summer peaking utilities that serve a residential economy.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.58	Jan. 25	Feb. 6	Feb. 10	Mar. 10'89
0.58	Apr. 26	May 4	May 10	Jun. 9'89
0.60	Jul. 26	Aug. 4	Aug. 10	Sep. 8'89
0.60	Oct. 25	Nov. 6	Nov. 10	Dec. 8'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $5,535,024,000.

Subsid. Pfd. Stock: $732,370,000.

Common Stock: 193,534,992 shs. ($6.50 par).
Institutions hold about 36%.
Shareholders of record: 238,534.

Office—One Riverside Plaza, Columbus, Ohio 43215. **Tel**—(614) 223-1000. **Chrmn & CEO**—W. S. White, Jr. **Pres**—R. E. Disbrow. **Secy**—A. J. Dowd. **Treas**—P. J. DeMaria. **Investor Contact**—A. Pena. **Dirs**—R. E. Disbrow, A. J. Dowd, R. M. Duncan, A. G. Hansen, L. A. Hudson, Jr., D. W. Jeffers, A. E. Peyton, T. F. Reid, W. A. Reynolds, R. M. Ringoen, W. S. White, Jr., A. H. Zwinger. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New York in 1905. **Empl**—22,886.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

American Express

NYSE Symbol AXP Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
34⅞	39⅜-26⅜	13	0.92	2.6%	A-	1.36

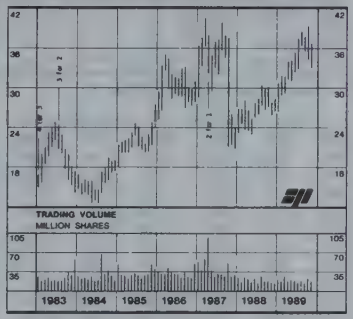
Summary

A leader in travel-related services (TRS), American Express is also active in international banking, investment services and insurance. The company has expanded its financial services network through acquisitions, including Investors Diversified Services (IDS), Lehman Brothers, and E.F. Hutton. In July, 1989 AXP swapped its remaining Fireman's Fund common shares for FFC preferred stock valued at $342 million.

Current Outlook

Earnings for 1990 could reach $3.25 a share, compared with the $2.80 estimated for 1989. In November, 1989 directors raised the dividend 9.5%, to $0.23 quarterly from $0.21.

Despite a slowing economy, profits should advance in 1990. While a cooling economy would likely result in reduced consumer spending, interest rates would probably fall as well, leading to lower funding costs. In addition, a higher savings rate would help IDS and Shearson. TRS should perform well as card and cheque usage increase. IDS should benefit from an increased asset base and growing sales of insurance and investments products. Emphasis on private banking should help banking operations. Shearson could continue under pressure. AXP's swap of Fireman's Fund common for preferred stock should add about $0.05 a share to earnings.



Total Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	5.87	5.33	4.15	3.40
Jun.	6.36	5.56	4.60	3.62
Sep.	6.50	5.70	4.20	3.55
Dec.	---	6.35	4.82	4.08
	---	22.94	17.77	14.65

Total revenues for the nine months ended September 30, 1989 rose 24%, year to year, (1988 restated). Gains at TRS, IDS, and ISC offset lower profits at Shearson and the banking units, and net income from continuing operations advanced 17%. Share earnings were $2.09, versus $1.79, before income from discontinued operations of $0.10 in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.59	0.57	0.71	0.39
Jun.	0.73	0.61	d0.01	0.80
Sep.	0.77	0.61	0.74	0.66
Dec.	E0.71	0.52	d0.24	0.63
	E2.80	2.31	1.20	2.46

Important Developments

Oct. '89— AXP reported that TRS's 17% earnings advance in the third quarter was aided by 12% growth in cards in force and a 12% gain in charge volume. IDS posted a 19% increase in third quarter profits, reflecting strong mutual fund sales and higher asset levels. Banking operations profits fell 50%, due to a $110 million addition to loan loss reserves; at September 30 the bank's long-term LDC loans were about 91% covered by reserves. Information services gained 38%. Shearson reported $66 million in profits (AXP's portion was $41 million), versus a year-earlier loss of $43 million, aided by a $37 million gain from the sale of the LEMCO institutional money management business. In July America Express exchanged its remaining 9.5 million Fireman's Fund Corp. (FFC) common shares for 8.55 million shares of new FFC preferred stock valued at about $342 million, and yielding $26.5 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk Val.	11.39	10.11	12.60	11.41	10.11	9.47	7.95	7.17	6.67	6.45
Earnings[1]	2.31	1.20	2.46	1.78	1.40	1.27	1.51	1.40	1.32	1.21
Dividends	0.76	0.76	0.69	0.66	0.64	0.62	0.55	0.51⅜	0.50	0.45
Payout Ratio	33%	63%	28%	37%	46%	49%	36%	37%	38%	37%
Prices—High	30⅜	40⅝	35⅛	27½	19½	24⅞	17¾	13⅝	10⅛	9¼
Low	22⅞	20¾	25⅜	17⅞	12½	14	8⅞	9½	6⅜	7
P/E Ratio—	13-10	34-17	14-10	15-10	14-9	20-11	12-6	10-7	8-5	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987, 50% Aug. 1983, 33⅓% Feb 1983. 1. Bef. results of disc. opers. of +0.12 in 1988, +0.32 in 1986. E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium & Oth. Income: Insur. Prems.	Premium & Oth. Income: Commiss. & Fees	Premium & Oth. Income: Int. & Divs.	Premium & Oth. Income: Total Revs.	Net Bef. Taxes	[1]Net Inc.	% Return On: Revs.	% Return On: Assets	% Return On: [2]Equity
1988	**57,917**	**2,527**	**10,375**	**9,050**	**22,934**	**1,331**	**988**	**4.3**	**0.8**	**21.6**
1987	54,865	2,168	8,455	6,084	17,768	687	533	3.0	0.5	11.6
1986	49,103	2,116	7,543	3,764	14,652	1,613	1,110	7.6	1.3	20.9
1985	46,803	1,919	6,108	3,292	11,850	1,247	810	6.8	1.2	16.8
1984	37,436	4,371	4,814	3,291	12,895	736	610	4.7	1.2	14.4
1983	28,715	3,243	4,037	2,227	9,770	517	515	5.3	1.4	14.5
1982	10,223	2,932	3,235	1,759	8,093	754	581	7.2	2.2	20.4
1981	8,726	2,730	2,648	1,688	7,211	694	518	7.2	2.2	20.3
1980	6,351	2,589	1,522	1,264	5,504	421	376	6.8	2.0	18.8
1979	4,790	2,451	1,130	1,006	4,667	391	345	7.4	2.2	20.1

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Cash Items	Investment Assets: [3]Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	Accounts Receiv.	Cust. Deposits	Travel Cheques Outst	[4]Debt	Common Equity
1988	**142,704**	**10,562**	**43,830**	**3,837**	**15,553**	**63,219**	**31,710**	**33,724**	**3,820**	**13,508**	**4,748**
1987	116,434	8,525	35,467	3,200	12,663	52,765	26,529	26,308	3,602	10,639	4,254
1986	99,476	7,639	31,503	2,883	12,402	48,075	22,685	22,446	2,990	8,400	5,426
1985	74,777	7,968	21,640	1,319	9,898	33,552	18,140	16,203	2,679	5,399	5,069
1984	61,848	7,490	20,305	892	7,830	29,419	14,802	13,262	2,454	3,839	4,382
1983	43,981	5,949	11,827	1,359	7,564	21,328	11,497	12,511	2,362	2,643	4,043
1982	28,311	3,194	6,986	580	4,602	12,571	9,204	6,810	2,177	1,798	3,039
1981	25,103	2,854	6,390	935	3,928	11,411	8,087	6,188	2,468	1,280	2,661
1980	19,709	2,153	6,020	1,069	3,690	10,779	4,887	5,087	2,542	1,099	2,162
1979	17,108	2,028	5,667	928	3,369	9,963	3,597	4,749	2,343	688	1,833

Data as orig. reptd. 1. Bef. disc. opers. in 1988, 1986. 2. Common. 3. Incl. short term invest. 4. Long-term; incl. curr. portion.

Business Summary

American Express is a major financial service company principally engaged in providing travel-related, investment, international banking, and insurance services worldwide. Industry segment contributions in 1988:

	Revs.	Profits
Travel related services	32%	70%
Shearson Lehman	45%	5%
American Express Bank	8%	11%
IDS	15%	14%

The Travel Related Services segment is comprised of the Payment Systems division, which includes travelers cheques and the American Express card, a major credit card with about 31 million cards in force; the Travel Services division, which provides vacation and leisure travel services and corporate card and business travel support; and other activities, including publishing, data processing services, direct mail merchandise services, and life insurance.

American Express Bank Ltd. and its affiliated Trade Development Banks, acquired in 1983, provide a range of private banking services to high net worth individuals and their businesses through a network of 103 offices in 42 countries.

Shearson Lehman Hutton (62% owned) is one of the largest full-line investment service firms serving U.S. and foreign securities and commodities markets.

IDS Financial Services provides financial products and planning services to individuals, businesses and institutions.

Dividend Data

Dividends have been paid since 1870. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Mar. 27	Apr. 3	Apr. 7	May 10'89
0.21	May 22	Jun. 30	Jul. 7	Aug. 10'89
0.21	Sep. 25	Oct. 2	Oct. 6	Nov. 10'89
0.23	Nov. 27	Dec. 29	Jan. 5	Feb. 9'90

Next dividend meeting: late Mar. '90.

Capitalization

Long Term Debt: $13,795,000,000.

Money Market Preferred Stock.: $300,000,000.

Common Stk.: 418,033,360 shs. ($0.60 par). Institutions hold approximately 64%. Shareholders of record: 57,779.

Office—American Express Tower, World Financial Center, NYC 10285. **Tel**—(212) 640-2000. **Chrmn, CEO & Pres**—J. D. Robinson III. **Secy**—S. P. Norman. **VP-CFO**—H. L. Clark. **Investor Contact**—R. Stovall. **Dirs**—A. L. Armstrong, W. G. Bowen, P. A. Cohen, D. M. Culver, C. W. Duncan, Jr., R. M. Furlaud, F. R. Johnson, V. E. Jordan, Jr., F. M. Kirby, H. A. Kissinger, D. Lewis, Jr., R. S. Penske, J. D. Robinson III, R. V. Roosa, M. R. Wallace, R. Warner, Jr., J. H. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Organized** in Buffalo in 1850; incorporated in 1965. **Empl**—100,188.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

American General

120M

NYSE Symbol AGC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
32¾	38½-29½	10	1.50	4.6%	A	0.96

Summary

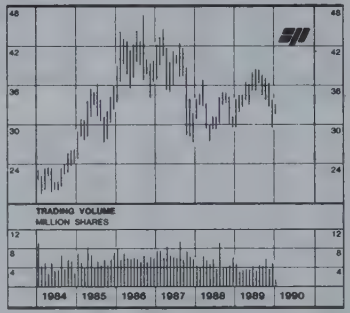
American General is a financial services holding company whose major sources of revenues and earnings are life and health insurance. As part of a plan to reduce cyclicality and concentrate its distribution efforts, AGC sold its property-liability unit in May, 1989 for $740 million and its group life and health division in January, 1990 for up to $195 million.

Current Outlook

Excluding realized investment gains or losses in both years, earnings of $3.75 a share are expected for 1990, up from $3.25 a share estimated for 1989.

A modest increase in the $0.37½ quarterly dividend is possible.

Following the sale of its group life and health insurance segment (in January, 1990) and property-liability operations (in May, 1989), AGC is now able to concentrate on less cyclical areas of the insurance market, as planned. As such, solid growth is expected for the home service life area, with the attendant rise in invested assets to benefit earnings. Increased demand for investment oriented insurance products, especially tax-qualified annuities, will lead to higher special markets growth. Increased contributions are expected from the enlarged consumer credit business. A higher tax rate could reduce these gains, but share repurchases will aid share earnings comparisons.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose 15%, year to year, reflecting a 7.6% increase in premiums, a 12% gain in net investment income, and a 30% advance in finance charges. Benefits and expenses were also up 15%, and pretax income advanced 14%. After taxes at 32.1%, versus 21.5%, net income fell 1.0%. Share earnings were $2.42 on fewer shares, against $2.38, including realized capital gains of $0.15 versus $0.18, but excluding a $0.59 gain on disposal of discontinued operations in 1989 and $0.21 income from such operations in 1988.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.79	0.98	0.85
Jun	0.82	0.81	0.86	0.85
Sep.	0.83	0.78	0.95	0.93
Dec.		0.84	1.03	0.97
		3.22	3.82	3.60

Important Developments

Jan. '90— AGC said it completed the sale of its group life and health insurance operations to Associated Insurance Companies for up to $195 million. The purchase price consists of $175 million in cash, a $10 million contingent note, and participation in certain earnings of up to $10 million. This follows the May, 1989 sale of its p-c operations, and marks AGC's departure from the agency-broker marketing system and is part of a plan to consolidate distribution efforts to streamline operations, increase cross selling opportunities, and reduce overhead. The company has also been actively repurchasing its common stock. From December 31, 1988 through November 2, 1989, AGC reacquired approximately 6.3 million of its common shares. Another one million shares were reacquired from American Financial Corp. under a plan covering the buyback of some 10.6 million shares held by American.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	26.28	28.04	27.13	23.10	16.25	20.04	17.19	16.03	13.63
Oper. Earnings[2]	NA	3.05	3.82	3.60	[3]3.23	[3]3.00	[3]3.00	[3]2.45	[3]2.21	[3]2.19
Earnings[2,4]	NA	3.22	3.88	4.47	3.53	3.27	3.33	2.68	2.14	3.02
Dividends[5]	1.50	1.40	1.25	1.12	1.00	0.90	0.80	0.73⅜	0.66¾	0.33⅜
Payout Ratio	NA	43%	32%	25%	28%	28%	24%	27%	31%	11%
Prices—High	38½	36⅞	44¾	46⅜	38¼	26¼	26¼	19⅛	15½	13¾
Low	29½	27⅜	27¼	33⅜	24¾	19⅜	18¼	10½	11⅞	8⅜
P/E Ratio—	NA	11-9	12-7	13-9	11-8	9-6	9-6	8-4	7-5	6-4

Data as orig. reptd. Adj. for stk. div(s). of 200% May 1983. **1.** Fully diluted, oper. earnings prior to 1988. **2.** Bef. results of disc. opers. of +0.22 in 1988, 3.12 in 1985, 2.90 in 1984, 2.83 in 1983, 2.41 in 1982, 2.18 in 1981, 2.16 in 1980. **4.** Aft. gains/losses on security trans. **5.** Plus Texas Commerce Bankshares stk. in 1980. NA-Not Available

January 11, 1990
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120M

Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium & Oth. Income: Life A & H	Prop./ Cas.	Net Inv. Income	Total Revs.	[1]Comb. Loss-Exp. Ratio	Net Bef. Taxes	Net Oper. Inc.	[2]Net Inc.	% Return On: Revs.	% Return On: [3]Equity
[4]1988	86,490	1,140	Nil	1,719	3,823	NA	534	NA	413	10.8	9.7
1987	109,223	2,967	1,619	1,778	7,157	101.6	661	555	563	7.8	12.4
1986	107,312	2,986	1,402	1,656	6,160	104.6	483	538	669	8.7	12.3
1985	108,938	2,877	1,124	1,551	5,677	110.9	387	466	506	8.2	15.8
1984	109,767	2,833	1,015	1,381	5,362	131.0	179	424	458	7.9	18.0
1983	78,830	1,912	912	995	3,953	115.1	170	290	318	7.3	16.3
1982	68,470	1,386	748	673	2,913	105.1	180	203	221	7.0	15.2
1981	45,471	1,037	671	567	2,388	106.4	200	169	164	7.1	14.5
1980	39,489	879	764	461	2,292	103.5	193	167	230	7.3	15.8
1979	34,899	738	696	370	1,896	99.5	216	165	219	8.7	16.8

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[5]Premiums Due	Investment Assets: [6]Bonds	Stocks	[7]Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[8]Debt	Common Equity
1988	466	296	12,520	1,120	4,915	19,220	9.4	1,604	30,422	7,463	4,294
1987	456	764	12,848	1,791	4,519	19,842	9.4	1,723	28,008	4,377	4,381
1986	358	742	11,076	1,983	3,863	17,202	10.2	1,617	22,899	834	4,226
1985	372	604	9,657	1,874	3,458	15,291	10.6	1,523	20,668	714	2,770
1984	312	694	8,556	1,689	3,396	13,972	11.3	1,458	19,197	410	1,835
1983	255	802	6,164	1,460	2,557	10,537	10.0	1,227	15,061	532	1,532
1982	204	430	5,218	1,333	2,361	9,393	8.6	1,164	13,276	774	1,293
1981	151	293	3,748	1,025	1,431	6,324	9.4	681	8,076	97	1,169
1980	79	244	2,849	1,194	1,519	5,562	8.9	628	7,293	119	1,076
1979	120	221	2,564	1,067	1,295	4,926	8.0	582	6,548	116	1,001

Data as orig. reptd. **1.** As reptd by co.; aft. policyholder dividends. **2.** Bef. results of disc. opers. in 1988. **3.** Common. **4.** Reflects disc. p/c opers. **5.** Incl. accts. rec. **6.** Incl. short term investments after 1980. **7.** Incl. sm. amt. notes rec. **8.** Long term debt; incl. curr. portion. NA-Not Available

Business Summary

American General is one of the largest insurance-based financial services holding companies in the U.S. In 1988 AGC announced plans to divest its property-liability (sold in May, 1989) and group insurance (sold in January, 1990) operations. These operations were classified as discontinued operations. Pretax income from continuing operations in recent years ($ million):

	1988	1987	1986
Home service	$402	$415	$408
Special markets	161	104	128
Fin./Real estate	190	162	140
Real. inv. gains	38	12	197
Int. & expenses	-250	-172	-171
Eliminations	-7	-1	-1

AGC's home service segment emphasizes the direct sale and service of both permanent and term life insurance to customers, in their home, by employee agents. The home service companies also provide health insurance products. Life insurance in force in this segment at year-end 1988 was $42.2 billion.

The special markets segment consists of The Variable Annuity Life Insurance Co. (VALIC) and AGC's ordinary life insurance companies. VALIC provides fixed and variable tax-qualified annuity products on a group and individual basis. The ordinary life companies provide whole-life, interest-sensitive, term and annuity products. At year-end 1988 life insurance in force totaled $40.6 billion.

The Finance/Real Estate segment primarily emphasizes consumer finance and real estate investment and development. Other activities include the sale of credit-related insurance products and mortgage lending. In 1988 AGC acquired the consumer finance unit of Manufacturers Hanover Corp. for about $685 million in cash and other consideration.

Dividend Data

Dividends have been paid since 1929. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37½	Feb. 2	Feb. 7	Feb. 13	Mar. '89
0.37½	May 3	May 9	May 15	Jun. '89
0.37½	Jul. 27	Aug. 1	Aug. 7	Sep. '89
0.37½	Oct. 26	Oct. 31	Nov. 6	Dec. '89

Capitalization

Long Term Debt: $3,973,000,000.

$9.125 Jr. Preferred Stock: $20,000,000.

Common Stock: 119,919,733 shs. ($0.50 par).
Institutions hold approximately 73%.
Shareholders of record: 34,478.

Office—2929 Allen Parkway, (P.O. Box 3247), Houston, Texas 77019 **Tel**—(713) 522-1111 **Chrmn & CEO**—H. S. Hook. **Pres**—M. J. Poulos **VP-Secy**—O. B. Gerlach III. **VP-Treas**—J. S. D'Agostino. **Investor Contact**—R. D. Mrlik **Dirs**—J. E. Attwell, T. D. Barrow, A. H. Carruth, W. L. Davis, Jr., J. A. Elkins, Jr., H. S. Hook, J. T. Jones, Jr., C. J. Kane, J. M. Nelson III, M. J. Poulos, H. S. Romaine, E. S. Smithcamp, H. J. N. Taub **Registrar & Transfer Agent**—American General Corp. Shareholder Services, Houston. **Incorporated** in Texas in 1926 **Empl**—18,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

American Greetings

NASDAQ Symbol AGREA (Incl. in Nat'l Market; marginable) Options on CBOE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Aug. 30'89	1989					
28⅜	29½-20⅜	20	0.66	2.3%	B+	1.13

Summary

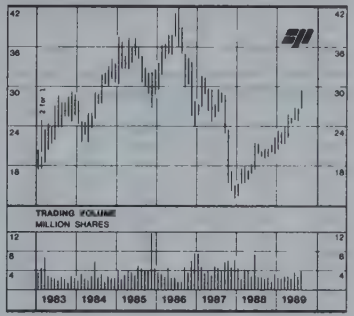
Earnings of this major manufacturer of greeting cards and related social expression merchandise are recovering following several years of fiercely competitive industry conditions. Future prospects are enhanced by a number of corrective measures taken to improve profitability.

Current Outlook

Earnings for the fiscal year ending February 28, 1990, are expected to advance to about $2.00 a share, from the $1.38 reported for 1988-9.

The $0.16½-a-share quarterly dividend is expected to be raised within the next several quarters.

Revenues for the fiscal year ending February 28, 1990, should rise about 10%, boosted by firmer pricing, new product introductions and growing popularity of the company's products. Margins are expected to widen considerably, reflecting abatement of a lengthy price war among the major industry players and a number of cost-saving measures instituted in 1988-9. The company's longer-term prospects are also quite favorable.



Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	290	303	263	244
Aug.		265	250	227
Nov.		388	371	364
Feb.		319	315	291
		1,275	1,199	1,126

Total revenues for the quarter ended May 31, 1989 declined 4.4%, year to year, reflecting the absence of certain businesses and timing differences of shipments. Costs and expenses were well controlled, and net income rose 13%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	0.54	0.48	0.42	0.53
Aug.		0.08	0.03	0.14
Nov.		0.37	0.57	0.82
Feb.		0.45	0.02	0.48
		1.38	1.04	1.97

Important Developments

Aug. '89— AGREA launched a new 90-card line, called Couples, devoted to the full spectrum of romantic relationships and aimed particularly at the aging baby-boom generation. Separately, the company said it would close its Brigham City, Utah distribution center (one of four U.S. distribution centers) by the end of the year because new technology at several other centers enable the company to provide improved service to retail customers now served by the Utah facility.

Apr. '89— The company said that restructuring charges during the year ended February 28, 1989, reduced net income by $12.0 million, or $0.37 a share. During the year, the company refocused its worldwide business operating strategies in order to improve competitiveness and enhance future earnings prospects.

Next earnings report expected in late September.

Per Share Data ($)

Yr. End Feb. 28	[1]1989	[1]1988	[1]1987	1986	[1]1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	17.85	17.02	16.55	15.01	13.35	11.62	10.18	8.31	7.61	6.90
Earnings	1.38	1.04	1.97	2.32	2.35	1.91	1.51	1.20	0.97	0.94
Dividends	0.66	0.66	0.66	0.62	0.54	0.40	0.31	0.27	0.26	0.25
Payout Ratio	48%	63%	33%	27%	23%	21%	22%	23%	27%	27%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	22⅜	31⅝	42	37½	34¼	29¼	21⅝	10½	6⅞	7
Low	13⅜	13	24	26¾	21½	17⅜	9	5⅜	4⅞	5⅜
P/E Ratio—	16-10	30-13	21-12	16-12	15-9	15-9	14-6	9-4	7-5	7-6

Data as orig reptd. Adj. for stk div. of 100% Feb. 1983. 1. Refl. merger or acq.

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Income Data (Million $)

Year Ended Feb. 28	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	1,253	143	11.4	41.9	39.5	33.5	69	35.7%	44.3	3.5
[2]1988	1,175	99	8.5	96.7	34.2	32.8	57	41.0%	33.4	2.8
[2]1987	1,103	145	13.2	68.7	29.1	24.9	102	38.0%	63.4	5.7
1986	1,012	155	15.4	61.8	23.5	19.1	136	45.3%	74.4	7.4
[2]1985	919	144	15.6	43.6	18.8	15.6	136	45.2%	74.4	8.1
1984	817	119	14.5	46.4	15.5	16.3	[1]109	45.5%	59.7	7.3
1983	722	99	13.8	34.0	13.9	24.2	[1]82	45.4%	44.6	6.2
1982	606	74	12.3	26.7	12.8	22.7	58	43.0%	32.8	5.4
[2]1981	489	65	13.2	33.0	10.9	14.1	49	46.0%	26.5	5.4
1980	420	60	14.3	34.5	10.1	[3]10.8	48	46.2%	25.6	6.1

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	94.3	637	184	3.5	1,088	4.0	247	565	903	27.3	8.0
1988	36.5	680	252	2.7	1,150	3.1	273	539	899	30.4	6.3
1987	17.2	620	186	3.3	1,023	6.7	235	524	837	28.1	12.6
1986	26.9	561	179	3.1	873	9.1	148	483	695	21.2	16.3
1985	66.4	492	162	3.0	748	10.5	113	426	586	19.3	18.7
1984	62.6	420	144	2.9	659	9.6	120	365	514	23.3	17.4
1983	20.0	374	132	2.8	581	7.8	111	316	449	24.8	15.5
1982	3.4	315	100	3.2	492	7.1	149	228	392	38.0	15.1
1981	2.5	269	99	2.7	432	6.8	113	208	333	34.1	13.4
1980	4.5	207	69	3.0	343	7.9	76	188	274	27.8	14.3

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs 2. Refl. merger or acq. 3. Refl. acctg. change.

Business Summary

American Greetings Corporation is believed to be the second largest manufacturer of greeting cards and among the four largest producers of gift wrappings in the U.S. and Canada. It also produces a line of giftware items and candles and licenses a family of character properties. Sales in recent fiscal years were derived from:

	1988-9	1987-8
Everyday cards	40%	39%
Holiday cards	25%	24%
Gift wrap & party goods	17%	17%
Consumer products	8%	10%
Stationery and miscellaneous	10%	10%

About 19% of total revenues and 21% of operating profits for the 1988-9 fiscal year were from foreign sources, primarily Mexico, Canada and Europe. Sales to the company's five largest customers in 1988-9 accounted for about 17% of total sales.

The company also operates several smaller business units. An independent licensing division, established in 1981, has created a number of characters licensed to more than 200 companies for product marketing and more recently featured in a television series. Plus Mark produces Christmas promotional products such as gift wrap, ribbon, bows and boxed Christmas cards. AG Industries produces cabinet fixtures. SMD Industries manufactures picture frames and stationery products. Carlton Cards produces greeting cards, invitations, correspondence products, gift wrap and party goods.

Dividend Data

Cash has been paid each year since 1950. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16½	Oct. 31	Nov. 18	Nov. 25	Dec. 9'88
0.16½	Jan. 23	Feb. 17	Feb. 24	Mar. 10'89
0.16½	Apr. 17	May 22	May 26	Jun. 9'89
0.16½	Jul. 24	Aug. 21	Aug. 25	Sep. 8'89

Next dividend meeting: in late October.

Capitalization

Long Term Debt: $247,907,000 (5/89).

Cl. A Com. Stk.: 29,699,919 shs. ($1 par); one vote per sh.
Institutions hold some 71%.
Shareholders: 23,000 (2/89).

Cl. B Com. Stk.: 2,084,876 shs. ($1 par); ea. conv. into one Cl. A; 10 votes per sh.
About 74% is closely held.

Office—10500 American Rd., Cleveland, Ohio. 44144 **Tel**—(216) 252-7300. **Chrmn**—I. I. Stone. **Pres & CEO**—M. Weiss **SVP, CFO & Investor Contact**—Henry Lowenthal. **Treas**—E. B. Scherry. **Secy**—A. J. Goodfellow **Dirs**—S. S. Cowen, H. H. Jacobs, F. E. Joseph, M. B. Opper, A. B. Ratner, H. H. Stone, I. I. Stone, M. Weiss, M. A. Woll, M. Wyman, A. Zaleznik **Transfer Agent & Registrar**—Ameritrust Co., Cleveland. **Incorporated** in Ohio in 1944 **Empl**—20,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

W H Donald

American Home Products

NYSE Symbol AHP Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
104¾	109-79¾	15	3.90	3.7%	A+	0.89

Summary

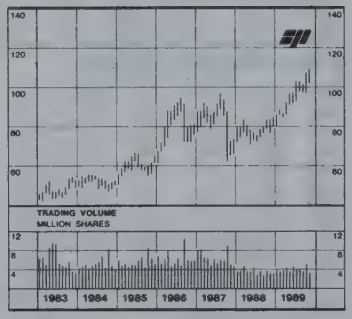
This leading manufacturer of ethical and proprietary drugs, food products and household products has established a long record of growth in earnings and dividends which should continue over the foreseeable future. The long-awaited acquisition of A.H. Robins, a leading drug producer now operating under Chapter 11, is expected to be completed by year-end 1989 for a total of some 8,480,000 AHP shares for all RAH shares and the payment of $2.3 billion to satisfy Dalkon Shield claimants.

Current Outlook

Earnings for 1990 should rise to the $7.70 a share area from 1989's estimated $7.00.

An increase in the $0.97½ quarterly dividend is likely in early 1990.

Bolstered by the planned inclusion of A.H. Robins, sales for 1990 are projected to reach $6.6 billion, up from the $5.3 billion indicated for 1989. Volume gains are anticipated in principal health care and food & household products lines, aided by new products and line extensions. Robins is expected to make an immediate positive contribution to AHP because of cost synergies and tax savings.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,520	1,413	1,289	1,265
Jun.	1,401	1,372	1,227	1,198
Sep.	1,508	1,415	1,299	1,271
Dec.	---	1,301	1,213	1,193
	---	5,501	5,028	4,927

Sales for the nine months ended September 30, 1989 rose 5.4%, year to year. Income before taxes increased 6.7%. After taxes at 28.7%, against 31.2%, net income was up 11%. Share earnings were $5.21, versus $4.75.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.80	1.62	1.45	1.30
Jun.	1.61	1.48	1.33	1.20
Sep.	1.80	1.65	1.48	1.34
Dec.	E1.79	1.63	1.47	1.34
	E7.00	6.38	5.73	5.18

Important Developments

Nov. '89— AHP announced that it expected to complete the acquisition of A.H. Robins (RAH) by year-end 1989, following the refusal of the Supreme Court to grant further hearings in the Robins bankruptcy case. In connection with the acquisition, $2.3 billion will be paid out to two trusts to satisfy Dalkon Shield claims against RAH, and AHP will issue a total of about 8,480,000 AHP common shares for all RAH common shares outstanding. The Dalkon Shield trusts are an integral part of RAH's reorganization plan and, after the trusts are funded, neither AHP or RAH will have any further connection with them. A maker of pharmaceutical and consumer products such as Robitussin, Dimetapp and Chapstick, Robins had sales $934 million in 1988.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[2]1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	15.94	12.90	13.62	13.87	12.50	11.68	10.31	10.15	8.88	7.84
Earnings[3]	6.38	5.73	5.18	4.70	4.26	4.00	3.59	3.18	2.84	2.51
Dividends	3.60	3.34	3.10	2.90	2.64	2.40	2.15	1.90	1.70	1.50
Payout Ratio	56%	58%	59%	61%	62%	60%	60%	60%	59%	59%
Prices—High	84⅞	96⅜	94⅞	66⅞	55¾	54¼	48	37¼	31⅞	29½
Low	70⅜	62	61¼	50⅛	46¾	41¾	33¼	28⅛	21⅜	24⅜
P/E Ratio—	13-11	17-11	18-12	14-11	13-11	14-10	13-9	12-9	11-8	12-10

Data as orig. reptd. 1. Reflects merger or acquisition 2. Reflects accounting change 3. Bef. results of disc. opers. of +0.50 in 1984 and spec. item(s) of -0.33 in 1984 E-Estimated

November 27, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,501	1,460	26.5	344	142	31.8	1,348	30.9%	932	16.9
1987	5,028	1,353	26.9	279	113	17.3	1,285	34.2%	845	16.8
[3]1986	4,926	1,261	25.6	205	109	NA	1,250	37.7%	779	15.8
1985	4,685	1,239	26.4	179	87	NA	1,211	40.8%	717	15.3
[4]1984	4,485	1,171	26.1	142	80	NA	1,174	44.2%	656	14.6
[3]1983	4,857	1,202	24.8	205	96	NA	1,149	44.8%	627	12.9
[3]1982	4,582	1,095	23.9	154	73	NA	1,047	45.7%	[5]560	12.2
1981	4,131	953	23.1	100	54	NA	960	47.4%	497	12.0
1980	3,799	835	22.0	99	49	NA	854	46.1%	446	11.7
1979	3,401	760	22.4	89	45	NA	755	45.9%	396	11.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	759	2,576	866	3.0	4,611	20.2%	94.0	2,972	3,070	3.1	33.8%
1987	1,060	2,715	1,291	2.1	4,608	19.4%	40.0	2,525	2,570	1.6	34.8%
1986	1,247	2,749	965	2.8	4,175	20.7%	40.0	2,376	2,421	1.7	33.7%
1985	915	2,276	662	3.4	3,395	22.4%	40.0	2,287	2,378	1.7	32.9%
1984	768	2,028	588	3.4	3,033	21.7%	40.0	2,083	2,129	1.9	32.2%
1983	626	2,021	663	3.0	3,086	21.2%	40.0	2,042	2,120	1.9	32.3%
1982	474	1,797	660	2.7	2,832	20.6%	Nil	1,836	1,875	Nil	32.1%
1981	729	1,944	605	3.2	2,589	20.1%	Nil	1,645	1,691	Nil	32.0%
1980	593	1,762	587	3.0	2,370	20.0%	3.0	1,462	1,513	0.2	32.2%
1979	494	1,525	484	3.1	2,091	20.0%	3.1	1,309	1,355	0.2	32.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984, and spec. item(s) in 1984. 3. Reflects merger or acquisition. 4. Exclude discontinued operations and reflects accounting change. 5. Reflects accounting change

Business Summary

American Home Products' business segment contributions in 1988 were:

	Sales	Profits
Health care products	75%	85%
Food & household products	25%	15%

Foreign operations accounted for about 31% of sales and 23% of profits in 1988.

Health care items include prescription drugs, consumer health care products, and medical supplies and diagnostic products. Prescription drugs (47% of 1988 sales) include Triphasal oral contraceptives, Premarin estrogen replacements, Inderal and Isordil cardiovasculars, Ativan and Serax benzodiazepine tranquilizers, and infant nutritionals sold under the S-26 and Nursoy names. Other drugs include antiarthritics, analgesics, anti-inflammatories, antibiotics and antihistamines. Consumer health care items (17%) include Advil and Anacin analgesics, Primatene asthma medication, Dristan, Preparation H for hemorrhoids, and the Today contraceptive sponge.

Medical supplies and diagnostic products (11%) include needles and syringes, catheters, enteral pumps and feeding sets, thermometers, synthetic dressings, diagnostic kits and other items.

Food products (12%) encompass Chef Boyardee items, Gulden's mustard, Jiffy-Pop popcorn and other items. Household products (13%) include Woolite, Black Flag insecticides, Wizard deodorizers, Easy-Off oven cleaner and Pam cooking spray.

Dividend Data

Dividends have been paid since 1919. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.97½	Jan. 26	Feb. 7	Feb. 13	Mar. 1'89
0.97½	Apr. 19	May 8	May 12	Jun. 1'89
0.97½	Jul. 27	Aug. 7	Aug. 11	Sep. 1'89
0.97½	Oct. 26	Nov. 7	Nov. 13	Dec. 1'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $40,000,000.

$2 Conv. Pfd. Stk.: 70,956 shs. ($2.50 par); conv. into 4.5 com.

Common Stock: 147,061,197 shs. ($0.33⅓ par).
Institutions hold about 62%.
Shareholders of record: 70,021.

Office—685 Third Ave., NYC 10017. **Tel**—(212) 878-5000. **Chrmn, Pres & CEO**—J. R. Stafford. **Secy**—C. G. Emerling. **VP, Treas & Investor Contact**—J. R. Considine. **Dirs**—F. A. Bennack, Jr., K. R. Bergethon, J. W. Culligan, R. C. Duke, J. D. Feerick, E. A. Gee, W. F. Laporte, R. W. Sarnoff, J. R. Stafford, J. R. Torell, III, W. Wrigley. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Continental Illinois National Bank & Trust Co. of Chicago. **Incorporated** in Delaware in 1926. **Empl**—44,964

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Herman B Saftlas

American Int'l Group

NYSE Symbol AIG Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
100¾	112-66¼	12	0.48	0.5%	A	0.93

Summary

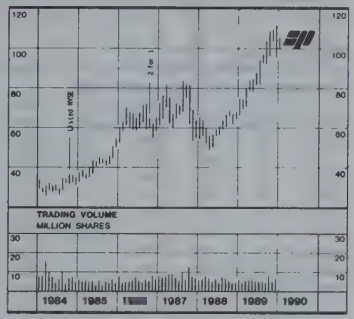
Operating in more than 130 countries, American International Group is one of the world's leading insurance organizations, providing property, casualty, marine, life and financial guarantee insurance. AIG also provides diversified financial services. The company's underwriting record continues to be superior to that of the overall industry, reflecting its adherence to strict underwriting standards. Higher earnings are expected for 1990.

Current Outlook

Excluding "fresh start" tax benefits and realized investment gains or losses in both years, net earnings for 1990 are estimated at $8.25 a share, compared with $7.60 anticipated for 1989.

The $0.12 quarterly dividend is the minimum expectation.

Solid p-c underwriting performance and strong results from the life unit should lead to higher earnings in 1990. While most commercial lines have come under pricing pressures, AIG's leadership position in specialty insurance lines and services, where competition is less severe, yields a degree of protection from the current p-c down-cycle and premiums should experience moderate growth. Underwriting performance may suffer slightly, but should approximate breakeven. AIG's diversified foreign life operations should continue to perform well. Further gains are expected from the financial services unit.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose 10%, year to year, reflecting premium growth in most lines, a strong increase in net investment income, and higher realized capital gains. Following well controlled expenses, pretax income was up 19%. After taxes at 19.6%, versus 16.9%, net income rose 16%, to $6.18 a share from $5.36, restated.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	2.08	1.65	1.27	0.77
Jun	2.14	1.75	1.44	0.95
Sep.	1.96	1.77	1.42	1.08
Dec.		1.97	1.81	1.24
		7.14	5.74	4.04

Important Developments

Nov. '89— AIG noted that earnings for the first nine months of 1989 benefited from growth in most segments. This was accomplished despite insured losses totaling $45 million arising from Hurricane Hugo. Losses from the California earthquake will be reflected in fourth quarter earnings; their impact is not expected to be as great. By segment: general insurance operating profits were 127% higher in the first nine months as a 15% rise in net investment income helped offset an 18% drop in underwriting profits. The combined ratio deteriorated slightly to 99.6% from 99.4%. (A combined ratio of below 100% indicates an underwriting profit.) Life operations posted a 17% gain, due mainly to continued growth in the Far East. Financial services income more than doubled to $124 million, while agency and service fee income fell 11%.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	42.05	35.56	29.02	21.67	17.77	16.66	14.48	12.21	10.98
Oper. Earnings	NA	7.14	5.74	4.04	2.45	2.14	2.89	2.81	2.41	1.99
Earnings[2]	NA	7.40	6.34	4.90	2.76	2.03	2.78	2.61	2.53	2.01
Dividends	0.44	0.35	0.26¼	0.22¾	0.22	0.22	0.21½	0.18½	0.15⅝	0.12⅞
Payout Ratio	NA	5%	4%	5%	8%	11%	8%	7%	6%	6%
Prices—High	112	68¾	83¾	71¾	55	36½	38⅞	33½	27¾	21⅜
Low	66¼	49	53½	52	32½	25½	26⅛	21⅞	19½	13
P/E Ratio—[3]	NA	10-7	15-9	18-13	22-13	17-12	13-9	12-8	12-8	11-7

Data as orig. reptd. Adj. for stk. divs. of 100% Nov. 1986, 25% Apr. 1983, 50% May 1981. 1. Net oper. earns. prior to 1989. 2. Aft. gains/losses on security trans. 3. Based on oper. earns. NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income Life A & H	Premium Income Prop.	Net Invest. Inc.	Total Revs.	[2]Comb. Loss-Exp. Ratio	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On Revs.	% Return On [3]Equity
1988	118,431	3,459	4,933	1,435	13,613	99.4	1,398	1,175	1,217	8.6	18.3
1987	108,445	2,772	4,423	1,159	11,278	99.5	1,098	945	1,042	8.4	17.7
1986	88,256	1,939	3,450	921	8,876	101.2	765	657	796	7.4	15.1
1985	68,787	1,422	1,752	706	5,782	106.1	362	374	420	6.5	11.3
1984	47,904	1,210	976	592	4,281	109.8	277	317	302	7.4	11.4
1983	40,207	1,022	954	542	3,936	100.8	464	427	412	10.9	17.5
1982	33,775	860	925	483	3,505	98.2	475	413	384	11.8	19.1
1981	28,792	691	872	391	3,110	96.2	423	345	363	11.1	19.4
1980	24,906	530	848	311	2,673	95.5	361	282	285	10.6	19.9
1979	19,268	477	781	242	2,328	94.3	307	231	260	9.9	21.2

Financial Statistics & Balance Sheet (Million $)

Dec. 31	[4]Cash & Equiv.	Premiums Due	Investment Assets [7]Bonds	Investment Assets Stocks	Investment Assets Loans	Investment Assets Total	Invest. Yield	[5]Deferred Policy Costs	Total Assets	[6]Debt	Common Equity
1988	4,204	6,219	15,900	1,627	1,230	21,284	7.8	2,027	37,409	3,952	7,002
1987	3,167	5,387	12,692	1,281	895	15,245	8.7	1,730	27,908	1,384	5,760
1986	1,890	4,402	9,490	978	761	11,552	9.5	1,299	21,023	919	4,868
1985	1,721	3,318	6,528	842	658	7,943	10.1	977	15,570	730	3,704
1984	934	2,335	4,937	449	576	6,081	10.0	692	11,625	471	2,818
1983	933	1,932	4,567	535	484	5,712	10.0	595	10,556	457	2,655
1982	767	1,526	4,050	509	476	5,140	9.9	522	9,120	191	2,309
1981	635	1,240	3,670	482	437	4,653	9.0	445	7,957	209	1,959
1980	572	1,125	2,808	867	381	4,055	8.3	395	6,900	198	1,592
1979	502	830	2,555	630	241	4,404	6.1	354	5,727	183	1,246

Data as orig. reptd. 1. Domestic casualty & prop. opers. 2. As reptd. by Co. 3. Common. 4. Incl. short term invest. 5. Incl. other prepaid expenses prior to 1980. 6. Incl. short term. 7. Fixed maturities.

Business Summary

American International Group is a holding company whose subsidiaries engage in property, casualty, marine and life insurance underwriting throughout the U.S. and in some 130 foreign countries. AIG also provides a variety of financial services.

Pretax oper. inc.	1988	1987	1986
General insurance	66%	64%	58%
Life insurance	25%	28%	34%
Agency oper.	3%	4%	6%
Fin. services	6%	4%	2%

Operations outside North America accounted for 37% of revenues and 44% of operating income in 1988.

General insurance written premiums totaled $8.5 billion in 1988 and were derived: commercial casualty 53%, commercial property 8%, foreign 21%, reinsurance, pools and associations 13%, personal lines 4% and mortgage guaranty 1%.

AIG's general insurance operations are multiline property-casualty companies. The Domestic General-Brokerage division deals principally with insurance brokers representing major industrial and commercial clients. The Agency division provides coverage to small and medium-size businesses and writes selected personal lines. Financial service operations include interest rate and currency swaps, cash management, premium financing, and private banking.

Life insurance subsidiaries offer a wide range of individual and group life, annuity and accident and health policies. Operations outside the U.S. accounted for about 78% of life premiums and 93% of the segment's operating income.

Dividend Data

Cash has been paid each year since 1969.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Mar. 15	May 26	Jun. 2	Jun. 16'89
0.12	May 17	Sep. 1	Sep. 8	Sep. 22'89
0.12	Sep. 20	Dec. 4	Dec. 8	Dec. 22'89
0.12	Nov. 15	Mar. 5	Mar. 9	Mar. 23'90

Next dividend meeting: mid-Mar. '90.

Capitalization

Total Debt: $5,246,917,000.

Cum. Preferred Stock: $150,000,000 (liquid. val.).

Common Stock: 163,614,379 shs. ($2.50 par).
About 24% closely held.
Institutions hold some 49%.
Shareholders of record: 11,100.

Office—70 Pine St., NYC 10270. **Tel**—(212) 770-7000 **Chrmn, Pres & CEO**—M. R. Greenberg. **Secy**—K. E. Shannon **Treas**—F. P. Filippa **Investor Contact**—L. Walters **Dirs**—M. B. Aidinoff, M. N. Chetkovich, M. E. Fajen, M. Feldstein, H. Freeman, P. Gousseland, M. R. Greenberg, F. J. Hoenemeyer, J. I. Howell, E. E. Matthews, D. P. Phypers, J. J. Roberts, W. F. Smith, E. E. Stempel, T. R. Tizzio. **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in Delaware in 1967. **Empl**—32,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Amer. Medical International

NYSE Symbol AMI Options on Pacific (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
23⅝	26¾-15⅝	30	¹---	¹---	B+	1.30

Summary

On October 26, 1989 IMA Holdings purchased 63 million AMI common shares (about 86% of the total outstanding on a fully diluted basis) through a revised tender offer at $26.50 in cash. IMA Holdings is a company formed by Harry Gray, Mel Klein & Partners L.P. and First Boston Investments, Inc. Under terms of the merger agreement, the remaining AMI common shares will be converted into common shares of IMA Holdings, representing about 20% of all IMA shares to be outstanding after the merger.

Current Outlook

Share earnings (for AMI as a separate entity) for the fiscal year ending August 31, 1990 could recover from the depressed $0.85 a share estimated for fiscal 1989.

AMI is precluded from paying common stock dividends under its acquisition agreement with IMA Holdings.

Net operating revenues for fiscal 1990 are projected at about $2.8 billion, up from the $2.6 billion estimated for fiscal 1989, aided by improvement in hospital utilization trends and rate increases. Profit comparisons should benefit from the better volume and the absence of the heavy nonrecurring costs sustained during fiscal 1989.

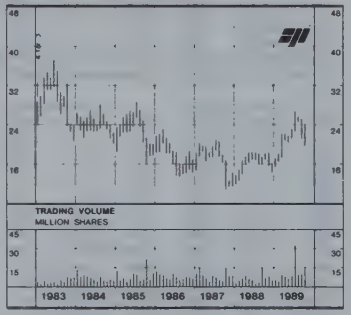
Net Oper. Revenues² (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	647	742	708	805
Feb.	678	766	708	862
May	720	812	734	908
Aug.	---	791	732	893
	---	3,111	2,882	3,468

Revenues for the nine months ended May 31, 1989 declined 12%, year to year, reflecting the September, 1988 sale of 36 hospitals. Profits were hurt by rising costs, asset writedowns and the absence of a large nonrecurring gain taken in fiscal 1988. Net income fell 51%, to $0.56 a share from $0.98 (before a net special gain of $0.19).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	0.01	0.27	0.33	0.33
Feb.	0.26	0.30	0.32	d0.95
May	0.30	0.41	0.36	0.25
Aug.	E0.28	0.23	0.25	d0.75
	E0.85	1.21	1.26	d1.12



Cash Tender Offer

Oct. 26 '89— IMA Holdings purchased 63 million common shares of AMI (about 86% of AMI's shares outstanding on a fully diluted basis) through a cash tender at $26.50 a share. IMA Holdings is a company formed by Harry Gray, Mel Klein & Partners, L.P. (an LBO fund in which the Pritzker family of Chicago are major investors) and First Boston Investments, Inc. IMA had first proposed to purchase 68.8 million AMI shares at $28 a share, but subsequently lowered its bid in early October. Under the revised terms, IMA plans to effect a merger with AMI in which the remaining common shares of AMI will be converted into common stock of IMA Holdings, representing 20% of IMA's common stock to be outstanding immediately after the merger. The financing for the revised transaction includes $285 million in equity. Debt financing for the transaction has been arranged with Chemical Bank, six other banks and First Boston Securities Corp.

Per Share Data ($)

Yr. End Aug. 31	1988	1987	1986	1985	³1984	1983	1982	³1981	³1980	³1979
Tangible Bk. Val.	**8.66**	8.40	7.34	9.86	8.63	9.65	8.31	7.18	5.27	4.56
Earnings⁴	**1.21**	1.26	d1.12	1.94	1.64	2.05	1.69	1.20	1.06	0.86
Dividends	**0.72**	0.72	0.72	0.66	0.54	0.45¾	0.39	0.32	0.26⅝	0.18¾
Payout Ratio	**57%**	57%	NM	35%	32%	21%	22%	27%	23%	21%
Prices—High⁵	**18⅜**	20⅞	23⅛	28⅝	28⅛	37¼	29⅞	24½	22⅛	11¼
Low⁵	**11¾**	10⅝	13⅜	16	20⅛	20⅝	13¾	16¼	9⅜	6½
P/E Ratio—	**15-10**	17-8	NM	15-8	17-12	18-10	18-8	20-14	19-9	13-7

Data as orig reptd. Adj. for stk. div(s). of 33⅓% Feb. 1983, 50% Nov. 1981, 50% Nov. 1980, 25% Nov. 1979. 1. See Cash Tender Offer 2. Gross oper. revs. prior to 1986-7. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of +0.20 in 1988, -0.06 in 1987. 5. Cal. yr. d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Aug. 31	Net Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
²1988	3,112	542	17.4	234	209	209	154	36.0%	99	3.2
1987	2,704	579	21.4	236	195	238	180	38.3%	111	4.1
1986	2,488	370	14.9	723	168	229	d193	NM	d97	NM
1985	2,256	549	24.3	435	140	166	280	41.5%	164	7.3
³1984	1,964	492	25.1	344	116	118	253	45.8%	137	7.0
1983	1,340	297	22.2	338	61	69	182	44.3%	102	7.6
1982	1,155	224	19.4	245	46	57	143	44.9%	²79	6.8
³1981	914	173	18.9	280	35	53	97	47.5%	51	5.6
³1980	537	101	18.9	88	23	23	64	49.0%	32	6.0
³1979	449	78	17.5	67	18	16	50	49.5%	25	5.6

Balance Sheet Data (Million $)

Aug. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**28**	**832**	**610**	**1.4**	**3,532**	**2.9%**	**1,563**	**889**	**2,715**	**57.6**	**11.3%**
1987	72	548	415	1.3	3,712	2.9%	1,822	959	3,128	58.2	12.0%
1986	42	605	541	1.1	3,901	NM	2,071	887	3,260	63.5	NM
1985	100	704	436	1.6	3,433	5.3%	1,593	1,011	2,919	54.6	17.7%
1984	53	584	348	1.7	2,626	5.1%	1,167	796	2,215	52.7	16.7%
1983	17	309	201	1.5	1,571	7.1%	676	484	1,313	51.5	22.7%
1982	14	249	168	1.5	1,220	7.1%	505	387	999	50.6	21.8%
1981	42	216	140	1.5	984	5.8%	380	327	776	49.0	17.5%
1980	40	131	78	1.7	545	6.5%	233	179	444	52.6	19.6%
1979	26	99	60	1.7	430	6.3%	184	144	351	52.3	18.5%

Data as orig reptd. 1. Bef. spec. item(s) in 1988, 1987. 2. Refl. acctg. change. 3. Refl. merger or acq. d-Deficit NM-Not Meaningful.

Business Summary

American Medical International presently owns and operates a chain of 78 acute care and psychiatric hospitals in some 15 states and several foreign countries. The company also provides contract management services for others on a fee basis. In September, 1988 the company sold 36 acute care hospitals to Epic Healthcare Group, Inc., a newly formed employee stock ownership plan (ESOP).

As of May 31, 1989 AMI owned and operated 49 acute care hospitals with 11,393 beds in the U.S., located in California (11), Texas (9), Florida (9), and 11 other states (mostly in the Sunbelt). Admissions and patient days at these hospitals in fiscal 1988 were estimated at about 300,000 and 1.8 million, respectively. Domestic hospitals have an average bed size of 232. Medicare payers accounted for an indicated 35% of admissions in fiscal 1988, Medicaid 6%, HMOs and PPOs 19%, and private payers 40%. In the U.S., AMI also owns and operates six psychiatric hospitals in four states with a total of 767 beds.

Overseas, AMI owns and operates 20 acute care facilities with a total of 2,255 beds. These include 13 acute care hospitals in the U.K. operated by AMI Healthcare (65% owned), and other acute care hospitals in Switzerland, Greece, Spain, and Singapore. AMI Healthcare also operates three psychiatric units. The company also provides contract management services for hospitals in the U.S., Canada and Spain.

Dividend Data

Dividends have been paid since 1965. The acquisition agreement with IMA Holdings precludes the payment of common dividends. The most recent payment was $0.18 on May 3, 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Aug. 25	Oct. 6	Oct 13	Nov. 2'88
0.18	Dec. 16	Jan. 9	Jan. 13	Feb. 1'89
0.18	Mar. 23	Apr. 11	Apr. 17	May 3'89

Capitalization

Long Term Debt: $1,422,066,000, incl. $111 million of convertible debt.

Minority Interest: $74,740,000.

Common Stock: 69,044,643 shs. ($1 par). Shareholders of record: 23,051.

Office—414 N. Camden Drive, Beverly Hills, Calif. 90210. **Tel**—(213) 278-6200. **Chrmn & CEO**—R. A. Gilleland. **Pres**—G. E. Burleson. **Secy**—L. R. Kalin. **Treas**—C. R. Timpe. **Investor Contact**—Suzanne Hovdey. **Dirs**—U. J. Appel, G. E. Burleson, R. Diener, R. A. Gilleland, D. E. Gunn, J. B. Jacobson, M. H. Meyerson, T. P. Nickell, M. L. Pearce, H. Rosovsky, B. Schriever, R. C. Siciliano, L. W. Sullivan, S. J. Tamkin, T. B. Walker Jr., H. M. Williams. **Transfer Agents & Registrars**—Bank of America, San Francisco; Morgan Shareholder Services Trust Co., NYC. **Incorporated** in California in 1956, reincorporated in Delaware in 1976. **Empl**—50,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B. Saftlas

American Stores

NYSE Symbol ASC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
58¼	72½-53	25	1.00	1.7%	A-	1.27

Summary

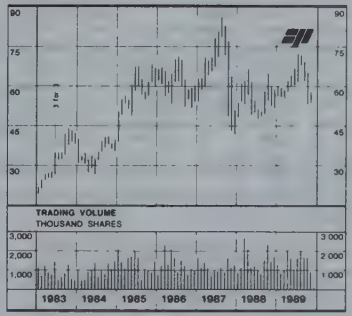
American Stores is one of the nation's leading retailers, operating combination drug/food stores, super drug centers, drug stores and food stores. The company operates some 1,900 food and drug stores in 40 states. The high interest expense associated with the $2.5 billion acquisition of Lucky Stores in June, 1988 and the inability to complete the integration of Lucky and Alpha Beta supermarkets due to ongoing litigation have restrained earnings in fiscal 1989-90, but improvement is expected in 1990-91.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $3.50 a share, versus an estimated $2.50 in fiscal 1989-90.

The $0.25 quarterly dividend is the minimum expected.

Sales for fiscal 1990-91 will increase moderately, reflecting greater volume slightly offset by the divestiture of stores in Northern California. Margins should widen substantially if the company is allowed to complete the integration of Lucky and Alpha Beta stores. Growth in operating profits should continue in the Osco Drug division. Interest expense should begin to decline. Share earnings will reflect the conversion of preferred shares into common.



Net Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	5.21	3.60	3.45	3.40
Jul.	5.38	4.55	3.54	3.50
Oct.	5.27	4.94	3.47	3.43
Jan.	---	5.39	3.81	3.69
	---	18.48	14.27	14.02

Sales for the nine months ended October 29, 1989 rose 24%, year to year, reflecting the Lucky acquisition; comparable store sales advanced 6.1%. Higher interest expense was partially offset by gains from the sale of certain assets and leasehold interests. Pretax income declined 9.8%. After taxes at 54.0%, versus 50.2%, net income was down 17%, to $1.84 a share from $2.02.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.57	0.69	0.92	0.83
Jul.	0.67	0.79	0.98	0.85
Oct.	0.60	0.54	0.98	0.54
Jan.	E0.66	0.52	1.31	1.57
	E2.50	2.54	4.19	3.79

Important Developments

Nov. '89— The California Attorney General modified a preliminary injunction blocking the merger of the company's Alpha Beta and Lucky supermarket chains in California. The modification allows the combination of 23 Alpha Beta units in Northern California with Lucky Stores operations under the condition that about 13 Alpha Beta supermarkets in the same trade area be sold. The preliminary injunction blocked plans to integrate Alpha Beta operations in California with Lucky Stores, pending decisions related to antitrust litigation brought against the company by the State of California. The U.S. Supreme Court has agreed to decide whether or not the State of California could require that the $2.5 billion June, 1988 acquisition of Lucky Stores be dismantled.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jan. 31	[1]1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	d32.33	29.38	26.96	24.44	19.74	15.26	12.15	9.80	8.28	7.31
Earnings	2.54	4.19	3.79	4.11	5.71	3.61	2.69	1.81	1.37	1.45
Dividends	0.88	0.84	0.84	0.69	0.64	0.44⅜	0.33⅜	0.26¾	0.26¾	0.26¾
Payout Ratio	35%	20%	22%	17%	12%	12%	12%	15%	19%	20%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High[2]	66½	86¼	71¼	68¼	41⅛	44	23⅜	9⅞	10¼	11½
Low[2]	47⅝	41½	51⅝	38¾	26½	19¼	8½	6⅞	6¾	7⅞
P/E Ratio—	26-19	21-10	19-14	17-9	7-5	12-5	9-3	5-4	7-5	8-5

Data as orig reptd (Data are for Skaggs Cos only prior to July 29, 1979 acquisition by Skaggs Cos of American Stores.) Adj for stk div(s) of 200% Aug 1983 **1.** Reflects merger or acquisition **2.** Cal. yrs d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	18,478	697	3.8	501	253	290	207	52.6%	98	0.5
1988	14,272	585	4.1	269	198	112	291	47.0%	154	1.1
1987	14,022	609	4.3	195	194	117	306	52.8%	145	1.0
1986	13,890	606	4.4	203	184	132	309	50.1%	154	1.1
[1]1985	12,119	502	4.1	308	153	120	347	44.6%	186	1.5
1984	7,984	322	4.0	140	87	39	216	45.4%	118	1.5
1983	7,508	269	3.6	114	83	40	167	45.8%	90	1.2
1982	7,097	222	3.1	119	81	45	119	45.7%	65	0.9
1981	6,420	201	3.1	154	75	[2]51	92	44.0%	52	0.8
[1]1980	3,786	138	3.6	491	40	35	74	39.9%	44	1.2

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	9	2,153	2,188	1.0	7,010	1.8%	3,289	922	4,519	72.8	8.5%
1988	31	1,664	1,333	1.2	3,650	4.3%	1,024	886	2,198	46.6	15.2%
1987	56	1,638	1,313	1.2	3,590	4.1%	1,023	838	2,177	47.0	14.9%
1986	30	1,482	1,242	1.2	3,463	4.4%	1,082	768	2,142	50.5	18.0%
1985	76	1,482	1,270	1.2	3,536	7.0%	1,200	677	2,175	55.2	29.6%
1984	135	902	617	1.5	1,627	7.7%	387	452	958	38.3	26.3%
1983	83	767	547	1.4	1,444	6.5%	352	357	852	41.3	24.5%
1982	53	682	519	1.3	1,356	4.9%	380	290	802	47.4	20.0%
1981	30	634	501	1.3	1,293	4.1%	392	244	757	51.8	17.6%
1980	53	612	451	1.4	1,202	5.6%	400	214	732	54.6	20.1%

Data as orig. reptd (Data are for Skaggs Cos. prior to July, 1979 acquisition by Skaggs Cos. of American Stores Co.) **1.** Reflects merger or acquisition **2.** Reflects accounting change

Business Summary

American Stores is one of the nation's largest retailers. As of January 28, 1989 the company was operating 1,917 retail units in 39 states (versus 1,460 units a year earlier), consisting of combination drug/food stores, super drug centers, drug stores and food stores. Most of the additional stores in fiscal 1988-9 came with the acquisition of Lucky Stores Inc. in June, 1988.

The company conducts all of its activities through its wholly owned subsidiaries: American Superstores, Inc., comprised of Acme Markets, Inc., Jewel Food Stores, Star Market and Jewel Osco; American Food and Drug, Inc., comprised of Skaggs Alpha Beta and Buttrey Food-Drug; American Drug Stores, Inc., a nationwide chain under the Osco Drug and Sav-on names; Lucky Stores, Inc. and Alpha Beta Co.

Capital expenditures for fiscal 1988-9 amounted to $500.5 million (including Lucky Stores since June 2, 1988). The company plans to spend about $2.5 billion on capital improvements over the next five years. By the end of 1988, Acme completed 119 major remodels, and ended the year with a total of 292 stores. In addition, beginning in 1988 Skaggs Alpha Beta embarked on a program to remodel 45 of its stores over three years and remerchandise its remaining 40 stores. Future plans for Osco and Sav-on include continued active expansion of the company into existing and new markets along with the remodeling of existing stores.

Dividend Data

Dividends have been paid since 1965.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Dec 6	Dec 13	Dec 19	Jan 3'89
0.25	Mar. 7	Mar. 17	Mar. 24	Apr. 7'89
0.25	Jun. 12	Jun. 26	Jun. 30	Jul. 14'89
0.25	Sep. 12	Sep. 25	Sep. 29	Oct. 13'89

Next dividend meeting: Dec. 5'89.

Capitalization

Long Term Debt: $3,332,159,000, incl. $162.6 million of capital leases obligations.

Common Stock: 34,558,898 shs. ($1 par)

L.S. Skaggs owns 11.5%.

Institutions hold some 75%.

Shareholders of record: 23,510.

Office—5201 Amelia Earhart Drive, Salt Lake City, Utah 84127-0447 **Tel**—(801) 539-0112. **Chrmn**—L S Skaggs **CEO**—J L Scott **Pres & COO**—A D Stewart **CFO**—V L Lund **Dirs**—L H Catlister, D K Eck, A B Engebretsen, J B Fisher, L G Harmon, J H Henson, V L Lund, J E Masline, L T Perry, B S Preiskel, J L Scott, R A Scott, A W Skaggs, L S Skaggs, E P Staten, A D Stewart, I J Wagner **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Utah in 1947, reincorporated in Delaware in 1965 **Empl**—165,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

AT&T

NYSE Symbol T Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
44¼	45⅝-28⅛	NM	1.20	2.7%	A-	0.77

Summary

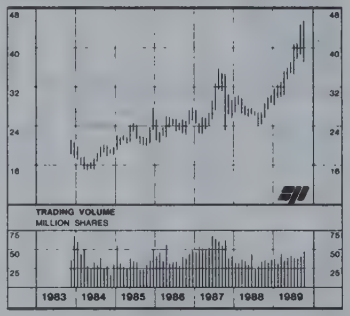
AT&T's operations consist primarily of the provision of long distance communications services and the manufacture, sale and service of telecommunications equipment. The company took a $6.7 billion charge in the 1988 fourth quarter as part of a plan to accelerate the modernization of its network, resulting in a net loss for the year. Earnings have rebounded sharply during the first nine months of 1989.

Current Outlook

Earnings for 1990 are projected at $2.95 a share, compared with the $2.50 a share estimated for 1989.

The $0.30 quarterly dividend could be raised by mid-1990.

Revenues for 1990 are expected to moderately increase, primarily reflecting growth in calling volume, offset partly by lower rates; sales of products should be higher; rental revenues should continue to decrease. Margins should widen, aided by improved efficiencies in the company's long-distance communications operations, and as a result of improved contributions from product sales.



Net Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	8.66	8.39	8.12	8.71
Jun.	9.26	8.80	8.40	8.42
Sep.	8.90	8.81	8.47	8.43
Dec.	---	9.21	8.60	8.53
	---	35.21	33.60	34.09

Revenues for the nine months ended September 30, 1989 increased 3.1%, year to year. Margins widened, and operating income advanced 21%. Following a 24% increase in interest expense, pretax income rose 19%. After taxes, net income was also up 19%. Share earnings were $1.85, compared with $1.56.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.55	0.46	0.40	0.47
Jun.	0.65	0.55	0.55	0.37
Sep.	0.65	0.55	0.47	0.48
Dec.	E0.65	d3.11	0.46	d1.11
	E2.50	d1.55	1.88	0.21

Important Developments

Oct. '89— AT&T said that it amended its management pension plan to make more managers eligible for pension payments and make those payments more generous. Managers with at least five years of service would have five years added to their age and length of service for pension purposes. The number of employees eligible to retire with immediate pension benefits would nearly double to 34,000. The retirement option was expected to increase 1989 fourth quarter expenses, but those costs would be offset by other items, including an expected gain on the sale of holdings in Olivetti & C., S.p.A. for shares in Compagnie Industriali Riunite S.p.A. Earlier, AT&T offered to acquire the stock of ISTEL, a British information technology services company, for 180 million pounds sterling, or about $280 million. ISTEL had pretax income of $14 million in 1988 on $145 million in revenues.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	10.65	13.43	12.64	13.68	13.24	NA
Earnings[1]	d1.55	1.88	0.21	1.37	1.25	NA
Dividends	1.20	1.20	1.20	1.20	1.20	NA
Payout Ratio	NM	64%	571%	88%	96%	NA
Prices—High	30⅜	35⅞	27⅞	25⅜	20¼	21¼
Low	24⅛	22¼	20½	19	14⅞	17⅜
P/E Ratio—	NM	19-12	NM	19-14	16-12	NA

Data as orig reptd, reflects Jan 1, 1984 divestiture of operating companies **1.** Bef spec item(s) of -0.16 in 1986 NM-Not Meaningful E-Estimated d-Deficit NA Not Available

November 8, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

182A

American Telephone And Telegraph Company

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	35,210	3,690	NA	103.8%	NM	NA	NM	d1,669	NM	NM	NM
1987	33,598	3,724	NA	93.0%	5.80	NA	35.6%	2,044	6.1	10.1	14.4
1986	34,087	3,925	NA	98.5%	1.05	NA	NM	314	0.9	3.4	0.3
1985	34,910	3,232	NA	94.3%	4.04	NA	38.9%	1,557	4.5	8.0	10.1
1984	33,188	2,778	NA	94.8%	2.88	NA	29.8%	1,370	4.1	8.4	9.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	40,900	4,172	15,280	NM	22,129	8,128	41.5	NM	Nil	11,465	58.5
1987	39,546	3,588	20,681	11.2	26,555	7,243	33.3	82	0.4	14,455	66.3
1986	39,888	3,598	21,078	2.4	26,259	7,309	33.6	912	4.2	13,550	62.2
1985	38,662	4,580	22,113	9.3	28,275	7,698	32.4	1,457	6.1	14,633	61.5
1984	38,508	3,611	21,015	8.3	27,700	8,718	36.4	1,494	6.2	13,763	57.4
[5]1983	38,592	NA	20,289	NA	25,681	9,137	39.7	1,523	6.6	12,367	53.7

Data as orig reptd, reflects Jan 1, 1984 divestiture of operating companies **1.** Times int exp. and pfd. divs covered (pretax basis). **2.** Bef spec. item(s) in 1986 **3.** Based on income bef interest charges **4.** As reptd by co. **5.** As of Jan. 1, 1984. NA-Not Available NM-Not Meaningful d-Deficit

Business Summary

AT&T provides interexchange and international telecommunications services and makes, sells, rents, and services telecommunications equipment and general purpose computers. Revenues in recent years were derived:

	1988	1987	1986
Sales of services	59%	59%	56%
Sales of products	32%	30%	30%
Rental revenues	9%	11%	14%

Through its End-User Organization, AT&T provides long-distance communications services throughout the U.S. International communications services are provided to more than 200 nations and territories via undersea cable and satellite transmission facilities. AT&T also makes information movement and management products and systems for business and consumers, including a range of customer premises equipment, data communications and computer products and the networking arrangements to link them.

The End-User Organization is divided into functional groups including: the Business Markets Group, which addresses the network needs of large businesses; the Data Systems Group, which develops data communications and computer products for sale through its own sales force and authorized dealers; and the General Markets Group, which handles two end-user markets-consumers and small businesses.

AT&T Network Systems manufactures switching equipment, transmission systems, cable and wire products, and operations systems for AT&T, local exchange carriers and others. AT&T Microelectronics manufactures integrated circuits and other electronic components.

AT&T Federal Systems manufactures special design products and systems for sale to the Federal Government. AT&T International markets the company's products in foreign markets. The company participates in a number of international marketing and manufacturing joint ventures. Bell Laboratories designs and develops new products and carries out fundamental research.

Dividend Data

Dividends have been paid since 1881. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 21	Dec. 23	Dec. 30	Feb. '89
0.30	Mar. 22	Mar. 27	Mar. 31	May '89
0.30	Jun. 21	Jun. 26	Jun. 30	Aug. '89
0.30	Sep. 25	Sep. 28	Oct. 4	Nov. '89

Next dividend meeting: late Dec.'89.

Finances

In 1982 the company entered into a consent decree settling a Federal antitrust case. Consequently, AT&T transferred its 22 Bell operating companies to seven regional holding companies, which it spun off on January 1, 1984.

Capitalization

Long Term Debt: $8,340,000,000.

Common Stock: 1,075,883,000 shs. ($1 par).
Institutions hold about 26%.
Shareholders of record: 2,638,964.

Office—550 Madison Ave., NYC 10022 **Tel**—(212) 605-5500 **Chrmn & CEO**—R E. Allen **VP-Secy**—R. E. Scannell **VP-Treas**—S. L. Prendergast **Investor Contact**—R. B. Barr. **Dirs**—R. E. Allen, M. K. Eickhoff, W. Y. Elisha, J. H. Evans, P. E. Haas, P. M. Hawley, E. G. Jefferson, B. K. Johnson, J. M. Kreps, D. Lewis, D. F. McHenry, D. S. Perkins, H. B. Schacht, M. I. Sovern, M. Tanenbaum, R. L. Tobias, R. Warner, Jr., J. D. Williams, T. H. Wyman **Transfer Offices**—American Transtech, Jacksonville, Fla and NYC **Incorporated** in New York in 1885 **Empl**—304,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Ameritech

NYSE Symbol AIT Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
62¾	65-46⅞	14	2.92	4.7%	A-	0.64

Summary

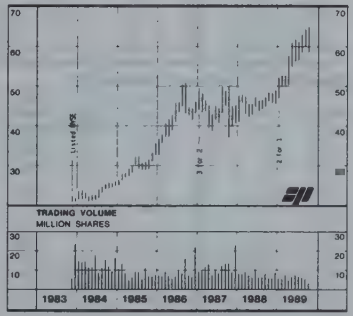
Ameritech (American Information Technologies), which was spun off from AT&T in 1984, is the fifth largest telephone holding company in the U.S., based on 1988 revenues. AIT provides service in parts of five upper-Midwestern states. Over the longer term, earnings are expected to benefit from new service offerings and investments in nonregulated businesses.

Current Outlook

Earnings for 1990 are projected to approximate $4.80 a share, compared with the $4.55 estimated for 1989.

The $0.73 quarterly dividend is likely to be raised with the December, 1989 declaration.

In 1990, revenues from telephone operations are likely to increase modestly, as continued moderate growth in customer lines and increased demand for network services is partly offset by rate cuts. Revenues from cellular and other unregulated units are likely to continue to advance at a strong pace. Margins may widen slightly as the positive effects of increased efficiences and improved profitability from unregulated operations are partly offset by the effects of rate cuts.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.50	2.42	2.30	2.29
Jun.	2.55	2.48	2.37	2.35
Sep.	2.55	2.51	2.42	2.35
Dec.	---	2.50	2.45	2.38
	---	9.90	9.54	9.36

Revenues for the nine months ended September 30, 1989 increased 2.8%, year to year. Margins narrowed and operating income was up 0.4%. Other income was sharply lower, and after a 4.7% rise in interest expense, pretax income decreased 4.0%. Following taxes, net income fell 2.3%, to $3.37 a share from $3.40 (adjusted for a 2-for-1 stock split in January, 1989).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.12	1.08	1.02	0.98
Jun.	1.19	1.29	0.98	0.98
Sep.	1.06	1.03	1.08	1.01
Dec.	E1.18	1.15	1.16	0.97
	E4.55	4.55	4.24	3.94

Important Developments

Oct. '89— AIT said the 1.9% rise in 1989 third quarter revenues reflected increased calling volumes and growth from unregulated businesses, partly offset by rate refunds and reductions. The decrease in earnings for the first nine months of 1989 reflected a 1988 second quarter gain of $42.1 million from the sale of AIT's interest in Cantel, a Canadian cellular company, and the 1988 third quarter sale of Applied Data Research. Excluding those results, net income for the nine months rose 1.4%, while share earnings were up 2.7%.

Jul. '89— AIT announced a corporate realignment effective July 15, pursuant to which the Bell Group was integrated with Mobile Communications and Ameritech publishing as a strategic business unit. The changes were intended to speed up the decision making process and increase efficiencies.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	28.87	27.46	26.66	25.51	23.90	NA
Earnings	4.55	4.24	3.94	3.68	3.39	NA
Dividends	2.75½	2.55	2.39½	2.20	2.00	NA
Payout Ratio	61%	60%	61%	60%	59%	NA
Prices—High	49	50	50¾	35½	26	22¼
Low	41	37	32¾	24⅞	20¾	20¾
P/E Ratio—	11-9	12-9	13-8	10-7	8-6	NA

Data as orig reptd. Adj for stk div(s). of 100% Jan 1989, 50% Jan. 1987. Reflects spin-off from American Telephone & Telegraph Co. E-Estimated NA-Not Available

October 26, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Depr.	Maint.	Oper. Ratio	¹Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Invest. Capital	% Return On ²Com. Equity
1988	9,903	1,757	NA	84.3%	5.74	NA	32.0%	1,237	12.5	10.2	15.8
1987	9,536	1,793	1,636	83.8%	6.17	NA	37.8%	1,188	12.5	9.9	15.5
1986	9,362	1,665	1,656	84.0%	6.30	NA	45.0%	1,138	12.2	9.8	14.9
1985	9,021	1,603	1,647	83.7%	5.50	NA	43.2%	1,078	11.9	9.8	14.7
1984	8,347	1,347	1,588	83.6%	5.07	NA	44.2%	991	11.9	9.6	14.3

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	24,224	1,895	16,078	9.7	16,058	4,487	36.4	Nil	Nil	7,844	63.6
1987	24,034	1,956	15,933	9.7	15,741	4,389	36.6	Nil	Nil	7,610	63.4
1986	22,845	2,076	15,789	9.6	15,832	4,497	37.1	Nil	Nil	7,609	62.9
1985	21,452	1,991	15,362	9.7	15,475	4,518	37.8	Nil	Nil	7,450	62.2
1984	20,153	1,747	15,024	9.2	15,187	4,799	40.4	Nil	Nil	7,088	59.6
³1983	19,012	NA	14,687	NA	14,579	4,942	42.9	Nil	Nil	6,586	57.1

Data as reptd. Reflects spin-off from American Telephone and Telegraph Co. **1.** Times int. exp (pretax basis). **2.** As reptd by co **3.** As of Jan 1, 1984 NA-Not Available

Business Summary

American Information Technologies Corp. (known as Ameritech) is the fifth largest telephone holding company in the U.S., based on 1988 revenues. The company's telephone subsidiaries, Illinois Bell, Indiana Bell, Ohio Bell, Michigan Bell, and Wisconsin Bell, furnish telephone service within designated areas in their respective states, and provide customers access to long distance carriers. At September 30, 1989 the company served 15,775,000 customer access lines, up 2.6% from 15,373,000 a year earlier.

The company also provides advanced mobile communications services using cellular technology. Ameritech Mobile does business through wholly-owned subsidiaries which are either general or limited partners of partnerships holding FCC licenses.

As of September 30, 1989 the unit had more than 209,000 cellular lines in service, up 62% from a year earlier, in 22 different markets. Ameritech Mobile's markets include Chicago, which became the first U.S. market for cellular service in October, 1983, Milwaukee, Detroit, Cincinnati, Dayton, and Columbus.

The company provides directory advertising and publishing through Ameritech Publishing, and provides customer premises telecommunications equipment and related products through Ameritech Communications and through subsidiaries of its five telephone operating companies. Ameritech Credit Corp. arranges financing for customers who lease telecommunications products and services from Ameritech companies.

Ameritech Development develops and invests in new products, services, technology and other opportunities on behalf of other Ameritech companies. Ameritech Services provides operational support to the telephone subsidiaries.

In October, 1988 AIT sold Applied Data Research, Inc., a subsidiary that made a comprehensive line of systems software products for IBM computers. AIT had acquired ADR in January, 1986.

The company jointly owns, with the six other Bell regional holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	Dec. 21	Jan. 24	Dec. 30	Jan. 23'89
0.73	Dec. 21	Dec. 23	Dec. 30	Feb. 1'89
0.73	Mar. 15	Mar. 27	Mar. 31	May 1'89
0.73	Jun. 21	Jun. 26	Jun. 30	Aug. 1'89
0.73	Sep. 20	Sep. 25	Sep. 29	Nov. 1'89

Next dividend meeting: late Dec. '89.

Finances

Over the three year period to December 31, 1991, AIT plans to invest approximately $6.2 billion for new plant construction, with about 40% of this amount directed to investment in digital and fiber-optic technology.

To comply with the 1982 consent decree with the DOJ, AT&T on January 1, 1984 spun off its 22 Bell operating companies in the form of seven regional holding companies, one of them being Ameritech.

Capitalization

Long Term Debt: $5,083,700,000.

Common Stock: 273,054,000 shs. ($1 par)
Institutions hold about 32%.
Shareholders of record: 1,164,109.

Office—30 South Wacker Drive, Chicago, Ill 60606 **Tel**—(312) 750-5000 **Chrmn & CEO**—W L Weiss **Vice Chrmn & CFO**—W H Springer **Secy**—B B. Howat **VP-Treas**—C G Koch **Dirs**—R L Barnett, J F Bere, W R Christopherson, D C Clark, E Mandell de Windt R C Ernest, R M Gillet, H. H. Gray, J. A. Henderson, H. C. Kuehl, F. P. Lloyd M. D., J D. Ong, W H Springer, O J Wade, W L Weiss **Transfer Agent**—American Transtech, Jacksonville, Fla. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1983 **Empl**—78,380.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed H Terrence Riley III CFA

Ames Department Stores

NYSE Symbol ADD Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
10⅜	20-10⅛	NM	0.10	0.9%	A+	1.17

Summary

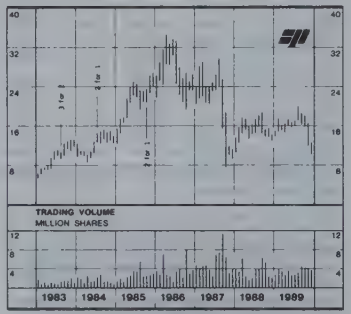
Ames is the fourth largest discount retailer in the U.S. with annual sales of more than $5 billion, following the October, 1988 acquisition of Zayre Corp.'s troubled discount department store division. ADD now operates nearly 700 discount department stores in 20 states and the District of Columbia. Poor sales, problems in the conversion of newly acquired Zayre stores and much higher interest expense resulted in a large loss for the first nine months of fiscal 1989-90; profitability should resume in the fourth quarter.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $1.60 a share, versus an estimated $0.35 in fiscal 1989-90.

The quarterly dividend should remain at $0.02½.

Revenue growth in fiscal 1990-91 should reflect the acquisition of Zayre discount department stores and modest gains from comparable store sales. Margins should recover in the absence of the costs of integrating Zayre stores and an improved in-stock position. Interest expense will begin to decline.



Total Sales[1] (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	1,108	494	448	376
Jul.	1,219	551	494	445
Oct.	1,197	547	513	472
Jan.	---	1,771	657	595
	---	3,363	2,112	1,888

Sales for the nine months ended October 28, 1989 rose more than 2.2-fold, reflecting the acquisition of Zayre discount department stores. Margins narrowed, and following much higher interest expense, the pretax loss was $37.9 million, in contrast to income of $40.0 million. After tax credits of $15.3 million, versus taxes of $15.6 million, the net loss was $22.6 million, ($0.86 a share, before an extraordinary loss of $0.13), versus net income of $24.4 million ($0.65).

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	d0.41	0.16	0.19	0.16
Jul.	d0.31	0.21	0.05	0.17
Oct.	d0.14	0.28	0.20	0.30
Jan.	E1.21	0.50	0.45	0.11
	E0.35	[2]1.20	0.88	0.73

Important Developments

Nov. '89— ADD said that results in the third quarter of fiscal 1989-90 were below expectations, partially due to unseasonably warm weather and a softening economy. In addition, in-store conversion and related restocking of inventory disrupted operations in the Zayre stores. Although November sales in the Zayre stores were below last year by about 15%, ADD expected an increase in earnings in the fourth quarter and a profit for the full year. In October the company sold $155 million of 7½% convertible subordinated debentures; proceeds of about $151 million were used to repay a portion of outstanding debt.In September Ames sold its G.C. Murphy Co. variety store operations for $77.6 million; proceeds of about $55 million were used to reduce debt.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	[3]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	12.43	11.34	10.51	9.87	4.69	3.80	3.08	2.51	2.10	1.77
Earnings[4]	1.20	0.88	0.73	1.19	1.00	0.77	0.50	0.48	0.39	0.36
Dividends	0.10	0.10	0.10	0.10	0.09½	0.07½	0.06¾	0.06¾	0.05	0.04⅜
Payout Ratio	9%	11%	14%	9%	9%	10%	14%	14%	12%	12%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	18¾	29¾	34⅝	26⅞	15⅜	13¼	6¼	3⅞	2⅜	1¾
Low	10½	7½	19¼	12¼	8½	5⅜	3½	2⅛	1½	1¼
P/E Ratio—	16-9	34-9	47-26	23-10	15-9	17-7	12-7	8-4	6-4	5-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1985, 100% Aug. 1984, 50% Sep. 1983, 50% Sep. 1981. 1. Incl. leased depts. 2. Does not add due to change in no. of shs. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of +0.03 in 1988. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	3,271	130.1	4.0	428	54.3	41.8	77.4	39.0%	47.2	1.4
1988	2,027	79.7	3.9	72	35.2	16.7	57.6	42.8%	33.0	1.6
1987	1,810	76.4	4.2	51	30.2	18.2	54.3	50.0%	27.1	1.5
[2]1986	1,449	91.5	6.3	144	22.3	18.6	72.4	44.2%	40.4	2.8
1985	783	56.9	7.3	51	12.0	8.8	50.0	43.0%	28.5	3.6
1984	617	34.4	5.6	28	7.1	5.0	33.7	41.0%	19.9	3.2
1983	402	18.6	4.6	17	4.7	3.3	20.4	39.1%	12.4	3.1
1982	353	17.4	4.9	9	3.9	3.8	17.0	41.7%	9.9	2.8
1981	307	13.9	4.5	7	3.4	4.0	15.3	43.5%	8.7	2.8
1980	292	13.4	4.6	6	2.9	3.6	13.9	40.7%	8.2	2.8

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	184.0	1,235	693	1.8	2,130	3.2%	753	466	1,383	54.5	9.9%
1988	23.3	539	262	2.1	847	4.1%	123	425	573	21.5	8.1%
1987	33.1	472	190	2.5	748	3.8%	138	394	550	25.1	7.1%
1986	58.1	416	152	2.7	683	7.1%	143	368	522	27.5	14.5%
1985	48.5	202	66	3.0	322	10.6%	92	125	247	37.1	23.7%
1984	16.6	139	50	2.8	213	10.6%	44	99	142	30.6	22.2%
1983	22.5	110	30	3.7	160	7.7%	38	79	118	32.6	17.2%
1982	8.3	92	30	3.1	131	7.9%	37	52	89	41.5	20.7%
1981	20.5	86	29	3.0	121	7.5%	38	44	82	46.5	21.3%
1980	19.3	87	29	3.0	119	7.2%	38	40	81	47.0	21.9%

Data as orig. reptd. 1. Bef. spec. item(s) in 1988. 2. Reflects merger or acquisition.

Business Summary

Ames, through the October, 1988 acquisition of Zayre Corp.'s 392 discount store division, became the fourth largest discount retailer in the U.S. The company acquired Zayre Corp.'s discount department stores for about $778 million, consisting of cash, $200 million subordinated notes, and 6% preferred stock (convertible into 8 million shares of ADD common at $25 a share). As of January 28, 1989 the company operated 678 discount department stores and 172 variety and other stores in 20 states and the District of Columbia.

The Ames discount stores are generally located in rural communities which are not served by large retail stores. Some of the Ames stores, however, are located in high traffic suburban sites and in smaller cities. The Zayre discount department stores, which span the eastern half of the U.S., are clustered primarily in key metropolitan areas and suburban strip shopping centers. Zayre stores serve middle and lower income customers and have a strong franchise in certain inner city locations.

Of the 392 Zayre store acquired, 257 stores will be converted to Ames, 58 urban locations will retain the Zayre name and 77 stores were closed. Other divisions include: Crafts & More, stores specializing in home craft and hobby supplies; and Mathews & Boucher, a wholesale sporting goods business. The company sold its G.C.Murphy variety store operations in September, 1989.

Dividend Data

Dividends have been paid since 1970. A "poison pill" stock purchase right was adopted in 1986. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02½	Dec. 2	Feb. 15	Feb. 22	Mar. 22'89
0.02½	Mar. 23	May 15	May 19	Jun. 15'89
0.02½	Jun. 19	Aug. 7	Aug. 11	Sep. 15'89
0.02½	Sep. 8	Nov. 6	Nov. 11	Jan. 5'90

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $725,841,000, inc. $152.9 million of capitalized leases.

6% Series A Cum. Conv. Preferred Stock: 400,000 shs. ($500 stated value); conv. into 8 million com. shs. at $25 a sh. (Held by The TJX Companies).

Common Stock: 37,542,513 shs. ($0.50 par).
Institutions hold about 68%.
Shareholders of record: 6,082.

Office—2418 Main St., Rocky Hill, Conn. 06067 **Tel**—(203) 563-8234 **Chrmn**—J. A. Harmon **Pres & CEO**—P. Hollis **VP-Secy**—E. M. Spector **VP-CFO**—D. Wolter. **Investor Contact**—D.Ewing **Dirs**—N. B. Asher, J. A. Harmon, P. Hollis, R. M. Kanter, M. D. Leavitt, A. F. Loewy, N. Ricken, M. M. Rosenblatt, M. Segall, E. M. Spector **Transfer Agent & Registrar**—American Stock Transfer & Trust Co., NYC. **Incorporated** in Delaware in 1962 **Empl**—61,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

AMETEK, Inc.

NYSE Symbol AME

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
14⅞	15⅞-12¼	18	0.64	4.3%	A-	0.97

Summary

This diversified industrial company manufactures both capital goods and components used in consumer products. In December, 1988 AME completed the spin-off of several divisions as a newly-formed corporation, Ketema, Inc., the stock of which was distributed to AME shareholders. In August, 1989 AME acquired General Electric's Instrument Products Operation for $110 million in cash. Earnings improved slightly in the first half of 1989.

Business Summary

AMETEK, Inc. is a diversified manufacturer of capital goods and components used in consumer products. The process equipment segment was spun off to shareholders in late 1988. Business segment contributions from continuing operations in 1988:

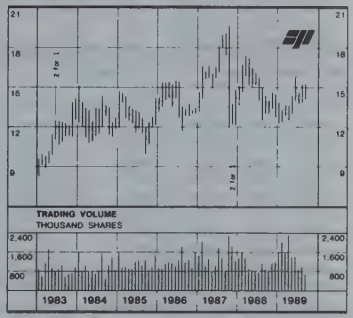
	Sales	Profits
Electro-mechanical	41%	42%
Precision instruments	29%	26%
Industrial materials	30%	32%

International sales accounted for 15% of total sales in 1988.

The Electro-mechanical segment includes the production of fractional horsepower electric and brushless D.C. motors (for floor care, computer and business machines), permanent magnetic motors for high-speed computer peripheral equipment, electronic power supplies, electric motors used primarily in home and commercial vacuum cleaners, and computer-driven graphics plotters and digitizers.

Precision instruments include temperature and pressure gauges, process control instruments and recording devices, automotive, aircraft and industrial instruments, testing equipment, calibration instruments, electronic tachometers, springs, semiconductor components, and combustion analyzing instruments, and instruments used in analyzing fiber optic communications.

Industrial materials include thermoplastic compounds; color concentrates for plastics; cartridge filters and molded thermoplastics; foam packaging material; heat resistant silica-based insulation material; corrosion-resistant heat exchangers; tanks and piping for process systems; composite materials components; and high-purity metals and alloys in powdered and strip form.



Important Developments

Aug. '89— AME announced that it had acquired General Electric Co.'s Instrument Products Operation (since renamed Ametek Areospace Products, Inc.) for $110 million in cash. The acquired unit, with annual sales of over $100 million, is a leading producer of aircraft and jet engine sensors, aircraft cockpit instruments and flight reference systems, and airborne electronics such as signal conditioning and monitoring equipment. It employs more than 1,000 people.

Dec. '88— AME announced that the spin-off of several of its divisions to newly-formed Ketema, Inc. was completed. The divisions spun off included most of the process equipment segment (discontinued in mid-1988) along with several other divisions across the company. These units had sales of $181 million through November 30, 1988 and incurred an operating loss of $4.6 million. AME stockholders received one share of Ketema and one right for every 10 shares of AME common stock held.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	3.34	4.87	4.39	4.01	4.59	4.05	3.63	3.30	2.94	2.68
Earnings[2]	0.80	0.94	0.83	0.80	0.98	0.74	0.63	0.61	0.51	0.53
Dividends	0.60	0.52½	0.50	0.42½	0.40	0.35	0.30	0.26⅜	0.25	0.23¼
Payout Ratio	75%	56%	60%	54%	41%	47%	48%	43%	50%	44%
Prices—High	17⅜	19⅝	15½	14⅞	15⅛	14¼	9½	8⅞	8⅞	6½
Low	12½	12	11¾	9⅞	10⅞	8⅜	5⅞	6½	4¾	3¾
P/E Ratio—	22-16	21-13	19-14	19-13	15-11	19-11	15-9	14-10	18-9	12-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov 1987, 100% Jul 1983, 100% Dec. 1979. **1.** Reflects acctg. change. **2.** Bef. results of disc opers. of -0.18 in 1988, bef. spec. item(s) of +0.08 in 1988, +0.13 in 1983

September 28, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	520	68.9	13.2	30.7	15.3	13.0	55.8	37.1%	35.1	6.7
1987	620	84.3	13.6	35.4	18.4	13.9	65.3	36.9%	41.2	6.6
1986	568	63.3	11.1	25.7	20.3	7.8	54.5	32.8%	[4]36.6	6.4
1985	503	71.3	14.2	34.3	14.6	4.3	61.8	43.4%	34.9	6.9
1984	504	76.3	15.1	18.5	14.5	4.4	69.7	38.7%	42.7	8.5
1983	448	67.4	15.0	15.3	13.6	4.6	58.2	44.9%	32.1	7.2
1982	424	60.2	14.2	17.8	12.9	4.9	50.8	46.3%	27.3	6.4
1981	448	60.4	13.5	16.6	10.1	4.3	51.7	48.7%	26.5	5.9
1980	400	51.8	12.9	24.5	8.6	[5]4.4	42.3	48.7%	21.7	5.4
1979	393	50.9	13.0	22.6	7.1	3.7	43.5	48.4%	22.4	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	116	251	75	3.4	448	7.1%	149	181	362	41.1	16.2%
1987	175	338	84	4.0	538	7.8%	156	253	450	34.6	17.0%
1986	174	315	88	3.6	512	8.0%	152	231	424	35.8	16.3%
1985	60	203	101	2.0	401	9.4%	39	220	299	12.9	16.6%
1984	77	194	73	2.7	337	13.2%	41	201	264	15.6	22.6%
1983	73	190	66	2.9	309	10.7%	47	176	243	19.2	19.3%
1982	50	176	60	2.9	292	9.8%	52	159	231	22.4	18.0%
1981	43	161	52	3.1	265	10.2%	54	143	214	25.5	19.5%
1980	43	154	59	2.6	254	9.0%	56	127	195	28.8	17.9%
1979	39	146	50	2.9	225	11.0%	53	114	176	30.2	20.8%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. prior to 1988 **2.** Bef. results of disc. opers. in 1986, an spec. item(s) in 1988, 1983 **3.** Excl. disc. opers. and reflects acctg. change **4.** Reflects acctg. change **5.** Net of interest income

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	144.1	128.9	143.9	141.3
Jun.	145.2	133.4	155.3	146.2
Sep.		131.7	156.6	138.9
Dec.		126.4	164.4	142.0
		520.5	620.1	568.5

Sales for the six months ended June 30, 1989 advanced 10% from the year-earlier level, as restated to exclude operations spun off in 1988's fourth quarter. Margins widened slightly on cost-containment programs and additional productivity from new, more efficient automated manufacturing facilities. However, other income fell substantially, and income from continuing operations was up 5.8%, to $0.50 a share from $0.48. Results for the 1988 period were before a $0.14 loss from spun off operations and an $0.08 gain from the cumulative effect of an accounting change.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.26	0.25	0.22	0.21
Jun.	0.24	0.23	0.25	0.22
Sep.		0.21	0.22	0.17
Dec.		0.11	0.25	0.23
		0.80	0.94	0.83

Finances

Capital outlays for 1989 were expected to be financed by existing cash balances and cash generated by operating activities. None of $75 million domestic or $9 million foreign credit facilities was being used at year-end 1988.

Dividend Data

Dividends have been paid since 1942. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Nov. 16	Dec. 5	Dec. 9	Dec. 23'88
Stk.*	Nov. 18	Dec. 13	Nov. 30	Dec. 12'88
0.15	Feb. 22	Mar. 13	Mar. 17	Mar. 31'89
0.15	May 24	Jun. 12	Jun. 16	Jun. 30'89
0.16	Aug. 23	Sep. 11	Sep. 15	Sep. 29'89

*0.10 com. sh. of Ketema, Inc.

Capitalization

Long Term Debt: $143,640,000.

Common Stock: 44,247,322 shs. ($1 par).
Institutions hold approximately 46.
Shareholders of record: 7,986

Office—410 Park Ave., NYC 10022 **Tel**—(212) 935-8640 **Chrmn & CEO**—J. H. Lux **Pres**—J. P. Dandalides **Secy**—W. E. Cowan **Treas**—R. W. Yannarell. **Investor Contact**—D. E. Ribble, Jr. (215) 647-2121 **Dirs**—H. S. Aldrich, L. G. Cole, W. E. Cowan, J. P. Dandalides, H. N. Friedlaender, C. D. Klein, J. H. Lux, A. A. Sirna III, E. R. Varet. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC **Incorporated** in Delaware in 1930 **Empl**—5,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Christopher J. Grant

Amoco Corp.

NYSE Symbol AN Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
47	50½-36⅞	15	1.90	4.0%	A	0.65

Summary

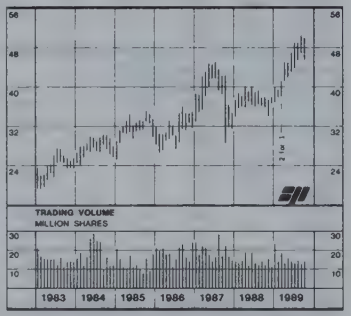
This worldwide petroleum and chemical company acquired Canada-based Dome Petroleum Ltd. in September, 1988 and in December, 1988 purchased oil and gas properties from Tenneco Inc. The assets add significantly to AN's natural gas reserves and position the company as a leading supplier of natural gas in North America. Profit comparisons in 1989 will be impaired by higher costs from the Dome acquisition, restructuring costs, and the absence of 1988's nonrecurring income. The longer-term earnings outlook is enhanced by expected asset divestitures and greater natural gas and downstream volumes.

Current Outlook

Share earnings for 1990 are projected at $3.80, up from 1989's estimated $3.20, which includes about $0.45 of nonrecurring charges related to restructuring and environmental programs.

The $0.47½ quarterly dividend is the minimum expectation.

Revenues for 1990 are expected to benefit from increased natural gas production and greater downstream volumes. Year-to-year profit comparisons will be enhanced by lower debt service expense and the absence of 1989's nonrecurring charges. AN can be expected to divest marginal and peripheral operations in order to concentrate on projected growth in the U.S. natural gas markets.



Gross Oper. Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar	6.47	5.63	5.07	5.85
Jun	6.69	5.99	5.53	4.84
Sep.	6.47	5.76	5.64	4.44
Dec	---	6.17	5.85	4.91
	---	23.55	22.09	20.03

Revenues for the nine months ended September 30, 1989 rose 13%, year to year, reflecting mostly increased natural gas production. Restructuring costs and higher production and financing expenses associated with the Dome Petroleum acquisition, plus the absence of 1988's net nonrecurring gain, led to a 24% drop in net income. Share earnings were $2.50, against $3.28.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.89	0.91	0.51	0.64
Jun.	0.96	1.30	0.61	0.47
Sep	0.65	1.07	0.80	0.03
Dec.	E0.70	0.72	0.74	0.33
	E3.20	4.00	2.66	1.46

Next earnings report expected in late January.

Important Developments

Oct. '89— Earnings comparisons through September 30, 1989 were restricted by costs for downstream environmental programs. Additionally, earnings in 1989 were limited by restructuring costs at Canadian operations and the U.S. upstream segment and computer operations. The company recorded sharply higher debt service stemming from the Dome Petroleum acquisition. In order to improve near-term profitability, AN intends to pare down the debt related to the Dome acquisition and possibly sell a minority interest in the unit. The company is also exploring the possible sale of its downstream operations in the United Kingdom. Third quarter operating earnings were limited by soft margins in the downstream segment and weak pricing for commodity chemicals. Higher crude oil prices sustained U.S. upstream earnings.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**25.80**	23.50	22.15	22.40	23.07	21.29	19.56	18.06	16.05	14.03
Earnings	**4.00**	2.66	1.46	3.71	3.85	3.20	3.13	3.28	3.27	2.56
Dividends	**1.75**	1.65	1.65	1.65	1.50	1.40	1.40	1.30	1.00	0.75
Payout Ratio	**44%**	63%	113%	44%	37%	44%	45%	40%	31%	29%
Prices—High	**40⅛**	45⅛	36⅛	35⅛	30⅜	27½	28⅛	40	49¾	21½
Low	**33⅞**	28½	26⅝	25⅛	24⅛	19⅛	16¾	23⅝	19	13⅜
P/E Ratio—	**10-8**	17-11	25-18	9-7	8-6	9-6	9-5	12-7	15-6	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1989, 100% May 1980. 1. Incl. excise taxes. 2. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	21,150	5,726	27.1	3,697	2,318	471	3,307	37.6%	2,063	9.8
1987	20,174	4,889	24.2	2,332	2,295	398	2,508	45.8%	1,360	6.7
1986	18,281	3,954	21.6	2,256	2,118	455	1,588	53.0%	[3]747	4.1
1985	26,922	5,966	22.2	3,881	2,059	439	3,811	48.8%	1,953	7.3
1984	26,949	5,965	22.1	3,344	2,090	488	3,933	44.5%	2,183	8.1
1983	27,635	5,239	19.0	2,935	1,758	458	3,412	45.3%	1,868	6.8
1982	28,073	5,032	17.9	3,221	1,664	486	3,292	44.5%	[3]1,826	6.5
1981	29,947	4,832	16.1	4,028	1,475	396	3,437	44.7%	1,922	6.4
1980	26,133	5,739	22.0	3,257	1,279	[3]261	4,536	57.8%	1,915	7.3
[3]1979	18,610	4,366	23.5	2,997	1,322	243	3,121	51.5%	1,507	8.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**527**	**5,393**	**5,468**	**1.0**	**29,919**	**7.5%**	**6,049**	**13,342**	**23,739**	**25.5**	**16.2%**
1987	1,516	5,559	4,898	1.1	24,827	5.6%	3,081	12,107	19,432	15.9	11.6%
1986	441	4,200	4,590	0.9	23,706	3.1%	3,320	11,324	18,647	17.8	6.6%
1985	991	5,542	6,281	0.9	25,198	7.9%	3,122	11,588	18,495	16.9	16.6%
1984	1,419	6,198	5,880	1.1	25,734	8.8%	3,351	12,524	19,425	17.3	18.1%
1983	2,194	7,086	6,024	1.2	25,805	7.5%	3,916	12,440	19,448	20.1	15.7%
1982	1,360	6,635	6,042	1.1	24,289	7.8%	3,963	11,426	18,030	22.0	16.6%
1981	681	6,617	6,451	1.0	22,916	8.9%	3,531	10,665	16,465	21.4	19.1%
1980	1,087	6,965	6,276	1.1	20,168	10.4%	2,618	9,385	13,892	18.8	21.8%
1979	1,332	6,137	4,720	1.3	17,150	9.6%	2,620	8,369	12,430	21.1	19.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition and acctg. change. 3. Reflects accounting change

Business Summary

Amoco (formerly Standard Oil Co. of Indiana) is a large integrated petroleum company historically having a domestic operating base, but now well represented in the search and production of petroleum outside the U.S. The merger with Dome Petroleum Ltd., effective September 1, 1988, and the December 8, 1988 purchase of certain Tenneco Inc. properties (primarily natural gas) substantially boosted AN's reserve base.

Profits	1988	1987	1986
U.S. petr. expl. & prod.	19%	28%	-3%
Foreign petr. expl. & prod.	12%	31%	29%
Ref., mkt., & trans.	43%	16%	48%
Chemicals	33%	31%	35%
Other	-7%	-6%	-9%

Net production of crude oil and natural gas liquids averaged 809,000 barrels a day in 1988 (802,000 in 1987), net production of natural gas 3.2 billion cubic feet a day (3.0), refinery runs 944,000 b/d (895,000), and refined product sales 1,120,000 b/d (1,021,000 b/d).

Net proved reserves at the end of 1988 stood at 2,798 million barrels of crude oil and natural gas liquids (2,580) and 19,500 billion cubic feet of natural gas (15,400).

Dividend Data

Dividends have been paid since 1894. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.95	Jan. 24	Feb. 2	Feb. 8	Mar. 10'89
2-for-1	Jan. 24	Mar. 28	Feb. 22	Mar. 27'89
0.47½	Apr. 25	May 4	May 10	Jun. 10'89
0.47½	Jul. 24	Aug. 3	Aug. 9	Sep. 10'89
0.47½	Oct. 24	Nov. 2	Nov. 8	Dec. 10'89

Next dividend meeting: late Jan. '90.

Finances

Capital expenditures for 1988 totaled $4.5 billion, compared with $3.0 billion in 1987, including $900 million for Tenneco properties but excluding the $4.2 billion Dome acquisition. The capital and exploration budget was set at $3.5 billion for 1989.

Capitalization

Long Term Debt: $5,787,000,000.

Minority Interest: $7,000,000.

Common Stock: 516,594,624 shs. (no par).
Institutions hold about 45%.
Shareholders of record: 159,541.

Office—200 East Randolph Drive, Chicago, Ill. 60601 **Tel**—(312) 856-6111. **Chrmn**—R. M. Morrow. **Pres**—H. L. Fuller. **Secy**—R. E. Callahan **VP-Treas**—W. R. Hutchinson **Investor Contact**—W. A. Davies **Dirs**—K. D. Bays, R. S. Block, J. H. Bryan, R.D. Cadieux, Jr., J. W. Cozad, P. J. Early, R. J. Ferns, H. L. Fuller, R. H. Leet, R. H. Malott, W. E. Massey, R. M. Morrow, A. E. Rasmussen, L.D. Thomas, R. D. Wood **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC; First National Bank of Chicago. **Incorporated** in Indiana in 1889. **Empl**—53,423

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Analogic Corp.

3127M

NASDAQ Symbol ALOG (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21'89	1989					
9¾	11⅛-8⅜	13	None	None	B	1.06

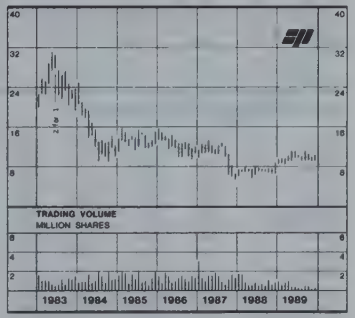
Summary

Analogic manufactures high-speed, high-precision measurement, signal translation and data manipulation equipment. The company's products are primarily incorporated by OEMs into systems used in medical, industrial and scientific applications.

Business Summary

Analogic Corporation designs, manufactures and sells standard and customized high-precision data conversion and signal processing equipment, which is primarily incorporated by OEMs into systems used in medical, industrial and scientific applications. Contributions to sales in recent fiscal years were:

	1989	1988
Medical technology products	56%	57%
Advanced technology products	17%	19%
Test & measurement products	10%	11%
Industrial technology products	17%	13%



Analogic's medical imaging data acquisition systems are incorporated into advanced X-ray equipment known as computer-assisted tomography (CAT) scanners. It also manufactures electronic subsystems for ultrasound imaging equipment and magnetic resonance imaging equipment.

Advanced technology products consist of analog-to-digital (A/D) and digital-to-analog (D/A) converters and supporting modules. A/D devices convert continuously varying analog signals into the numerical digital form required by computers, while D/A converters transform computer output in digital form into the analog signals required by process control equipment. It also makes high-speed digital signal processors such as array processors.

Test and measurement products use much of the same technology as the medical and industrial equipment. These instruments include digital multimeters (which measure the basic parameters of voltage, current and resistance) and digital counters.

Industrial technology products include digital panel instruments, which are incorporated in precision thermometers, blood analyzers and automatic test equipment; and industrial data acquisition and conversion systems, which are used in static and dynamic weighing, measurement of pressure, force or temperature, and engine power measurement.

Research and development expenditures totaled $17,362,000 (12.0% of revenues) in fiscal 1989, compared with $17,627,000 (13.1%) the year before.

In fiscal 1989, Analogic's three largest customers were Siemens A.G. (accounting for 21% of sales), 3M Corp. (11%) and General Electric (10%). Foreign sales, primarily to Europe and Asia, made up 41% of the fiscal 1989 total.

Through a joint venture with Massapea, Inc., the company holds a 50% interest in a hotel built on 7.5 acres of land owned by Analogic at its Peabody, Mass., corporate headquarters site (the hotel opened in September 1989). It also is partners with China-based Kejian Corp. in Analogic Scientific, which manufactures medical imaging systems in China.

Next earnings report expected in early March.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.99	8.88	8.84	8.33	7.58	7.11	6.24	4.16	3.42	1.87
Earnings[2]	0.97	0.07	0.80	0.53	0.51	0.90	0.85	0.70	0.54	0.44
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	11⅛	8¾	13¼	15⅝	15¾	25	31⅛	21⅞	17⅝	16
Low	8⅜	5½	5¼	9½	11	9	19¼	10⅝	10⅞	4⅛
P/E Ratio—	11-9	NM	17-7	29-18	30-21	28-10	37-23	31-15	33-20	36-9

Data as orig. reptd. Adj. for stk. divs. of 100% Jun. 1983, 100% Sep. 1980. 1. Refl. merger or acq. 2. Bef. spec. item of +0.02 in 1985. 3. Cal. yr. NM-Not Meaningful

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Income Data (Million $)

Year Ended Jul. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	133	16.0	12.1	4.4	7.01	1.07	[2]21.3	31.9%	14.5	10.9
1988	120	d2.1	NM	7.9	7.31	1.41	[2]1.6	53.1%	1.2	1.0
1987	139	12.2	8.8	12.1	6.72	1.06	[2]21.0	32.3%	14.5	10.4
[3]1986	137	15.9	11.6	7.6	6.49	1.22	18.8	46.3%	10.1	7.4
[3]1985	132	17.2	13.0	6.1	5.68	1.15	14.3	33.7%	9.5	7.2
1984	141	24.4	17.3	11.4	4.40	0.76	[2]24.7	33.1%	16.5	11.7
1983	129	25.1	19.5	12.7	3.18	0.78	[2]23.3	35.2%	15.1	11.7
1982	106	21.0	19.8	14.4	2.66	[4]0.69	19.4	39.2%	11.8	11.1
1981	83	16.8	20.2	6.3	2.16	0.95	14.6	39.7%	8.8	10.6
1980	67	13.4	19.9	6.5	1.53	1.46	10.4	41.9%	6.0	9.0

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	65.5	132	18.2	7.3	181	8.4	11.6	147	162	7.1	10.5
1988	53.1	126	20.2	6.2	176	0.7	12.1	139	155	7.8	0.8
1987	67.7	139	18.7	7.4	192	7.8	11.9	152	172	6.9	9.9
1986	77.6	154	23.0	6.7	200	5.4	12.2	157	177	6.9	6.7
1985	51.2	125	12.1	10.3	170	5.7	12.3	142	158	7.8	6.9
1984	37.4	117	16.7	7.0	161	10.8	12.2	130	144	8.4	13.6
1983	38.9	107	17.9	6.0	145	12.1	12.4	113	127	9.8	16.0
1982	11.2	69	16.8	4.1	96	13.8	9.3	70	80	11.7	18.6
1981	9.4	59	11.6	5.1	75	13.4	5.9	57	63	9.4	20.0
1980	1.0	40	13.0	3.1	51	13.8	10.1	28	38	26.2	27.4

Data as orig. reptd. 1. Bef. spec. item in 1985. 2. Incl. equity in earns. of nonconsol. subs. 3. Refl. merger or acq. 4. Refl. acctg. change. d-Deficit. NM-Not Meaningful.

Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	35.04	[1]37.75	29.64	[1]46.11
Jan.		34.90	30.95	38.33
Apr.		34.45	[1]43.38	36.16
Jul.		37.82	30.38	34.82
		144.92	134.35	155.43

For the first quarter ended October 31, 1989, revenues declined 7.2%, year to year. Profitability improved, but in the absence of a $4.6 million gain from the sale of Analogic's remaining 25% interest in MEL (see Finances), net income was off 54%, to $3,172,000 ($0.21 a share), from $6,839,000 ($0.45).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	0.21	[1]0.45	d0.06	[1]0.49
Jan.		0.18	d0.10	0.11
Apr.		0.17	[1]0.34	0.10
Jul.		0.17	d0.10	0.12
		0.97	0.07	0.80

Dividend Data

No cash dividends have been paid.

1. Incl. gain from sale of joint-venture interest. d-Deficit.

Finances

In August 1989, the company boosted its stake in Camtronics Ltd. (a medical imaging equipment manufacturer), to 65%, from 18%, through the conversion of $1.2 million of debentures and the purchase of the 33% interest held in that concern by Analogic's chairman (for $600,000).

During fiscal 1989, the company repurchased 919,700 of its common shares at an aggregate cost of $7.0 million. Analogic repurchased 1,732,000 shares during fiscal 1988 for a total of $12.2 million and 1,772,000 shares in fiscal 1987 for $19.6 million.

During the first quarter of fiscal 1989, the company sold its remaining 25% stake in the Medical Electronics Laboratories (MEL) venture to Siemens Medical Systems, recognizing a net gain of $4.6 million, and giving Siemens a 100% interest in the unit. In fiscal 1988 and 1987, Analogic had recorded net gains of $6.1 million and $8.3 million, respectively, from the sale of 25% interests in MEL.

Capitalization

Long Term Debt: $11,555,000 (7/89).

Common Stock: 14,668,406 shs. ($0.05 par).
B. M. Gordon owns about 32%.
Institutions hold some 44%.
Shareholders: 1,600 of record (9/8/89).

Office—8 Centennial Drive, Peabody, Mass 01960 **Tel**—(508) 977-3000 **Chrmn, Pres & CEO**—B. M. Gordon **Vice Chrmn**—B. L. Friedman **Sr VP, Treas & Investor Contact**—John A Tarello **Dirs**—M. R. Brown, B. L. Friedman, B. M. Gordon, J. J. Schwartz, J. Soshnick, J. A. Tarello, G. L. Wilson. **Transfer Agent**—Bank of Boston **Incorporated** in Massachusetts in 1967 **Empl**—1,275

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Michael W. Jaffe

Andrew Corp.

3132B

NASDAQ Symbol ANDW (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
23½	26-18	15	None	None	B	1.12

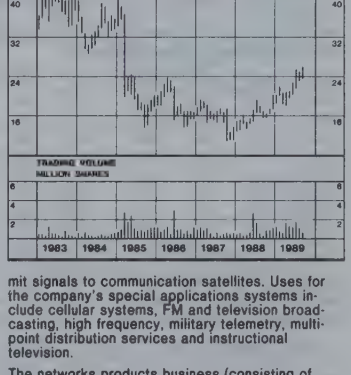
Summary

Andrew manufactures specialized antennas and transmission lines used in telecommunications systems throughout the world. In fiscal 1987, following two acquisitions, the company also became a major defense equipment supplier. Sales have increased sharply in recent periods.

Business Summary

Successor to a partnership formed in 1937, Andrew Corporation designs, manufactures and sells specialized antennas and transmission lines used in telecommunications systems throughout the world. In fiscal 1987, the company formed the Government Group (which accounted for some 27% of fiscal 1988 net sales) to supply specialized antenna, radar and communications reconnaissance systems for the military and defense markets. Contributions to sales in recent fiscal years were:

	1988	1987
Microwave antenna systems	35%	41%
Coaxial cable systems and bulk cables	29%	28%
Earth station antennas	7%	8%
Special antennas	12%	14%
Network products	5%	---
Defense electronics	12%	9%



Contributions by geographic area in fiscal 1988:

	Sales	Profits
United States	70%	39%
Europe	13%	31%
Canada	11%	22%
Australasia	6%	8%

Microwave antenna systems are manufactured for use in land-based microwave radio networks, used by the telecommunications industry for telephone, telex, video and data transmission. Other users of microwave systems include pipeline companies, electric utilities, railroads, governmental agencies and the military.

Coaxial cables are used to carry radio frequency signals while waveguides (tubular conductors) have their greatest application at higher frequencies, although they are also employed in UHF broadcasting. Semiflexible cables and waveguides are sold under the trademark HELIAX.

Earth station antenna systems are used at land-based terminals to receive signals from, and transmit signals to communication satellites. Uses for the company's special applications systems include cellular systems, FM and television broadcasting, high frequency, military telemetry, multipoint distribution services and instructional television.

The networks products business (consisting of companies acquired in fiscal 1988) provides connection devices to data communications customers for use in corporate communications systems.

In fiscal 1987, the company acquired Scientific Communications Inc. and Kintec Corp., defense electronics firms.

Important Developments

Sep. '89— Agreement in principle has been reached whereby the company would acquire Texas-based KMW Systems Corp for $5.25 a share in cash, or about $12 million. Separately, in July, Andrew purchased a minority interest in Alliance Acquisition Corp. for $12.5 million, using short-term borrowings under an existing $30 million credit line.

Per Share Data ($)

Yr. End Sep. 30	[1]1988	[1]1987	1986	1985	1984	[1]1983	1982	1981	1980	1979
Book Value	13.47	12.90	14.29	13.42	12.06	10.38	8.56	6.57	5.55	4.24
Earnings	1.40	0.38	0.95	1.41	2.08	1.77	1.46	1.03	0.83	0.67
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[2]—High	20¼	19¼	23¾	39¾	39½	44½	38	23½	16	NA
Low	12¾	10¾	13½	13½	28½	33½	18½	14⅝	8⅝	NA
P/E Ratio—	14-9	51-28	25-14	28-10	19-14	25-19	26-13	23-14	19-10	NA

Data as orig. reptd Adj. for stk div. of 100% Nov. 1981. 1. Refl merger or acq. 2. Cal yr. NA-Not Available

October 6, 1989

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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	254	36.3	14.3	12.8	14.0	2.54	21.7	36.0%	13.9	5.5
[1]1987	223	32.3	14.5	22.0	12.8	2.45	5.0	23.9%	3.8	1.7
1986	198	27.8	14.1	10.3	12.6	2.45	16.4	41.8%	9.5	4.8
1985	216	36.4	16.9	18.1	12.1	3.09	24.6	42.7%	14.1	6.6
1984	218	50.2	23.1	22.0	9.7	3.17	39.1	46.8%	20.8	9.6
[1]1983	174	37.5	21.6	8.5	6.2	2.28	32.2	45.1%	17.7	10.2
1982	142	29.4	20.6	10.0	4.9	1.90	25.7	44.0%	14.4	10.1
1981	114	22.7	19.9	5.5	4.0	2.02	17.2	42.9%	9.8	8.6
1980	89	16.5	18.5	6.9	3.7	2.48	12.2	41.4%	7.2	8.0
1979	72	11.9	16.6	8.3	3.2	1.11	8.4	34.1%	5.6	7.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	9.8	148	48.3	3.1	234	6.3%	18.8	166	185	10.2	8.8%
1987	15.3	133	34.1	3.9	209	1.9%	22.4	152	174	12.8	2.6%
1986	26.1	145	26.5	5.5	193	5.0%	21.8	144	166	13.2	6.8%
1985	19.0	134	25.9	5.2	185	7.7%	23.4	135	158	14.8	11.0%
1984	21.0	133	34.8	3.8	180	12.5%	23.5	121	144	16.3	18.5%
1983	22.5	115	30.9	3.7	152	12.5%	16.0	104	120	13.3	18.7%
1982	32.1	103	28.1	3.7	131	12.1%	15.7	85	101	15.5	19.1%
1981	8.3	79	21.8	3.6	103	10.5%	16.0	63	79	20.3	17.0%
1980	1.4	62	25.8	2.4	85	8.8%	4.4	53	57	7.7	15.3%
1979	1.1	47	25.3	1.9	67	NA	4.7	36	40	11.7	NA

Data as orig. reptd. 1. Refl. merger or acq. NA-Not Available.

Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	64.9	54.5	48.7	48.4
Mar.	70.9	59.1	50.0	43.3
Jun.	76.8	64.3	57.6	44.9
Sep.		75.7	66.9	61.0
		253.5	223.2	197.7

Net sales for the nine months ended June 30, 1989, advanced 20%, year to year, reflecting strength in the company's core businesses, particularly coaxial cable. Overall, costs and expenses increased at about the same pace as sales and pretax income expanded 19%. After taxes at 37.7%, versus 36.0%, net income was up 16%, to $9,077,000 ($0.91 a share) from $7,831,000 ($0.79).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.25	0.27	0.23	0.23
Mar.	0.29	0.25	[1]d1.00	0.28
Jun.	0.37	0.27	0.24	0.12
Sep.		0.61	[2]0.91	0.32
		1.40	0.38	0.95

1. Incl. prov. for restructuring of -1.13. 2. Incl. gain on sale of land of +0.36. d-Deficit

Dividend Data

No cash has been paid.

Finances

Research and development expenditures in fiscal 1988 amounted to $14,129,000 (5.6% of sales), versus $10,415,000 (4.7%) the year before.

In fiscal 1987, the company recorded a one-time restructuring charge of about $19.9 million ($11.4 million after taxes or $1.13 a share) mainly related to costs associated with the elimination of excess terrestrial microwave manufacturing capacity. Also, as a further part of its restructuring, in fiscal 1987 Andrew realized a gain of some $5.9 million ($3.7 after taxes or $0.36 a share) from the sale of excess land.

Capitalization

Long Term Debt: $16,255,000 (6/89).

Common Stock: 9,963,816 shs. ($0.01 par).
E. J. Andrew controls about 20% under a voting trust agreement, and the Andrew Profit Sharing Trust holds 6%.
Institutions hold about 50%.
Shareholders: 1,444 of record.

Office—10500 West 153rd St., Orland Park, Ill. 60462 **Tel**—(312) 349-3300 **Chrmn**—E. J. Andrew **Pres & CEO**—F. L. English **Treas**—R L Dybala **Secy**—T L Murphy **CFO & Investor Contact**—Charles R Nicholas **Dirs**—E G Andrew, E J Andrew, J G Bollinger, J L Boyes, G. N Butzow, K J. Douglas, F L English, D. N. Frey **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Illinois in 1947, reincorporated in Delaware in 1987 **Empl**—2,679

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

J Leng

Anheuser-Busch

NYSE Symbol BUD Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
47⅞	46-30⅝	15	0.88	2.3%	A+	0.96

Summary

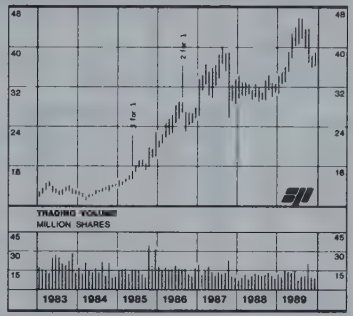
Anheuser-Busch is the nation's largest brewer, accounting for 42% of the domestic market. It also owns Campbell Taggart, a leading U.S. baker. Acquisition of Harcourt's theme parks in November, 1989 for $1.1 billion tripled BUD's theme park business. Earnings growth is likely to slow, as BUD responds to widespread discounting by competitors.

Current Outlook

Earnings for 1990 are expected to rise to $3.00 a share from the $2.70 estimated for 1989.

An increase in the $0.22 quarterly dividend is likely in mid-1990.

Sales for 1990 should continue to trend higher, although recent price promotions by competitors have led to a slowing volume trend. BUD's plan to meet competitive pricing pressures will cause some near-term erosion of margins. Packaging costs are likely to increase modestly, while commodity costs should remain stable. While growth is likely to slow, productivity gains on new breweries and distribution cost savings should fuel an improved earnings contribution from beer. Acquisition of Harcourt's theme parks may be somewhat dilutive near term, but should enhance the future.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	2,205	2,074	1,922
Jun.	---	2,480	2,322	2,146
Sep.	---	2,487	2,340	2,148
Dec.	---	---	2,188	2,042
	---	---	8,924	8,258

Sales for the first nine months of 1989 increased 5.5%, year to year, due largely to higher beer volume shipped to retailers. Higher commodity costs hurt margins, but after proportionately lower marketing, administrative, and research expense and tax provision, net income rose 8.2%. Share earnings were $2.23 on 2.6% fewer shares, versus $2.01.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.60	0.58	0.51	0.42
Jun.	E0.85	0.82	0.72	0.60
Sep.	E1.00	0.83	0.78	0.65
Dec.	E0.55	E0.47	0.44	0.37
	E3.00	E2.70	2.45	2.04

Important Developments

Dec. '89— Heirs to the August A. Busch Jr. estate sold 7.76 million common shares in a secondary public offering.

Nov. '89— BUD introduced O'Doul's, a non-alcoholic brewed product in select states and major metropolitian areas across the U.S.

Nov. '89— BUD completed the acquisition of Harcourt Brace Jovanovich's (HBJ) Sea World and other theme parks and land holdings for $1.1 billion, including $975 million for the theme parks. Under the agreement, HBJ would also receive 50% of profits above $100 million over the next 10 years from sale of undeveloped land included in the purchase. Earlier, the company announced plans to build a theme park in Spain.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	[3]1985	1984	1983	[3]1982	1981	1980	1979
Tangible Bk. Val.	10.58	9.46	8.05	7.44	6.56	5.74	4.95	4.42	3.83	3.36
Earnings[4]	2.45	2.04	1.69	1.42	1.24	1.09	1.00	[3]0.80	0.64	0.53
Dividends	0.66	0.54	0.44	0.36¾	0.31½	0.27	0.23	0.18⅞	0.16½	0.15
Payout Ratio	26%	27%	24%	24%	24%	25%	23%	24%	26%	28%
Prices—High	34⅜	40⅛	29⅛	22⅞	12½	12⅞	11⅞	7½	5¼	4½
Low	29	25¾	19¾	11⅞	9	9⅞	6½	4⅝	3½	3¼
P/E Ratio—	14-12	20-13	17-12	16-8	10-7	12-9	12-6	9-6	8-6	9-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1986, 200% Jun. 1985. 1. Excl. excise taxes. 2. Reflects accounting change. 3. Reflects merger or acquisition. 4. Bef spec item(s) of +0.19 in 1979 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	8,924	1,623	18.2	951	359	142	[3]1,160	38.3%	716	8.0
1987	8,258	1,445	17.5	823	316	124	[3]1,056	41.8%	615	7.4
1986	7,677	1,279	16.7	827	274	97	[3]941	45.0%	[2]518	6.7
[4]1985	7,000	1,066	15.2	625	234	93	[3]781	43.2%	444	6.3
1984	6,501	956	14.7	519	201	103	[3]690	43.2%	392	6.0
1983	6,034	886	14.7	428	185	111	616	43.5%	[2]348	5.8
[4]1982	4,577	626	13.7	944	133	89	[3]474	39.4%	287	6.3
1981	3,847	465	12.1	421	109	90	[3]325	33.1%	217	5.7
1980	3,295	412	12.5	590	99	[2]76	[3]272	36.7%	172	5.2
1979	2,776	322	11.6	432	75	40	[3]221	34.6%	144	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	64	1,194	1,179	1.0	7,110	10.7%	1,615	3,103	5,931	27.2	24.3%
1987	111	1,125	1,042	1.1	6,492	9.6%	1,397	2,892	5,449	25.6	22.0%
1986	69	1,021	1,016	1.0	5,834	9.6%	1,127	2,303	4,818	23.4	22.3%
1985	170	966	838	1.2	5,121	9.3%	861	2,161	4,284	20.1	20.5%
1984	79	776	696	1.1	4,525	9.0%	836	1,938	3,829	21.8	20.0%
1983	218	898	723	1.2	4,330	8.4%	961	1,753	3,608	26.6	19.4%
1982	22	692	646	1.1	3,903	8.3%	969	1,512	3,257	29.8	20.6%
1981	94	539	493	1.1	2,875	8.1%	817	1,207	2,382	34.3	19.3%
1980	14	439	400	1.1	2,450	7.9%	744	1,038	2,050	36.3	17.6%
1979	21	408	307	1.3	1,926	8.1%	508	911	1,619	31.4	17.3%

Data as orig. reptd. 1. Bef. spec. items in 1979. 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects merger or acquisition.

Business Summary

Anheuser-Busch is the largest U.S. brewer and, through Campbell Taggart, the second largest producer of bakery goods. Sales and profit contributions by major product segment in 1988:

	Sales	Profits
Beer	77%	92%
Food products	19%	4%
Diversified	4%	3%

Beer brands include Budweiser, Michelob, Busch, Michelob Light, Natural Light, Bud Light, LA, Michelob Dry, and Michelob Classic Dark. The company operates 12 breweries, with combined capacity to produce about 84 million barrels of beer. Sales in 1988 totaled 78.5 million barrels (up 3.1% from 76.1 million barrels in 1987), or 41.1% of industry sales, including imports (compared with 39.9%). Vertically integrated operations include can manufacturing, metalized paper printing, and barley malting. Some 94% of barrelage is sold through 950 independent wholesalers.

The food products segment consists mainly of Campbell Taggart, the nation's second largest producer of bakery goods, and Eagle Snacks.

Diversified operations are in the areas of entertainment (St. Louis Cardinals baseball franchise and Busch Gardens and Sea World theme parks), real estate development, communications and transportation.

Dividend Data

Dividends have been paid since 1932. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1985.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Apr. 26	May 3	May 9	Jun. 9'89
0.22	Jul. 26	Aug. 3	Aug. 9	Sep. 8'89
0.22	Oct. 25	Nov. 3	Nov. 9	Dec. 8'89
0.22	Dec. 20	Feb. 3	Feb. 9	Mar. 9'90

Next dividend meeting: Apr. 25'90.

Capitalization

Long Term Debt: $2,588,300,000.

Common Stock: 282,774,678 shs. ($1 par).
Some 20% is closely held.
Institutions hold some 53%.
Shareholders of record: 72,967.

Office—1 Busch Place, St. Louis, Mo. 63118. **Tel**—(314) 577-2000. **Chrmn & Pres**—A. A. Busch III. **VP-Secy**—J. L. Hayward. **VP-Treas & Investor Contact**—G. C. Thayer. **Dirs**—R. T. Baker, A. A. Busch III, M. S. Busch, B. A. Edison, P. M. Flanigan, R. M. Hills, C. F. Knight, F. L. Kuhlmann, V. S. Martinez, S. C. Mobley, J. B. Orthwein, W. C. Reisinger, A. C. Stalnaker, F. W. Wenzel. **Transfer Agent**—Centerre Trust Co., St. Louis. **Registrare**—Boatmen's Trust Co., St. Louis; Centerre Trust Co., St. Louis. **Incorporated** in Missouri in 1925; reincorporated in Delaware in 1979. **Empl**—41,118.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

David J Braverman

Aon Corp.

201W

NYSE Symbol AOC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
41¼	43¼-27	12	1.40	3.4%	A	0.82

Summary

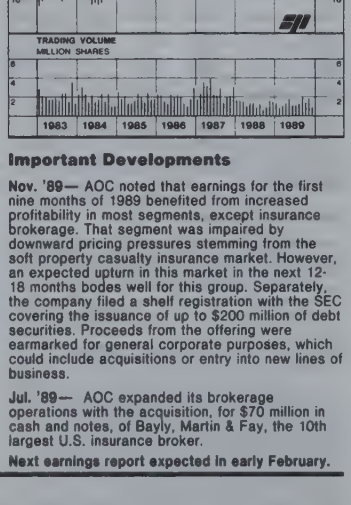
Aon Corp. through its subsidiaries writes life, accident and health, and specialty property-casualty insurance, and has an insurance brokerage unit. Earnings for 1989's first nine months benefited from growth in most segments together with well controlled costs. Higher earnings are expected in 1990.

Current Outlook

Earnings for 1990 (before realized capital gains and losses) are estimated at $3.87 a share, up from the $3.50 anticipated for 1989.

The $0.35 quarterly dividend is the minimum expectation.

Advances are anticipated in revenues for most segments in coming periods, and earnings should experience a moderate increase. Strong demand for single premium deferred annuities will benefit life results. The resulting strong cash flow will lead to solid increases in investment income. Accident and health results are expected to be mixed, reflecting lower premiums due to uncertainty surrounding the need for supplemental health insurance. Auto and appliance warranty insurance should post advances. Insurance brokerage operations should benefit from expansion efforts and an expected upturn in the property-casualty insurance pricing cycle. Share repurchases will aid per share comparisons.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose 5.3%, year to year, as a 3.3% drop in premiums and policy fees was offset by a 20% rise in investment income, higher commission and fee income, and realized investment gains of $4.6 million, versus losses of $19.3 million. With total benefits and expenses up 2.9%, pretax earnings advanced 24%. After taxes at 26.0%, versus 25.9%, net income was also up 24%, to $2.64 a share (including investment gains of $0.05) from $2.17 (restated, including losses of $0.19).

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.70	0.65	0.58
Jun.	0.94	0.86	0.78	0.72
Sep.	0.88	0.81	0.69	0.72
Dec.		0.82	0.69	0.74
		3.18	2.80	2.76

Important Developments

Nov. '89— AOC noted that earnings for the first nine months of 1989 benefited from increased profitability in most segments, except insurance brokerage. That segment was impaired by downward pricing pressures stemming from the soft property casualty insurance market. However, an expected upturn in this market in the next 12-18 months bodes well for this group. Separately, the company filed a shelf registration with the SEC covering the issuance of up to $200 million of debt securities. Proceeds from the offering were earmarked for general corporate purposes, which could include acquisitions or entry into new lines of business.

Jul. '89— AOC expanded its brokerage operations with the acquisition, for $70 million in cash and notes, of Bayly, Martin & Fay, the 10th largest U.S. insurance broker.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.67	15.13	15.23	12.75	10.52	8.87	7.62	9.52	9.18	8.18
Oper. Earnings	3.18	2.80	2.76	2.42	2.49	1.93	1.48	1.85	1.77	1.69
Earnings[2]	2.79	2.36	3.70	2.74	2.46	1.67	1.40	1.86	1.79	1.69
Dividends	1.26	1.18	1.11	1.07	1.03	1.00	0.92½	0.82½	0.72½	0.62½
Payout Ratio	45%	50%	30%	39%	42%	60%	66%	44%	41%	37%
Prices—High	28¾	31½	32⅞	26⅜	21⅞	21⅜	15	12¼	10½	10⅞
Low	21⅞	20½	25½	18⅞	13⅜	13½	8⅞	8½	8⅛	8⅛
P/E Ratio—	9-7	11-7	12-9	11-8	9-5	11-7	10-6	7-5	6-5	6-5

Data as orig. reptd. Adj. for stk. div(s) of 100% May 1987 **1.** Oper. earnings prior to 1989. **2.** Aft. gains/losses on security trans

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income	Net Invest. Inc.	Other Oper. Revs.	Total Revs.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On Revs.	% Return On Assets	% Return On [1]Equity
1988	65,812	1,939	503	290	2,732	278	204	180	7.5	2.7	16.9
1987	71,393	1,813	405	251	2,469	260	185	156	7.5	2.8	16.3
1986	60,621	1,303	311	192	1,806	263	184	247	10.2	4.0	17.4
1985	16,337	1,027	173	159	1,360	230	161	182	11.8	5.4	17.9
1984	14,173	1,009	152	127	1,288	190	164	162	12.7	6.3	22.5
1983	13,873	985	143	108	1,235	156	127	110	10.3	5.2	21.1
1982	13,338	901	123	20	1,044	114	87	82	8.3	4.3	15.5
1981	9,605	856	108	Nil	964	136	100	100	10.4	7.0	19.6
1980	8,196	663	94	Nil	757	128	96	97	12.6	7.8	20.3
1979	6,785	594	68	Nil	662	119	91	91	13.7	8.3	21.8

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[2]Premiums Due	[3]Bonds	Investment Assets: Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	141	473	4,449	731	824	6,065	9.0	699	8,266	380	1,253
1987	135	296	3,674	638	749	5,152	8.8	629	7,084	435	1,130
1986	125	327	2,557	729	700	4,078	10.2	518	5,905	264	1,142
1985	82	202	1,410	469	125	2,029	9.3	429	3,196	92	973
1984	53	142	1,195	328	143	1,685	9.5	375	2,721	31	822
1983	35	144	1,045	291	146	1,501	9.9	334	2,514	32	633
1982	55	198	1,004	233	124	1,382	10.1	288	2,453	32	574
1981	37	70	761	195	97	1,064	10.5	246	1,595	Nil	526
1980	29	41	717	214	56	991	9.9	193	1,287	Nil	497
1979	17	36	627	240	31	903	8.1	169	1,157	9	443

Data as orig. reptd. **1.** Common. **2.** Incl. other receivables. **3.** Incl. short term invest.

Business Summary

Aon Corp. (formerly Combined International) is a holding company which, through its subsidiaries, writes accident and health, life and specialty property-casualty insurance. Other operations include insurance brokerage and related services. Pretax income (in million $) by line of business in recent years was:

	1988	1987	1986
Accident & health	$132.7	$118.6	$133.9
Life insurance	54.9	52.1	48.1
Spec. property-cas.	25.6	20.1	4.5
Brokerage & rel. ops.	32.2	29.5	25.1
Corp. & other	33.0	39.5	51.1

The life insurance line of business is composed primarily of capital accumulation products, ordinary life products and credit insurance. The major distribution channels are direct sales by agency field forces, direct response, insurance brokers and stockbrokers. Accident and health products consist primarily of Medicare supplemental insurance, disability, credit and accident and health supplemental insurance. Ryan Insurance is a leading marketer of credit life, automobile mechanical repair insurance, and appliance and electronic equipment warranty products. Other lines include casualty coverage for financial institutions, and professional liability insurance.

Union Fidelity is a major factor in the mass marketing of Medicare supplement, hospital indemnity and various forms of life insurance.

Insurance brokerage and related services provides commercial clients and specialty groups with risk management, reinsurance services and employee benefit consulting. Rollins Burdick Hunter Co. is one of the largest insurance broker in the U.S.

The Life Insurance Co. of Virginia offers life, and accident and health insurance, annuities, and guaranteed investment contracts.

Dividend Data

Cash dividends have been paid since 1950. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Jan. 20	Feb. 2	Feb. 8	Feb. 21'89
0.35	Mar. 17	May 3	May 9	May 22'89
0.35	Jul. 28	Aug. 2	Aug. 8	Aug. 21'89
0.35	Sep. 15	Nov. 1	Nov. 7	Nov. 20'89

Capitalization

Notes & Mortgages Payable: $475,998,000.

Red. Preferred Stock: $32,921,000.

Series A Preferred Stock: 1,000,000 shs. ($1 par).

Common Stock: 63,947,105 shs. ($1 par).
P.G. Ryan owns about 14%.
Institutions hold approximately 56%.
Shareholders of record: 16,718.

Office—123 North Wacker Dr., Chicago, Ill. 60606 **Tel**—(312) 701-3000 **Chrmn**—W. C. Stone **Pres & CEO**—P. G. Ryan **VP-Secy**—W. J. Buya **VP-Treas**—H. N. Medvin **Dirs**—W. H. Beasley III, D. T. Carroll, F. A. Cole, R. K. Holmberg, P. J. Lewis, J. D. Manley, A. J. McKenna, P. Pedersen, D. S. Perkins, P. G. Ryan, R. I. Skilling, W. C. Stone, J. E. Swearingen **Transfer Agent & Registrar**—First National Bank of Chicago, Chicago. **Incorporated** in Illinois in 1949.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Apple Computer

3141

NASDAQ Symbol AAPL (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
45	50⅜-33½	13	0.44	1.0%	B	1.49

Summary

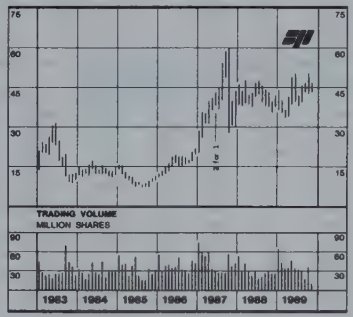
This company is a leading manufacturer of personal computers. The Apple II line is sold primarily to the home and education markets, while the Macintosh is directed at the office market. Earnings in fiscal 1989 were under pressure due to a product line transition and the purchase early in the year of a significant amount of DRAM memory chips at peak prices. However, a gradual resumption of earnings momentum is likely throughout fiscal 1990, reflecting the ramp-up of new products and lower component costs.

Current Outlook

Earnings for the fiscal year ending September 30, 1990, are projected at $4.15 a share, versus fiscal 1989's $3.53 ($3.16 from operations).

The quarterly dividend was increased to the current $0.11 a share in November 1989.

Sales growth in fiscal 1990 is expected to slow to about 20% as comparisons become more difficult, although growth levels should remain above those for the industry as a whole as Macintosh computers continue to increase their penetration of the business market and as price performance of laser printers continues to improve. Wider availability of several new products should help sales. Gross margins, under severe pressure in fiscal 1989 due to component shortages, should begin to recover. In addition, Apple has implemented expense reduction programs which include limiting headcount growth, postponing major new administrative projects and minimizing discretionary spending.



Sales (Million $)

13 Weeks:	1988-9	1987-8	1986-7	1985-6
Dec.	1,405	[1]1,042	662	534
Mar.	1,247	867	575	409
Jun.	1,248	993	637	448
Sep.	1,384	1,169	787	511
	5,284	4,071	2,661	1,902

Sales for the fiscal year ended September 29, 1989 (preliminary) advanced 30% from those of the preceding year, reflecting strong demand for the Macintosh and LaserWriter families of products. Gross margins narrowed sharply, reflecting the purchase of significant amounts of DRAM memory chips at peak prices; research and development spending advanced 54% and general and administrative expense was up 39%, but marketing and distribution expenses were up only 27%. After the inclusion of a $48 million ($0.37 a share) after-tax gain from the sale of Adobe common stock in the fourth quarter, and taxes at 39.0% in both periods, net income was up 13%.

Common Share Earnings ($)

13 Weeks:	1988-9	1987-8	1986-7	1985-6
Dec.	1.10	[1]0.92	0.45	0.46
Mar.	0.44	0.61	0.26	0.25
Jun.	0.74	0.71	0.40	0.24
Sep.	1.24	0.84	0.54	0.25
	3.53	3.08	1.65	1.20

Important Developments

Sep. '89— Apple introduced two new Macintosh computers: the Macintosh Portable and Macintosh IIci. The Portable's components include a Motorola 68000 processor, lead acid batteries providing 6 to 12 hours of power, Active Matrix Liquid Crystal Display technology, and an optional 40MB hard disk. The Portable runs at 16 MHz and weighs 15.7 pounds. The Macintosh IIci, with its 25 MHz 68030 processor and 68882 coprocessor, is the most powerful computer that Apple has ever developed.

Next earnings report due in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	8.17	6.63	5.54	4.45	3.84	3.19	2.25	1.57	0.21
Earnings	3.53	3.08	1.65	1.20	0.50	0.53	0.64	0.53	0.35	0.12
Dividends	0.40	0.32	0.12	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	11%	10%	7%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[2]—High	50⅜	47¾	59¾	22	15⅝	17¼	31⅝	17½	17⅜	18
Low	33½	35½	20⅛	10⅞	7⅛	10⅞	8⅝	5½	7⅛	11
P/E Ratio—	14-9	16-12	36-12	18-9	31-14	33-21	49-13	33-10	49-20	NM

Data as orig reptd. Adj. for stk. div. of 100% Jun. 1987. 1. 14 wks. 2. Cal. yr. NM-Not Meaningful. NA-Not Available

November 15, 1989

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3141

Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
1988	4,071	698	17.1	144.0	77.7	Nil	656	39.0%	400	9.8
1987	2,661	442	16.6	86.1	70.5	Nil	410	47.0%	217	8.2
1986	1,902	325	17.1	66.6	51.1	Nil	310	50.3%	154	8.1
1985	1,918	189	9.9	54.1	41.8	Nil	[1]120	49.0%	61	3.2
1984	1,516	129	8.5	[2]39.6	38.0	Nil	[1]109	41.3%	64	4.2
1983	983	152	15.5	[2]52.7	22.4	NA	146	47.5%	77	7.8
1982	583	119	20.4	[2]26.5	16.6	0.44	117	47.5%	61	10.5
1981	335	75	22.3	[2]24.5	8.6	1.30	77	48.5%	39	11.8
1980	117	25	21.3	4.9	1.4	0.21	24	51.6%	12	10.0
1979	48	10	21.5	1.0	0.2	0.07	10	49.8%	5	10.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	546	1,783	827	2.2	2,082	22.7	Nil	1,003	1,255	Nil	44.0
1987	585	1,307	479	2.7	1,478	16.4	Nil	836	999	Nil	28.3
1986	576	1,041	329	3.2	1,160	14.6	Nil	694	832	Nil	24.6
1985	337	822	295	2.8	936	7.0	Nil	550	641	Nil	11.9
1984	115	688	255	2.7	789	9.4	Nil	465	534	Nil	15.1
1983	143	469	129	3.6	557	16.5	1.31	378	428	0.3	23.8
1982	153	317	86	3.7	358	19.7	2.05	257	272	0.8	27.8
1981	73	227	70	3.2	255	23.9	1.91	177	185	1.0	38.1
1980	2	54	11	1.4	65	27.0	0.67	26	28	2.4	65.7
1979	1	20	38	1.8	21	39.8	0.20	10	10	2.0	85.1

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net. NA-Not Available.

Business Summary

Apple Computer makes personal computers and related software and peripherals. Its operating systems are proprietary. Foreign operations contributed 32% of revenues in fiscal 1988.

The Macintosh, sold largely to businesses, is a user-friendly computer that makes use of graphic icons (pictorial representations of functions) and a mouse input device. The Macintosh Plus, based on a 32-bit Motorola 68000, has a 3½-inch floppy drive and a nine-inch monochrome monitor in a single unit. The Macintosh SE is an enhanced version with a larger keyboard and an expansion slot which is also available with an internal hard disk drive. The SE/30, introduced in January, 1989, is based on the 68030 processor, which offers four times the performance.

The Macintosh II, based on the 68020 processor, is a workstation-class machine with up to 16 MB of memory, six expansion slots and high-resolution 12-inch or 13-inch monitors. The II can run A/UX, a UNIX-based operating system. The Macintosh IIx, introduced in September, 1988, incorporates the 68030 and a 3½-inch floppy drive that can read MS-DOS disks.

The Apple II line is sold to the education and home markets. The IIGS features high-resolution graphics and advanced sound capabilities. The IIc Plus is a compact 7.5-pound computer with a 3½ floppy drive.

The LaserWriter II family of desktop laser printers includes the entry-level single-user IISC, the NT with networking capabilities and the 68020-based NTX with high throughput capabilities and memory, font expansion card and hard disk expansion options.

Apple also sells system software, networking and communications products, and external disk drives, scanners other peripherals. Claris Corp, a wholly owned subsidiary formed in 1987, develops and markets applications software under the Claris label.

Dividend Data

Quarterly cash dividends were as follows:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Feb. 2	Feb. 17	Feb. 25	Mar. 15'89
0.10	Apr. 20	May 22	May 26	Jun. 15'89
0.10	Jul. 27	Aug. 21	Aug. 25	Sep. 15'89
0.11	Nov. 9	---	Nov. 24	Dec. 15'89

Finances

During fiscal 1988, Apple repurchased 7.4 million of its common shares for a total of $299.4 million.

Capitalization

Long Term Debt: None (9/89).

Common Stock: 125,681,201 shs. (no par).
Institutions hold some 71%.
Shareholders: About 32,750 of record.

Office—20525 Mariani Ave., Cupertino, Calif. 95014. **Tel**—(408) 996-1010. **Chrmn, Pres & CEO**—J. Sculley. **VP & Secy**—A. A. Eisenstat. **Treas**—R. W. Saltmarsh. **Investor Contact**—Jane Risser. **Dirs**—P. O. Crisp, A. A. Eisenstat, A. C. Markkula Jr., S. K. Ride, A. Rock, J. A. Rollwagen, J. Sculley. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in California in 1977. **Empl**—11,744.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Archer-Daniels-Midland

NYSE Symbol ADM Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
21¾	23½-13	14	[1]0.10	[1]0.5%	A-	1.19

Summary

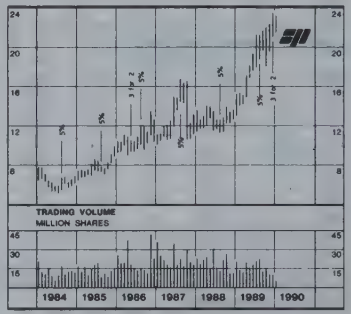
This company is a major factor in soybean processing, corn refining and flour milling. It has grown significantly in the past five years through acquisitions and internal expansion, and diversification has helped generate good earnings growth over the past decade. Earnings for fiscal 1989 advanced on better pricing for most products and a lower tax rate. For fiscal 1990, solid profit improvement is likely, given improved comparisons for soybean processing and ethanol production and more efficient operations. New products and possible acquisitions would enhance the future. The shares were split 3-for-2 in December, 1989.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected at $1.70 a share, up from fiscal 1989's $1.51 (adjusted), which included a $0.17 LIFO inventory profit.

The $0.02½ quarterly dividend (which was maintained following a 3-for-2 split in December, 1989) has been supplemented with an annual 5% stock extra since 1978.

Earnings in fiscal 1990 should remain in a solid uptrend, due to better comparisons for dominant soybean processing and corn refining operations on lower average commodity costs. Favorable factors would include an increase in LIFO inventory profits, better pricing for corn syrups, and a significant turnaround for profits from ethanol refining. Cost-control programs should also be beneficial. New products and continued acquisitions augur well for the future. Share repurchases in fiscal 1989 should aid per-share earnings comparisons as well.



Sales & Oper. Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	1,854	1,972	1,588	1,371
Dec.	---	1,851	1,654	1,465
Mar.	---	2,083	1,681	1,432
Jun.	---	2,023	1,875	1,507
	---	7,929	6,798	5,775

Sales for the three months ended September 30, 1990 were down 6.0%, reflecting lower oilseed volumes and prices. LIFO profits more than doubled and with improved corn processing margins, operating earnings increased 12%. With a three-fold increase in other income, pretax earnings rose 24%. After taxes at 35.7% versus 37.6%, net income advanced 28%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.42	0.33	0.29	0.23
Dec.	E0.40	0.36	0.34	0.17
Mar.	E0.43	0.41	0.35	0.25
Jun.	E0.45	0.41	0.27	0.28
	E1.70	1.51	1.24	0.93

Important Developments

Jan. '90— ADM sold 100 million gallons of fuel grade ethanol to Petrobas, the state-owned company responsible for production and sale of gasoline in Brazil. Combined with the resulting feed by-products to be exported as well, the transaction would improve the U.S. balance of trade by $200 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	[2]1989	[2]1988	[2]1987	1986	1985	1984	1983	1982	[3]1981	1980
Tangible Bk. Val.	10.79	9.41	8.29	7.33	6.50	5.96	5.53	4.99	4.38	3.59
Earnings[4]	1.51	1.24	0.93	0.86	0.59	0.43	0.45	0.64	0.77	0.58
Dividends	0.06¼	0.06	0.05⅝	0.05⅛	0.04¾	0.04⅝	0.04⅜	0.04⅛	0.03⅞	0.03⅝
Payout Ratio	4%	5%	6%	6%	8%	11%	10%	6%	5%	7%
Prices—High[6]	23½	14¾	17⅝	14⅛	9⅞	7¾	8⅜	6⅞	7⅛	8¼
Low[6]	13	11⅞	10⅝	9⅜	6⅜	5⅛	6	3¾	4⅛	4⅛
P/E Ratio—	16-9	11-9	18-11	16-10	17-11	18-12	19-14	11-6	9-5	14-7

Data as orig. reptd. Adj. for stk. div(s). of 50% Dec. 1989, 5% Aug. 1989, 5% Aug. 1988, 5% Aug. 1987, 5% Aug. 1986, 50% Jun. 1986, 5% Aug. 1985, 5% Aug. 1984, 5% Aug. 1983, 5% Aug. 1982, 5% Aug. 1981, 50% Mar. 1981, 5% Oct. 1980. 1. Plus 5% stk. in Aug. 1989. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Before special item(s) of -0.03 in 1986. 5. Cal. yr. E-Estimated

January 18, 1990

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	7,929	843	10.6	297	221	[4]82.3	668	36.4%	425	5.4
[3]1988	6,798	725	10.7	277	184	[4]75.3	572	38.3%	353	5.2
[3]1987	5,775	537	9.3	300	156	[4]70.5	478	44.5%	265	4.6
1986	5,336	492	9.2	219	138	[4]93.8	396	39.5%	239	4.5
1985	4,739	357	7.5	160	116	[4]88.8	269	39.1%	164	3.5
1984	4,907	275	5.6	133	107	[4]68.1	165	28.6%	118	2.4
1983	4,292	232	5.4	165	96	[4]95.1	158	30.3%	110	2.6
1982	3,713	318	8.6	189	87	[4]77.4	204	24.1%	155	4.2
[5]1981	3,647	326	8.9	395	64	[4]41.5	254	30.7%	176	4.8
1980	2,802	228	8.1	186	40	[4]21.1	185	37.2%	116	4.1

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	842	2,106	619	3.4	4,728	9.3%	690	3,034	4,106	16.8%	15.0%
1988	644	2,119	710	3.0	4,398	8.6%	693	2,631	3,683	18.8	14.3%
1987	465	1,750	497	3.5	3,862	7.4%	657	2,368	3,360	19.6	11.9%
1986	595	1,511	363	4.2	3,315	7.5%	570	2,076	2,947	19.3	12.2%
1985	419	1,368	329	4.2	2,967	5.9%	569	1,803	2,631	21.6	9.5%
1984	344	1,233	249	4.9	2,593	4.5%	475	1,650	2,335	20.3	7.4%
1983	418	1,246	447	2.8	2,550	4.5%	478	1,450	2,094	22.8	8.0%
1982	149	917	269	3.4	2,195	7.4%	594	1,202	1,916	31.0	13.7%
1981	195	920	336	2.7	2,001	10.0%	529	1,047	1,655	32.0	18.5%
1980	126	760	305	2.5	1,366	9.2%	221	767	1,050	21.0	17.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Before special item(s) in 1986. 3. Reflects merger or acquisition. 4. Net of interest income. 5. Reflects accounting change. 6. Reflects accounting change; net of int. income

Business Summary

Archer-Daniels-Midland is primarily engaged in the processing and merchandising of raw agricultural commodities, largely used in the production of consumer foods and beverages. Revenue contributions in recent fiscal years:

Revenues	1989	1988
Oilseed opers.	53%	57%
Corn opers.	27%	26%
Wheat flour	8%	8%
Other	12%	9%

Export businesses generated 15% of revenues in fiscal 1989, versus 16% the year before.

Soybeans are processed into soybean oil and soybean meal. Some of the soybean meal is further processed into soy flour, soy protein and texturized vegetable protein (TVP). Cottonseed, sunflower seeds, peanuts, corn germ, and other commodities are also processed into oils and meals.

Corn wet milling products include high fructose corn syrup (HFCS), glucose, starches, and ethanol. Dry milled products include meal, flour, grits, ethanol and grains.

Wheat flour is sold primarily to large bakeries, and durum flour is sold largely to pasta manufacturers. Bulgur, a gelatinized wheat food, is sold in both domestic and export markets.

Other operations include grain merchandising; production of barley malt, cane sugar, animal feeds and various consumer foods; and other products for industrial markets.

Dividend Data

Dividends have been paid since 1927.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02½	Jan. 23	Jan. 30	Feb. 3	Feb. 27'89
0.02½	Apr. 25	May 1	May 5	May 30'89
0.02½	Jul. 26	Jul. 31	Aug. 4	Aug. 28'89
5% Stk.	Jul. 26	Aug. 22	Aug. 28	Sep. 25'89
3-for-2 split	Oct. 24	Dec. 5	Nov. 10	Dec. 4'89
0.02½	Oct. 24	Nov. 6	Nov. 10	Dec. 11'89

Next dividend meeting: Jan. 22 '90.

Capitalization

Long Term Debt: $696,299,000.

Common Stock: 281,065,262 shs. (no par).
Officers and directors own 14.2%. State Farm Mutual Automobile Ins. Co. holds 6.8%.
Institutions hold approximately 51%.
Shareholders: 20,382.

Office—4666 Faries Parkway (Box 1470), Decatur, Ill 62525 Tel—(217) 424 5200 Chrmn & CEO—D O Andreas Pres—J R Randall Secy—R. P Reising. Treas—T. H. Frankel VP-Investor Contact—R. Burkel Dirs—D. O. Andreas, L. W Andreas, M D Andreas, M L Andreas, S. M Archer, Jr., K. P Baer, R Bruce, J. H Daniels, H. D. Hale, F. R. Johnson, J. R. Randall, Mrs N. A Rockefeller, R S Strauss J K Vanier, D B Walker Transfer Agent and registrars—Harris Trust and Savings Bank, Chicago, Ill Incorporated in Delaware in 1923 Empl— 10,214.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Aristech Chemical

NYSE Symbol ARS Options on ASE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
30⅜	27⅝-17¼	7	1.00	4.9%	NR	NA

Summary

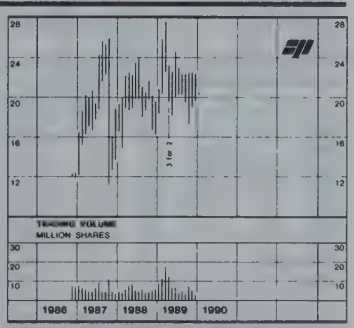
This company is a producer of polymer and related products and basic and industrial chemicals. Earnings in 1989 have been penalized by lower margins for polypropylene as well as a higher tax rate and the scheduled maintenance shutdowns of several plants. Unfavorable conditions are expected to continue in 1990. In November, 1989 ARS rejected a $25-a-share cash acquisition offer made by Jon M. Huntsman, who owns 8.7% of ARS common stock.

Current Outlook

Share earnings for 1990 are estimated at $2.25, versus the $2.50 expected for 1989.

Dividends at $0.25 quarterly are the minimum expected.

Profits for 1990 are expected to be penalized by the reduction in polypropylene margins experienced in 1989, due to reduced selling prices resulting from increased industry capacity and reduced export demand; however, raw material costs have declined from peak levels. Demand for phenol and deriviative products remains relatively good. Possible anti-takeover actions, including a recapitalization or sale of the polypropylene business, would impact earnings.



Net Sales (Million $)

Quarter:	1989	1988	1987	[1]1986
Mar.	275	260	209	196
Jun.	268	268	229	192
Sep.	230	278	240	187
Dec.	---	259	242	176
	---	1,065	919	751

Sales for the first nine months of 1989 declined 1.1%, year to year, reflecting lower polypropylene prices. Penalized by lower polypropylene profits, second-quarter plant outages and the absence of a nonrecurring gain equal to $0.61 a share, and after taxes at 36.7%, against 26.7%, net income fell 48%, to $1.93 a share from $3.44.

Common Share Earnings ($)

Quarter:	1989	1988	1987	[1]1986
Mar.	0.75	1.41	0.35	0.19
Jun.	0.53	0.92	0.41	0.28
Sep.	0.64	1.11	0.48	0.37
Dec.	E0.58	0.97	0.56	0.29
	E2.50	4.41	1.81	1.13

Important Developments

Nov. '89— Directors rejected as inadequate the $25 a share acquisition proposal made by Jon M. Huntsman, chairman of Huntsman Holdings, Inc. Mr. Huntsman said that he was willing to negotiate all aspects of the proposal and would consider increasing the price if additional information about ARS were made available. Mr. Huntsman owns 8.7% of ARS common stock.

Oct. '89— ARS said that the decline in third quarter earnings reflected reduced revenues and earnings from polypropylene. However, earnings improved from those of the second quarter, due to the completion of maintenance and capacity expansion projects. ARS projected that second half earnings would likely fall below the first half level, primarily due to smaller than expected polypropylene margins and weakness in several other products. ARS terminated discussions regarding the sale of several businesses.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1989	[2]1988	1987	1986	1985
Tangible Bk. Val.	NA	11.59	9.62	7.98	NA
Earnings[3]	NA	4.41	1.81	1.13	0.37
Dividends	0.90⅜	0.57⅜	0.36	Nil	Nil
Payout Ratio	NA	12%	19%	Nil	Nil
Prices—High	27⅝	24	26	12⅜	NA
Low	17¼	14⅞	11⅛	11⅞	NA
P/E Ratio—	NA	5-3	14-6	11-10	NA

Data as orig. reptd; prior to 1986 data as reptd. in Prospectus dated Nov. 26, 1986 Adj. for stk. div(s). of 50% Apr. 1989 1. Pro forma. 2. Reflects merger or acquisition 3. Bef. spec. item(s) of +0.63 in 1988 NA-Not Available E-Estimated

January 10, 1990

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,065	237	22.2	196.0	32.4	[2]9.1	[3]224	26.6%	165.0	15.4
1987	919	150	16.3	43.7	29.3	[2]4.6	[3]118	41.0%	69.7	7.6
1986	751	133	17.7	15.6	29.3	[2]5.1	93	49.0%	[4]43.9	[4]5.8
[4]1985	789	71	9.0	NA	27.9	15.0	22	40.9%	12.7	1.6
1984	862	119	13.8	9.0	27.9	5.1	81	47.5%	42.6	4.9
1983	700	45	6.4	7.9	25.3	5.1	2	16.7%	2.8	0.4
1982	633	NA	NA	NA	NA	NA	NA	NA	d16.3	NM
1981	892	NA	NA	NA	NA	NA	NA	NA	d24.5	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	7.2	235	122.0	1.9	676	27.5%	124.0	410	538	22.9	43.8%
1987	31.5	241	94.0	2.6	551	13.8%	60.0	363	434	13.8	21.0%
1986	9.6	184	98.6	1.9	476	NA	60.1	310	370	16.2	NA

Data as orig. reptd; prior to 1986 data as reptd. in Prospectus dated Nov. 26, 1986 1. Reflects merger or acquisition 2. Net of interest income 3. Incl. equity in earns. of nonconsol. subs 4. Pro forma NA-Not Available d-Deficit NM-Not Meaningful

Business Summary

This company, formerly the USS Chemicals division of USX Corp., produces polymers and related products and basic and industrial chemicals used in automotive, home and office construction, appliances, boat, apparel, medical, packaging and consumer products markets. Sales contribution in recent years:

	1988	1987
Polymers & related products	52%	52%
Basic & industrial chemicals	48%	48%

The company is a leading producer of polypropylene resins (used for synthetic fibers, films and molded parts). Plants at LaPorte, Texas, and Neal, West Virginia have combined annual capacity of 700 million pounds. A modernization and 100 million pound expansion program at Neal was completed in 1988 and a further 50 million pound expansion was completed in 1989. ARS is one of the world's largest producer of unsaturated polyester resin (primarily used for fiber glass reinforcement) with four plants (including the world's largest) with capacity of 230 million pounds. Acrylic sheet (used for outdoor signs and molded tub and shower units) is produced at a plant with capacity of 38 million pounds. Plasticizers (used in flexible polyvinyl chloride plastic compounds) are made at a plant with capacity of 210 million pounds.

Basic and industrial chemicals include phenol and related products, consisting of phenol (used in plywood adhesives), acetone (paint solvents), bisphenol-A (epoxy resins and engineering plastics), and aniline (polyurethane foam insulating and coating resins); phthalic anhydride (unsaturated polyester resins and plasticizers) and maleic anhydride (unsaturated polyester resins and pesticides); pitch (carbon electrodes and products); creosote (wood treatment chemicals); and benzene (plastics, polyester resins, and phenol).

Dividend Data

Dividends were initiated in 1987. A "poison pill" stock purchase right was amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Jan. 17	Jan. 23	Jan. 27	Feb. 28'89
3-for-2	Mar. 21	Apr. 18	Apr. 3	Apr. 17'89
0.25	Mar. 21	Apr. 24	Apr. 28	May 30'89
0.25	Jul. 20	Jul. 24	Jul. 28	Aug. 29'89
0.25	Oct. 17	Oct. 23	Oct. 27	Nov. 28'89

Next dividend meeting: mid-Jan. '90.

Finances

In May, 1989 ARS anticipated that capital spending for 1989 would be about $60 million, versus 1988's $56 million (excluding acquisitions). Projects include expansions of its phenol and bisphenol-A unit and of the Neal, W. V. polypropylene plant, as well as initial spending for a cumene/phenol complex. In October, 1989 ARS suspended plans to build the complex.

In November, 1986 underwriters sold 22,500,000 ARS common shares held by USX Corp. at $17.75 each. An overallotment option of 3,375,000 shares granted by ARS was sold at the same initial price. ARS repurchased from USX, at the initial offering price per share, $150 million of common stock, eliminating USX's interest in ARS. Funds for the purchase were provided by a $200 million bank revolving credit agreement.

Capitalization

Long Term Debt: $175,800,000.

Common Stock: 32,480,498 shs. ($1 par).
Institutions hold about 47%.
Jon M. Huntsman controls 8.7%
Shareholders of record: 1,316.

Office—600 Grant St., Pittsburgh, Pa. 15230-0250. **Tel**—(412) 433-2747 **Chrmn & CEO**—T Marshall **Pres**—C R Andersson **Secy**—D F Tuthill **Treas**—J S Guna **Investor Contact**—J H Varner **Dirs**—C. R. Andersson, R. E. Compton, R S Evans, J H Filer, T Marshall, A F Mastro, T H O'Brien, C. J. Queenan, Jr., C. W. Parry **Transfer Agent & Registrar**—Pittsburgh National Bank, Pittsburgh **Incorporated** in Delaware in 1986 **Empl**—1,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Arkla, Inc.

NYSE Symbol ALG Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
24⅞	25⅛-20	21	1.08	4.3%	A	0.74

Summary

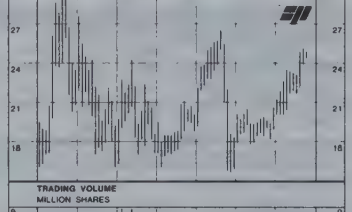
This integrated natural gas company is engaged in the transmission, distribution, exploration and production of natural gas in the south central U.S. Earnings for the 1989 first half declined, reflecting warmer weather, lower pipeline margins, and higher interest charges. In July, 1989 ALG acquired Louisiana Intrastate Gas Corp. for 2.25 million common shares plus the assumption of existing debt.

Current Outlook

Share earnings for 1990 are projected at $1.45, up from the $1.30 estimated for 1988.

Dividends should continue at $0.27 quarterly.

Gas transmission profits in 1990 should increase on higher rates and an increase in throughput, partly reflecting expansion of areas served. Distribution profits are expected to be slightly higher, assuming normal weather conditions and some customer additions. Exploration and production profits should benefit from increased activity and higher average gas prices. Share earnings growth will be restricted by a slight rise in shares outstanding and interest charges.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	705	745	414	252
Jun.	403	369	240	163
Sep.	---	341	217	228
Dec.	---	541	317	357
	---	1,996	1,188	1,000

Revenues for the six months ended June 30, 1989 declined 0.5%, year to year. Penalized by warmer weather conditions, lower pipeline margins, and higher interest expenses, net income was down 24%, to $0.66 a share from $0.88.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.61	0.78	0.62	0.58
Jun.	0.05	0.10	0.06	0.11
Sep.	E0.06	0.03	0.06	0.06
Dec.	E0.58	0.48	0.51	0.46
	E1.30	1.39	1.25	1.20

Important Developments

Aug. '89— ALG and Texas Gas Transmission Corp. entered into an agreement whereby Texas Gas would purchase from ALG up to 350 million cubic feet of natural gas per day over a 10-year period, and the two companies would jointly own new transmission facilties to be constructed.

Jul. '89— ALG acquired Louisiana Intrastate Gas Corp. and certain properties from a group of private investors for 2.25 million common shares and the assumption of existing debt, or an acquisition cost of about $170 million.

Mar. '89— ALG's Mississippi River Transmission Corp. unit filed for regulatory approval to provide open access transportation services. Separately, ALG and Coastal Corp. reached agreements to expand the gas pipeline capacity out of the Midcontinent supply region.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	7.01	8.62	8.54	9.54	9.23	9.88	9.68	8.64	7.65	6.83
Earnings[1]	1.39	1.25	1.20	1.31	1.30	1.18	1.90	1.74	1.46	1.21
Dividends	1.08	1.08	1.08	1.08	1.06	0.98	0.86	0.75	0.64	0.56⅞
Payout Ratio	78%	86%	97%	82%	82%	83%	45%	43%	44%	47%
Prices—High	20⅝	26½	21⅛	24¼	27⅝	29⅞	21⅛	20⅝	21	14⅛
Low	17¾	15⅝	16	16¼	16	16	12⅝	14⅝	10½	7¾
P/E Ratio—	15-13	21-13	18-13	19-12	21-12	25-14	11-7	12-8	14-7	12-7

Data as orig reptd. Adj. for stk. div(s). of 100% Dec. 1981, 100% Dec. 1979. 1. Bef. results of disc. opers. of -0.09 in 1988, -0.13 in 1985, -0.03 in 1984, bef. spec. item(s) of +0.20 in 1985. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc of Revs.
1988	1,996	409	20.5	213	136	117.0	187	33.2%	125.0	6.3
1987	1,188	304	25.6	186	103	76.7	133	41.2%	78.3	6.6
1986	1,000	248	24.8	588	76	60.2	113	43.4%	64.2	6.4
1985	993	222	22.4	92	60	54.6	116	43.2%	66.0	6.6
1984	1,181	227	19.2	124	53	57.2	115	43.0%	65.3	5.5
1983	1,298	183	14.1	167	53	61.4	97	39.2%	59.1	4.6
1982	1,297	255	19.6	204	49	56.1	162	41.1%	95.4	7.4
1981	1,179	232	19.7	188	48	45.9	152	42.5%	87.6	7.4
1980	975	191	19.6	170	44	33.6	122	39.9%	73.4	7.5
1979	735	162	22.1	143	35	32.7	102	40.4%	60.8	8.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Curr. Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	6.2	544	863	0.6	3,249	3.6%	904	710	2,250	40.2	14.5%
1987	7.3	422	524	0.8	2,524	3.3%	767	621	1,963	39.1	11.7%
1986	11.1	393	527	0.7	2,285	3.0%	678	615	1,727	39.2	11.0%
1985	10.2	292	346	0.8	1,690	3.9%	422	479	1,299	32.5	14.0%
1984	8.8	265	348	0.8	1,668	3.8%	426	464	1,271	33.5	13.6%
1983	8.9	361	334	1.1	1,732	3.6%	534	496	1,356	39.4	12.0%
1982	17.8	312	319	1.0	1,581	6.3%	468	487	1,246	37.6	20.7%
1981	3.4	287	454	0.6	1,427	6.6%	286	434	957	29.9	21.4%
1980	5.5	223	304	0.7	1,220	6.4%	308	385	896	34.4	20.2%
1979	7.9	199	209	1.0	1,073	6.1%	327	343	848	38.6	17.8%

Data as orig reptd. 1. Bef. results of disc. opers and spec item(s) in 1988, 1985, 1984

Business Summary

Arkla, Inc. is primarily an integrated natural gas utility serving Arkansas, Mississippi, Missouri, Tennessee, Louisiana, Texas, Kansas and Oklahoma. Other activities include the manufacture and sale of chemical and petroleum products. Revenue contributions in recent years:

	1988	1987
Natural gas sales	93%	94%
Gas transportation	3%	3%
Chemical and petroleum	1%	1%
Other	3%	2%

Arkla Pipeline Group operates a 12,000-mile interstate natural gas pipeline system serving the south central U.S.; Arkla Energy is located primarily in Arkansas and Oklahoma; Mississippi River Transmission (acquired 1986) operates a interstate pipeline system with access to the St. Louis, Mo. and southeastern Illinois markets. Gas sales throughput in 1988 totaled 485.2 Bcf, versus 455.2 Bcf in 1987.

Arkla Louisiana Gas Co. provides gas distribution services to about 720,000 customers in five states. Entex, Inc. was merged into ALG in 1988; it distributes gas to about 1.2 million customers in Texas, Louisiana, and Mississippi. Combined total throughput in 1988 amounted to 302.3 Bcf, up from 286.9 Bcf in 1987.

Oil and gas exploration and production is conducted by Arkla Exploration Co. whose properties are located onshore in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. Proved reserves at year-end 1988 were estimated at 675 Bcf of gas and 5.6 million barrels of oil.

Dividend Data

Dividends have been paid since 1953. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27	Nov. 10	Nov. 15	Nov. 21	Dec. 15'89
0.27	Feb. 8	Feb. 14	Feb. 21	Mar. 15'89
0.27	May 9	May 18	May 24	Jun. 15'89
0.27	Aug. 9	Aug. 18	Aug. 24	Sep. 15'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $786,677,000.

$3 Conv. Exch. Pfd. Stk.: 2,600,000 shs. ($50 liquid pref.); conv. into com. at $28.625 a sh.

Common Stock: 86,876,283 shs. ($0.625 par). Institutions hold about 63%.
Shareholders of record: 33,623.

Office—Arkla Bldg., 525 Milam St., Shreveport, La. 71151. **Tel**—(318) 429-2700. **Chrmn & CEO**—T. F. McLarty III. **Pres**—C. S. Quinn. **VP-Secy & Treas**—B. D. Kline. **Investor Contact**—J. Ivey. **Dirs**—C. E. Bell, O. H. Croswell, W. A. Deroeck, H. T. Dickinson, D. H. Flanders, J. O. Fogelman, J. P. Gover, R. C. Hanna, M. Jones, T. F. McLarty III, S. Moncrief, C. S. Quinn, L. C. Wallace, D. W. Weir, J. O. Wilhite. **Transfer Agents**—MBank Dallas, Union National Bank, Little Rock, Ark. **Registrars**—MBank Dallas, First Commercial Bank, Little Rock, Ark. **Incorporated** in Delaware in 1928.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Matth

Armco Inc.

NYSE Symbol AS Options on Phila (Feb-May-Aug-Nov) In S&P 500

ice	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
ec. 14'89	1989					
/s	13½-9½	4	0.40	4.1%	B-	1.33

ummary

provement in industry conditions and in company operations along with a large onetime gain allowed e nation's fifth largest steelmaker to return to profitability in 1987. In the absence of that gain, earn- gs declined in 1988 but an increase is projected for 1989, aided substantially by the completion of S's joint venture agreement with Kawasaki Steel. Auditors noted in their opinion on AS's 1988 financial atements uncertainty with regard to the recovery of its investment in the discontinued Financial Ser- ces Group. Dividends were resumed in 1989.

urrent Outlook

rnings for 1990 are estimated at $1.30 a share, rsus the $2.40 estimated for 1989.

April, 1989 the common dividend, (omitted in d-1984) was reinstated at $0.10 quarterly.

ales for 1990 are expected to decline, reflecting e impact of slower economic growth on the spe- alty flat-rolled steel and bar, rod, and wire prod- ts units. Forecasted softness in consumer urables is expected to result in lower equity in- me from AS's new joint venture, ASC, L.P. Pe- lized further by the absence of a gain on the for- ation of the ASC joint-venture, earnings will likely cline in 1990.

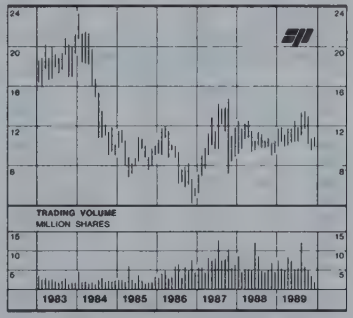
et Sales (Million $)

Quarter:	1989	1988	1987	1986
ar.	899	749	728	681
n.	666	827	720	658
p.	441	820	693	633
c.	---	831	787	668
	---	3,227	2,927	2,641

ales for the nine months ended September 30, 89 fell 16%, year to year, reflecting the impact the AS-Kawasaki joint venture (ASC, L.P.) on e carbon steel unit's sales. Margins widened ghtly, and aided by a net gain of $86.9 million ng with equity income of ASC, L.P. in 1989 only, d lower interest expense, net income from ntinuing operations rose to $194.5 million from 9.3 million. Share earnings were $2.14, versus .95.

ommon Share Earnings ($)

Quarter:	1989	1988	1987	1986
ar.	0.44	d0.02	0.70	d0.28
n.	1.35	0.56	0.30	d5.03
p.	0.35	0.42	0.15	d0.54
c.	E0.26	0.44	0.57	0.43
	E2.40	1.40	1.67	d5.42



Important Developments

Oct. '89— AS reported that at September 30, 1989 it had cash and other liquid investments of $575.8 million, which was available for general corporate purposes, including debt reduction, capital expentitures and acquisitions. AS noted that its total debt to capitalization ratio at September 30, 1989 was 30%, versus 39% at December 31, 1988 and 48% at December 31, 1987.

Jul. '89— AS said that it realized a gain of $112.3 million in 1989's second quarter from the completion of its joint venture with Kawasaki Steel Corp. AS added that following the formation of its joint venture with Kawasaki Steel on May 13, 1989, it would account for its 60% share of the new, jointly operated company called Armco Steel Co., L.P., under the equity method.

Next earnings report expected in late January.

er Share Data ($)

End Dec. 31	[1]1988	1987	1986	1985	1984	1983	[1]1982	[1]1981	1980	1979
ngible Bk. Val.	9.29	7.63	5.89	14.96	13.68	18.12	29.60	38.32	36.20	37.75
rnings[2]	1.40	1.67	d5.42	d1.87	d2.15	d8.21	d5.41	4.97	4.73	4.82
vidends	Nil	Nil	Nil	Nil	0.20	0.50	1.50	1.72	1.57	1.43
yout Ratio	Nil	Nil	Nil	Nil	NM	NM	NM	38%	34%	29%
ices—High	12½	14¾	12	11⅝	23⅜	21¼	27⅞	41⅝	41¾	27½
Low	9	5⅛	4⅛	6¾	9	15⅞	14½	24½	23	19
E Ratio—	9-6	9-3	NM	NM	NM	NM	NM	8-5	9-5	6-4

a as orig reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.33 in 1988, -0.44 in 1987, -1.74 in 1986, +1.70 in 85, 2.46 in 1984, -2.06 in 1983, and spec item(s) of +0.50 in 1988, +0.15 in 1987, +0.12 in 1986, +0.86 in 1985, +0.06 in 1984. d- ficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[1]1988	3,227	348	10.8	93	91	82	154	15.4%	130	4.0
1987	2,927	269	9.2	55	101	91	49	NM	[3]141	4.8
[4]1986	2,641	188	7.1	51	122	79	d351	NM	d362	NM
[4]1985	3,733	279	7.5	91	152	127	d98	NM	d118	NM
[4]1984	4,543	177	3.9	133	162	180	d114	NM	d136	NM
[4]1983	4,165	43	1.0	149	196	154	d526	NM	d537	NM
[5]1982	5,428	137	2.5	375	197	161	d597	NM	d345	NM
[5]1981	6,906	648	9.4	462	174	74	483	39.0%	[3]295	4.3
1980	5,678	461	8.1	271	150	60	381	30.3%	[3]265	4.7
1979	5,035	513	10.2	162	141	56	343	35.6%	221	4.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	355	1,101	671	1.6	2,788	4.6%	552	815	1,458	37.9	16.4%
1987	411	1,163	733	1.6	2,787	4.7%	585	663	1,332	43.9	22.5%
1986	271	950	685	1.4	2,528	NM	611	404	1,102	55.4	NM
1985	421	1,278	917	1.4	3,293	NM	640	1,018	1,754	36.5	NM
1984	169	1,388	1,080	1.3	3,687	NM	745	924	1,781	41.8	NM
1983	91	1,576	1,013	1.6	3,609	NM	832	1,213	2,159	38.5	NM
1982	75	1,740	1,127	1.5	4,157	NM	770	1,955	2,785	27.6	NM
1981	148	2,307	1,264	1.8	4,817	6.4%	680	2,440	3,470	19.6	12.2%
1980	139	1,686	834	2.0	3,805	6.7%	556	2,015	2,866	19.4	12.6%
1979	59	1,362	657	2.1	3,260	7.0%	578	1,664	2,520	23.0	13.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, 1983, and spec item(s) in 1988, 1987, 1986, 1985, 1984. 3. Reflects acctg. change. 4. Excl. disc. opers. 5. Reflects merger or acquisition. NM-Not Meaningful d-Deficit

Business Summary

Armco is a diversified maker of carbon and specialty steels and related products. Contributions by segment:

1988	Sales	Profits
Carbon steel	62%	67%
Specialty steels	30%	32%
Other	8%	1%

Annual steelmaking capacity at 1988 year-end was about 6.0 million net tons. In 1988 AS produced 5.8 million tons and shipped 4.9 million tons. Capacity utilization was 97% in 1988, versus 88% in 1987.

Carbon steel mill products include sheet and strip (79% of 1988 shipments); bar, rod, and wire (18%); pipe and tube (1%); plates and structurals (1%); and other (1%). Major markets for carbon steel include service centers (31%), automotive (27%), construction (7%), appliances (8%), industrial machinery (14%), and other (13%).

Specialty steels consist of electrical steels (46% of 1988 shipments) for transformers and generators and stainless flat and tubular products (54%). Major markets include industrial machinery and equipment (42%), service centers (11%), automotive (17%), construction products (2%), appliances and commercial equipment (2%) and other (26%).

Other operations include the manufacture of drainage, highway, agriculture, grinding and construction products.

Dividend Data

Common dividends, omitted in mid-1984, were resumed in April 1989. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Apr. 28	May 8	May 12	Jun. 5'89
0.10	Jul. 28	Aug. 7	Aug. 11	Sep. 5'89
0.10	Oct. 27	Nov. 6	Nov. 10	Dec. 4'89

Finances

In their opinion on AS' 1988 financial statements, auditors noted uncertainty regarding Armco's recovery of its investment in the discontinued Financial Services Group.

Capitalization

Long Term Debt: $418,700,000.

$2.10 Conv. Pfd. Stk.: 1,697,766 shs. (no par); red. at $40; conv. into 1.27 com.

$4.50 Conv. Pfd. Stk.: 1,000,000 shs. ($1 par); conv. into 2.22 com. (closely held.)

Common Stock: 88,439,841 shs. ($1 par).
Institutions hold about 55%.
Shareholders of record: 39,425.

Office—300 Interspace Parkway, Parsippany, N.J. 07054 **Tel**—(201) 316-5200 **Chrmn & CEO**—R Boni **Pres**—R L Purdam **VP-Secy**—R W Kent **VP-Treas & Investor Contact**—Sandy Parker **Dirs**—W B Askins, R Boni, W B Boyd, F B Dent, B Golding, J C Haley, P H Henson, H Holiday, Jr., J. L. Huck, J. Kreps, J. H. Ladish, R. L. Purdum, B. R. Roberts **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Ohio in 1917 **Empl**—19,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Armstrong World Industries

222M

NYSE Symbol ACK Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
38½	50⅞-33⅜	11	1.06	2.8%	A	1.60

Summary

This company is a leading producer of interior furnishings, including resilient flooring, carpeting, ceilings and furniture, for renovation/remodeling and new construction markets. About 60% of ACK's business is consumer-related, and the remaining 40% is in commercial and industrial markets. In July, 1989 the Belzberg family of Canada acquired 9.85% of ACK's common shares outstanding.

Current Outlook

Share earnings for 1990 are projected at $3.50, down from 1989's estimated $3.54.

The dividend should continue at $0.26½ quarterly.

Sales for 1990 should decline, reflecting the absence of the carpet operations (1988 sales $368.3 million) and the Applied Color systems division, as well as weak demand for flooring and building products due to the soft housing and construction markets. However remodeling markets should remain strong. Benefits from stable raw material prices and fewer salaried personnel will be offset by more competitive pricing and selling expenses. Interest charges will be lower.

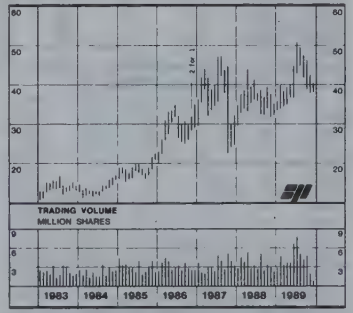
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	710	630	541	431
Jun.	744	671	597	487
Sep.	724	673	622	506
Dec.	---	707	605	496
	---	2,680	2,365	1,920

Sales for the first nine months of 1989 rose 10%, year to year. Margins narrowed, and with higher interest charges, pretax income fell 1.6%. After taxes at 35.7%, versus 38.7%, net income rose 3.2%. After preferred dividends, share earnings were $2.75 ($2.65 fully diluted) compared with $2.77 ($2.65). Results for 1989 include a onetime gain of $0.17 for termination of the contributory portion of the employees' retirement plan and settlement of an asbestos-related claim.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.81	0.84	0.67	0.50
Jun.	1.02	1.00	0.87	0.73
Sep.	0.92	0.93	0.92	0.77
Dec.	E0.79	0.74	0.72	0.54
	E3.54	3.51	3.18	2.54



Important Developments

Oct. '89— ACK said that while the Belzberg family had not increased their stock position in ACK, they had submitted a petition calling for the board to submit to shareholder vote five amendments of ACK's articles of incorporation. On July 3 the Belzberg family of Vancouver, Canada, acquired 9.85% of ACK's common stock, and indicated through a 13D filing that they were considering further purchases of ACK, as well as acquiring control of the entire company. Separately, ACK agreed to sell its carpet operations to Shaw Industries for $140 million and sell its Applied Color Systems division. Additionally, ACK said that most of the sales gain in the third quarter resulted from the American Olean subsidiary, which was acquired in October, 1988. ACK said demand for most of its products was weak, and would most likely continue being weak during the next six months.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[1]1985	[1]1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	21.86	19.53	16.85	15.04	13.31	12.27	11.85	12.06	11.65	11.23
Earnings	3.51	3.18	2.54	2.10	1.90	1.27	0.40	0.94	0.97	1.29
Dividends	0.97½	0.88½	0.73¼	0.63⅛	0.58⅛	0.55	0.55	0.55	0.55	0.53⅞
Payout Ratio	28%	28%	29%	30%	31%	43%	141%	58%	57%	41%
Prices—High	44	47⅜	35	22⅝	17	16⅞	13⅜	9½	9⅜	9½
Low	29½	22½	19⅞	15¼	11⅛	10⅝	6⅝	7	6¼	7⅜
P/E Ratio—	13-8	15-7	14-8	11-7	9-6	13-8	34-17	10-7	10-6	7-6

Data as orig. reptd Adj. for stk div(s) of 100% Dec 1986 1. Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc of Revs.
[1]1988	2,680	384	14.3	199	109.0	26.6	265	37.4%	163	6.1
1987	2,365	357	15.1	183	91.4	12.0	258	41.0%	150	6.4
1986	1,920	293	15.3	144	74.3	5.5	216	42.4%	[2]122	6.4
[1]1985	1,679	232	13.8	106	63.6	5.3	180	43.1%	101	6.0
[1]1984	1,569	218	13.9	85	57.9	9.7	[3]157	40.9%	92	5.9
1983	1,439	171	11.9	61	55.4	11.9	[3]109	42.3%	[2]63	4.4
1982	1,286	106	8.2	63	51.9	13.7	27	28.5%	20	1.5
[1]1981	1,376	136	9.9	61	49.2	13.8	79	39.1%	47	3.4
1980	1,323	158	11.9	65	45.6	14.2	100	50.4%	49	3.7
1979	1,341	180	13.4	56	41.6	13.8	126	47.5%	66	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	70	839	700	1.2	2,098	8.8%	186	1,011	1,382	13.4	17.0%
1987	70	727	471	1.5	1,603	10.5%	68	903	1,116	6.1	17.8%
1986	103	626	298	2.1	1,298	10.3%	59	801	993	5.9	16.1%
1985	93	544	194	2.8	1,093	9.9%	55	721	888	6.2	14.8%
1984	36	472	166	2.8	951	9.9%	51	636	770	6.6	15.0%
1983	51	460	210	2.2	955	6.8%	49	608	723	6.7	10.5%
1982	39	421	145	2.9	903	2.1%	99	586	758	13.1	3.3%
1981	32	455	182	2.5	939	5.2%	98	589	756	13.0	8.1%
1980	38	446	148	3.0	892	5.5%	104	576	743	14.0	8.5%
1979	35	447	139	3.2	876	7.8%	126	556	737	17.1	12.3%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol subs.

Business Summary

Armstrong World is primarily a manufacturer and marketer of interior furnishings, including floor coverings, building products, and furniture. The home improvement and refurbishing market accounted for over 40% of sales in 1988; commercial and institutional building for about 35%; new residential building for about 11%; and the remainder to industrial markets. Contributions by industry segment in 1988:

	Sales	Profit
Floor coverings	48%	43%
Building products	26%	34%
Furniture	16%	10%
Industry products & other	10%	13%

Foreign sales accounted for 23% of total sales and 25% of profits in 1988.

A broad range of floor coverings is manufactured. Resilient flooring is made in both sheet and tile form; ceramic tile is produced through American Olean, acquired in 1988. Sales in 1988 were $915.8 million. In the fall of 1989 ACK sold its carpet operations for $140 million to Shaw Industries.

Building materials consist mainly of ceiling materials of varied design and uses. Most contain features such as noise reduction, integrated lighting, fire protection and ease of installation.

Thomasville Furniture makes traditional and contemporary household furniture, primarily case goods. Industrial products consist of a variety of products (flexible pipe, gasket materials, etc.) for the building, automotive, and textile industries.

ACK is involved in asbestos-related litigation.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 30	Feb. 6	Feb. 10	Mar. 15'89
0.26½	Apr. 24	May 1	May 5	Jun. 1'89
0.26½	Jul. 31	Aug. 7	Aug. 11	Sep. 1'89
0.26½	Oct. 30	Nov. 6	Nov. 10	Dec. 1'89

Next dividend meeting: Jan. 29'90.

Capitalization

Long Term Debt: $450,700,000, incl. $269 million guaranteed for ESOP.

Minority Interest: $8,500,000.

7.25% Conv. Pfd. Stk: 5,654,450 shs.

Common Stock: 46,269,953 shs. ($1 par).
Institutions hold approximately 66%.
Shareholders of record: 10,355.

Office—West Liberty St., Lancaster, Pa. 17604. **Tel**—(717) 397-0611. **Chrmn & Pres**—W. W. Adams. **Sr VP-Secy**—L. A. Pulkrabek. **Sr VP-Fin**—W. J. Wimer. **Investor Contact**—W. M. Posey. **Dirs**—W. W. Abbott, W. W. Adams, F. V. Breeze, R. A. Caldwell, E. A. Deaver, W. M. Ellinghaus, M. J. Glynn, B. H. Franklin, J. L. Jones, G. A. Lorch, J. E. Marley, R. F. Patton, J. P. Samper, H. K. Wells. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1891. **Empl**—25,941.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Arvin Industries

NYSE Symbol ARV

ce	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
c. 11'89	1989					
/8	26¾-14½	19	0.68	4.4%	B	1.31

ummary

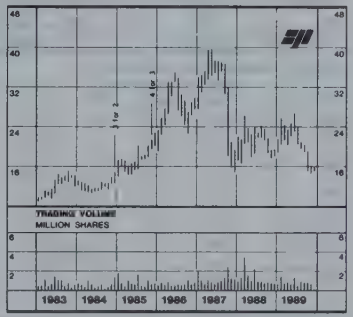
is manufacturer of a broad line of auto parts, coated metals and consumer products is focusing on pansion of its European automotive operations via acquisitions, in order to participate in the post-92 unified European market. Increased sales to Japanese transplant auto manufacturers and wage ductions under new labor contracts should contribute to profit gains in future years.

urrent Outlook

rnings for 1990 are expected to rise to $1.00 a are from the $0.75 estimated for 1989.

e quarterly dividend should continue at $0.17.

les for 1990 are likely to rise as production der new contracts from Japanese transplant car nufacturers increases. Start-up costs related to new contracts should decline, but earnings im-vement may be limited by operating inefficien-s while training new employees to replace strik- workers at two plants. These increased ining costs will offset somewhat lower wages d to the new employees and to workers at five er plants under new labor contracts.



ales (Million $)

Quarter:	1989	1988	1987	1986
r.	370	316	363	205
n.	398	359	345	226
p.	376	310	333	220
c.	---	329	332	344
	---	1,313	1,373	996

les for the nine months ended October 1, 1989 se 21%, year to year (1988 restated). Despite 2 million of nonrecurring start-up and other costs 1989, and in the absence of 1988's $17.8 lion ($0.94 a share) after-tax restructuring arge, net income was $14.6 million ($0.53 a are), versus $10.7 million ($0.44), which cludes a loss from discontinued operations of 3 million ($0.28).

ommon Share Earnings ($)

Quarter:	1989	1988	1987	1986
r.	0.07	d0.81	0.61	0.59
	0.34	0.71	0.80	0.68
p.	0.12	0.52	0.56	0.55
c.	E0.22	0.28	0.45	0.64
	E0.75	0.70	2.41	2.46

Important Developments

Nov. '89— ARV said that it was jointly developing with Active Noise Vibration Technologies, Inc. an electronic automotive muffler system using electronic noise cancellation technology.

Oct. '89— Earnings for the first nine months of 1989 were restricted by a $12 million onetime charge for the realignment of labor economics, reorganization of manufacturing operations and start-up of major new contracts. In addition, lower than anticipated car build in North America and high interest expense due to delay of the sale of ArvinAir hurt third- quarter earnings.

May '89— Arvin sold its consumer electronics unit to ElectroCon International for book value of the unit plus $1.5 million. ARV plans to sell ArvinAir, a manufacturer of portable electric heaters and evaporative coolers.

Next earnings report expected in mid-February.

r Share Data ($)

End Dec. 31	[1]1988	1987	[1]1986	1985	1984	1983	[1]1982	1981	1980	1979
gible Bk. Val.	9.75	18.36	16.04	14.85	13.38	12.05	11.71	11.62	11.48	11.39
nings[2]	0.70	2.41	2.46	2.21	1.94	1.19	0.70	0.82	0.46	1.44
idends	0.68	0.68	0.65	0.61	0.57	0.56	0.56	0.56	0.56	0.51½
out Ratio	97%	28%	26%	29%	29%	48%	81%	68%	123%	36%
es—High	26¼	39¾	35	22¾	14⅞	15⅛	9⅞	9	8½	8⅜
Low	16½	14¾	19	13⅞	10⅝	8⅞	5⅞	5⅞	4⅞	5½
E Ratio—	38-24	16-6	14-8	10-6	8-5	13-7	14-8	11-7	18-11	6-4

as orig reptd Adj. for stk div(s) of 33⅓% Dec. 1985, 50% Dec. 1984. 1. Reflects merger or acquisition 2. Bef results of disc. opers. of in 1988 d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,313	116	8.8	76.5	45.5	22.4	28.8	42.9%	16.5	1.3
1987	1,373	141	10.2	40.1	42.6	24.5	81.0	41.3%	47.6	3.5
[4]1986	996	113	11.4	30.9	27.3	11.4	76.0	45.8%	[5]41.2	4.1
1985	821	88	10.7	35.5	19.5	6.3	63.7	43.7%	35.9	4.4
1984	782	73	9.4	26.3	17.1	7.8	53.7	43.7%	30.2	3.9
1983	601	48	8.1	18.1	15.5	8.0	30.7	40.2%	18.3	3.1
[4]1982	514	35	6.7	32.2	14.1	8.4	18.5	41.3%	10.9	2.1
1981	495	35	7.1	7.2	13.2	7.7	22.2	44.0%	12.4	2.5
1980	429	30	7.1	13.8	13.3	7.9	11.4	33.7%	7.6	1.8
1979	493	51	10.3	23.7	13.8	9.1	32.0	36.1%	20.4	4.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**22.2**	**497**	**278**	**1.8**	**1,058**	**1.8%**	**345**	**359**	**780**	**44.2**	**3.6%**
1987	21.9	415	150	2.8	808	5.5%	203	424	659	30.9	12.4%
1986	30.4	419	199	2.1	803	7.2%	317	259	605	52.5	16.9%
1985	32.6	210	58	3.6	379	9.4%	57	247	321	17.7	15.3%
1984	21.0	200	71	2.8	354	8.9%	64	203	284	22.5	15.5%
1983	30.1	177	59	3.0	328	5.5%	73	182	269	27.2	9.8%
1982	26.7	161	46	3.5	310	3.6%	80	164	264	30.3	5.9%
1981	38.3	162	40	4.1	293	4.1%	72	159	253	28.5	7.0%
1980	32.2	174	49	3.5	305	2.5%	78	152	255	30.6	3.9%
1979	32.4	172	42	4.1	303	6.6%	84	152	261	32.1	12.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. aft. 1981. 2. Before results of disc. opers. in 1988. 3. Excludes disc. opers. and reflects merger or acquisition. 4. Reflects merger or acquisition. 5. Reflects accounting change

Business Summary

Sales and profit contributions of this manufacturer of automotive products in 1988:

	Sales	Profits
Automotive	35.5%	28.9%
Consumer	39.5%	16.7%
Government	14.6%	22.0%
Industrial	10.4%	32.4%

ARV supplies parts to the original equipment automotive market, including mufflers, exhaust pipes, catalytic converters, tubular manifolds, fuel filler tubes, tubeless tire valves, shock absorbers, MacPherson struts, gas springs, decorative trim parts, and coated coil steel for fabricating into body parts. Shipments to the automotive replacement market include mufflers, exhaust pipes, catalytic converters, shock absorbers, MacPherson struts, gas springs, brake and front end parts, tire valves and accessories.

The industrial segment provides tank valves, valve cores, bicycle valves, shock absorbers, pneumatic cylinders, vinyl metal laminate stampings, precoated coils of steel and aluminum.

The company also supplies research, development and testing services to the government and industrial customers in such areas as aerodynamics, automobile crash testing and accident research, aircraft systems, electronic systems analysis, surface and laser chemistry.

In 1988 13.0% of sales were to Ford Motor Co., 12.8% to the Government, and 11.2% to General Motors. Foreign operations accounted for 14% of sales and 28% of profits in 1988.

In May, 1989 ARV sold its consumer electronics business and it has an agreement to sell its portable electric heater and evaporative cooling products business.

Dividend Data

Dividends have been paid since 1925.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Feb. 23	Feb. 28	Mar. 6	Mar. 24'89
0.17	May 25	Jun. 5	Jun. 9	Jun. 30'89
0.17	Aug. 18	Sep. 1	Sep. 8	Sep. 22'89
0.17	Nov. 9	Nov. 27	Dec. 1	Dec. 20'89

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $335,411,000.

Minority Interest: $7,318,000.

Preferred Stock: $100,455,000.

Common Stock: 18,782,535 shs. ($2.50 par). Institutions hold about 34%. Shareholders of record: 7,398.

Office—1531 13th St., Columbus, Ind. 47201. **Tel**—(812) 379-3000 **Chrmn & CEO**—J. K Baker **Pres**—L K Evans **VP-Secy**—V W Hunt **VP-Finance**—H. B. Thakor **Investor Contact**—W F Meyer **Dirs**—J. P Allen, J. K Baker, S. C. Beering, L. K Evans, D. G Fleming, R E Fowler, Jr., R. W. Hanselman, V. W. Hunt, D. J. Kacek, F. A Meyer, R. M Ringoen, H. B Thakor **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Indiana in 1921 **Empl**—16,866

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M Harari

ASARCO Inc.

NYSE Symbol AR Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
31¼	35⅞-26⅛	5	1.60	5.1%	B-	1.22

Summary

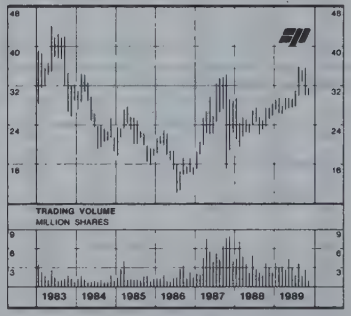
ASARCO is a leading producer of copper, silver, lead and zinc; has crushed stone and chemicals operations; and provides environmental services. The company implemented major restructuring and cost-cutting programs in the mid-1980s. Following a strong revival of the copper market in 1987-89, earnings for 1990 are likely to decline substantially, reflecting anticipated sluggish economic growth.

Current Outlook

Earnings for 1990 are projected at $3.75 a share, down sharply from 1989's estimated $5.50.

Dividends should continue at $0.40 quarterly.

Sales for 1990 may decline moderately. Copper and zinc income will probably decrease dramatically on expected much lower average copper and zinc prices, reflecting sluggish growth of industrial activity. However, silver profits may benefit from anticipated modestly higher quotes, while lead earnings are likely to be little changed. With an expected higher tax rate, earnings should fall substantially, despite absence of nonrecurring charges related to disposal of assets.



Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	618	447	274	292
Jun.	539	443	330	257
Sep.	522	499	322	253
Dec.	---	599	430	255
	---	1,988	1,355	1,057

Sales for the first nine months of 1989 advanced 21%, year to year, mainly on higher copper and zinc prices. After taxes at 19.9% versus 25.2%, and equity in earnings of associated companies ($33.3 million, versus $5.3 million), net income was up 28%, to $4.08 a share from $3.18.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.63	1.05	d0.98	d1.22
Jun.	1.20	1.03	d0.08	d0.43
Sep.	1.25	1.10	3.47	0.42
Dec.	E1.42	1.74	2.02	0.77
	E5.50	4.92	5.34	d0.46

Important Developments

Nov. '89— At September 30, AR had bought back 759,000 common shares and 2.8 million warrants under programs authorizing $95 million in repurchases. In June, AR acquired a 49.9% interest in Montana Resources' (MR) copper mining business in Butte, Montana for $100 million cash plus an income participation by MR of up to $25 million contingent on metal prices.

Feb. '89— Directors approved a $260-million program to expand and modernize the company's copper production facilities in the next three years. When the program is completed, AR mines would provide all of the feed required by AR's two copper smelters, and both smelters would be modern, state-of-the-art facilities. AR's total copper mine output would increase to 290,000 tons from 1988's 200,600.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	²1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	30.61	28.49	23.09	23.33	26.73	39.63	38.77	39.15	44.37	38.26
Earnings¹	4.92	³5.34	d0.46	d2.87	d12.56	1.54	d2.40	1.54	7.31	8.56
Dividends	0.70	0.10	Nil	Nil	0.30	0.40	0.50	1.40	1.85	1.30
Payout Ratio	14%	2%	Nil	Nil	NM	26%	NM	91%	25%	15%
Prices—High	29½	34¼	22⅞	27¾	34½	44¼	31	48½	58½	37⅞
Low	19⅜	14⅞	10	15¾	18½	25⅝	17¼	24¾	25½	13⅝
P/E Ratio—	6-4	6-3	NM	NM	NM	29-17	NM	31-16	8-3	4-2

Data as orig. reptd. 1. Bef. spec. item(s) of +2.00 in 1987, -1.48 in 1982, +0.71 in 1980 2. Refl. merger or acquisition 3. Ful. dil. 4.88 in 1987 NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	²Net Inc.	% Net Inc. of Revs.
⁴1988	1,988	328	16.5	43	58.6	27.6	274	24.4%	207	10.4
1987	1,355	190	14.0	25	59.8	38.6	319	34.6%	208	15.4
1986	1,057	61	5.8	95	53.0	41.1	13	31.8%	9	0.9
1985	1,167	55	4.7	26	57.2	47.0	d60	NM	³d62	NM
1984	1,325	23	1.8	35	64.1	56.7	d310	NM	d306	NM
1983	1,512	81	5.3	105	55.0	47.6	77	24.5%	58	3.9
1982	1,351	d8	NM	145	60.9	57.5	d51	NM	d39	NM
1981	1,532	51	3.3	163	58.4	47.0	56	10.9%	³50	3.3
1980	1,817	132	7.3	130	³49.4	³26.4	276	21.7%	216	11.9
1979	1,724	214	12.4	70	56.1	29.9	317	18.2%	259	15.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	109	699	345	2.0	2,223	9.7%	253	1,331	1,707	14.8	16.4%
1987	228	736	356	2.1	2,073	8.6%	253	1,212	1,531	16.5	17.3%
1986	51	412	266	1.6	1,840	0.5%	462	655	1,402	33.0	NM
1985	36	399	300	1.3	1,745	NM	435	641	1,272	34.2	NM
1984	33	488	348	1.4	1,946	NM	541	693	1,420	38.1	NM
1983	32	569	403	1.4	2,227	2.6%	490	1,025	1,714	28.6	3.9%
1982	31	566	433	1.3	2,153	NM	482	967	1,632	29.5	NM
1981	25	538	383	1.4	2,093	2.6%	386	1,019	1,623	23.9	3.5%
1980	128	546	278	2.0	2,045	10.8%	278	1,314	1,679	16.5	17.7%
1979	83	644	404	1.6	1,970	14.6%	285	1,131	1,484	19.2	25.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Bef. spec. items in 1987, 1982, 1980. 4. Refl. merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

AR is a major producer of nonferrous metals, has crushed stone and chemicals operations, provides environmental services, and holds interests in foreign mining firms. Contributions:

1988	Sales	Profits
Metals	86%	92%
Minerals	3%	1%
Chem., mfg. & env. serv.	11%	4%
Equity in assoc. cos.	---	3%

Excluding associated companies, AR's share of mine output in 1988 was 9,333,000 ounces of silver, 200,600 tons of copper, 76,700 tons of lead, and 107,000 tons of zinc. Including purchased materials, refined output was 35,695,000 ounces of silver, 484,700 tons of copper, and 197,200 tons of lead.

The minerals segment consists of crushed stone operations; in October, 1989 AR said that it was exiting from the coal mining business, and in August, 1989 sold its remaining interest in asbestos mining. The chemical and manufacturing segment contains units that produce specialty chemicals, alloys, and PVC pipe. In August, 1988 AR acquired OMI International, a producer of specialty chemicals for the electroplating and metal finishing industries, for $100 million. AR is also involved in hazardous waste treatment.

The 34%-owned Mexico Desarrollo Industrial Minero, S.A. holds Mexican mining and processing companies. Including purchased materials, output in 1988 was 27,112,600 ounces of silver, 33,900 tons of copper, 69,600 tons of lead, and 147,000 tons of zinc. The 52.3%-owned Southern Peru Copper Corp. produced 209,000 tons of copper and 2,091,000 ounces of silver in 1988.

Dividend Data

A 10-year preferred stock purchase right was adopted in August, 1989. Since omission in October, 1984, dividends were resumed in late 1987. Recent payments:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 25	Jan. 31	Feb. 6	Mar. '89
0.40	Apr. 26	May 2	May 8	Jun. '89
0.40	Jul. 26	Aug. 1	Aug. 7	Sep. '89
0.40	Oct. 25	Oct. 31	Nov. 6	Dec. '89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $313,627,000.

Common Stock: 42,216,000 shs. (no par). About 25% owned by M.I.M. Holdings Ltd. Institutions hold some 55%. Shareholders of record: 15,000.

Warrants: To purchase 336,879 com. shs. at $16.09 ea.; exp. Aug. 15, 1991.

Office—180 Maiden Lane, NYC 10038 **Tel**—(212) 510-2000 **Chrmn & Pres**—R. deJ. Osborne **VP-Secy**—A. B. Kinsolving **Treas & Investor Contact**—K. R. Morano **Dirs**—W. C. Butcher, F. L. Byrom, J. C. Cotting, D. C. Garfield, J. R. Greene, H. Holiday, Jr., F. R. McAllister, L. W. Menk, M. T. Nelligan, R. deJ. Osborne, P. R. Rowland, Sir Bruce Watson, J. Wood **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New Jersey in 1899 **Empl**—8,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A. M. Sorrentino, CFA

Ashland Oil

NYSE Symbol ASH Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
35⅞	43-33⅛	23	1.00	2.8%	B+	0.69

Summary

Ashland Oil is a leading independent petroleum refiner, and through its SuperAmerica Group a distributor of gasoline and merchandise. The company also has extensive chemical and engineering and construction operations. Earnings in fiscal 1989 were restricted by nonrecurring charges. The near-term earnings outlook is expected to be limited by a projected slowdown in the economy. ASH's longer-term strategy emphasizes strengthening the competitive position of its refining operations and widening the distribution of its branded products.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are projected at $3.25, compared with 1989's $1.55, which included a $1.31 net nonrecurring charge.

Dividends are expected to continue at $0.25 quarterly.

Revenues for fiscal 1990 are expected to show some growth as volume gains in the SuperAmerica Group (the company's marketing unit) are partially offset by projected soft economic conditions. Margins in the petroleum area may show some improvement, reflecting potentially lower feedstock costs. Profits will benefit from the absence of the nonrecurring charges of fiscal 1989.

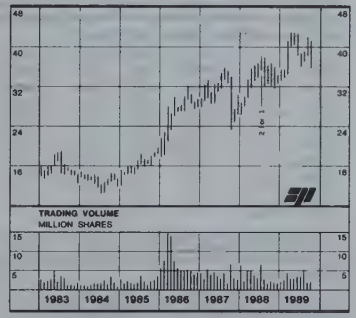
Sales & Oper. Revenues[1] ($ Million)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	2,110	1,965	1,576	2,043
Mar.	1,888	1,858	1,596	1,782
Jun.	2,210	2,146	1,882	1,761
Sep.	2,256	2,227	2,135	1,697
	8,464	8,196	7,189	7,283

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 3.2%, year to year. As a result of nonrecurring charges, soft operating margins in the petroleum segment, and weakness in the road construction business, pretax income fell 48%. After taxes at 46.4%, versus 32.2%, net income was down 53%. Share earnings were $1.55, against $3.29, which excluded a $0.72 extraordinary gain.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	1.72	0.70	0.42	0.74
Mar.	d0.25	0.37	0.01	0.60
Jun.	0.78	1.02	0.66	1.21
Sep.	d0.71	1.19	1.11	0.52
	1.55	3.29	2.14	3.08



Important Developments

Oct. '89— ASH reported fiscal 1989 net income of $86.2 million ($1.55 a share) after a net nonrecurring charge of $72.4 million ($1.31). The principal factor in the charge related to a settlement with the National Iranian Oil Co. The company also included in the charge a reserve for anticipated costs to correct problems with boilers built by its Riley Consolidated subsidiary, a charge resulting from the planned sale of its technology unit, and a charge for an arbitration award related to the Riley subsidiary. The company recognized a gain on the sale of its carbon black operations in November, 1988. The decline in earnings from operations in fiscal 1989 primarily reflected lower income from Ashland Petroleum and APAC construction operations and lower equity income from coal investments.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	1982	[2]1981	1980
Tangible Bk. Val.	NA	17.70	15.97	14.11	15.49	14.24	17.25	16.87	15.07	17.33
Earnings[3]	1.55	3.29	2.14	3.08	2.06	d3.70	1.12	2.65	1.11	3.40
Dividends	1.00	0.95	0.90	0.85	0.80	0.80	1.10	1.20	1.20	1.10
Payout Ratio	65%	30%	42%	28%	39%	NM	101%	44%	108%	31%
Prices—High[4]	43	38⅛	35⅞	32⅛	19¾	14⅞	19	17½	20⅞	22⅞
Low[4]	33⅛	26⅜	23⅜	17⅞	12	10½	12½	10⅜	13½	12⅞
P/E Ratio—	28-21	12-8	17-11	10-6	10-6	NM	17-11	7-4	19-12	7-4

Data as orig reptd. Adj for stk div of 100% Jul 1988. 1. Incl excise taxes. 2. Reflects merger or acquisition and accounting change. 3. Bef. spec item(s) of +0.72 in 1988, +0.12 in 1983. 4. Cal. yr. d-Deficit. E-Estimated. NA-Not Available NM-Not Meaningful.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	7,826	673	8.6	343	260	78	271	32.2%	[3]184	2.3
1987	6,993	551	7.9	379	283	52	208	35.8%	133	1.9
1986	7,083	710	10.0	295	237	61	372	44.0%	[3]209	2.9
1985	7,945	548	6.9	290	196	67	219	32.9%	147	1.8
1984	8,330	455	5.5	298	203	81	d143	NM	d172	NM
1983	7,852	242	3.1	324	179	92	135	28.4%	97	1.2
1982	8,865	352	4.0	475	173	88	292	38.1%	181	2.0
[4]1981	9,262	185	2.0	514	151	100	158	42.9%	90	1.0
1980	8,118	422	5.2	264	132	89	365	43.8%	205	2.5
1979	6,474	428	6.6	292	134	76	801	34.3%	526	8.1

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	140	1,711	1,489	1.1	4,254	4.5%	842	1,121	2,290	36.8	17.2%
1987	47	1,551	1,274	1.2	4,058	3.5%	790	1,065	2,347	33.7	13.4%
1986	295	1,523	1,210	1.3	3,805	5.0%	799	971	2,295	34.8	19.0%
1985	173	1,596	1,427	1.1	3,928	3.7%	616	929	2,232	27.6	13.0%
1984	132	1,677	1,616	1.0	4,037	NM	658	846	2,195	30.0	NM
1983	166	1,605	1,525	1.1	4,108	2.3%	675	1,085	2,448	27.6	5.6%
1982	282	1,766	1,614	1.1	4,210	4.4%	761	1,032	2,469	30.8	14.6%
1981	397	1,842	1,637	1.1	4,097	2.4%	770	955	2,345	32.8	6.3%
1980	649	1,862	1,336	1.4	3,358	6.8%	629	917	1,924	32.7	21.2%
1979	661	1,753	1,256	1.4	3,113	20.2%	599	968	1,781	33.6	62.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1983. 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Ashland is a leading independent petroleum refiner in the U.S. In addition to its traditional petroleum refining, transportation, and marketing businesses, Ashland is also engaged in oil and gas exploration/production, chemicals, coal, highway construction, and engineering/technology.

Oper. Profits	Fiscal 1988	Fiscal 1987
Petroleum	63%	31%
Chemical	25%	38%
Engr./construction	12%	30%
Exploration	Nil	1%

In fiscal 1988 Ashland processed 320,669 barrels a day of crude and sold 355,683 b/d of petroleum products. Net production of crude oil was 33,288 b/d and of natural gas 41.0 million cubic feet a day. At fiscal 1988 year-end proved reserves stood at 47.7 million barrels of crude (5% U.S. and 95% Nigeria) and 212.1 billion cubic feet of natural gas (all U.S.). Refineries operated at 93% of their 346,500 barrels a day capacity in fiscal 1988. In August, 1988, ASH reduced its ownership in Ashland Coal from 65% to 46% through an initial public offering.

Finances

ASH was indicted on two misdemeanor counts of violating environmental laws in connection with the collapse in January, 1988 of a company fuel tank. Each count carries a maximum fine of $200,000 upon conviction. As of December 30, ASH had paid out $18 million in claims and clean-up costs (settling nearly all of the outstanding claims), most of which were covered by insurance. The issue of possible penalties and fines, however, remains unresolved.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 3	Nov. 16	Nov. 22	Dec. 15'88
0.25	Jan. 25	Feb. 8	Feb. 14	Mar. 15'89
0.25	May 18	May 24	May 31	Jun. 15'89
0.25	Jul. 20	Aug. 4	Aug. 10	Sep. 15'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $1,055,844,000.

Common Stock: 58,146,163 shs. ($1 par).
Institutions hold about 44%.
Shareholders of record: 30,900.

Office—1000 Ashland Drive, P O Box 391, Ashland, Ky 41114 **Tel**—(606) 329-3333. **Chrmn & CEO**—J R Hall **Pres**—C J Luellen **Secy**—J. P. Ward. **Treas**—J. M. Gum. **Investor Contact**—W. P. Hartl (212) 421-1250 **Dirs**—J. S. Blanton, T. E. Boiger, S. C. Butler, J. B Farley, R. D. Gordon, Jr., J. R. Hall, C. J. Luellen, D. T. McKone, J. C. Pfeiffer, J. R Rinehart, M. D Rose, W. L Rouse, R. B. Stobaugh, R. L. Terrell, J W Vandeveer. **Transfer Agents**—Chase Manhattan Bank, NYC; Company's office. **Registrars**—Chase Manhattan Bank, NYC; First Security National Bank & Trust, Lexington, Ky **Incorporated** in Kentucky in 1936 **Empl**—37,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G Graves

Ashton-Tate

NASDAQ Symbol TATE (Incl. in Nat'l Market; marginable) Options on Pacific

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
9⅝	24-8¾	NM	None	None	NR	1.57

Summary

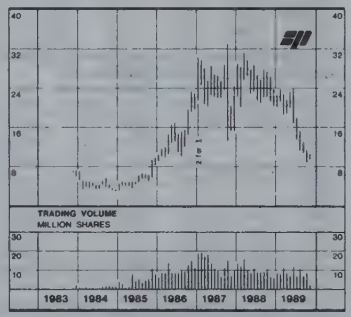
This company is one of the three largest independent publishers of microcomputer software products. TATE is the recognized leader in the microcomputer database management systems market and is also a major presence in the word processing, business graphics and multifunction software markets. Results turned unprofitable in the second quarter of 1989, owing to lower revenues and higher expenses. Earnings are expected to rebound through 1990 as results benefit from sequential revenue increases and cost containment programs.

Current Outlook

Earnings for 1990 are projected at $1.00 a share, up from the $0.90 loss estimated for calendar 1989 and compared with the $1.83 reported for the fiscal year ended January 31, 1989.

Cash dividends are not currently anticipated.

Revenues over the next several quarters should rebound from the depressed levels of the past two interims as the company increases product shipments to U.S. distributors following its inventory reduction program. While sales of dBASE to end-users have flattened, owing in part to technical problems with dBASE IV Version 1.0, shipments should get a boost by the end of 1990's second quarter from the anticipated availability of the updated dBASE IV Version 1.1 (currently undergoing its final Beta testing cycle) and other new dBASE products. A recent workforce reduction and other cost containment measures should benefit profitability.



Net Revenues (Million $)

Quarter:	1989	1988-9	1987-8	1986-7
Mar.	89.8	72.36	60.21	41.17
Jun.	59.5	71.91	63.58	48.99
Sep.	53.9	75.71	68.03	57.74
Dec.	---	87.30	75.51	62.90
	---	307.28	267.33	210.80

Revenues for the nine months ended September 30, 1989, fell 7.6% from those of the nine-month period ended October 31, 1988; however, revenues for the September quarter alone fell 29%, as dBASE sales slowed. Margins narrowed, owing to the lower volume and costs related to the development of other versions of dBASE, and following an $11,136,000 writeoff of a product line, a nine-month pretax loss of $30,147,000 contrasted with a $54,511,000 profit. After tax credits of $2,500,000, versus taxes at 37.1%, the net loss was $27,647,000 ($1.05 a share), against income of $34,311,000 ($1.32).

Common Share Earnings ($)

Quarter:	1989	1988-9	1987-8	1986-7
Mar.	0.44	0.43	0.36	0.23
Jun.	d0.75	0.44	0.40	0.27
Sep.	d0.74	0.45	0.44	0.33
Dec.	E0.15	0.51	0.50	0.43
	Ed0.90	1.83	1.70	1.26

Important Developments

Oct. '89— The company said that it's domestic inventory-reduction program had been largely completed. Separately, TATE said that third quarter results included a $4.9 million provision to upgrade dBASE IV inventories into Version 1.1 and $1.8 million in severance costs as part of its workforce reduction program.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	[2]1987	[2]1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	7.95	5.62	3.95	1.60	1.45	0.93	0.07	NM	0.01
Earnings[3]	1.83	1.70	1.26	0.85	0.35	[4]0.34	[4]0.08	d0.02	[5]0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	31¼	33	23¼	9⅞	7	7⅛	NA	NA	NA
Low	20	13¼	9⅛	3	2⅞	6	NA	NA	NA
P/E Ratio—	17-11	19-8	18-7	12-4	20-8	21-18	NA	NA	NA

Data as orig. reptd. Adj. for stk. div. of 100% Jan. 1987. **1.** Prior to 1989, quarters ended Apr., Jul., Oct. & Jan. **2.** Refl. merger or acq. **3.** Bef. spec. item of +0.05 in 1985. **4.** Pro forma, giving effect to May 1983 divestitures & August 1983 acq.; earns. were 0.78 in 1984 & 0.23 in 1983. **5.** From inception 7-26-80. d-Deficit. E-Estimated. NM-Not Meaningful. NA-Not Available.

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Income Data (Million $)

Year Ended Jan. 31	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	307	89.0	28.9	36.4	21.0	0.84	[2]73.5	35.0%	47.8	15.5
1988	267	87.4	32.7	6.5	14.4	1.12	[2]77.0	44.0%	43.1	16.1
[3]1987	211	68.3	32.4	9.1	11.9	0.84	[2]58.2	48.2%	[4]30.1	14.3
[3]1986	122	37.0	30.4	12.6	7.1	0.25	[2]30.7	46.0%	16.6	13.6
1985	82	17.0	20.6	4.4	5.1	0.34	[2]12.4	48.0%	6.5	7.9
1984	43	11.7	27.2	2.6	1.4	0.40	[2]9.9	46.8%	5.3	12.3
1983	18	2.0	11.3	0.5	0.2	Nil	1.9	44.4%	1.1	5.9
1982	4	d0.3	NM	0.2	NM	Nil	d0.3	NM	d0.2	NM
[5]1981	1	NM	11.9	0.1	NM	Nil	0.1	16.7%	NM	8.6

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	109	214	63.9	3.4	305	16.9	3.57	233	237	1.5	22.8
1988	118	189	63.0	3.0	250	20.0	5.50	179	185	3.0	28.2
1987	78	130	44.7	2.9	175	21.5	5.39	122	128	4.2	32.4
1986	16	54	29.5	1.8	88	23.9	4.70	54	58	8.1	38.6
1985	19	38	16.2	2.4	46	16.6	0.14	30	30	0.5	24.7
1984	11	23	8.2	2.8	31	27.4	0.94	22	23	4.1	45.0
1983	1	5	4.9	1.1	6	30.6	Nil	1	1	Nil	NM
1982	NM	1	1.3	0.7	1	NM	Nil	NM	NM	Nil	NM

Data as orig. reptd. **1.** Bef. spec. item in 1985. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Refl. merger or acq. **4.** Refl. acctg. change. **5.** From inception 7-26-80. d-Deficit. NM-Not Meaningful.

Business Summary

Ashton-Tate develops and markets microcomputer software in three major product segments: databases; presentation products, including word processing, business graphics and desktop publishing; and multifunction products.

Since the introduction in 1981 of its initial product, dBASE II, TATE has been the leading publisher of database management systems for microcomputers. dBASE III PLUS, first shipped in 1985, permits single or multiple users to store, edit, retrieve and manipulate large volumes of data and to generate standard or customized reports. In October 1988, TATE began shipping dBASE IV, which is expected to succeed dBASE III PLUS as the company's flagship relational database management product. Other database products include RapidFile, a file management product for users not requiring the features of a relational database management system, and dBASE Mac, for the Apple Macintosh.

Presentation products include MultiMate word processing products; Byline, a desktop publishing product; and DRAW APPLAUSE, a presentation graphics product. The company also offers products that operate on the Apple Macintosh, including FullWrite Professional, a full-featured word processor, and FullPaint, a graphics product.

Framework III is a multifunction product that combines spreadsheet and word processing capabilities with database, graphics, outlining and communication features. Full Impact, a spreadsheet product for the Macintosh that also features word processing and graphics capabilities, began shipping in July 1988.

The company also publishes books, periodicals and certain utility programs that support its products.

Sales of dBASE products accounted for 70% of revenues in the 1988-9 fiscal year, compared with 64% in 1987-8. About 39% of TATE's revenues (39% of its operating income) were derived from export and foreign sales, versus 30% (26%) the year before.

Dividend Data

No cash has been paid.

Finances

During 1988-9, research and development expenses totaled $52,863,000 (17% of revenues), versus $35,463,000 (13%) the year before.

In February 1988, TATE acquired Ann Arbor Softworks, Inc., a vendor of software for the Apple Macintosh, for an undisclosed amount.

Capitalization

Long Term Debt: $3,455,000 of lease obligs. (9/89).

Common Stock: 26,165,000 shs. (no par).
Institutions hold about 73%.
Shareholders of record: About 2,700.

Office—20101 Hamilton Ave., Torrance, Calif. 90502 **Tel**—(213) 329-8000 **Chrmn, Pres & CEO**—E. M. Esber Jr. **Exec VP & CFO**—G. L. Farinsky **Investor Contact**—Brad Stevens **Dirs**—J. C. Castle, E. M. Esber Jr., J. H. Furneaux, F. W. Graham, S. Kaplan, C. J. Santoro, H. A. Sweetbaum, J. Weissman-Tate **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in California in 1986; reincorporated in Delaware in 1986. **Empl**—1,460.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Atlantic Richfield

YSE Symbol ARC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

rice	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
ct. 31'89	1989					
01¾	108¾-80⅜	9	4.50	4.4%	A-	0.68

Summary

RCO is a major integrated oil and gas company with substantial interests in chemicals. The company is xpanding both its North American and overseas reserve base through acquisitions and low cost explo- ation projects. Its chemical and distribution businesses are dominant factors in their specialty markets. arnings comparisons in 1990 will be limited by the absence of a nonrecurring gain from the public sale f 54% of the company's Lyondell Petrochemical unit in January, 1989. The longer-term earnings out- ook is enhanced by the well contained exploration and production cost structure.

Current Outlook

hare earnings for 1990 are estimated at $9.50, ersus 1989's projected $10.95, which includes a 1.64 net nonrecurring gain.

he $1.12½ quarterly dividend is the minimum ex- ectation.

evenues in 1990 should benefit from increased rude oil and natural gas production and higher as prices. Downstream margins should show im- rovement, reflecting potentially softer feedstock osts. Earnings comparisons will be limited by the bsence of 1989's nonrecurring gain.

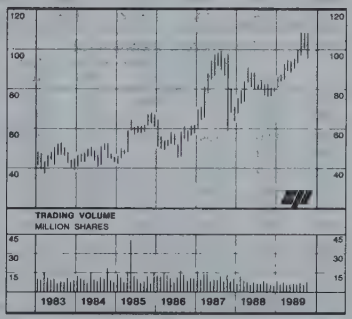
Oper. Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
ar.	3.96	4.61	3.74	4.29
un.	4.33	4.58	4.10	3.55
ep.	3.71	4.59	4.40	3.53
ec.	---	4.55	4.59	3.72
	---	18.32	16.83	15.09

evenues for the nine months ended September 0, 1989 declined 13%, year to year, due to the xclusion of Lyondell Petrochemical Co. from onsolidated statements. As a result of a onrecurring gain on the sale of the company's 4% interest in Lyondell, offset in part by charges r future environmental costs, net income dvanced 30%. Share earnings were $8.87 on 7% fewer shares, versus $6.56.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
ar.	4.00	2.20	1.31	1.64
un.	2.66	2.19	1.80	0.83
ep.	2.19	2.17	1.71	0.56
ec.	E2.10	2.22	1.86	0.35
	E10.95	8.78	6.68	3.38



Important Developments

Oct. '89— Earnings through September 30, 1989 included a $634 million net nonrecurring gain on the sale of ARC's 54% interest in its Lyondell Petrochemical Co. in January, 1989. Partially offsetting the gain was a $345 million net charge for future environmental costs and other matters. Earnings for the 1988 period included a $110 million net gain on the sale of ARC's interest in Britoil plc and a $25 million net gain from property sales. Operating profits in 1989 benefited from higher crude oil and refined products prices, and higher volumes for natural gas, coal and refined products. Income from investments was up sharply, reflecting equity accounting for Lyondell, while operating profits excluded Lyondell (which was accounted for on a full consolidation in 1988).

Next earnings report expected in late January.

er Share Data ($)

r. End Dec. 31	[2]1988	1987	1986	1985	1984	1983	1982	1981	[2]1980	1979
angible Bk. Val.	**35.72**	32.44	28.90	29.83	41.30	42.68	39.01	34.77	29.96	24.74
arnings[3]	**8.78**	6.68	3.38	1.55	4.41	6.03	6.61	6.66	6.64	4.74
ividends	**4.00**	4.00	4.00	3.75	3.00	2.40	2.40	2.20	1.80	1.40
ayout Ratio	**44%**	60%	116%	207%	63%	39%	36%	32%	26%	28%
rices—High	**90⅞**	99⅛	64⅜	67⅞	52⅛	52⅜	50	66½	74⅜	41⅝
Low	**67⅛**	58⅜	45¼	42	40⅝	37	32¼	38¼	38⅝	28
/E Ratio—	**10–8**	15-9	19-13	44-27	12-9	9-6	8-5	10-6	11-6	9-6

ta as orig reptd. Adj. for stk. div(s) of 100% Jul 1980. 1. Incl. excise taxes. 2. Reflects merger or acquisition and accounting change. 3. Bef sults of disc. opers. of -2.52 in 1985, -2.20 in 1984. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	17,626	4,715	26.8	3,304	1,597	908	2,820	40.6%	1,583	9.0
1987	16,282	3,636	22.3	1,463	1,584	1,001	2,168	43.0%	1,224	7.5
1986	14,487	3,066	21.2	1,822	1,572	1,078	1,303	52.8%	[4]615	4.2
[5]1985	21,723	4,503	20.7	3,595	1,721	723	445	25.2%	333	1.5
[5]1984	23,768	4,124	17.4	3,257	1,670	653	2,008	43.8%	1,129	4.8
1983	25,147	4,135	16.4	3,355	1,460	620	2,672	42.1%	1,548	6.2
1982	26,462	3,918	14.8	3,953	1,186	633	2,798	40.1%	1,676	6.3
1981	27,797	3,775	13.6	3,558	1,028	[4]502	2,941	43.2%	1,671	6.0
[3]1980	23,744	3,722	15.7	3,181	863	390	2,894	42.9%	1,651	7.0
1979	16,234	3,008	18.5	1,687	670	335	2,144	45.6%	1,166	7.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**1,905**	**4,757**	**3,264**	**1.5**	**21,514**	**7.3%**	**5,665**	**6,143**	**15,917**	**35.6**	**26.9%**
1987	4,693	6,464	4,467	1.4	22,670	5.5%	6,314	5,765	16,049	39.3	22.4%
1986	2,397	4,743	3,750	1.3	21,604	3.0%	6,969	5,130	15,790	44.1	11.7%
1985	1,083	2,857	4,529	0.6	20,279	1.8%	6,119	5,361	14,030	43.6	5.1%
1984	944	2,753	2,976	0.9	22,130	5.1%	4,767	9,741	17,735	26.9	11.3%
1983	1,131	4,001	3,189	1.3	23,282	6.8%	5,016	10,660	19,112	26.2	15.1%
1982	775	3,782	3,276	1.2	21,633	8.0%	5,072	9,617	17,644	28.7	18.3%
1981	512	4,450	3,786	1.2	19,733	9.1%	4,456	8,384	15,423	28.9	21.3%
1980	371	3,581	3,060	1.2	16,605	10.7%	3,833	7,123	13,068	29.3	25.2%
1979	413	3,704	2,310	1.6	13,833	8.9%	3,617	5,728	11,142	32.5	21.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1985, 1984. 3. Reflects merger or acquisition and accounting change. 4. Reflects accounting change. 5. Excludes discontinued operations.

Business Summary

Atlantic Richfield (ARCO) is one of the largest domestic based integrated oil companies, with significant holdings in chemicals and coal.

Oper. Profits (cont. opers.)	1988	1987
Petro. expl. & prod.	24%	43%
Petro. ref. & mkt.	17%	8%
Petro. transportation	14%	18%
Spec. & interm. chem.	18%	21%
Lyondell Petrochemical	24%	7%
Coal	3%	3%

In 1988 net production of crude oil, condensate, and natural gas liquids averaged 674,000 barrels a day in the U.S. (including 487,300 b/d from Alaska-mainly North Slope) and 63,600 b/d foreign; natural gas sales 1.5 billion cubic feet a day; refinery runs 397,800 b/d; petroleum products sales 418,800 b/d (western areas only); and integrated petroleum processing sales (Lyondell, refinery/chemical plant complex) 246,600 b/d.

Net proved reserves at 1988 year-end stood at 3,093 million barrels of crude and natural gas liquids (67% Alaska, 25% lower 48, and 8% foreign) and 7,622 billion cubic feet of natural gas (33%, 51%, & 16%, respectively).

In January, 1989 ARC sold publicly a 54% stake in its Lyondell Petrochemical Co. for approximately $1.2 billion ($634 million, net).

Dividend Data

Dividends have been paid since 1927. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.12½	Jan. 23	Feb. 13	Feb. 17	Mar. 15'89
1.12½	May 1	May 15	May 19	Jun. 15'89
1.12½	Jul. 24	Aug. 14	Aug. 18	Sep. 15'89
1.12½	Oct. 23	Nov. 13	Nov. 17	Dec. 15'89

Next dividend meeting: late Jan. '90

Capitalization

Long Term Debt: $5,442,000,000.

Minority Interest: $254,000,000.

Cum. Conv. Preference Stock: $1,000,000.

Common Stock: 170,623,352 shs. ($2.50 par)
Institutions hold about 57%.
Shareholders of record: 157,950.

Office—515 South Flower St., Los Angeles, Calif. 90071 **Tel**—(213) 486-3511. **Chrmn & CEO**—L. M. Cook. **Pres**—R. E. Wycoff. **Secy**—H. L. Edwards. **VP-Treas**—C. Cooper. **Investor Contact**—R. M. Thompson. **Dirs**—R. A. Anderson, R. U. Arnault, L. M. Cook, R. H. Deihl, J. A. Gavin, H. H. Gray, P. M. Hawley, D. M. Kendall, W. F. Kieschnick, J. A. Middleton, J. S. Morrison, H. B. Waldron, H. Wendt, R. E. Wycoff. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1870; reincorporated in Delaware in 1985. **Empl**—27,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Augat Inc.

NYSE Symbol AUG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 1'89	1989					
14 1/8	15 3/8-11 1/2	NM	0.40	2.8%	B-	1.43

Summary

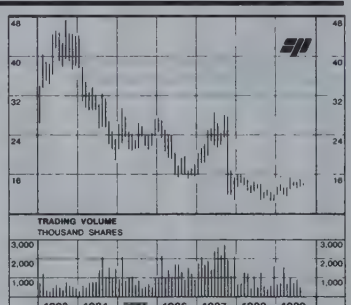
Augat is a leading manufacturer of electromechanical products and precision components used for the interconnection of circuits. Related services are also provided. Due to restructuring charges, in 1988 AUG incurred its second loss in the past three years. However, with sharply lower nonrecurring charges and consolidation costs, and assuming a reasonably healthy electronics market despite a substantial slowing of sales growth, profitability should be restored in 1989. A meaningful earnings increase is likely in 1990.

Current Outlook

Earnings for 1990 should reach $0.95 a share, in contrast to the $0.80 projected for 1989.

Continuation of the $0.10 quarterly dividend is the minimum expectation.

Assuming that the electronics industry experiences at least modest growth in 1990, revenues should rise approximately 5%. The gain is likely to be restrained by a decline in shipments to the automotive industry and the stronger dollar. Operating margins should benefit from the higher volume, reduced costs associated the relocation of a plant and continuing cost reductions, as well as improved controls and production efficiencies. Long-term results should benefit from the secular growth of the electronics industry and cost savings from the recent restructuring.



Net Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	80.4	80.0	75.2	64.4
Jun.	80.0	84.8	78.3	65.0
Sep.	---	81.3	78.8	66.5
Dec.	---	74.9	80.9	64.5
	---	321.0	313.2	260.4

Sales for the six months ended June 30, 1989 declined 2.7%, year to year, reflecting the absence of microcircuit packaging operations. Despite a $2.5 million (equal to $0.09 a share after taxes) charge related to the closing of a custom backplane facility, margins widened, and pretax income increased 41%. After taxes at 37.6%, versus 39.6%, and in the absence of minority interests, net income rose 44%, to $0.29 a share from $0.20.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.17	0.12	0.20	0.10
Jun.	0.12	0.08	0.16	0.16
Sep.	E0.20	d1.58	0.10	0.14
Dec.	E0.31	0.10	0.19	d0.89
	E0.80	d1.28	0.65	d0.49

Important Developments

Jul. '89— AUG said that incoming orders for the second quarter were $76 million, virtually unchanged, year to year. The backlog at June 30, was $49 million, versus $56 million a year earlier. The company also said that it expected a nonrecurring gain in the second half to offset a nonrecurring charge in the first half.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[1]1984	1983	[1]1982	[1]1981	1980	[1]1979
Tangible Bk. Val.	10.08	11.96	11.07	11.47	10.75	10.31	8.16	7.36	6.20	5.11
Earnings[2]	d1.28	0.65	d0.49	0.68	1.37	1.47	1.32	1.45	1.36	1.24
Dividends	0.40	0.40	0.40	0.38	0.32	0.32	0.32	0.32	0.29 3/8	0.23 1/8
Payout Ratio	NM	62%	NM	56%	23%	22%	24%	22%	22%	19%
Prices—High	15 7/8	28 5/8	27 1/2	29 1/2	44 1/4	47 1/2	34	34 7/8	31 3/8	19 3/4
Low	10 1/2	10 5/8	15	20 3/4	18 3/4	26 1/4	20	23 3/4	14 1/8	11 1/8
P/E Ratio—	NM	44-16	NM	43-31	32-14	32-18	26-15	24-16	23-10	16-9

Data as orig reptd. Adj. for stk. divs. of 50% Jun 1981, 50% Jun 1979. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.22 in 1983. NM Not Meaningful. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	321	29.7	9.2	17.7	18.0	2.62	[2]d29.6	NM	d22.8	NM
1987	313	36.9	11.8	30.9	17.2	2.91	[2]18.4	37.9%	[3]11.5	3.7
[4]1986	260	17.0	6.5	24.8	13.6	1.25	d12.5	NM	d8.7	NM
1985	255	25.8	10.1	26.7	11.0	1.40	17.2	29.6%	12.1	4.7
[4]1984	257	45.4	17.7	23.0	9.3	1.15	38.8	37.4%	24.1	9.4
1983	202	43.1	21.3	14.0	7.9	1.44	38.3	38.4%	23.5	11.6
[4]1982	188	38.4	20.4	11.9	7.0	4.02	32.4	37.5%	[3]20.2	10.7
[4]1981	174	37.6	21.6	16.1	5.5	3.39	33.8	40.4%	20.1	11.6
1980	157	36.6	23.3	16.2	4.4	1.48	31.8	42.3%	18.0	11.4
[4]1979	134	33.7	25.2	14.4	3.3	0.53	30.0	41.9%	16.1	12.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	18.1	154	66.3	2.3	278	NM	21.2	182	212	10.1	NM
1987	22.1	157	51.7	3.0	303	3.8%	25.5	214	252	10.1	5.6%
1986	38.0	164	63.6	2.6	299	NM	29.4	197	235	12.5	NM
1985	52.9	171	39.1	4.4	267	4.6%	15.0	204	228	6.6	6.1%
1984	50.2	170	37.4	4.5	251	10.0%	15.6	190	214	7.3	12.9%
1983	56.2	149	32.3	4.6	217	11.1%	8.6	170	185	4.6	15.4%
1982	53.6	131	23.9	5.5	194	10.7%	39.7	126	170	23.3	16.9%
1981	32.8	112	18.9	5.9	166	12.5%	41.0	103	148	27.8	21.3%
1980	29.8	102	20.8	4.9	148	14.6%	41.1	83	127	32.3	23.8%
1979	2.3	65	18.7	3.5	97	18.3%	6.0	67	78	7.7	26.6%

Data as orig. reptd. 1. Bef. spec. item(s) in 1983. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Augat manufactures electromechanical products and precision components used for the interconnection of circuits, and provides related services, for the electronics industry. Sales contributions by major product area in recent years were:

	1988	1987	1986
Interconnection products	56%	58%	61%
Automotive	30%	29%	25%
Communications	14%	13%	14%

Foreign operations accounted for 20% of sales and 42% of operating income in 1988.

Electronic components used in electronic equipment must be mechanically mounted and electrically interconnected to perform their specified functions. Augat's products relate to mounting components and interconnecting or controlling the flow of electricity among components or boards and other assemblies within electronic equipment. The company's principal products and services are integrated circuit sockets and accessories, connectors, coaxial cable network and fiberoptic interconnection products, subminiature switches, high reliability packages for microcircuits, packaging panels, high density backplanes, computer aided design and wiring services, interconnection test probes and systems, and custom connector assemblies for the automotive and telecommunications industry.

Dividend Data

Dividends have been paid since 1970. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Sep. 12	Oct. 3	Oct. 10	Oct. 31'89
0.10	Dec. 16	Jan. 4	Jan. 10	Jan. 31'89
0.10	Mar. 7	Apr. 4	Apr. 10	Apr. 30'89
0.10	Jun. 15	Jul. 3	Jul. 10	Jul. 31'89

Next dividend meeting: mid-Sep.'89.

Capitalization

Long Term Debt: $20,472,489.

Minority Interest: $82,014.

Common Stock: 17,915,633 shs. ($0.10 par).
Some 19% closely held, incl. 13% by E. H. Augat.
Institutions hold approximately 66%.
Shareholders of record: 2,451.

Office—89 Forbes Blvd., P.O. Box 448, Mansfield, Mass. 02048 Tel—(508) 543-4300 Chrmn, Pres & CEO—M. B. Joseph CFO & Investor Contact—R. Yancey Treas—J. E. Lynch, Jr. Dirs—V. R. Alden, E. H. Augat, S. S. Dennis III, J. A. Harmon, M. B. Joseph, J. Lemasters, S. F. Page, D. V. Ragone, N. Q. Sloan, A. J. Zakon. Transfer Agent & Registrar—Chase Manhattan Bank, NYC. Incorporated in Massachusetts in 1946. Empl—3,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine, CFA

Autodesk, Inc.

3176J

NASDAQ Symbol ACAD (Incl. in Nat'l Market; marginable) Options on Pacific In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
39½	43½-26½	24	1---	1---	NR	NA

Summary

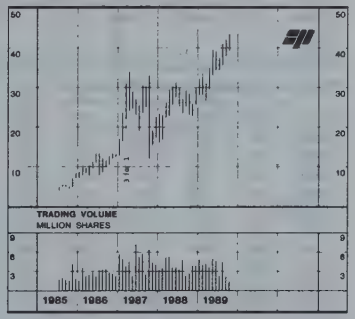
Formed in 1982, Autodesk develops and markets computer-aided design and drafting (CAD) software for use on desktop computers and workstations. Recent results benefited from the continued success of the AutoCAD software package, including both new orders and product updates. In June 1989, the company declared a special dividend of $1.50 a share and said it planned to pay quarterly dividends beginning in late 1989-90.

Business Summary

Autodesk, Inc. designs, develops, markets and supports computer-aided design and drafting (CAD) software for use on desktop computers and workstations. Organized in 1982, the company was active mainly in software development until November of that year, when its AutoCAD program was introduced. Sales of AutoCAD and its extension packages accounted for substantially all of the company's revenues through 1984-5, over 95% in 1986-7 and over 93% in 1987-8 and 1988-9. The product is believed to be the most widely used general-purpose CAD program, with more than 210,000 packages sold as of 1988-9 year-end.

AutoCAD automates the design and drafting process by enabling users to interactively create, store and edit a wide variety of drawings. The drawing data may be exchanged with other applications software, databases and mainframe CAD systems. In contrast to traditional hardware-based CAD systems, AutoCAD operates on most desktop computers, including the IBM PC family, and supports more than 140 graphic peripheral devices. The AutoCAD package was originally designed strictly for use on 16-bit microcomputers and graphic peripheral devices. However, since its introduction, the product has been expanded, enhanced and adapted for use on additional graphic peripheral devices and on 32-bit engineering workstations, including those with the UNIX operating system.

Other software packages sold by the company are AutoCAD AEC, which customizes AutoCAD for professional designers in the architecture, engineering or construction fields; AutoSketch, a low-cost, full-function drawing program, which can be used on personal computers; AutoShade, a full color rendering package which transforms AutoCAD drawings into three dimensional shaded images; AutoFlix, a group of programs that allows AutoCAD and AutoShade customers to produce animated walkthroughs or fly-bys of their designs; and AutoSolid, a conceptual design package which uses solid



modeling technology to create analytical models of three dimensional components and assemblies.

Marketing is aimed at both computer dealers and computer manufacturers. The domestic dealer network consists of more than 1,000 dealers, including franchisees of computer stores such as ComputerLand, Entré and Businessland. Internationally, Autodesk's products are sold in more than 60 countries by dealersand distributors. The company has five foreign subsidiaries, in Australia, England, Japan, Sweden and Switzerland. Foreign sales accounted for some 48% of net revenues in 1988-9 (43% in 1987-8).

Important Developments

May '89— Autodesk acquired privately held Generic Software, Inc., a market leader in low-cost CAD software, for $6.3 million in cash. The acquisition increased the company's installed base to about 500,000 users.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	[2]1989	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	6.15	4.82	1.65	1.05	0.16	0.04	Nil
Earnings	1.35	0.89	0.55	0.34	0.10	0.01	[3]NM
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982
Prices—High	31¼	34	13⅜	8¼	NA	NA	NA
Low	16	12	7⅛	3⅞	NA	NA	NA
P/E Ratio—	23-12	38-13	24-13	24-11	NA	NA	NA

Data as orig. reptd. Adj. for stk. div. of 200% Mar 1987 **1.** See Dividend Data. **2.** Refl. merger or acq **3.** From inception 4-9-82 NA-Not Available NM-Not Meaningful

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Income Data (Million $)

Year Ended Jan. 31	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
[1]1989	117.3	50.2	42.8	9.16	3.29	NA	54.2	39.6%	32.7	27.9
1988	79.3	33.8	42.7	6.51	2.61	NA	35.0	41.4%	20.5	25.9
1987	52.4	22.6	43.2	2.84	0.98	NA	22.9	49.3%	[2]11.6	22.2
1986	29.5	12.8	43.3	1.35	0.40	NA	13.0	49.9%	6.5	22.1
1985	9.9	2.9	29.4	0.59	0.09	Nil	2.9	43.6%	1.6	16.5
1984	1.2	0.1	11.2	0.13	0.01	Nil	0.1	9.6%	0.1	9.5
[3]1983	Nil	Nil	NM	0.02	NM	Nil	Nil	NM	Nil	NM

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	107.8	133	18.61	7.2	170	22.1	0.50	148	151	0.3	24.8
1988	96.6	114	8.86	12.8	125	23.9	0.12	115	116	0.1	26.7
1987	24.3	36	5.56	6.4	40	35.5	0.10	34	35	0.3	41.8
1986	16.2	23	3.03	7.5	25	44.1	0.16	21	22	0.8	56.3
1985	1.2	4	2.84	1.5	5	59.8	Nil	2	2	Nil	147.6
1984	0.1	Nil	0.34	1.2	1	37.2	Nil	Nil	Nil	Nil	87.3
1983	NA	NA	NA	NA	Nil	NM	Nil	Nil	Nil	Nil	NM

Data as orig reptd. **1.** Refl. merger or acq. **2.** Refl accounting change. **3.** From inception 4-9-82. NA-Not Available. NM-Not Meaningful

Net Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	38.75	25.76	17.29	11.03
Jul.	43.39	27.25	18.78	12.17
Oct.		30.29	20.21	13.65
Jan.		34.00	22.98	15.53
		117.30	79.26	52.38

Net revenues for the six months ended July 31, 1989, climbed 55%, year to year, benefiting from continued growth of the AutoCad program, including both new orders and product updates. Margins slipped, as most costs and expenses rose more quickly, and the gain in net income was trimmed to 48%, at $21,932,000 ($0.90 a share), versus $14,845,000 ($0.61).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.45	0.30	0.18	0.12
Jul.	0.46	0.31	0.21	0.13
Oct.		0.35	0.23	0.14
Jan.		0.39	0.27	0.16
		1.35	0.89	0.55

Dividend Data

In June 1989, the company declared a special dividend of $1.50 a share, payable August 10, 1989, to holders of record July 20, 1989. Autodesk also announced that it intended to pay quarterly dividends of about $0.10 a share commencing at the end of the third quarter of 1989-90.

Finances

In September 1989, Autodesk said it would deploy its new Autodesk Strategic Developer program which is designed to build closer associations with developers in strategic markets. The program offers a variety of vertical solutions encouraging developers to share interface, database and layering protocols. Earlier, in August, the company began to offer a customized version of AutoCad specifically for architects.

In June 1989, Bear, Stearns & Co. Inc., the sole underwriter, sold publicly in a secondary offering 1,265,000 common shares of Autodesk (including 165,000 shares to cover over-allotments) for $36.75 a share. All of the shares were sold for three employees of Autodesk, including 1,150,000 shares sold by John Walker, a founder of the company.

Research and development expenditures, which consist primarily of salary costs for software developers and the cost of computer equipment used in software development, totaled $10,921,000 (9.3% of net revenues) in 1988-9, versus $7,206,000 (9.1%) in the preceding year.

Early in the development of AutoCAD, the company entered into a license agreement with an independent developer for the unrestricted, non-exclusive use of certain source code software. Under this agreement, Autodesk must pay a royalty equal to 10% of net revenues from the basic AutoCAD package. The company has also entered into several other agreements similar to this type with third-party software developers. During 1988-9, Autodesk made royalty payments totaling $1,983,000 ($1,118,000 in 1987-8).

Capitalization

Long Term Debt: $972,000 (7/89).

Common Stock: 24,173,801 shs. (no par). Institutions hold about 73%.
Shareholders: 970 of record (6/89).

Office—2320 Marinship Way, Sausalito, Calif 94965. **Tel**—(415) 332-2344. **Chrmn, Pres, CEO & CFO**—A. J. Green. **VP & Secy**—C. Record **Dirs**—J. H. Dawson, D Drake, A. J Green, G. P Lutz, J. D. Stocker **Transfer Agent & Registrar**—Bank of America, San Francisco **Incorporated** in California in 1982 **Empl**—659

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

John D Coyle

Automatic Data Processing

256

NYSE Symbol AUD Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
45⅜	45¾-35¾	18	0.60	1.3%	A+	1.16

Summary

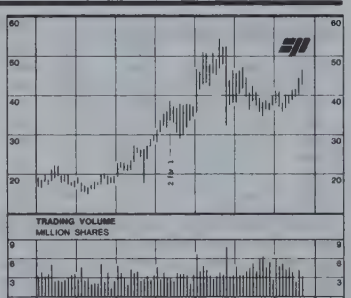
This company is the largest independent computing services firm in the U.S., with over $1.5 billion in revenues and 200,000 clients. A modest increase in revenues is projected for fiscal 1990, reflecting the effects of recent dispositions of certain businesses. Share earnings will benefit from a slight reduction in AUD's tax rate and a stock repurchase program.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected at $2.80 a share, versus fiscal 1989's $2.53.

Dividends should continue at $0.15 quarterly.

Revenues for fiscal 1990 are projected to advance less than 4%, reflecting the effects of recent disposals of certain businesses combined with ongoing pruning activities; growth should accelerate once inter-year comparisons are no longer affected by these dispositions. Although R&D expenses are expanding faster than revenues, margins should ultimately benefit as AUD focuses on shifting clients to a personal computer-based payroll system from the highly labor-intensive road payroll system, and as AUD accelerates the rollout of its new stock quotation system at Merrill Lynch and Shearson Lehman Hutton. A slight reduction in AUD's tax rate and a stock repurchase program will benefit share earnings.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	---	396	361	321
Dec.	---	409	377	334
Mar.	---	454	418	374
Jun.	---	418	393	355
	---	1,678	1,549	1,384

Revenues for the fiscal year ended June 30, 1989 (preliminary) rose 8.3% from those of the preceding year, as continued growth in the employer services and dealer services segments was partially offset by lower brokerage services revenues. A sharp rise in systems development expenses coupled with lower interest income stemming from the repurchase of about 5.6 million shares held the gain in pretax income to 6.6%. After taxes at 31.0%, versus 33.2%, net income was up 10%. Share earnings were $2.53 on 4.3% fewer shares outstanding ($2.46 fully diluted), versus $2.20 ($2.14).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	E0.50	0.45	0.39	0.31
Dec.	E0.65	0.59	0.52	0.41
Mar.	E0.85	0.76	0.66	0.52
Jun.	E0.80	0.73	0.63	0.52
	E2.80	2.53	2.20	1.76

Important Developments

Aug. '89— AUD sold its banking information services business to Welsh, Carson, Anderson & Stowe. Earlier in the year AUD had sold its automated teller machine business and real estate service. In July AUD acquired Automatic Business Centers, Inc., a provider of payroll-related services to about 11,000 companies from 15 processing centers, primarily in the Northeast.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	[1]1986	1985	[1]1984	[1]1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	9.92	8.69	7.22	6.11	5.41	4.97	4.15	3.62	2.56
Earnings[2]	2.53	2.20	1.76	1.45	1.24	1.07	0.93	0.86	0.76	0.66
Dividends	0.54	0.46	0.39½	0.35	0.31⅞	0.28⅞	0.25⅞	0.22⅞	0.19⅞	0.16⅞
Payout Ratio	21%	21%	23%	24%	26%	27%	28%	27%	28%	26%
Prices—High[3]	45¾	47¼	54½	39	30	20⅛	22⅜	19	15⅞	13⅜
Low[3]	35¾	34⅝	27¾	28	19⅜	14⅞	16½	10⅜	11¾	8¼
P/E Ratio—	18-14	21-16	31-16	27-19	24-16	19-14	24-18	22-12	21-15	20-12

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun 1986, 100% May 1981. 1. Reflects merger or acquisition 2. Bef. results of disc. opers. of -0.03 in 1980 and spec. item(s) of +0.03 in 1981, +0.03 in 1980. 3. Cal yr. NA-Not Available. E-Estimated

October 3, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	[3]1,549	379	24.5	167	107	17.1	255	33.2%	170	11.0
1987	[3]1,384	344	24.9	79	102	20.2	222	40.5%	132	9.5
[4]1986	1,204	310	25.7	73	111	15.8	184	42.3%	106	8.8
1985	1,030	263	25.5	117	100	8.0	155	43.4%	88	8.5
[4]1984	889	215	24.2	128	76	6.1	133	43.7%	75	8.5
[4]1983	753	179	23.7	97	60	5.9	115	44.0%	65	8.6
1982	669	160	24.0	105	50	8.2	107	46.1%	58	8.6
1981	558	138	24.8	100	42	6.5	90	47.3%	47	8.5
[5]1980	455	111	24.3	66	32	[3]2.6	76	47.3%	40	8.8
1979	371	91	24.5	61	25	1.8	64	48.2%	33	9.0

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	526	832	339	2.5	1,654	11.0%	245	982	1,257	19.5	18.4%
1987	481	755	285	2.7	1,445	9.3%	206	875	1,101	18.7	16.8%
1986	506	769	273	2.8	1,313	9.0%	312	665	1,006	31.0	17.1%
1985	212	459	236	1.9	1,018	9.7%	162	558	757	21.4	16.8%
1984	69	267	179	1.5	782	10.5%	68	476	583	11.7	16.7%
1983	83	219	115	1.9	645	10.6%	60	421	520	11.6	16.3%
1982	46	184	100	1.8	555	11.0%	57	364	447	12.7	16.9%
1981	68	181	79	2.3	489	10.8%	67	314	403	16.7	17.4%
1980	36	128	71	1.8	357	12.7%	53	212	286	18.7	20.5%
1979	23	95	56	1.7	271	13.6%	22	176	215	10.2	20.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1980, and spec. item(s) in 1981, 1980. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Excludes discontinued operations and reflects merger or acquisition.

Business Summary

AUD provides a broad range of data processing services, including employer services, financial services, and specialized services. It believes that it is the largest independent computing services firm.

Employer services account for about 50% of AUD's revenues. Payroll services, with nearly 200,000 clients, are the largest contributor, including both payroll processing and a rapidly growing tax filing service.

Brokerage services (about 20% of revenues) include brokerage processing, order matching, on-line trading, record-keeping, database and stock quotation services.

Other businesses are automotive dealer services (10% of revenues; includes inventory control, lease management, parts invoicing and repair order billing); collision estimating services (5% of revenues; preparing estimates of the cost to repair auto damage and related claims management information); accounting services (accounts receivable, accounts payable and general ledger); and network services (general and specialized management-oriented on-line services to corporate, institutional and government clients).

Dividend Data

Dividends were initiated in 1974.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.13	Nov. 3	Dec. 12	Dec. 16	Jan. 1'89
0.13	Jan. 19	Mar. 14	Mar. 20	Apr. 1'89
0.15	May 26	Jun. 13	Jun. 19	Jul. 1'89
0.15	Aug. 17	Sep. 12	Sep. 18	Oct. 1'89

Finances

AUD said that it planned to post a sizable increase in net cash flow during fiscal 1990. Capital spending was expected to decrease to about $100 million in 1990 from $139 million in 1989, reflecting the completion of large multi-year brokerage capital investments.

Capitalization

Long Term Debt: $238,849,000.

Common Stock: 73,711,942 shs. ($0.10 par).
Institutions hold approximately 59%.
Shareholders of record: About 15,400.

Office—One ADP Blvd., Roseland, N.J. 07068. **Tel**—(201) 994-5000 **Chrmn & CEO**—J. S. Weston. **Pres**—W. J. Turner. **VP-Secy**—F. S. Lafer. **VP-Fin & Investor Contact:**—A. F. Weinbach. **Dirs**—J. A. Califano, Jr., R. J. Casale, E. D. Etherington, B. H. Franklin, H. M. Krueger, C. P. Lazarus, R. J. Levenson, F. V. Malek, H. Taub, L. A. Tisch, W. J. Turner, A. F. Weinbach, J. S. Weston. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Inc.** in Delaware in 1961. **Empl**—23,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Avery International

NYSE Symbol AVY Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
32	33¼-21	17	0.56	1.8%	A	1.13

Summary

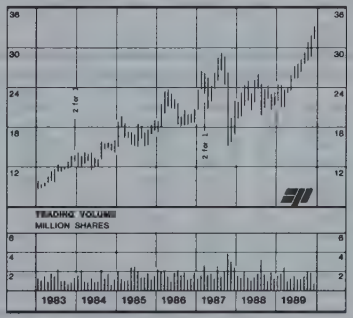
This company is a leading worldwide manufacturer of self-adhesive base materials, labels, tapes, office products and specialty chemicals. AVY markets its own proprietary products and produces pressure sensitive materials for other manufacturers and converters. AVY completed a restructuring program in fiscal 1988 which included the divestment and reorganization of several businesses. Record earnings are expected for fiscal 1989 and 1990, reflecting continued growth in core businesses.

Current Outlook

Share earnings for the fiscal year ending November 30, 1990 are projected at $2.25, versus the $2.00 expected for fiscal 1989.

Dividends at $0.14 quarterly are the minimum expected.

Sales for fiscal 1990 are expected to rise about 10%, reflecting continued good volume growth in the pressure-sensitive materials products for key markets such as information processing and packaging, aided by product line expansion and the start-up of major new and expanded production facilities. Profits should benefit from the recent decline of raw material costs, partly offset by the stronger U.S. dollar. Profitability will also be aided by the return to profitability of the French label unit during 1990, and expected improvements in the U.S. films and industrial label businesses.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	414	374	331	250
May	446	410	381	280
Aug.	423	382	367	272
Nov.	---	417	387	330
	---	1,582	1,466	1,131

Sales for the nine months ended August 31, 1989 rose 10%, year to year; excluding currency changes and acquisitions, sales were up 11%. With improved materials profits, net income advanced 12%, to $1.44 a share from $1.29.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.46	0.40	0.33	0.30
May	0.55	0.50	0.37	0.33
Aug.	0.43	0.39	0.29	0.26
Nov.	E0.56	0.48	d0.18	0.34
	E2.00	1.77	0.81	1.23

Important Developments

Oct. '89— AVY said that third-quarter earnings benefited from strong performances in the core U.S. materials, specialty tapes, office products and Soabar tag businesses. However, a stronger U.S. dollar plus a large translation loss in Brazil affected results, while profitability was unsatisfactory in the U.S. industrial label business and European roll material business.

Feb. '89— AVY completed most of the restructuring program announced in 1987, including the sale of two divisions, the closing of seven factories and the reorganization of its French label operations. In addition, AVY reorganized its domestic label and Soabar divisions. Capital spending for fiscal 1989 was budgeted at $95 million, and several new plants in the U.S. and Europe were expected to start up.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Nov. 30	1989	1988	1987	[1]1986	[1]1985	[1]1984	1983	[1]1982	[1]1981	1980
Tangible Bk. Val.	NA	8.45	7.89	6.09	7.92	6.85	6.15	5.17	5.01	4.78
Earnings	NA	1.77	0.81	1.23	1.22	1.21	0.92	0.75	0.74	0.68
Dividends[2]	0.54	0.46½	0.41	0.35	0.31	0.27	0.23½	0.22½	0.20	0.18
Payout Ratio	NA	26%	52%	29%	25%	22%	25%	30%	27%	26%
Prices—High[3]	33¼	26	29¼	23¾	19¼	16	13¾	10⅛	7	6⅜
Low[3]	21	19¼	15⅛	17¼	15	11½	8⅝	5½	4¾	3⅞
P/E Ratio—	NA	15-11	36-19	19-14	16-12	13-10	15-9	13-7	9-6	9-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1987, 100% Dec. 1983. **1.** Reflects merger or acquisition. **2.** Declared. **3.** Cal. yr. E-Estimated d-Deficit NA-Not Available.

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	1,582	197	12.4	90	45.1	26.3	128.0	39.2%	77.7	4.9
1987	1,466	161	11.0	103	36.3	23.9	77.9	55.4%	34.7	2.4
[3]1986	1,131	128	11.3	92	26.6	16.2	87.7	44.5%	48.6	4.3
[3]1985	933	114	12.2	60	21.0	12.9	82.7	41.6%	48.3	5.2
[3]1984	913	107	11.8	53	17.8	11.5	78.9	39.7%	47.6	5.2
1983	805	90	11.1	33	16.5	14.0	59.2	42.2%	34.2	4.3
[3]1982	712	74	10.4	32	14.9	19.6	42.7	37.2%	26.8	3.8
[3]1981	638	67	10.5	35	11.9	10.1	46.2	42.5%	[2]26.5	4.2
1980	619	64	10.3	23	12.8	[2]11.3	42.5	42.3%	24.5	4.0
1979	562	57	10.1	25	13.4	10.3	36.1	41.4%	21.1	3.8

Balance Sheet Data (Million $)

Nov. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	5.9	503	330	1.5	1,119	7.1%	215	509	790	27.2	15.9%
1987	8.0	489	324	1.5	1,051	3.5%	204	466	727	28.0	8.2%
1986	2.4	399	243	1.6	868	6.5%	221	350	625	35.3	14.6%
1985	2.2	309	176	1.8	615	8.4%	87	314	438	19.8	16.5%
1984	3.2	275	156	1.8	531	9.5%	75	271	375	20.1	18.5%
1983	19.8	261	135	1.9	469	7.4%	67	241	335	20.1	15.4%
1982	1.3	223	111	2.0	421	6.5%	107	186	310	34.5	14.6%
1981	4.7	235	133	1.8	410	7.0%	80	180	276	28.9	15.1%
1980	6.4	223	103	2.2	351	7.0%	62	172	248	25.0	15.1%
1979	3.8	230	109	2.1	348	6.4%	74	154	239	31.0	14.5%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Reflects accounting change. **3.** Reflects merger or acquisition.

Business Summary

Avery International operates in two principal industry segments; the manufacture of self-adhesive base materials, and the production of converted products such as labels, tags and decorative devices. Industry segment contributions:

Fiscal 1988	Sales	Profits
Materials units	61%	63%
Converting units	39%	37%

Foreign operations, primarily in Western Europe, accounted for 40% of sales in fiscal 1988 and 44% of operating profits.

The Materials Group produces pressure sensitive and self-adhesive coated papers, foils and films, retro-reflective products and graphic systems. The Specialty Tapes and Adhesives Group includes tapes, coated films, foils and foams, decorative films, and acrylic adhesives and polymers for industrial, automotive, electronic, medical and consumer disposable markets.

The Label Group produces custome labels for automotive, durable goods and consumer packaged goods, label application machinery, and date processing labels and computer supply products. The Soabar Products Group produces electronic imprinting systems, point-of-sale tickets, tags, and labels, and packaging components for apparel, retail, textile and industrial markets. Office Products include consumer and office stationery, labels, tapes, information processing and copier products, business forms, notebook and vinyl binders, and desk and office accessories.

Dividend Data

Dividends have been paid since 1964. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Jan. 26	Feb. 23	Mar. 1	Mar. 15'89
0.14	Mar. 30	Jun. 1	Jun. 7	Jun. 21'89
0.14	Jun. 29	Aug. 30	Sep. 6	Sep. 20'89
0.14	Oct. 26	Nov. 30	Dec. 6	Dec. 20'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $219,400,000.

Common Stock: 44,187,078 shs. ($1 par).
Institutions hold about 65%; officers & directors own about 17%.
Shareholders of record: 4,149.

Office—150 North Orange Grove Blvd., Pasadena, Calif. 91103 **Tel**—(818) 304-2000 **Founder Chrmn**—R. S. Avery **Chrmn & CEO**—C. D. Miller **Pres**—R. J. Pearson **VP-Treas & Investor Contact**—W. H. Smith **VP-Secy**—R. G. van Schoonenberg. **Dirs**—J. C. Argue, R. S. Avery, F. V. Cahouet, R. M. Ferry, F. D. Frost, C. D. Miller, P. W. Mullin, R. J. Pearson, S. R. Petersen, J. B. Slaughter, H. R. Smith, L. R. Tollenaere **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in California in 1946; reincorporated in Del. in 1977. **Empl**—11,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard O'Reilly, CFA

Avnet, Inc.

NYSE Symbol AVT Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
26⅝	29¾-20⅝	16	0.60	2.3%	B	1.27

Summary

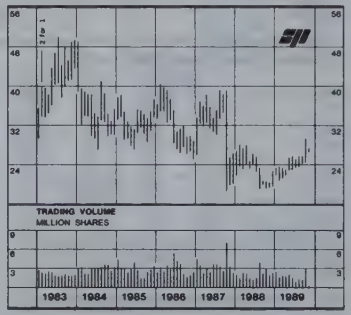
Avnet is the world's largest distributor of electronic components and computer products for industrial and military customers. It also makes home entertainment products and distributes electronic devices. Following sharply higher profits in fiscal 1988, earnings rose only modestly in fiscal 1989 as industry growth slowed and costs increased. Well controlled costs and the absence of certain unprofitable units should allow for significantly higher earnings in fiscal 1990, despite limited growth in the semiconductor industry.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are likely to reach $1.95 a share, up from the $1.51 reported for fiscal 1989.

The $0.15 quarterly dividend is likely to be increased in late 1990.

Sales for fiscal 1990 are expected to decline, reflecting weakness in the company's major markets and the absence of certain businesses. Growth in the semiconductor industry is expected to be limited, although the company should continue to gain market share. In addition, sales of computer products and other segments should improve. Margins are likely to be widen, due to well controlled costs, the consolidation and sale of underperforming units, and improved asset management. Long-term prospects should benefit from the rapid secular growth of the electronics industry.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	438	491	441	363
Dec.	---	495	429	376
Mar.	---	475	467	379
Jun.	---	457	480	422
	---	1,919	1,817	1,539

Sales for the quarter ended September 29, 1989 declined 11%, year to year, reflecting lower sales in each segment caused by sluggish markets. However, margins widened significantly, due primarily to reduced operating expenses, improved asset management and the elimination of losses from several unprofitable units. Pretax income increased 42%. After taxes at 39.2%, versus 38.1%, net income rose 39%, to $0.45 a share from $0.33.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.45	0.33	0.34	0.17
Dec.	E0.50	0.33	0.36	0.13
Mar.	E0.47	0.30	0.38	0.14
Jun.	E0.53	0.55	0.38	0.20
	E1.95	1.51	1.46	0.64

Important Developments

Oct. '89— AVT said that first quarter earnings increased despite lower earnings from the video communications segment because of costs associated with closing certain of the group's operations in Taiwan. In addition, earnings of the electrical and industrial segment were slightly lower.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	20.05	18.89	17.78	17.53	17.25	16.35	14.49	13.55	12.22	10.62
Earnings[1]	1.51	1.46	0.64	0.67	1.39	2.44	1.43	1.61	1.95	2.08
Dividends	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.45½	0.38¾
Payout Ratio	33%	34%	78%	75%	36%	20%	35%	31%	23%	18%
Prices[2]—High	29⅜	28⅛	39¼	40⅜	38¼	49⅛	50	35¼	27½	27⅜
Low	20⅝	19	18½	25	27	27	29⅛	17⅜	16⅞	9⅞
P/E Ratio—	19-14	19-13	61-29	60-37	28-19	20-11	35-20	22-11	14-9	13-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Feb 1983, 10% Jun. 1981. 1. Bef. results of disc. opers. of +0.41 in 1982. 2. Cal. yr. d-Deficit E-Estimated

November 14, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	1,919	119	6.2	22.6	29.8	16.4	87	38.2%	54.0	2.8
1988	1,817	119	6.6	24.7	29.2	16.0	86	39.5%	52.2	2.9
1987	1,539	77	5.0	47.3	27.3	11.2	47	51.1%	22.8	1.5
1986	1,416	65	4.6	22.6	23.8	10.2	42	43.6%	[2]23.9	1.7
1985	1,534	114	7.4	40.7	18.3	11.1	93	46.9%	49.4	3.2
1984	1,636	174	10.6	33.0	14.7	9.0	166	47.6%	86.8	5.3
1983	1,165	92	7.9	13.3	10.3	4.7	92	45.4%	50.4	4.3
[3]1982	1,112	112	10.0	13.6	7.7	6.0	107	47.8%	56.1	5.0
1981	1,316	151	11.4	13.2	8.3	14.0	133	48.7%	68.0	5.2
1980	1,267	156	12.3	11.1	8.1	14.5	137	47.7%	71.7	5.7

Balance Sheet Data (Million $ (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	237	983	179	5.5	1,126	4.7%	211	735	947	22.3	7.5%
1988	152	1,001	235	4.3	1,153	4.7%	221	696	917	24.1	7.7%
1987	213	906	181	5.0	1,062	2.3%	224	658	882	25.4	3.5%
1986	111	772	149	5.2	908	2.6%	112	647	759	14.7	3.7%
1985	128	782	166	4.7	917	5.4%	112	638	751	15.0	7.9%
1984	92	798	193	4.1	911	10.6%	114	603	717	15.9	15.2%
1983	106	620	164	3.8	710	7.5%	17	528	546	3.1	9.9%
1982	46	530	119	4.4	623	8.9%	20	482	504	4.0	12.3%
1981	7	563	158	3.6	840	10.8%	55	426	482	11.3	17.0%
1980	15	542	192	2.8	619	12.2%	56	370	427	13.0	21.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1982. 2. Reflects accounting change. 3. Excludes discontinued operations.

Business Summary

Avnet is a diversified marketer and manufacturer in the electrical and electronics field. Contributions by segment in fiscal 1989:

	Sales	Profits
Electronic Marketing	79%	79%
Video Communications	10%	8%
Electrical & Industrial	11%	13%

The Electronic Marketing group is the leading distributor of electronic components and computer products which are sold to the electronic industry. Products include semiconductors, computer products, connectors, capacitors, resistors and other devices. Components are shipped either as received or with assembly or other value added.

The Video Communications group designs and develops TV signal receiving hardware aimed at the TV and data signal processing industry. It includes Channel Master, the nation's largest supplier of TV antennas and related products.

The Electrical and Industrial group distributes electric motors and parts, measuring instruments and control equipment.

Dividend Data

Dividends have been paid since 1961. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12½	Nov. 17	Dec. 12	Dec. 16	Jan. 3'89
0.12½	Jan. 19	Mar. 13	Mar. 17	Apr. 3'89
0.12½	May 17	Jun. 12	Jun. 16	Jul. 3'89
0.15	Jul. 19	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: Nov. 15'89.

Capitalization

Long Term Debt: $211,357,000, including $91.8 million of 8% sub. debs. conv. into com. at $52 a sh. and $115 million of 6% sub. debs. conv. at $43 a sh.

Common Stock: 35,768,125 shs. ($1 par).
Institutions hold some 86%.
Shareholders of record: 8,950.

Office—80 Cutter Mill Road, Great Neck, N Y 11021 **Tel**—(516) 466-7000 **Chrmn, Pres & CEO**—L Machiz **VP-Secy**—S D Herlihy **VP-Treas & CFO**—J Regazzi. **Investor Contact**—Irwin Lubalin **Dirs**—S. Benerofe, J. S. Berman, A. E. Friedman, S. D Herlihy, J. W. Kenney, L Machiz, S. J Nuzzo, A. R. Snider, H. Stein, J S. Webb, G. Weissman **Transfer Agent & Registrar**—The Bank of New York, NYC. **Incorporated** in New York in 1955 **Empl**—8,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Avon Products

262K

NYSE Symbol AVP Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
36¾	41¼-19½	20	1.00	2.7%	B-	1.18

Summary

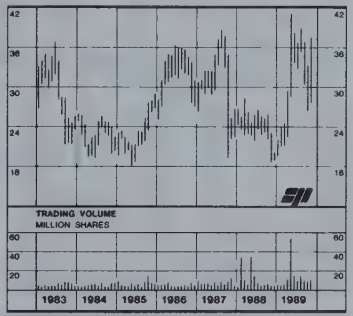
This company is the leading door-to-door marketer of cosmetics, toiletries and fragrances with nearly 1.5 million sales representatives worldwide. Avon also markets fashion jewelry and sells prestige fragrances in retail outlets. Chartwell Associates, an investment group, recently announced the acquisition of a 6.9% interest in Avon. AVP said that it would continue to oppose unsolicited takeover attempts.

Current Outlook

Share earnings for 1990 are projected at about $2.70, up from the $1.90 estimated for 1989.

Common dividends are expected to continue at $0.25 quarterly.

Sales from present businesses for 1990 are expected to show further progress. Despite possible continued softness in the U.S. direct selling division, volume should benefit from good sales growth in overseas beauty care operations. Further gains are also seen for the retail fragrance units, which may be sold in 1990. Profitability should benefit from the better volume, extensive cost controls and reduced interest expense.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	705	622	552	609
Jun.	778	704	640	712
Sep.	785	726	667	691
Dec.	---	1,011	903	872
		3,063	2,763	2,883

Sales for the nine months ended September 30, 1989 rose 11%, year to year. Pretax income advanced 41%. After taxes at 46.3%, against 38.0%, and minority interest, net income from continuing operations was up 25%. Share earnings were $0.97, versus $0.85, which excludes a special credit of $0.31 and a loss related to discontinued operations of $8.36).

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.05	0.05	0.24	0.24
Jun.	0.56	0.50	0.52	0.57
Sep.	0.46	0.25	0.35	0.42
Dec.	E0.93	0.89	2.27	1.00
	E1.90	1.66	3.38	2.23

Important Developments

Nov. '89— Avon said that it "was prepared to fight again" to remain independent following news that Chartwell Associates had acquired a 6.9% stake in AVP. Chartwell is an investment group whose investors include a top executive of Mary Kay Cosmetics, members of the Fisher real estate family of New York, and the Getty family trust. In August Avon rejected a $41-a-share buyout offer from Minneapolis investor Irwin Jacobs, and a $39-a-share bid from Amway Corp. was turned down in May. Mr. Jacobs still holds a 10.3% interest in Avon. Citing softer-than-forecast trends in U.S. direct selling, Avon noted that earnings for 1989 and 1990 will be lower than earlier expectations. AVP also noted that it was considering the sale of its Giorgio Beverly Hills and Parfums Stern retail fragrance units.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	[1]1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	d1.70	5.02	6.37	10.35	8.88	10.96	11.06	15.51	15.31	14.25
Earnings[2]	1.66	3.38	2.23	1.61	2.16	2.21	2.75	3.86	4.01	4.17
Dividends	1.50	2.00	2.00	2.00	2.00	2.00	2.50	3.00	2.95	2.75
Payout Ratio	78%	59%	88%	124%	93%	91%	95%	82%	74%	66%
Prices—High	28⅜	38⅝	36⅜	29	26	36⅞	30½	42⅜	40¾	56
Low	18⅝	19¼	25	17⅞	19¼	21¼	19⅜	29⅛	31⅛	37¼
P/E Ratio—	17-11	11-6	16-11	18-11	12-9	17-10	11-7	12-8	10-8	13-9

Data as orig. reptd. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of -$8.77 in 1988, -1.12 in 1987, -2.37 in 1985 & bef. spec item(s) of +$0.32 in 1988. d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,043	402	13.1	51	64.9	119	219	44.7%	121	4.0
[3]1987	2,763	342	12.4	101	55.0	76	385	38.0%	238	8.6
[4]1986	288	398	13.8	298	79.3	73	274	42.0%	[5]159	5.5
[3]1985	2,470	312	12.6	126	57.6	71	224	42.8%	128	5.2
[4]1984	3,141	462	14.7	165	86.5	67	336	46.0%	182	5.8
1983	3,000	409	13.6	128	67.3	54	310	47.0%	164	5.5
[4]1982	3,001	472	15.7	301	56.7	56	392	49.8%	197	6.6
1981	2,614	428	16.4	114	31.5	17	446	50.7%	[5]220	8.4
1980	2,569	467	18.2	118	27.4	12	472	48.9%	241	9.4
[4]1979	2,378	466	19.6	116	23.4	[5]11	480	47.8%	251	10.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	164	1,111	1,029	1.1	2,460	5.5%	919	221	1,254	73.3	25.9%
1987	74	927	759	1.2	2,559	9.7%	816	759	1,683	48.5	32.8%
1986	80	1,047	873	1.6	2,296	7.4%	709	681	1,557	45.5	21.2%
1985	86	895	543	1.6	2,289	5.5%	618	926	1,696	36.4	12.4%
1984	125	1,045	644	1.6	2,438	7.4%	434	1,157	1,740	24.9	14.8%
1983	184	1,030	594	1.7	2,286	7.3%	318	1,204	1,642	19.4	13.6%
1982	161	1,005	556	1.8	2,233	9.4%	297	1,219	1,623	18.3	16.6%
1981	258	988	527	1.9	1,568	14.0%	5	933	993	0.5	23.7%
1980	308	1,051	550	1.9	1,571	16.2%	3	921	971	0.3	27.1%
1979	307	979	471	2.1	1,406	18.8%	4	857	887	0.5	30.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1987, 1985, and spec item(s) in 1988 **3.** Excludes discontinued operations. **4.** Reflects merger or acquisition. **5.** Reflects accounting change.

Business Summary

Avon Products is the world's leading door-to-door marketer of beauty care products. It also sells upscale fragrances through retail outlets (AVP is considering the sale of this business). Health care related operations have been discontinued. Business segment contributions in 1988 were:

	Sales	Profits
Cosmetics, fragrances and toiletries	69%	72%
Gift & decorative items	15%	15%
Fashion jewelry	16%	13%

Foreign operations accounted for about 51% of sales and 55% of profits in 1988.

At the end of 1988 AVP had some 425,000 active representatives in the U.S. (up from 400,000 a year earlier) and 1,050,000 abroad (1,000,000).

Cosmetics, fragrances and toiletries include perfumes, colognes, sachets, soaps, bath products, makeup, skin care, nail and hand care items, hair care products, men's toiletries, personal care items, and children's and teen products. This segment also includes the retail sale of upscale fragrances, including Giorgio, Oscar de la Renta, Perry Ellis, and Valentino.

Avon is the nation's largest maker of fashion jewelry. Gift and decorative items include ceramics, glassware, collectibles, unscented candles and ornaments.

Dividend Data

Dividends have been paid since 1919. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 2	Feb. 13	Feb. 17	Mar. 1'89
0.25	May 4	May 10	May 18	Jun. 1'89
0.25	Aug. 3	Aug. 11	Aug. 17	Sep. 1'89
0.25	Nov. 2	Nov. 13	Nov. 17	Dec. 1'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $884,700,000.

$2.00 Preferred Equity-Redemption Cum. Stk.: 18,000,000 shs. ($1 par).

Common Stock: 56,142,587 shs. ($0.50 par).
Institutions hold about 47%.
Shareholders of record: 35,100.

Office—9 W. 57 St., NYC 10019 **Tel**—(212) 546-6015. **Chrmn & Pres**—J.E. Preston **VP-Secy**—W. T. Knight **VP-Treas**—J. E Donaldson **Investor Contact**—Ann Scavullo. **Dirs**—R. Block, D. B. Burke, H. Clark, S.C. Gault, C.S. Locke, E. Mosbacher, Jr., M. E. Nelson, J. E. Preston, E. G. Procope, J. A. Rice, C. C. Selby **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New York in 1916. **Empl**—28,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saftlas

B.A.T Industries

7240

ASE Symbol BTI

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
12 15/16	15 1/4-8	11	0.32	2.5%	NR	1.10

Summary

This huge British-based multinational company is the world's largest tobacco products manufacturer, and also has important interests in retailing, paper production, insurance and other financial services. Shareholders recently approved a restructuring plan designed to fend off Sir James Goldsmith's $21.1 billion takeover bid for the company.

Business Summary

B.A.T Industries p.l.c. is the world's largest manufacturer of tobacco products, and also has interests in retailing, paper production, financial services, and other areas. Contributions in 1988:

	Revs.	Profits
Tobacco	40%	46%
Retailing	23%	12%
Paper	10%	13%
Financial services	22%	27%
Other trading activities	5%	2%

Contributions by geographic area:

	Revs.	Profits
North America	30%	42%
Europe	27%	12%
United Kingdom	24%	28%
Other	19%	18%

Tobacco operations are conducted by British-American Tobacco Co., with over 240 brands in use throughout the world; Brown & Williamson Tobacco Corp., the third largest U.S. producer; and many other subsidiaries and affiliates worldwide.

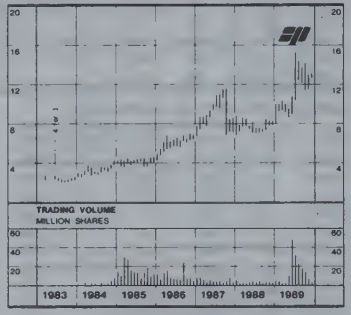
Retailing interests include over 230 Argos Distributors catalog showrooms in the U.K.; and Saks Fifth Avenue, Marshall Field's, Ivey's and Breuners.

Paper operations include Appleton Papers (U.S.), the world's largest producer of carbonless copying paper; and Wiggins Teape, which is responsible for all non-U.S. paper interests.

Financial service companies include Farmers Group, Inc., the third largest auto and homeowners insurance issuer in the U.S., acquired for $5.2 billion in December 1988; Eagle Star Holdings, a British insurance company, purchased for $1.37 billion in January 1984; Allied Dunbar, an English life insurance company; and numerous other subsidiaries worldwide.

Important Developments

Dec. '89— B.A.T agreed to sell its 69% stake in VG Instruments, a British scientific-instrument company, to Fisons PLC for £270.2 million pounds ($432 million).



Oct. '89— Shareholders approved a restructuring plan designed to fend off a £13.35 billion ($21.1 billion) takeover bid from Hoylake Investments Ltd., a Bermuda corporation formed by a group led by Sir James Goldsmith. The hostile bid was subsequently dropped, but Hoylake plans to make a new offer; at mid-December 1989, Hoylake was awaiting the outcome of certain regulatory problems. The restructuring proposes to break up B.A.T by spinning off or selling about £6 billion in assets; the company would sell its U.S. retailing businesses, including Saks Fifth Avenue and Marshall Field stores, in a transaction that could raise £1.2 billion. B.A.T also proposed a 50% dividend increase and the repurchase of up to 10% of its shares. The aim of the restructuring is a higher share price and a company refocused on tobacco and financial services.

Next earnings report due in late March.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	4.28	4.97	4.15	3.59	3.37	3.15	3.03	2.92	2.87	2.58
Earnings[2]	1.14	0.99	0.79	0.66	0.64	0.55	0.51	0.48	0.39	[3]0.50
Dividends	0.34 5/8	0.28 1/2	0.20 3/4	0.14 1/2	0.12	0.11 1/2	0.11 1/8	0.13 1/2	0.14 1/2	0.07 3/4
Payout Ratio	30%	29%	24%	22%	19%	21%	23%	28%	37%	16%
Prices—High	8 3/4	11 5/8	7	4 5/8	4 1/4	2 3/4	2 5/8	1 3/4	1 3/4	1 1/2
Low	6 3/4	6 3/4	4 1/8	3 1/2	2 1/2	2	1 1/2	1 1/2	1 1/4	1 1/4
P/E Ratio—	8-6	12-7	9-5	7-5	7-4	5-4	5-3	4-3	5-3	3-3

Data as orig. reptd. Translated at appropriate rates. Adj. for stk div(s) of 300% Jun 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. and spec. items. 3. Ful. dil. 0.47 in 1979.

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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[4,5]1988	20,912	2,315	11.1	760	445	396	2,968	36.7%	1,716	8.2
[4,5]1987	21,441	2,373	11.1	690	453	381	2,629	37.7%	1,484	6.9
[4,5]1986	20,353	1,995	9.8	847	395	353	2,066	37.6%	1,176	5.8
1985	[6]18,560	1,794	9.7	634	366	397	1,688	36.9%	974	5.2
1984	[6]16,832	1,637	9.7	638	308	293	1,627	37.9%	908	5.4
[4]1983	17,177	1,522	13.2	473	286	194	1,422	38.1%	794	4.6
[4]1982	18,618	1,557	8.4	932	290	262	1,385	40.4%	735	3.9
1981	17,742	1,470	8.3	536	257	237	1,310	41.1%	695	3.9
1980	18,264	1,372	7.5	686	256	234	1,144	45.3%	[5]559	3.1
1979	19,782	1,559	7.9	1,367	264	222	1,242	39.5%	683	3.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	1,092	6,335	5,586	1.1	17,910	10.0	3,848	6,512	11,296	34.1	24.4
1987	2,855	8,200	4,294	1.9	16,063	9.9	2,329	7,442	10,743	21.7	21.7
1986	1,720	7,074	3,877	1.8	13,888	8.8	2,125	6,181	9,179	23.2	20.4
1985	919	6,491	3,696	1.8	12,774	8.0	2,266	5,306	8,161	27.8	18.9
1984	884	6,102	3,168	1.9	11,654	8.4	2,416	4,952	8,006	30.2	19.0
1983	1,050	6,270	3,303	1.9	10,025	7.7	1,225	4,600	6,258	19.6	17.6
1982	1,104	6,571	3,708	1.8	10,425	7.4	1,403	4,403	6,334	22.2	17.0
1981	1,040	6,000	3,304	1.8	9,552	7.2	1,128	4,247	5,852	19.3	16.5
1980	1,068	6,013	3,596	1.7	9,695	6.0	1,030	4,171	5,691	18.1	14.1
1979	901	5,554	3,293	1.7	8,987	8.5	1,118	3,748	5,307	21.1	19.6

Data as orig. reptd. Translated at appropriate rates. 1. Incl. excise taxes. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. spec. items. 4. Reflects merger or acquisition. 5. Excludes discontinued operations. 6. Reflects accounting change.

Review of Operations

Total revenues for the nine months ended September 30, 1989, advanced 20%, year to year, benefiting from the inclusion of Farmers Group and strong performances from Eagle Star, Allied Dunbar and Canada Trust. Tobacco results also improved. Margins widened, primarily in the financial services group, but increased interest expense limited the gain in pretax income to 17%. After taxes at 36.9%, versus 36.7%, and higher minority interest, income was up 17%, to £721,000,000, from £616,000,000. In U.S. dollars translated at 1£=$1.62 in 1989, and 1£=$1.69 in 1988, share earnings were $0.77 and $0.69 in the respective periods. Results exclude extraordinary credits of £193,000,000 ($0.27 a share) and £13,000,000 ($0.02) in the respective interims.

Dividend Data

Dividends have been paid since 1928. Recent payments, after 15% British tax to U.S. residents:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.209	---	Apr. 7	Apr. 13	Jun. 26'89
0.154	---	Sep. 22	Sep. 28	Dec. 7'89
0.166 Apx.	---	Dec. 1	Dec. 7	Feb. 22'90

Finances

In July 1989, B.A.T withdrew its $400 million 9 3/8% Eurobond issue due 1994, as a result of Hoylake's hostile bid for the company (see Important Developments). B.A.T said investors would have faced substantial losses and liquidity problems had the issue been completed.

Capitalization

Long Term Debt: £2,661,000,000 (12/88).

Minority Interest: £340,000,000 (12/88).

Ordinary Shares: 1,523,933,286 shs. (25p par). Each ADR equals one sh.
Shareholders: 145,621.

Office—Windsor House, 50 Victoria St., London SW1H ONL. **Tel**—01-222-7979. **Chrmn**—P. Sheehy. **Deputy Chrmn & Sr. Finance Director**—B. P. Garraway. **Secy**—F. A. Burke. **U.S. Investor Contact**—R. Wilson (212) 708-7830. **Dirs**—D. P. Alvey, Lord Armstrong, B. D. Bramley, M. F. Broughton, M. A. Butt, G. L. Dennis, C. Fraser, H. F. Fryon, B. P. Garraway, A. C. Long, M. Palliser, P. Sheehy, M. S. Wilson. **Registrar**—Lloyds Bank, Goring-by-Sea, Worthing, West Sussex. **Depositary**—Bank of New York, NYC. **Registered** in Great Britain in 1928. **Empl**—310,779.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Walter J. Dillingham, Jr.

BCE Inc.

263K

NYSE Symbol BCE Options on Toronto (Feb-May-Aug-Nov)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989–90					
39¼	40–30½	[1]14	[2]2.52	[1]5.6%	A	0.38

Summary

This company's main subsidiary, Bell Canada, is the largest supplier of telecommunications services in Canada, providing most of the telephone service in the provinces of Ontario and Quebec. The Northern Telecom subsidiary is Canada's largest manufacturer of telecommunications equipment. BCE also has interests in natural gas transportation, oil and gas operations, printing, and real estate.

Business Summary

BCE Inc. (formerly Bell Canada Enterprises) is a holding company which has interests in telecommunications services and equipment manufacturing, energy, printing and real estate. Through its Bell Canada unit, BCE is the largest supplier of telecommunications services in Canada, with major concentration in Ontario and Quebec. Industry segment contributions:

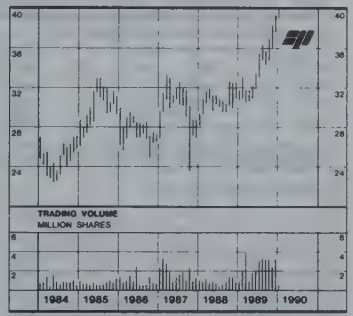
1988	Sales	Profits
Telecommunications	47%	85%
Manufacturing	43%	12%
Other	10%	3%

In 1988 Canada accounted for 65% of revenues, the U.S. 32%, and other 3%.

As of 1988 year-end Bell Canada provided telephone service to some 8,472,000 network access lines, up from 8,117,000 a year earlier. In addition to providing basic telephone service, operating units offer specialized telecommunications services and telecommunications equipment.

Northern Telecom Ltd. (NT), 53%-owned by BCE (the remainder publicly held), is the second largest manufacturer of telecommunications equipment in North America. Sales to BCE and its affiliates accounted for about 25% of NT's sales in 1988.

Bell-Northern Research (indirectly owned) is Canada's largest industrial research and development organization. Other interests include Trans-Canada PipeLines Ltd. (49.1% owned) which owns and operates Canada's sole natural gas transmission system; BCE Development Corp. (67% owned), a Vancouver-based real estate investment and development company; BCE Mobile Communications Inc. (81% owned) provides cellular telephone, paging and other services.



Important Developments

Nov. '89— BCE said 1989 year-end results would reflect its share of an expected substantial provision by BCE Development Corp. against the carrying values of its real estate assets. A review of carrying values was underway and was expected to be completed in the 1989 fourth quarter. Earlier, Olympia & York Development Ltd. terminated its offer to purchase all the common stock and other securities of BCE Development Corp. because certain conditions of the offer had not been satisified. BCE had agreed to tender its BCE Development securities, including its 67% interest in the common stock.

May '89— BCE said that it expected annual earnings growth of more than 5% over the next five years. BCE planned to reduce the dividend payout ratio to 50% over the next five years, with about 60% to be paid out in 1989.

Next earnings report expected in early February.

Per Share Data (U.S. $)

Yr. End Dec. 31	1989	[3]1988	[4]1987	[4]1986	[4]1985	[4]1984	1983	[4]1982	1981	1980
Tangible Bk. Val.	NA	26.81	25.18	22.73	21.08	20.29	19.66	18.25	18.16	17.15
Earnings[5]	NA	2.59	3.01	2.77	3.02	3.05	2.78	2.53	2.50	1.67
Dividends	2.15	2.05⅜	1.85⅜	1.71⅝	1.64½	1.70½	1.70¾	1.61	1.53½	1.43¾
Payout Ratio	NA	79%	61%	63%	54%	59%	66%	66%	63%	88%
Prices—High	39⅜	32⅝	33⅜	30	33	27⅛	27⅛	19¾	17⅛	18¾
Low	30½	28⅛	23½	24⅞	26	22⅜	18⅛	13¼	14⅛	14½
P/E Ratio—	NA	13–11	11–8	11–9	11–9	9–7	10–7	8–5	7–6	11–9

Data as orig. reptd. 1. Based on current exchange rates. 2. In Canadian funds, bef. 15% Canadian tax on nonresidents. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition. 5. Bef. spec. item(s) of +0.34 in 1983, +0.02 in 1982, +0.04 in 1981, -0.48 in 1980. NA-Not Available

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	12,788	3,359	26.3	2,984	1,342	758	1,438	37.7%	744	5.8
[4]1987	11,267	3,175	28.2	2,545	1,197	628	1,723	38.7%	836	7.4
[4]1986	10,116	2,944	29.1	2,011	1,040	519	1,602	42.2%	743	7.3
[4]1985	9,479	2,734	28.8	1,735	951	455	1,526	39.7%	751	7.9
[4]1984	8,008	2,513	31.4	1,585	872	399	1,414	40.0%	712	8.9
1983	7,135	2,273	31.9	1,286	818	337	1,203	42.3%	[5]599	8.4
[4]1982	6,838	2,080	30.4	1,376	795	367	1,007	43.5%	506	7.4
1981	6,230	1,908	30.6	1,466	681	372	931	44.5%	464	7.5
1980	5,053	1,473	29.2	1,351	615	300	609	50.5%	304	6.0
1979	4,507	1,493	33.1	1,186	557	268	722	42.2%	371	8.2

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	59	3,953	4,804	0.8	23,533	3.3%	6,244	7,844	18,356	34.0	9.7%
1987	158	3,206	3,371	1.0	20,016	4.4%	5,473	6,940	16,298	33.6	12.3%
1986	494	3,405	2,633	1.3	17,218	4.5%	4,853	6,075	14,213	34.1	12.2%
1985	200	2,935	2,304	1.3	14,717	5.2%	4,032	5,226	12,098	33.3	14.1%
1984	250	2,752	2,201	1.2	13,237	5.4%	3,383	4,782	10,754	31.5	14.4%
1983	243	2,116	1,747	1.2	12,012	4.9%	3,552	4,267	10,034	35.4	13.5%
1982	227	1,867	1,421	1.3	10,912	4.6%	3,824	3,460	9,307	41.1	13.3%
1981	151	1,837	1,452	1.3	10,497	4.5%	3,827	3,253	8,884	43.1	13.7%
1980	177	1,654	1,139	1.5	9,583	3.2%	3,609	2,899	8,216	43.9	9.2%
1979	82	1,502	988	1.5	8,882	4.2%	3,146	2,861	7,602	41.4	12.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1983, 1982, 1981, 1980. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition.

Total Revenues (Billion Can. $)

Quarter:	1989	1988	1987	1986
Mar.	3.78	3.62	3.49	3.20
Jun.	4.29	3.81	3.78	3.42
Sep.	4.25	3.81	3.55	3.39
Dec.		4.01	3.84	3.92
		15.25	14.65	13.93

Revenues (in Canadian $) for the nine months ended September 30, 1989 increased 9.5%, year to year. Pretax income advanced 10%. After lower taxes, and minority interests, net income increased 14%, to C$832 million from C$729 million. After increased preferred dividends, share earnings were $2.81 (on 4.2% more shares), versus $2.56.

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.89	0.90	0.93
Jun.	0.99	1.00	0.91	0.95
Sep.	1.00	0.78	0.88	1.01
Dec.		0.42	1.22	0.94
		3.09	3.91	3.83

Dividend Data

Dividends have been paid since 1881. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62 *	Feb. 23	Mar. 9	Mar. 15	Apr. 15'89
0.62 *	May 25	Jun. 9	Jun. 15	Jul. 15'89
0.62 *	Aug. 23	Sep. 11	Sep. 15	Oct. 15'89
0.63 *	Nov. 22	Dec. 11	Dec. 15	Jan. 15'90

*In Can. funds, before 15% tax on nonresidents.

Next dividend meeting: late Feb.'90.

Finances

Consolidated net capital expenditures during 1988 were C$3.5 billion, a 5.3% increase from the C$3.4 billion for 1987.

Capitalization

Long Term Debt: $7,448,000,000 (Can.).

Minority Interest: $2,772,000 (Can.).

$1.96-$2.05 Conv. Pfd. Stk.: 616,974 shs. in 2 series; conv. into 646,778 com. shs.

Common Stock: 301,699,000 shs. (no par). Institutions hold about 11%. Shareholders of record: 319,202.

Office—800 Square Victoria, Montreal, Quebec, Canada H4Z 1G8. **Tel**—(514) 499-7000. **Chrmn**—A. J. de Grandpre. **Pres & CEO**—J. V. R. Cyr. **VP-Secy**—G. Houle. **EVP-Fin**—J. S. Spalding. **Investor Contact**—J. C. McFarland. **Dirs**—P. A. Allen, R. M. Barford, L. Beaudoin, M. Belanger, J. S. Brant, W. Chippendale, J. V. R. Cyr, C. W. Daniel, A. J. deGrandpre, E. B. Fitzgerald, R. L. Frazee, J. P. Gordon, G. J. Maier, H. L. Margison, E. N. McKelvey, L. G. Rolland, A. H. Ross, C. R. Sharpe, L. B. Vaillancourt, L. R. Wilson. **U.S. Transfer Agent & Registrar**—American Transtech, NYC. **Incorporated** in Canada in 1880. **Empl**—116,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Baker Hughes

266X

NYSE Symbol BHI Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
23¼	24½-13⅝	36	0.46	2.0%	NR	1.25

Summary

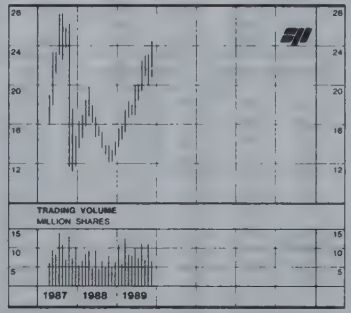
Baker Hughes is a leading factor in the oil well equipment and services industry; it is the world's largest producer of drilling bits and tool joints. BHI was formed through the mid-1987 combination of Baker International Corp. and Hughes Tool Co., a merger was designed to improve the combined entity's earnings power in a soft drilling environment. An improved outlook for natural gas drilling and favorable prospects for BHI's process equipment segment should enhance near-term profitability.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are projected at $0.85, versus the $0.64 reported for fiscal 1989.

Dividends should continue at $0.11½ quarterly.

Revenues in fiscal 1990 should benefit from generally improved economic conditions throughout the industry. Margins are projected to strengthen primarily in the production tools and process equipment segments. The company can be expected to increase market share. BHI can consider selected acquisitions that would enhance its market position while diversifying its product line.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	566	546	463	---
Mar.	569	538	455	---
Jun	589	564	468	---
Sep.	604	668	537	---
	2,328	2,316	1,924	2,754

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 0.5%, year to year. Margins improved, but in the absence of a year-earlier nonrecurring gain from a litigation settlement, pretax income fell 10%. After taxes at 29.6%, versus 54.5%, net income advanced 39%. Share earnings were $0.64, compared with $0.45, excluding extraordinary income of $0.02, against $0.37.

Common Share Earnings ($)

Quarter.	1988-9	1987-8	1986-7	1985-6
Dec	0.12	0.13	d0.07	---
Mar	0.12	0.03	d1.42	---
Jun	0.12	0.07	d0.36	---
Sep.	0.28	0.22	d0.38	---
	0.64	0.45	d2.22	d7.98

Important Developments

Nov. '89— Baker Hughes reported that earnings in fiscal 1989 benefited from a more favorable mix in the type of wells drilled and continued strength in the markets served by Baker Hughes Process Equipment. Drilling activity for crude oil remained depressed. Drilling for natural gas was improving because gas is more environmentally compatible than oil. The company expects drilling to be stable in Europe and Africa, to increase modestly in the U.S. and Far East, and to decline slightly in Latin America. BHI reported the outlook for Baker Hughes Process Equipment is favorable. The company said that emphasis on the environment, and specifically on clean water, is expected to lead to increased demand for equipment used in waste water treatment, for both municipal and industrial applications.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	NA	6.84	6.61	9.53	16.99	17.11	18.86	21.43
Earnings[1]	0.64	0.45	d2.22	d7.98	0.80	d0.55	d1.35	3.49
Dividends	0.46	0.46	0.23	0.58	0.80	0.88	0.97	0.85
Payout Ratio	72%	104%	NM	NM	100%	NM	NM	24%
Prices—High[2]	24½	19⅞	27⅜	NA	NA	NA	NA	NA
Low[2]	13⅝	12⅛	11⅛	NA	NA	NA	NA	NA
P/E Ratio—	38-21	44-27	NM	NA	NA	NA	NA	NA

Data as orig. reptd.; prior to 1987 pro forma data as reptd. in Joint Proxy Statement/Prospectus dated Dec. 29, 1986 1. Bef. spec. item(s) of +0.02 in 1989, +0.37 in 1988, +0.77 in 1986 2. Cal. yr. d-Deficit NM-Not Meaningful NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,316	245	10.6	62	103	62	134	53%	59	2.6
1987	1,924	62	3.2	85	129	77	d276	NM	d255	NM
1986	2,754	NA	NA	NA	NA	106	d1,159	NM	d918	NM
1985	3,165	NA	NA	NA	NA	119	141	37%	92	2.9
1984	3,049	NA	NA	NA	NA	167	d102	NM	d63	NM
1983	2,995	NA	NA	NA	NA	NA	NA	NA	d154	NM
1982	4,131	NA	NA	NA	NA	NA	NA	NA	396	9.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	67.8	1,202	610	2.0	2,118	2.7%	440	861	1,486	29.6	6.2%
1987	11.4	1,184	684	1.7	2,189	NM	461	816	1,477	31.2	NM
1986	84.4	1,579	782	2.0	2,987	NA	779	1,099	2,185	35.6	NA

Data as orig. reptd.; prior to 1987 pro forma data as reptd. in Joint Proxy Statement/Prospectus dated Dec. 29, 1986 1. Net of interest income 2. Bef. spec. item(s) in 1988, 1986. d-Deficit NM-Not Meaningful NA-Not Available

Business Summary

Baker Hughes was formed in early 1987 through the merger of Baker International Corp. and Hughes Tool Co. The company provides a wide range of equipment and services used in the drilling, completing and reworking of oil and gas wells. It also makes process equipment for pumping and treating liquids, and specialty chemicals for water treatment and paint production. On June 1, 1989 BHI purchased Bird Machine Co. a supplier of liquid/solid separation equipment. Industry segments in fiscal 1988 (profits in million $):

	Revs.	Profits
Drilling	29%	$191.2
Completion, remedial & production	44%	47.2
Mining	18%	-21.1
Other	9%	5.0

International sales accounted for 45% of revenues in fiscal 1988 and operating income of $36.0 million. About 23% of revenues were derived from services and rentals.

Drilling products manufactured include a broad range of rolling cutter and diamond bits and basic drilling rig equipment. The company believes it is the leading maker of rock bits. The company also produces drilling fluids for oil and gas well drilling, and provides fishing tool services to locate and retrieve objects downhole.

Completion, remedial and production products and services are used after oil and gas wells are drilled to achieve safety and long-term productivity. Packers, a major product line, are used to seal the space between the tubing and casing to protect the casing from reservoir pressures and to maintain separation of production zones. BHI also makes centralizers, which fit around the casing to keep it centered, and liner hanger tools, which are used to suspend strings of casing pipe in wells. Services include acidizing and fracturing processes to improve formation permeability, and gravel packing to prevent sand from entering the well bore.

On July 31, 1989 BHI sold an 89% interest in its Mining Equipment Group. The 11% portion of the unit that was not sold is the hydraulic drill business in France and the U.S., for which the U.S. Government has requested additional information. BHI intends to sell the 11% interest once legal determination is received. The Mining Equipment Group has made mining machinery, ore processing equipment, mining and construction rock bits, and cutters, control systems and pumps.

Dividend Data

Baker International had paid dividends since 1929 and Hughes Tool since 1973. Payments by the merged company began in 1987. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.11½	Jan. 25	Jan. 30	Feb. 3	Feb. 24'89
0.11½	Apr. 24	May 1	May 5	May 26'89
0.11½	Jul. 26	Jul. 31	Aug. 4	Aug. 25'89
0.11½	Oct. 23	Oct. 30	Nov. 3	Nov. 22'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $417,133,000.

Minority Interest: $13,094,000.

$3.50 Conv. Exch. Preferred Stock: 1,999,000 shs ($50 liquid. pref.); conv. into 1.96 com

Common Stock: 119,245,900 shs. ($1 par). Institutions hold approximately 64%. Shareholders: 25,700.

Office—3900 Essex Lane, Houston, Texas 77027 **Tel**—(713) 439-8600 **Chrmn & Pres**—J. D. Woods. **VP-CFO**—M. L. Lukens **VP-Secy**—F. Myers **VP-Investor Contact**—Ronald G. Turner **Dirs**—G. M. Anderson, J. S. Blanton, R. M. Bressler, H. M. Conger, D. M. Krausse, K. L. Lay, H. F. LeMieux, D. D. Lybarger, J. F. Maher, R. H. Quenon, D. C. Trauscht, J. D. Woods. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1987 **Empl**—21,492

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Ball Corp.

NYSE Symbol BLL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
30¼	34⅜-25¼	30	1.12	3.7%	A	1.02

Summary

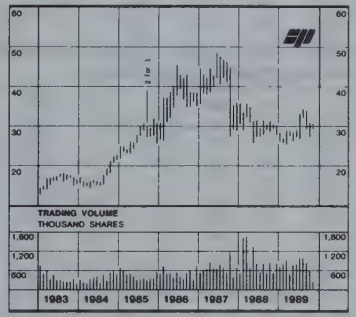
This company manufactures metal beverage containers and other packaging products, and has interests in aerospace and other technical fields. BLL has a 50% interest in Ball-Incon Glass Packaging, a joint venture with TBG Europe nv. Earnings for the first nine months of 1989 were impacted by lower margins in packaging products, but good performances by aerospace systems and diversified products, and the absence of 1988's restructuring charge, should lead to higher earnings for the full year 1989. The outlook for 1990 is enhanced by better pricing for metal containers.

Current Outlook

Earnings for 1990 may rise to $2.25 a share from 1989's estimated $1.95.

Dividends should continue at $0.28 quarterly.

Sales of packaging products in 1990 are expected to remain flat as Ball continues to operate its metal container plants at near-capacity and limits plant additions. However, industrywide capacity reductions should result in improved metal container pricing, and along with lower interest rates and good results at the aerospace and diversified products divisions, should result in favorable earnings comparisons.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	257	241	284	241
Jun.	337	306	288	296
Sep.	321	293	267	282
Dec.	---	233	215	252
	---	1,073	1,054	1,070

Sales for the nine months ended September 30, 1989 rose 9.0%, year to year. Hurt by pricing pressures in packaging products, higher interest costs, and the absence of 1988's $5.9 million pretax gain ($0.16 a share after tax) on the sale of an investment, pretax income declined 24%. After taxes at 29.5%, against 34.0%, net income was down 19%, to $1.49 a share from $1.89, which excludes a special credit of $0.77.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.33	0.52	0.50	0.53
Jun.	0.64	0.73	0.96	0.81
Sep.	0.52	0.64	0.80	0.73
Dec.	E0.46	d0.49	0.54	0.49
	E1.95	1.40	2.80	2.56

Important Developments

Oct. '89— Earnings for the first nine months of 1989 were adversely affected by pricing pressures in the metal container manufacturing business and higher interest costs. Substantial improvement in plastic packaging products was due to elimination of losses from the blow molded plant that was closed in 1988. Ball said that industrywide can manufacturing capacity reductions have resulted in an apparent firming of announced container price increases for 1990. BLL added that the Ball Packaging Products Canada joint venture was performing above expectations, while the Ball-Incon Glass Packaging joint venture, though profitable, continued to suffer from margin pressure. Improved pricing was expected in early 1990. Interest expense for the first nine months of 1989 totaled $14.6 million. Capital expenditures for all of 1989 are expected to total $70 million.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	17.92	17.04	15.85	14.38	12.97	11.60	10.48	9.44	8.58	7.87
Earnings[2]	1.40	2.80	2.56	2.24	2.04	1.74	1.58	1.38	1.20	1.19
Dividends	1.02	0.89	0.77	0.68	0.61	0.55	0.48½	0.42½	0.37½	0.32½
Payout Ratio	73%	31%	30%	31%	30%	32%	31%	31%	31%	28%
Prices—High	35⅞	48½	45½	32	22⅞	18¼	16	9	7⅜	7¼
Low	25⅝	27¼	26¼	21¾	14⅜	12¾	7¾	6⅛	4⅞	5¼
P/E Ratio—	26-18	17-10	18-10	14-10	11-7	10-7	10-5	7-4	6-4	6-4

Data as orig reptd Adj. for stk. div(s) of 100% Oct. 1985, 100% Oct 1982 **1.** Reflects merger or acquisition **2.** Before spec item(s) of +0.77 in 1988 E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,073	118	11.0	101	43.9	15.5	48	32.0%	32.7	3.0
1987	1,054	160	15.2	124	41.3	9.2	114	41.6%	66.3	6.3
1986	1,070	161	15.0	76	44.2	8.7	110	46.6%	58.9	5.5
1985	1,106	141	12.7	72	39.2	11.6	93	44.7%	51.2	4.6
1984	1,051	124	11.8	70	33.1	11.2	82	43.3%	46.3	4.4
1983	910	115	12.6	41	30.9	13.1	72	45.8%	39.0	4.3
1982	889	100	11.3	56	27.2	16.4	59	41.4%	34.5	3.9
1981	815	86	10.5	60	23.8	16.6	48	39.3%	29.2	3.6
[3]1980	699	75	10.7	59	20.8	16.2	39	38.1%	24.4	3.5
1979	555	65	11.7	58	15.1	[4]12.2	40	40.3%	23.7	4.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	15.7	332	183	1.8	877	3.9%	196	421	674	29.1	8.0%
1987	16.6	316	203	1.6	795	8.6%	101	397	575	17.5	17.3%
1986	10.2	331	165	2.0	733	8.6%	102	365	552	18.4	16.9%
1985	15.0	265	136	2.0	642	8.1%	90	331	493	18.3	16.3%
1984	14.4	274	147	1.9	622	7.8%	115	295	460	25.0	16.5%
1983	23.5	254	134	1.9	559	7.2%	109	262	415	26.1	15.6%
1982	7.8	219	106	2.1	514	6.8%	129	233	399	32.4	15.6%
1981	6.4	220	104	2.1	482	6.3%	141	204	369	38.1	15.1%
1980	6.6	209	87	2.4	432	6.0%	142	179	338	42.0	14.2%
1979	9.3	179	88	2.0	374	6.6%	108	159	281	38.3	15.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1988. **3.** Reflects merger or acquisition. **4.** Reflects accounting change.

Business Summary

Ball is a large producer of metal containers and makes other packaging and diverse industrial items, and aerospace products. In mid-1987 it spun off commercial glass lines to a 50-50 joint venture with TBV Europe nv called Ball-Incon Glass Packaging. Results by business segment in 1988 were divided as follows:

	Sales	Profits
Packaging products	62%	63%
Aerospace products	24%	22%
Diversified products	14%	15%

Food jars, freezer jars and jelly glasses are produced for the home food preservation market. Ball makes two-piece aluminum and steel beverage cans for beer and soft drinks firms. Over the past three years, beer and soft drink can and end sales accounted for about 50% of total sales. Sales to Anheuser Busch alone accounted for 21% of sales in 1988. Ball's share of the net income of the joint venture glass operations with TBV is included in profits of the packaging products segment.

Aerospace systems is comprised of five businesses: electro-optics/cryogenics, communications, space systems, time/frequency standards and systems engineering. Sales to agencies of the U.S. government accounted for some 25% of 1988 sales.

Diversified products include fabricated zinc for coin blanks, coextruded plastic sheet and associated containers, injection molded and extruded/thermoformed plastics and automated x-ray and vision inspection businesses. Light-gauge sheet metal is also cut, coated and lithographed.

Dividend Data

Dividends have been paid since 1958. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27	Jan. 24	Feb. 21	Feb. 27	Mar. 15'89
0.27	Apr. 25	May 25	Jun. 1	Jun. 15'89
0.28	Jul. 26	Aug. 28	Sep. 1	Sep. 15'89
0.28	Oct. 24	Nov. 27	Dec. 1	Dec. 15'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $239,500,000 (includes $69 million of ESOP debt).

Series B ESOP Convertible Pfd. Stock: 1,904,762 shs. (stated value $36.75 a share). Each share convertible into 1.3 common shares. All shares held by ESOP trust.

Common Stock: 23,271,228 shs. (no par). About 50% is closely held by Ball family members and others.
Shareholders of record: 10,103.

Office—345 South High St., Muncie, Ind. 47307. **Tel**—(317) 747-6100. **Chrmn & CEO**—R. M. Ringoen. **Pres**—D. A. Davis. **VChrmn & CFO**—W. L. Peterson **VP-Secy**—G. A. Sissel. **Investor Contact**—Larry Miller. **Dirs**—T. D. Bell, Jr., H. M. Dean, R. M. Gillett, H. C. Goodrich, J. F. Lehman, Jr., A. M. McVie, R. H. Mohlman, A. M. Owsley, Jr., W. L. Peterson, R. M. Ringoen, D. C. Staley, W. P. Stiritz. **Transfer Agent & Registrar**—First National Bank, Chicago. **Incorporated** in Indiana in 1922. **Empl**—7,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Bally Manufacturing

272M

NYSE Symbol BLY Options on ASE & CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
17⅛	29¾-16	21	0.30	1.8%	B-	1.46

Summary

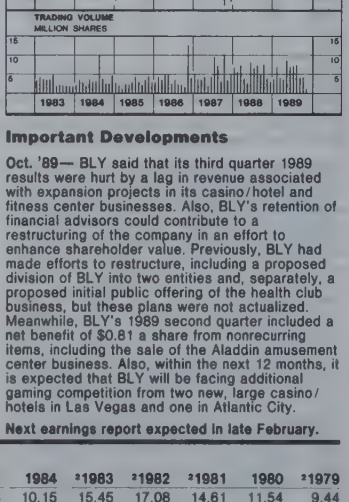
This major gaming company operates four casino/hotels in Atlantic City and Nevada, manufactures slot machines, and sells products and services to lottery operators. In addition, BLY is the largest U.S. operator of fitness centers. Earnings in 1989 have largely come from a gain on the sale of BLY's Aladdin amusement business.

Current Outlook

For the company as currently constituted, earnings for 1990 are estimated at roughly $0.60 a share, compared with the $0.95 (including a net benefit of $0.81 from nonrecurring items) expected for 1989.

The dividend may remain at $0.07½ quarterly.

Recent profit declines in BLY's major casino/hotel and health club businesses are of some concern. Future results in Atlantic City could be boosted by BLY's opening of a new 800-room hotel tower. However, in 1990 BLY is expected to be facing formidable competition from the opening of new casino/hotels in Las Vegas and Atlantic City.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	517	466	390	269
Jun.	519	474	421	458
Sep.	530	524	484	551
Dec.	---	477	435	360
	---	1,941	1,730	1,639

Revenues for the nine months ended September 30, 1989, increased 7.6%, year to year. Including a number of nonrecurring items, net income fell 16%, to $1.19 a share from $1.43, excluding a special charge of $0.31 in the 1989 period related to early debt retirement.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.37	0.31	d0.70	0.17
Jun.	0.68	0.41	Nil	0.42
Sep.	0.10	0.70	0.59	0.54
Dec.	Ed0.24	d0.34	d0.44	d0.33
	E0.95	1.12	d0.60	0.81

Important Developments

Oct. '89— BLY said that its third quarter 1989 results were hurt by a lag in revenue associated with expansion projects in its casino/hotel and fitness center businesses. Also, BLY's retention of financial advisors could contribute to a restructuring of the company in an effort to enhance shareholder value. Previously, BLY had made efforts to restructure, including a proposed division of BLY into two entities and, separately, a proposed initial public offering of the health club business, but these plans were not actualized. Meanwhile, BLY's 1989 second quarter included a net benefit of $0.81 a share from nonrecurring items, including the sale of the Aladdin amusement center business. Also, within the next 12 months, it is expected that BLY will be facing additional gaming competition from two new, large casino/hotels in Las Vegas and one in Atlantic City.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	1985	1984	[2]1983	[2]1982	[2]1981	1980	[2]1979
Tangible Bk. Val.	9.36	9.74	9.40	11.13	10.15	15.45	17.08	14.61	11.54	9.44
Earnings[3]	1.12	d0.60	0.81	0.95	d3.86	0.20	3.20	3.03	2.01	1.73
Dividends	0.22	0.20	0.20	0.20	0.20	0.20	0.15	0.10	0.10	0.08¾
Payout Ratio	20%	NM	25%	21%	NM	103%	4%	3%	5%	5%
Prices—High	25¼	27¾	24⅛	18⅝	23⅛	28⅛	32⅜	32¼	36½	48⅝
Low	12⅞	10½	14⅝	11⅛	11⅝	19⅜	22½	17⅛	17½	20
P/E Ratio—	23-11	NM	30-18	20-12	NM	NM	10-7	11-6	18-9	28-12

Data as orig. reptd. Adj. for stk. div(s) of 100% June 1979. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +2.22 in 1987, +0.22 in 1986. d-Deficit. E-Estimated. NM-Not Meaningful.

November 16, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,867	290	15.5	297	118	192	[3]67	41.5%	38	2.0
[4]1987	1,676	257	15.3	538	114	172	[3]6	191.4%	d6	NM
[5]1986	1,593	195	16.1	725	87	113	[3]41	53.2%	17	1.4
1985	1,295	181	14.0	169	96	88	[3]52	45.0%	26	2.0
1984	1,309	140	10.7	271	140	90	[3]d166	NM	d100	NM
[4]1983	1,148	122	10.6	259	81	56	[3]16	48.2%	5	0.4
[4]1982	1,254	256	20.4	282	64	48	175	46.9%	[3]91	7.3
[4]1981	866	206	23.8	70	40	28	156	47.6%	82	9.4
1980	679	156	22.9	55	31	32	103	47.6%	53	7.9
[4]1979	377	82	21.8	311	14	[3]14	74	34.5%	46	12.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	102	552	504	1.1	2,867	1.4%	1,607	579	2,303	69.8	5.2%
1987	76	516	480	1.1	2,525	NM	1,387	568	2,032	68.3	NM
1986	50	385	364	1.1	2,048	0.9%	1,096	493	1,664	65.9	3.6%
1985	30	391	312	1.3	1,529	1.7%	695	408	1,200	57.9	6.5%
1984	39	400	373	1.1	1,470	NM	623	369	1,058	58.8	NM
1983	46	372	240	1.6	1,301	0.4%	507	491	1,061	47.8	1.0%
1982	31	300	167	1.8	1,015	10.5%	319	486	847	37.6	20.6%
1981	31	271	111	2.4	705	11.9%	158	394	594	26.5	23.0%
1980	25	240	118	2.0	659	8.5%	188	312	540	34.7	18.7%
1979	29	200	80	2.5	602	10.5%	230	259	522	44.0	22.9%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, 1986. 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects merger or acquisition. 5. Excludes discontinued operations and reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Bally Manufacturing is a major leisure-time company whose assets have become increasingly concentrated in casino/hotels in Nevada and Atlantic City. Other businesses include health and tennis clubs, and gaming and lottery equipment. An amusement center business was sold in 1989. Contributions by business segment in 1988:

	Revs.	Profits
Casino hotels	48%	54%
Health and fitness	36%	32%
Gaming equip./serv.	10%	6%
Amusement games/serv.	6%	8%

BLY's casino/hotels include two facilities in Atlantic City and two in Nevada. In April 1986, BLY acquired MGM Grand Hotels, which included casino hotels in Las Vegas and Reno, and, in June 1986, BLY acquired the 16% interest it did not previously own in Atlantic City's Bally Park Place. In March 1987, BLY acquired Golden Nugget's Atlantic City casino/ hotel and various real estate parcels. Based on annual gaming revenues ($671 million in 1988), BLY is the largest casino operator in the U.S.

Bally's Health & Tennis Corp., a subsidiary, is the largest operator of fitness centers in the U.S.; as of early 1989, it operated about 315 fitness centers (including some in pre-opening development) under various names. BLY is also a leading maker of slot machines. In 1989 BLY sold its Aladdin amusement center business. In 1987 BLY sold its Six Flags theme park business.

Dividend Data

Dividends have been paid since 1969. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Jan. 20	Jan. 27	Feb. 2	Feb. 24'89
0.07½	Apr. 20	Apr. 25	May 1	May 22'89
0.07½	Jul. 11	Jul. 28	Aug. 3	Aug. 24'89
0.07½	Oct. 16	Oct. 27	Nov. 2	Nov. 24'89

Capitalization

Long Term Debt: $1,628,890,000.

Series D 8% Conv. Exchangeable Preferred Stock: 2,000,000 shs. (ea. conv. into 2 shs. of com. stk.).

Common Stock: 27,803,552 shs. ($0.66⅔ par). Institutions hold about 41%
Shareholders of record: 17,197.

Office—8700 West Bryn Mawr Ave., Chicago, Ill. 60631. Tel—(312) 399-1300 Chrmn & CEO—R. E. Mullane Pres & COO—R. N. Keesee VP-CFO & Treas—P. J. Johnson VP-Secy—N. E. Jenkins Investor Contact—Janie D. Lewis Dirs—G. H. Aronoff, J. R. Cowan, R. N. Keesee, J. A. Lovell, R. E. Mullane, K. C. Nichols, P. L. O'Malley, P. A. Rinfret, J. M. Rochford, S. A. Rogich, N. Solomon, E. F. Tighe, Jr., W. Wechsler. Transfer Agent & Registrar—Manufacturers Hanover Trust Co., NYC. Incorporated in Delaware in 1968

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Baltimore Gas & Electric

NYSE Symbol BGE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
32⅜	33⅝–28½	11	2.10	6.5%	A	0.32

Summary

This leading electric and gas utility serves much of central Maryland. The company is currently negotiating a rate filing for costs associated with its idle Calvert Cliffs nuclear facility. As part of the case, BGE is also seeking to recover expenditures for its Brandon Shores coal plant which is scheduled for completion in 1991's second quarter. Longer-term prospects are favorable owing to excellent cash flow, the diversified commercial and industrial economy, and the development of nonutility businesses.

Current Outlook

Share earnings for 1990 are projected at $3.25, up from the $3.05 estimated for 1989.

Dividends are expected to continue at $0.52½ quarterly.

Share earnings for 1990 should benefit from the restart of Unit 1 of the Calvert Cliffs nuclear plant (expected in late 1989), and increased contributions from nonutility businesses. Share earnings for 1989 were restricted by the extended outage of both units at Calvert Cliffs.

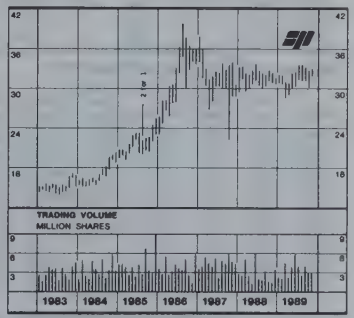
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	524	503	523	533
Jun.	435	389	392	395
Sep.	560	545	507	488
Dec.	---	426	388	418
	---	1,864	1,809	1,834

Revenues for the nine months ended September 30, 1989 rose 5.7%, year to year, reflecting higher kwh sales, increased gas sales, and a greater contribution from diversified activities. Increased production costs narrowed margins, and operating income declined 7.0%. Following greater interest charges, pretax income dropped 13%. After taxes at 24.1%, versus 25.9%, net income was down 11%. Share earnings were $2.61, compared with $3.01.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	0.95	0.87	0.83
Jun.	0.45	0.46	0.60	0.58
Sep.	1.37	1.61	1.48	1.22
Dec.	E0.44	0.46	0.53	0.52
	E3.05	3.47	3.47	3.15



Important Developments

Nov. '89— BGE said that the Maryland PSC had concluded its investigation of the reasonableness of BGE's rates by issuing an order authorizing lower gas base rates equivalent to a decrease of $2.8 million in annual revenue. The PSC found that present electrical base rates are not excessive, and deferred consideration of the company's May, 1989 application for a base rate increase of $120.2 million until the processing of the application is completed in December, 1989. Separately, BGE said that it had revised its estimated restart schedule for Unit 1 of the Calvert Cliffs nuclear plant to year-end 1989 from the end of October; Unit 1 was shut down in May following the discovery of minute cracks in the pressurizer of Unit 2. Unit 2 has an in-service date of the spring of 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.69	22.15	20.65	19.28	18.19	16.98	16.04	15.74	15.39	14.97
Earnings	3.47	3.47	3.15	2.80	2.77	2.48	2.04	1.85	1.82	1.70
Dividends	1.97½	1.87½	1.77½	1.67½	1.55	1.46	1.40	1.32½	1.25	1.20
Payout Ratio	57%	54%	56%	60%	56%	59%	69%	72%	69%	71%
Prices—High	33¾	37⅞	39⅞	25½	20⅜	17⅛	15¼	12¾	12¼	13
Low	29⅜	22¼	23	19⅛	15	13⅞	11½	9⅞	9¼	10⅝
P/E Ratio—	10–8	11–6	13–7	9–7	7–5	7–6	7–6	7–5	7–5	8–6

Data as orig reptd. Adj for stk. div(s). of 100% Sep 1985. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	1,864	147	133	78.3%	3.39	28.1	23.5%	303	16.3	9.4	15.1
1987	1,809	132	124	79.7%	4.19	30.9	32.3%	300	16.6	10.1	16.2
1986	1,834	127	120	81.8%	4.01	30.5	36.0%	275	15.0	10.0	15.7
1985	1,755	125	117	81.5%	3.81	26.3	38.8%	247	14.1	9.6	14.9
1984	1,761	114	116	82.4%	3.94	42.2	37.8%	244	13.8	9.8	15.7
1983	1,639	97	98	83.4%	3.60	58.4	35.2%	216	13.2	15.9	15.0
1982	1,595	93	90	85.0%	---	43.6	35.6%	175	11.0	8.9	12.9
1981	1,421	88	87	84.1%	---	26.5	37.3%	150	10.5	8.6	11.8
1980	1,226	83	76	83.2%	---	24.1	36.1%	139	11.4	8.2	11.9
1979	1,014	80	65	80.9%	---	17.3	35.9%	126	12.5	8.0	11.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	5,280	318	3,853	10.7	4,674	1,769	43.7	399	9.8	1,885	46.5
1987	4,999	255	3,692	10.1	4,165	1,520	41.8	356	9.8	1,755	48.4
1986	4,765	254	3,568	9.5	3,824	1,472	44.3	219	6.6	1,630	49.1
1985	4,548	226	3,453	9.5	3,770	1,438	43.9	314	9.6	1,522	46.5
1984	4,392	244	3,390	9.3	3,570	1,387	44.1	324	10.3	1,434	45.6
1983	4,197	276	3,281	8.5	3,372	1,345	44.9	334	11.2	1,316	43.9
1982	3,878	323	3,043	8.2	3,101	1,273	45.3	334	11.9	1,204	42.8
1981	3,588	267	2,832	8.2	2,879	1,232	46.6	340	12.9	1,070	40.5
1980	3,351	225	2,672	7.9	2,759	1,248	48.9	291	11.5	1,011	39.6
1979	3,123	161	2,515	7.9	2,633	1,213	49.3	293	11.9	953	38.8

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income bef. interest charges.

Business Summary

Baltimore Gas & Electric provides electric and gas service to a population of over 2.4 million in Maryland. The local economy is composed of heavy industry, service businesses, and the port of Baltimore. The company is supplementing earnings through an extensive diversification program. BGE's Constellation group of companies coordinates nonutility businesses in energy and environmental projects, real estate, senior living and health care, and investment and financial services. As of September 30, 1989 BGE's nonutility assets totaled some $788.4 million; the investment portfolio totaled $305.9 million. In 1988 electricity accounted for 77% of revenues, gas 20% and diversified activities 3%. Electric revenues by customer class in recent years:

Revenues	1988	1987	1986	1985
Residential	43%	42%	41%	41%
Commercial	20%	20%	20%	20%
Industrial	36%	37%	38%	38%
Other	1%	1%	1%	1%

Sources of power in 1988 were 47% coal, 46% nuclear, 4% oil, 3% hydro and other. Peak demand in 1988 was 5,381 mw and capability totaled 5,930 mw for a capacity margin of 9.3%. Gas sales in 1988 were 109,529,392 DTH, versus 102,941,315 DTH in 1987.

Dividend Data

Dividends have been paid since 1910. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Feb. 17	Mar. 6	Mar. 10	Apr. 1'89
0.52½	May 19	Jun. 6	Jun. 12	Jul. 1'89
0.52½	Aug. 25	Sep. 5	Sep. 11	Oct. 2'89
0.52½	Oct. 20	Dec. 5	Dec. 11	Jan. 2'90

Next dividend meeting: late Feb. '90.

Finances

As a result of changes in accounting requirements, BGE reported in 1988 its nonutility subsidiary, Constellation Holdings, on a full consolidation basis. Constellation had previously been accounted for under the equity method.

Capitalization

Long Term Debt: $1,975,045,000.

Red. Cum. Preference Stock: $272,800,000.

Cum. Pfd. & Pref. Stock: $169,185,000.

Common Stock: 80,337,618 shs. (no par).
Institutions hold about 43%.
Shareholders of record: 73,786.

Office—Gas & Electric Building, Charles Center (P.O. Box 1475), Baltimore, Md. 21201. **Tel**—(301) 234-5502. **Chrmn & CEO**—G. V. McGowan **Pres**—E. A. Crooke **VP-Treas, Secy & Investor Contact**—C. W. Shivery **Dirs**—H. F. Baldwin, J. O. Cole, E. A. Crooke, L. B. Disharoon, K. Feeley, J. W. Geckle, W. Hackerman, G. V. McGowan, P. G. Miller, C. H. Poindexter, G. G. Radcliffe, G. L. Russell, Jr., B. C. Trueschler, H. K. Wells **Transfer Agent & Registrar**—Maryland National Bank, Baltimore. **Incorporated** in Maryland in 1906. **Empl**—8,806.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Banc One

NYSE Symbol ONE Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
31⅞	37-22¼	12	1.04	3.3%	A+	0.89

Summary

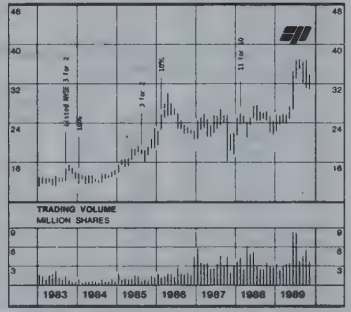
This Ohio-based bank holding company, the nation's 26th largest, has grown rapidly through acquisitions, extending its territory into Indiana and other midwestern states, while maintaining rapid earnings growth. ONE's strength is in retail banking, including its extensive credit card processing operations. In June, 1989 it agreed to acquire an initial 7.5% stake in the failed banks of MCorp., Texas, for $38 million. With the FDIC absorbing the risk of bad loans there, the acquisition should boost earnings growth.

Current Outlook

Earnings for 1990 could reach $3.45 a share, up from the $2.80 projected for 1989.

The $0.26 quarterly dividend may be raised in 1990.

A cooling economy should result in slowing loan growth through 1990. Credit card loan growth could continue to be rapid, as ONE gains market share in a consolidating industry, though not all growth will show up on the balance sheet if ONE continues to sell credit card receivables. These sales, an alternative way of funding credit card operations, replace net interest income with fee income. Credit quality is good, and the provision for loan losses may grow only in line with loans. ONE's expertise in managing technology should keep fee income, particularly from card processing, growing rapidly. ONE has a long record of acquiring banks and rapidly improving their profitability. This management ability has resulted in minimal dilution from its aggressive acquisition program. With the FDIC assuming the risk of bad loans at MCorp, ONE should be able to graft its retail banking expertise on to those banks and realize cost efficiencies (estimated at $50 million annually) which could help the Texas operations contribute over $0.30 a share in 1990 and much more in 1992 when ONE's stake may be raised to 100%.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.1%, year to year, as earning assets were 8.9% higher, while the net interest margin narrowed, reflecting the securitization of credit card receivables, and a less favorable mix of deposits. The provision for loan losses was 11% higher, at $148 million. Income on credit card processing advanced 18%, but securities losses of $7.6 million, versus a $3.9 million gain, held the rise in noninterest income to 5.6%. With noninterest expense up 7.8%, pretax income rose 2.6%. After taxes at 20.7% (including a $14.6 million credit for effect of an accounting change), versus 24.0%, net income was up 7.0%. Share earnings were $2.07, versus $1.94.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.67	0.62	0.58	0.47
Jun.	0.70	0.64	0.18	0.50
Sep.	0.70	0.68	0.60	0.52
Dec.	E0.73	0.67	0.62	0.45
	E2.80	2.61	1.98	1.94

Important Developments

Oct. '89— ONE said that during the third quarter it experienced a slowing in commercial loan demand and an increase in troubled commercial credits. Average commercial loan volume of $7.06 billion fell 1.8% from the second quarter. ONE noted that the lack of growth in low-cost checking and savings account balances hurt margins.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	14.33	12.42	11.02	9.30	7.51	6.38	5.85	6.51	6.00	5.37
Earnings[2]	2.61	1.98	1.94	1.83	1.59	1.40	1.20	1.10	0.96	0.87
Dividends	0.92	0.81⅞	0.74½	0.63⅜	0.53	0.46¾	0.40	0.36½	0.33¼	30.25
Payout Ratio	35%	41%	39%	35%	34%	33%	33%	33%	34%	35%
Prices—High	27⅝	26⅞	30⅛	23	14½	15½	13⅜	8¼	6½	5½
Low	21	16⅛	19½	13¾	11½	12	7¾	6½	3¾	4¾
P/E Ratio—	11-8	14-8	16-10	13-8	9-7	11-8	11-6	7-6	7-4	6-5

Data as orig. reptd. Adj. for stk. divs of 10% Feb. 1988, 10% Feb. 1986, 50% Sep. 1985, 10% Jan. 1984, 50% Sep. 1983, 50% Dec. 1982, 10% Jan. 1982, 10% Jan. 1980, 10% Jan. 1978. 1. Reflects merger or acquisition. 2. Aft. gains/losses on sec. trans. of +0.06 in 1988, +0.05 in 1987, +0.15 in 1986, +0.04 in 1985, +0.01 in 1984, -0.01 in 1983, -0.10 in 1982, -0.02 in 1981, -0.02 in 1980, -0.01 in 1979. E-Estimated

December 7, 1989

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	1,060	82	452	183	56.6	438	22.3%	340	5.42	1.94	17.8
[1]1987	813	94	284	178	56.0	259	19.3%	209	5.73	1.19	15.4
[1]1986	685	145	251	130	56.3	223	10.3%	200	5.68	1.23	17.2
[2]1985	428	95	158	85	53.0	139	6.3%	130	6.16	1.37	19.1
[1]1984	379	70	117	64	54.1	125	13.7%	108	6.25	1.34	19.5
[1]1983	262	49	89	23	57.8	92	9.2%	83	5.74	1.35	19.6
[1]1982	194	36	61	18	56.7	58	0.1%	58	5.87	1.28	17.5
[1]1981	131	30	38	12	58.9	39	1.6%	39	6.03	1.25	17.5
[1]1980	108	23	28	9	57.0	35	6.4%	33	5.81	1.25	16.7
[1]1979	102	18	20	8	55.5	35	15.0%	30	5.99	1.29	17.0

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	25,274	581	4,625	7,670	9,654	1.37	3,363	16,139	88.8	221	2,015	10.8
1987	18,730	NA	3,281	5,827	7,107	1.40	2,697	11,781	89.3	260	1,489	7.7
1986	17,372	NA	3,191	5,011	6,820	1.36	2,810	10,560	86.4	148	1,251	6.9
1985	10,824	NA	1,983	2,712	4,215	1.32	1,589	6,551	82.1	84	772	6.9
1984	9,106	NA	1,405	2,340	3,816	1.25	1,471	5,937	79.2	89	619	6.5
1983	7,270	NA	1,065	1,825	2,796	1.17	1,215	4,722	73.4	100	507	6.7
1982	5,029	815	1,096	1,142	1,506	1.17	896	3,000	64.0	88	362	7.3
1981	3,639	399	874	959	1,210	1.14	770	2,104	71.1	42	248	7.2
1980	2,824	82	705	739	987	1.11	702	1,618	70.2	32	203	7.5
1979	2,524	45	570	645	985	1.11	731	1,390	72.5	51	184	7.6

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. NA-Not Available.

Business Summary

Banc One Corp. is the largest bank holding company in Ohio, where it owns 20 banks with 317 offices; it also owns 12 banks in Indiana with 143 offices, four banks in Michigan (24), 21 in Wisconsin (72), and one each in Illinois and Kentucky (10). The company emphasizes retail banking, and has extensive credit card processing operations with over 6.7 million accounts, including 3 million of its own. Lending to middle market corporations is also important. Banking related subsidiaries engage in trust ($11.5 billion managed), consumer finance (51 offices), leasing, mortgage banking, travel services, discount brokerage and life insurance. Exposure to LDC countries has been eliminated.

During 1988 average earning assets of $21.1 billion were divided: commercial loans 37%, real estate loans 16%, consumer loans 24%, investments 23%. Average sources of funds were demand deposits 21%, time deposits 58%, borrowings 11%, long-term debt 1%, equity 8%, and other 2%.

At year-end 1988 nonperforming assets were $240 million (1.38% of loans), up from $207 million (1.32%) a year earlier. Net charge-offs were 0.98% of average loans in 1988, against 1.27% in 1987.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Jan. 18	Mar. 9	Mar. 15	Mar. 31'89
0.26	Apr. 18	Jun. 9	Jun. 15	Jun. 30'89
0.26	Jul. 18	Sep. 11	Sep. 15	Sep. 30'89
0.26	Oct. 17	Dec. 11	Dec. 15	Jan. 2'90

Next dividend meeting: mid-Jan. '90.

Finances

In June, 1989 ONE agreed to manage and acquire an initial 7.5% interest in the 20 failed former MCorp banks (now named Bank One, Texas) for $37.5 million., and the remaining stake over five years for up to $463 million. The FDIC assumed the costs and credit risks associated with problem loans.

Capitalization

Long Term Debt: $548,714,000.

Conv. Preferred Stock: 925,348 shs. (no par).

Common Stock: 129,616,529 shs. (no par).
Institutions hold about 44%.
Shareholders of record: 43,892.

Office—100 East Broad St., Columbus, Ohio 43271 **Tel**—(614) 248-5944. **Chrmn & CEO**—J. B. McCoy. **Pres**—F. E. McKinney, Jr. **Secy**—R. J. Gerber. **Treas & Investor Contact**—G. R. L. Meiling. **Dirs**—D. C. Boone, J. R. Hall, E. H. Jennings, J. W. Kessler, J. B. McCoy, J. G. McCoy, F. E. McKinney, Jr., R. C. McPherson, R. H. Potts, F.P. Stratton, Jr., R. J. Ventres, R. D. Walter, L. H. Wexner. **Transfer Agent & Registrar**—Bank One, Indianapolis. **Incorporated** in Delaware in 1967; reincorporated in Ohio in 1989. **Empl**—16,870.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Bandag, Inc.

NYSE Symbol BDG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
83	89¼-64¼	16	1.00	1.2%	A+	0.97

Summary

This company is a leading manufacturer of tread rubber, equipment and supplies used in a patented "cold" bonding process for the recapping of truck and bus tires. Sales and earnings have been in an uptrend over the past decade, and dividends have been increased in each year since their initiation in 1976. Foreign operations accounted for 37% of sales and 26% of operating earnings in 1988. The Carver family controls about 72% of the voting power.

Current Outlook

Earnings for 1990 may rise to $5.45 a share from the $5.10 expected for 1989.

The quarterly dividend has been raised 11.1%, to $0.25 from $0.22½, with the January 24, 1990 payment.

Unit demand for Bandag's line of retread products should continue to advance in 1990, reflecting higher prices and greater market penetration overseas as manufacturing capacity is increased. Margins may narrow, reflecting higher raw materials costs and market development expenses. Foreign currency translations should have a favorable impact. Share earnings will be boosted by an ongoing share repurchase program.

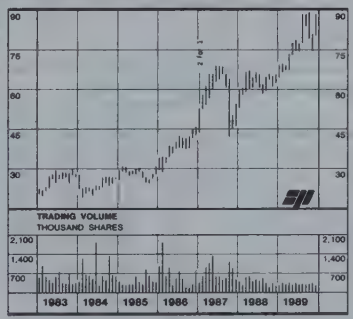
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	114.3	105.0	90.1
Jun.	---	128.6	122.4	103.4
Sep.	---	136.4	125.5	109.9
Dec.	---	---	137.7	119.7
	---	---	490.6	423.0

Sales for the nine months ended September 30, 1989 advanced 7.5% year to year, reflecting increased unit volume. Higher prices were offset by the adverse impact of foreign currency translations. Pretax income rose 8.9%. After taxes at 38.5%, against 38.2%, net income rose 8.5%. Share earnings were $3.70 (on 3.0% fewer shares), versus $3.31.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.15	1.06	0.94	0.81
Jun.	E1.35	1.27	1.12	0.93
Sep.	E1.45	1.37	1.25	1.06
Dec.	E1.50	E1.40	1.37	1.10
	E5.45	E5.10	4.68	3.90



Important Developments

Oct. '89— Bandag said that the 8.7% increase in sales for the third quarter of 1989 reflected increased retread material unit volume and that the strengthening of the dollar resulted in a reduction in the translated value of foreign currency denominated sales. Domestic price increases, which were fully effective as of the second quarter, were not enough to offset the negative currency translation. Gross profit margin in the third quarter was down from the first half of the year, due to scheduled plant shutdowns for maintenance and equipment installation and the start-up of a plant addition. During the first nine months of 1989 BDG repurchased 164,400 common shares on the open market for $11.1 million. At September 30 BDG had cash and cash equivalents totaling $12.2 million and marketable equity securities valued at $25.3 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.80	8.84	11.38	9.50	7.47	8.13	7.41	7.40	6.52	5.90
Earnings[2]	4.68	3.90	2.85	2.51	2.42	1.94	1.54	1.38	1.14	1.00
Dividends	0.82½	0.72½	0.66¼	0.60	0.55	0.50	0.45	0.40	0.35	0.30
Payout Ratio	17%	19%	23%	24%	23%	25%	27%	29%	31%	30%
Prices—High	67¼	69	45¾	31	27⅞	29⅞	21⅛	14⅛	12⅝	9⅞
Low	52⅞	42	28½	24⅜	19	19½	10½	10	7⅛	6⅛
P/E Ratio—	14-11	18-11	16-10	12-10	11-8	15-10	14-7	10-7	11-6	10-6

Data as orig reptd. Adj for stk div(s) of 100% Jan 1987 (Com B) 1. Reflects merger or acquisition 2. Bef result of disc. opers of -0.11 in 1982, -0.08 in 1981, and spec item(s) of +0.12 in 1984. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	491	126	25.7	20.3	15.7	[2]5.17	113	38.3%	69.8	14.2
1987	423	117	27.6	19.0	13.4	3.91	108	42.0%	[3]62.6	14.8
1986	370	98	26.4	19.7	11.8	3.83	92	47.5%	48.5	13.1
[4]1985	330	84	25.4	11.9	9.2	2.40	81	46.9%	43.3	13.1
1984	319	81	25.5	15.5	7.6	3.25	80	44.4%	44.7	14.0
1983	303	77	25.4	7.8	7.2	3.83	77	49.1%	39.1	12.9
[5]1982	286	64	22.5	9.5	6.8	2.68	68	48.4%	34.9	12.2
[5]1981	313	65	20.8	8.6	7.2	2.25	65	48.5%	[3]33.5	10.7
1980	331	57	17.2	14.0	7.3	2.02	54	49.2%	27.4	8.3
1979	297	52	17.5	8.5	6.9	1.46	49	48.7%	25.3	8.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	7.0	212	128	1.7	315	23.4%	5.7	158	185	3.1	48.5%
1987	20.0	197	122	1.6	291	22.4%	7.8	134	168	4.6	40.8%
1986	76.9	228	74	3.1	297	17.9%	8.9	192	221	4.0	27.5%
1985	59.2	189	65	2.9	250	19.7%	8.9	164	184	4.8	29.5%
1984	23.3	140	47	3.0	190	23.5%	7.6	129	142	5.4	33.2%
1983	51.0	169	45	3.8	219	18.5%	8.5	162	173	4.9	25.3%
1982	46.2	161	47	3.4	213	16.6%	9.0	155	164	5.5	22.5%
1981	54.9	192	46	4.2	240	14.3%	10.1	179	192	5.2	19.8%
1980	42.8	173	53	3.3	224	13.1%	11.6	156	168	6.9	18.4%
1979	35.3	159	41	3.9	203	13.2%	13.7	148	163	8.4	18.1%

Data as orig. reptd. 1. Before results of discontinued operations in 1982, 1981, and spec. item(s) 1984. 2. Net of interest income 3. Reflects accounting change 4. Reflects merger or acquisition. 5. Excludes discontinued operations.

Business Summary

Bandag is engaged primarily in the manufacture of pre-cured tread rubber, equipment and supplies for the retreading of tires by a "cold" bonding reaction. More than 90% of the tread rubber sold by the company continues to be for retreading tires used on trucks and buses, with the balance for retreading industrial and light commercial, and passenger car tires. In 1988 and 1987 tread rubber, cushion gum, and retreading supplies accounted for 86% of total sales, and other products (including retreading equipment and rubber components) accounted for 14%.

Bandag in 1988 had operating earnings of $20.3 million (17% of the total) in Western Europe and $11.3 million (9.4%) in other foreign countries. The company produces completely cured strips of tread rubber with tread patterns fully formed. The more than 1,000 franchised dealers bond the tread to a buffed tire casing under optimum heat and pressure. While the initial cost of a Bandag Process retread is typically higher than the initial cost of retreads produced by the long-used "hot-cap" retreading process, the Bandag Process produces longer-wearing tread rubber and minimizes damage to the casings, resulting in increased mileage and lower user cost per mile.

Dividend Data

Dividends have been paid since 1976. Payments on the common and Class B common in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22½	Mar. 17	Mar. 17	Mar. 23	Apr. 19'89
0.22½	May 12	Jun. 13	Jun. 19	Jul. 19'89
0.22½	Aug. 16	Sep. 15	Sep. 21	Oct. 20'89
0.25	Nov. 21	Dec. 15	Dec. 21	Jan. 24'90

Next dividend meeting: mid-Mar. '90.

Capitalization

Long Term Debt: $7,200,000.

Minority Interest: $1,036,000.

Common Stock: 11,752,407 shs. ($1 par).

Class B Common Stock: 2,721,335 shs. ($1 par). Conv. sh.-for-sh. into com.; 10 votes per sh.; limited transferability. Carver family holds about 72% of com. and Cl. B voting power. Shareholders of record: 2,195.

Office—Bandag Center, Muscatine, Iowa 52761. **Tel**—(319) 262-1400 **Chrmn & Pres**—M. G. Carver. **VP-Secy**—W. W. Heidbreder **Treas**—L. A. Carver. **VP-CFO & Investor Contact**—T. E. Dvorchak. **Dirs**—L. A. Carver, M. G. Carver, R. J. Carver, Jr., R. K. Drummond, J. R. Everline, S. E. G. Hillman, E. D. Jannotta, S. A. Keller, R. S. Newman. **Transfer Agent**—First National Bank of Boston. **Incorporated** in Iowa in 1957 **Empl**—2,312.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M Haran

Bank of Boston

NYSE Symbol BKB Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
20¾	30⅝-20⅛	11	1.24	6.0%	A	1.18

Summary

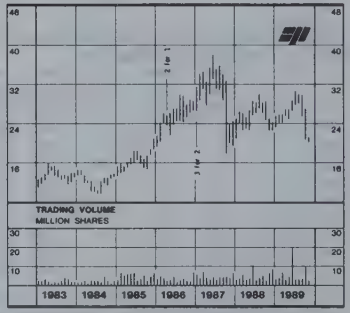
This bank holding company, the 14th largest in the U.S., is the parent of First National Bank of Boston, the largest in New England, and banks in Maine, Connecticut, Vermont and Rhode Island. It also has significant international operations. In 1989's third quarter BKB sharply boosted reserves for problem real estate loans, resulting in a loss for the quarter and expected lower earnings for the year. Earnings will likely rebound in 1990 but the weak real estate market and a cooling regional economy will restrain the recovery.

Current Outlook

Earnings for 1990 are expected to rebound to $4.60 a share from the $1.75 estimated for 1989.

Dividends should continue at $0.31 quarterly.

Profitability should improve in 1990, assuming the majority of problem real estate loans have been identified and reserved for. Domestic loan growth will be minimal at best, as the robust New England economy cools. The net interest margin could remain under pressure from high levels of nonperforming assets. The risk represented by LDC loans has been eliminated; the remaining $250 million of long-term loans are 100% reserved for. However, problem domestic commercial real estate loans are increasing (they were $1.1 billion, or 18% of those outstanding, at September 30, up $185 million for the quarter); they are the major reason for 1989's depressed profits. While BKB's conservative accounting methods may serve to inflate problem loans, higher loan loss provisions may be necessary. Leveraged buyout financing, (BKB had a $2.5 billion portfolio at September 30) which contributes significantly to the high profitability of BKB's corporate banking activities, may experience lower volume in the future. BKB is trying to boost profitability of its New England retail banking operations, partly through expense controls and merging of functions. BKB plans to cut about $150 million in expenses by 1991.



Review of Operations

Net interest income for the first nine months of 1989 advanced 5.4%, year to year, reflecting 6.8% growth of earning assets, partially offset by the impact of higher nonperforming assets. The provision for loan losses increased 4-fold to $442 million, primarily reflecting weakness in the real estate sector. With noninterest expense up 1.9% and noninterest income flat, pretax earnings fell 82%. After lower taxes, net income was down 74%. Primary share earnings were $0.73 on 6.5% more shares, versus $3.47.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.23	1.23	1.06	0.82
Jun.	1.34	1.10	d1.36	0.84
Sep.	d1.82	1.14	1.09	1.00
Dec.	E1.00	1.18	d0.69	1.03
	E1.75	4.66	0.10	3.69

Important Developments

Oct. '89— BKB said that the $370 million boost in reserves for possible credit losses in the third quarter reflected an expected increase in nonaccrual loans, continued weakness in the real estate industry, softness in general economic conditions and a large individual credit in its portfolio of highly leveraged transactions. BKB expected a fourth quarter provision of $45 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	[2]1984	[2]1983	1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	22.79	19.52	20.43	17.50	17.18	15.85	16.12	14.29	12.85	11.67
Earnings	[3]4.66	0.10	[3]3.69	2.82	2.78	2.47	2.22	2.08	1.83	1.52
Dividends	1.12	1.02	0.91	0.82	0.78	0.72⅛	0.65¾	0.57¾	0.50⅝	0.46¾
Payout Ratio	25%	NM	25%	29%	28%	29%	30%	28%	28%	31%
Prices—High	30	38	29⅞	20⅞	14⅝	15⅞	13¼	10⅝	8¾	7½
Low	20⅞	17⅛	19¼	13¼	9¾	10⅞	7⅛	7½	5½	5¾
P/E Ratio—	6-4	NM	8-5	7-5	5-3	6-4	6-3	5-4	5-3	5-4

Data as orig. reptd. Adj. for stk. div(s) of 50% Jan. 1987, 100% Apr. 1986, 50% Apr. 1982. 1. Refl. acctg. change 2. Reflects merger or acquisition 3. Ful. dil. 4.43 in 1988, 3.49 in 1986 E-Estimated d-Deficit. NM-Not Meaningful

November 28, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	1,154	40	661	144	63.9	498	35.2%	322	3.86	0.96	18.3
1987	1,151	51	544	632	64.2	d45	NM	20	4.27	0.06	0.4
1986	1,079	67	544	195	63.6	368	36.8%	233	4.33	0.78	16.2
[2]1985	839	48	406	115	66.5	290	40.0%	174	4.29	0.73	14.0
[2]1984	670	50	480	180	60.2	247	33.7%	164	4.15	0.79	15.0
[2]1983	606	50	262	54	64.8	223	39.2%	136	4.16	0.72	14.4
1982	554	68	239	48	63.8	185	32.6%	124	4.17	0.71	14.7
[2]1981	527	67	199	48	63.1	182	34.8%	119	4.40	0.74	15.3
[2]1980	466	46	170	48	61.8	164	37.6%	102	3.93	0.66	14.8
1979	405	23	123	49	59.7	148	43.0%	84	4.02	0.66	13.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	36,061	2,330	3,221	13,080	13,934	2.58	4,553	19,037	112.2	1,719	1,877	5.0
1987	34,117	2,706	3,391	12,331	12,733	2.96	4,831	17,641	110.2	1,615	1,540	5.0
1986	34,045	2,900	3,022	12,157	12,092	1.60	5,578	16,147	110.5	1,564	1,561	4.6
1985	28,296	3,105	1,910	9,531	10,314	1.60	4,412	14,802	102.1	763	1,266	4.9
1984	22,079	2,848	967	7,275	7,513	1.66	3,727	11,531	95.6	567	1,133	5.1
1983	19,538	2,762	1,198	5,466	6,648	1.14	2,809	9,572	96.1	440	1,007	5.0
1982	18,267	3,387	1,390	5,325	5,486	1.11	2,127	9,548	91.8	411	884	4.8
1981	16,809	3,251	1,417	4,688	4,971	1.20	2,257	8,763	86.7	418	821	4.9
1980	15,949	2,869	1,875	4,184	4,780	1.13	2,169	8,646	81.8	462	730	4.5
1979	13,760	2,564	1,789	3,763	3,702	1.10	2,328	6,638	82.2	423	649	4.8

Data as orig. reptd. 1. Refl. acctg. change 2. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Bank of Boston is a New England regional bank holding company that also has significant international operations. It owns the First National Bank of Boston, the nation's 13th largest bank, as well as eight smaller Massachusetts banks and one each in Connecticut, Rhode Island, Vermont and Maine. In addition to traditional strengths in providing financial services to corporations, BKB engages in investment management and trust operations ($13.7 billion managed), commercial real estate lending and mortgage banking ($13 billion servicing portfolio). International operations (18% of assets) include financing trade and investment and indigenous banks in Argentina and Brazil. Retail operations are conducted through 265 New England branches.

During 1988 average earning assets of $30.4 billion were divided domestic loans 69%, foreign loans 12%, investment securities 11%, money market investments 8%. Average sources of funds were demand deposits 12%, savings deposits 19%, time deposits 19%, foreign deposits 14%, short-term borrowing 22%, long-term debt 5%, equity 6%, and other 3%.

At year-end 1988 nonperforming assets were $1,215 million (4.6% of loans and related assets), including $359 million of LDC loans, down from $$1,393 million (5.7%) a year earlier. The reserve for loan losses was 2.61% of loans, versus 2.98%. Net charge-offs during 1988 were 0.79% of average loans (including $93 million of LDC loans) against 1.26% in 1987.

Dividend Data

Dividends have been paid since 1784. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31	Nov. 22	Dec. 16	Dec. 22	Jan. 27'89
0.31	Feb. 23	Mar. 17	Mar. 23	Apr. 28'89
0.31	May 25	Jun. 16	Jun. 22	Jul. 28'89
0.31	Aug. 24	Sep. 22	Sep. 28	Oct. 27'89

Next dividend meeting: late Nov. '89.

Capitalization

Notes Payable: $1,625,783,000.

Adj. Rate Preferred Stock: $208,436,000.

Common Stock: 71,202,659 shs. ($2.25 par).
Institutions hold about 75%.
Shareholders of record: 14,537.

Office—100 Federal St., Boston, Mass. 02110. **Tel**—(617) 434-2200. **Chrmn & CEO**—I. Stepanian **Pres**—C. K. Gifford **VP-Treas & Investor Contact**—Alan L. McKinnon **Dirs**—S. W. Bodman, W. L. Brown, J. J. Carey, G. L. Countryman, A. F. Emerson, C. K. Gifford, N. S. Gifford, D. F. McHenry, C. M. Meckler, Jr., J. D. Monan, P. C. O'Brien, J. W. Rowe, R. A. Smith, I. Stepanian, S. J. Sweeney, T. B. Wheeler, C. A. Zraket. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Massachusetts in 1970; Bank chartered under National Bank Act in 1864 **Empl**—19,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Bank of New England

NYSE Symbol NEB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
8⅛	24⅞-7¼	3	5....	5....	A-	0.94

Summary

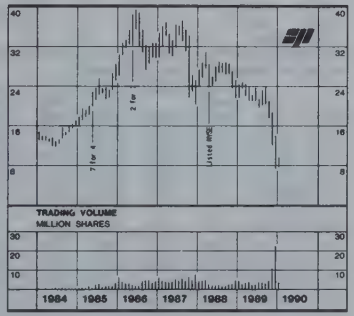
This Massachusetts-based regional bank holding company owns banks in four New England states, including Connecticut Bank & Trust and Bank of New England (Boston). In December, 1989, responding to the deterioration in the New England real estate market and its loan portfolio, NEB said it would significantly increase its loan loss reserve. Shortly thereafter, NEB rescinded its previously declared $0.34 quarterly dividend. A large loss is expected to be reported for 1989. NEB said it was exploring alternatives to maximize shareholder value, including potential mergers and the sale of assets.

Current Outlook

Earnings for 1990 could approximate $2.90 a share, versus the $5.00 loss estimated for 1989.

In December, 1989 directors rescinded the previously-declared $0.34 quarterly dividend which would have been payable January 19, 1990.

Earnings are expected to resume in 1990, but the rebound will likely be restrained by the slowing in the New England economy. Loan growth will be limited, reflecting the regional malaise. In particular, commercial real estate lending, which fueled much of the rapid loan growth in recent years, will slow, reflecting overbuilt markets in New England. Real estate loans account for about one-third of NEB's total loans, or $8.5 billion. Loan quality in this area has been deteriorating, and nonperforming assets have been on the rise. At year-end 1989 they may have totaled $1.6 billion, versus $900 million at September 30, 1989 and $419 million at December 31, 1988. While the worst is probably over, further reserve boosting is likely. The net interest margin could continue under pressure from intense competition for deposits. The sale and consolidation of branch offices, along with other cost saving measures, will help.



Review of Operations

Net interest income for the nine months ended September 30, 1989 fell 5.6%, year to year, due to a slowing in the growth of earning assets, a rise in nonperforming assets, and a narrower net interest margin. The provision for loan losses was 162% higher, at $207 million, to cover higher nonperforming assets and boost reserves. Aided by a 213% advance in income from asset sales, a 5.9% rise in fee income, and higher securities transaction and foreign exchange income, noninterest income was 13% higher. Noninterest expense was up 2.6%, and pretax earnings dropped 48%. After taxes at 25.6%, versus 34.3%, net income fell 41%, to $1.73 a share from $3.00.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.60	0.96	0.89	0.84
Jun.	0.52	1.00	0.06	0.85
Sep.	0.61	1.04	0.91	0.98
Dec.	Ed6.73	1.06	0.18	0.87
	Ed5.00	4.06	2.04	3.52

Important Developments

Dec. '89— NEB said it would raise its loan loss reserve to over $1 billion (an increase of about $650 million) in response to the continuing decline in the New England real estate market. NEB said it would explore alternatives to maximize shareholder value, including potential mergers and sales of assets. In January, 1990 NEB agreed to sell its vehicle leasing unit.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[2]1987	[2]1986	[2]1985	[1]1984	1983	[2]1982	[2]1981	[2]1980
Tangible Bk. Val.	NA	20.98	20.61	22.45	19.17	17.38	15.76	14.40	13.06	11.82
Earnings[3]	NA	4.06	2.04	3.52	3.11	[4]2.67	[4]2.18	[4]2.27	[4]2.15	[4]1.96
Dividends	1.02	1.33	1.21	1.09	0.92⅞	0.77¾	0.74¼	0.68	0.61⅞	0.53⅝
Payout Ratio	NA	33%	59%	31%	30%	29%	34%	30%	29%	27%
Prices—High	24⅞	30⅞	37¼	39½	28½	17⅛	18⅝	13⅞	11⅜	8½
Low	7¼	21⅝	20¼	26⅛	15⅞	11⅜	11⅝	8¼	7¾	5
P/E Ratio—	NA	8-5	18-10	11-7	9-5	6-4	9-5	6-4	5-4	4-3

Data as orig. reptd. Adj. for stk. divs. of 100% May 1986, 75% May 1985. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Aft gains (losses on security trans. of +0.08 in 1988, +0.28 in 1987, +0.55 in 1986, +0.26 in 1985, +0.14 in 1984, -0.03 in 1983, +0.02 in 1982, -0.08 in 1981, +0.07 in 1980. 4. Ful dil.: 2.60 in 1984, 2.13 in 1983, 2.11 in 1982, 1.98 in 1981, 1.73 in 1980. 5. Dirs. omitted divd.in Dec. 1989. NA-Not Available E-Estimated. d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	Assets	% Return On— Equity
[1]1988	1,100	50	395	123	62.5	428	34.2%	282	4.14	0.94	19.2
[2]1987	1,026	71	350	278	64.1	205	31.4%	141	4.49	0.52	10.3
[2]1986	687	103	251	83	64.7	236	27.1%	172	4.77	0.93	17.7
[2]1985	579	79	235	90	61.7	196	32.9%	131	4.95	0.88	17.2
[1]1984	224	20	86	30	63.5	75	38.5%	46	4.15	0.71	16.8
1983	188	18	70	20	65.0	58	37.1%	37	4.17	0.66	14.7
[2]1982	171	18	61	19	63.1	56	36.1%	36	4.53	0.75	17.2
[2]1981	138	19	56	10	61.2	51	33.3%	34	4.44	0.82	18.5
[2]1980	94	9	34	6	64.5	35	37.0%	22	4.26	0.77	19.2
[2]1979	74	6	26	7	61.7	28	39.9%	17	4.25	0.76	19.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets— Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	32,200	46	4,545	11,896	13,628	1.30	4,507	20,116	101.3	517	1,611	4.9
1987	29,475	322	4,726	10,336	12,172	2.16	4,969	17,799	96.9	532	1,404	4.9
1986	22,473	404	3,234	8,733	7,597	1.28	5,011	12,666	90.3	347	1,095	5.1
1985	17,804	1,244	2,935	6,609	5,247	1.28	3,525	10,530	82.1	234	794	4.9
1984	6,755	683	612	3,183	1,630	1.31	1,220	4,217	85.1	124	282	3.8
1983	5,801	658	554	2,469	1,388	1.29	1,133	3,755	75.5	51	244	4.1
1982	5,065	900	583	1,877	1,153	1.15	950	3,139	72.9	58	221	4.2
1981	4,443	1,061	472	1,523	876	1.20	931	2,487	68.8	59	201	4.3
1980	2,890	475	420	1,013	567	1.24	746	1,475	69.9	60	129	3.8
1979	2,451	312	445	877	427	1.14	702	1,204	67.3	54	100	3.6

Data as orig. reptd. 1. Reflects acctg. change. 2. Reflects merger or acquisition.

Business Summary

Bank of New England Corp. is a regional interstate bank holding company that owns Connecticut Bank & Trust, the largest bank in Connecticut (acquired in mid-1985), Bank of New England, Massachusetts' second largest bank, as well as seven other banks in Maine, Rhode Island and Massachusetts, which together operate 468 branches. In addition to retail and wholesale banking services, the company provides trust services and commercial and asset-based finance services through bank and non-bank affiliates.

During 1988 average earning assets of $27.8 billion (up 13% from 1987) were divided: commercial loans 38%, real estate loans 33%, consumer loans 12%, foreign loans 1%, and investment securities 16%. Average sources of funds were demand deposits 13%, savings deposits 28%, time deposits 32%, (total deposits were $22.2 billion), short-term borrowing 18%, long-term debt 2%, equity 5%, and other 2%.

At year-end 1988 nonperforming assets were $419 million (1.68% of loans), against $388 million (1.78%) a year earlier. The reserve for loan losses was 1.30% of loans, down from 2.16%. Net chargeoffs were 1.18% of average loans in 1988, versus 0.25% in 1987, reflecting chargeoffs of LDC loans.

Dividend Data

Prior to ommission in December, 1989, common dividends had been paid by the company and its predecessors since 1830. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Jan. 23	Mar. 27	Mar. 31	Apr. 20'89
0.34	Apr. 20	Jun. 26	Jun. 30	Jul. 20'89
0.34	Jul. 24	Sep. 25	Sep. 29	Oct. 20'89

Directors omitted the dividend Dec. 22, 1989.

Capitalization

Long Term Debt: $777,000,000.

Red. Adj. Rate Cum. Pfd. Stk.: $30,000,000.

Common Stock: 69,257,000 shs. ($5 par).
Institutions hold about 54%.
Shareholders of record: 20,769.

Office—28 State St., Boston, Mass. 02109. **Tel**—(617) 742-4000. **Chrmn & CEO**—W. J. Connolly, Jr. **Pres**—G. I. Ulmer **Exec VP-Treas**—J. J. Whiteside. **Secy**—E. Lane-Reticker. **Investor Contact**—Susan E. Montgomery (617-573-2658). **Dirs**—W. Barnes, J. T. Bok, J. R. Buchanan, H. R. Bullock, D. L. Coffin, W. J. Connolly, Jr., R. D. Driscoll, W. B. Ellis, J. F. English, Jr., G. B. Harvey, W. Howland, Jr., J. F. Magee, H. T. Miller, J. R. Nissen, P. L. Scott, D. C. Thomas, G. I. Ulmer. **Transfer Agent & Registrar**—Connecticut Bank & Trust, Hartford **Incorporated** in Massachusetts in 1970. **Empl**—19,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Bank of New York

NYSE Symbol BK Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 29'89	1989					
40¼	55-36¾	NM	2.12	5.3%	A	0.90

Summary

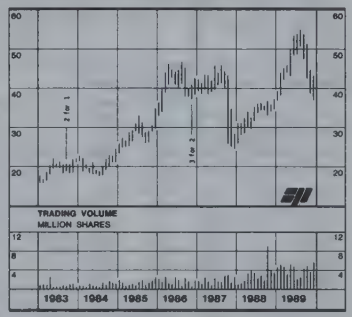
This bank holding company acquired its New York City rival, Irving Bank, for $1.4 billion in cash, stock and warrants in 1988, creating the seventh largest banking organization in New York. In the third quarter of 1989 a $600 million addition to its provision for loan losses, primarily related to BK's LDC portfolio, led to a loss in the quarter, and will result in sharply lower earnings for 1989. Efficiencies from the merger and the absence of further special reserving should benefit earnings in 1990.

Current Outlook

Earnings for 1990 could reach $7.25 a share ($7.00 fully diluted), versus the $0.40 estimated for 1989.

The quarterly dividend was raised 10%, to $0.53 from $0.48, with the November, 1989 payment.

Loan growth could be moderate in 1990, reflecting a slowing economy. However, larger lending limits gained from the Irving merger will enable BK to bid for new corporate business. Revenues will be enhanced from BK's growing pool of credit card receivables. The net interest margin may improve slightly as the benefits of a centralized funding process offset competition for retail deposits. No significant hikes to the LDC reserves (about 65% of BK's $1.47 billion medium term loans) are expected in 1990. While nonperformers have risen slightly, reserves for problem loans appear in good shape. BK's well diversified $3.1 billion LBO portfolio will likely run off in 1990, given the slowing pace of LBO's. BK has been cutting overhead costs in connection with the Irving acquisition, (savings of about $110 million in 1989 and with another $60-$70 million in 1990) which will further benefit earnings.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 83%, year to year, reflecting the acquisition of Irving. The provision for loan losses was substantially higher, at $740 million, primarily due to increased reserves for LDC loans. Noninterest income increased 101%, while noninterest expenses were up 82%. A pretax loss of $97.6 million was posted, versus income of $223.7 million. After tax credits of $41.7 million, versus taxes at 29.2%, the net loss was $55.9 million, compared with net income of $158.3 million. Following preferred dividends, the per-share loss was $1.18 (on 105% more shares), versus earnings of $4.52 ($4.16 fully diluted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	1.60	1.43	1.32
Jun.	---	1.41	d1.10	1.20
Sep.	d1.18	1.51	1.32	1.22
Dec.	E1.58	1.17	1.34	1.23
	E0.40	5.61	2.97	4.97

Important Developments

Dec. '89— BK signed a definitive agreement to purchase the credit card business of First City Bancorp of Texas for a premium of 24.2% above the $544 million in outstanding receivables. In October BK said it allocated $400 million of the $600 million special addition to its loan loss provision in the third quarter to its LDC exposure. That action was prompted by recent developments in LDC debt negotiations.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	[2]1983	1982	1981	[3]1980	1979
Tangible Bk. Val.	37.34	33.65	31.76	28.38	27.88	25.39	23.05	21.10	19.68	18.73
Earnings[4,5]	5.61	2.97	4.97	4.26	4.27	3.80	3.39	2.83	2.50	2.35
Dividends	1.83	1.71	1.58	1.40	1.26	1.15¾	1.08⅜	1.01¾	0.93	0.83¾
Payout Ratio	33%	58%	31%	33%	30%	30%	32%	36%	37%	36%
Prices—High	37¼	45⅞	46¾	34⅞	24½	22⅛	18½	15⅞	12½	14½
Low	25⅞	24½	32⅞	23¼	17½	15¾	12⅛	10	9	10½
P/E Ratio—	7-5	15-8	9-7	8-5	6-4	6-4	5-4	6-4	5-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Nov. 1986, 100% Oct. 1983. 1. Reflects merger and acquisition and acctg. change. 2. Reflects acctg. change 3. Reflects merger or acquisition 4. Ful. dil.: 5.21 in 1988, 2.81 in 1987, 4.54 in 1986, 4.02 in 1985, 3.57 in 1984, 3.15 in 1983, 2.77 in 1982, 2.54 in 1981, 2.17 in 1980, 1.96 in 1979. 5. Aft. gains/losses on sec. trans. of +0.59 in 1988, +0.30 in 1987, +0.20 on 1986, -0.05 in 1985, +0.01 in 1984, -0.10 in 1983, -0.05 in 1982, +0.01 in 1981, -0.09 in 1980, -0.02 in 1979; bef. spec. item(s) of -0.32 in 1980 6. Nine mos d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	729	64	508	168	62.0	298	28.6%	213	3.68	0.60	NA
[2]1987	642	80	455	301	60.5	104	0.6%	103	3.77	0.46	9.74
[2]1986	536	116	346	142	56.8	183	15.1%	155	4.19	0.85	18.22
1985	463	87	258	117	52.8	174	25.1%	130	4.15	0.84	17.72
1984	404	72	243	94	56.6	147	26.7%	108	4.14	0.80	18.68
[3]1983	394	53	204	66	58.2	148	38.6%	91	4.21	0.71	17.01
1982	363	50	157	49	63.8	105	30.1%	73	4.05	0.60	15.30
1981	282	49	113	20	67.3	77	24.9%	58	3.60	0.52	13.91
[4]1980	227	40	88	17	64.3	66	26.1%	49	3.29	0.48	12.68
1979	198	36	66	25	60.1	58	25.1%	44	3.49	0.52	12.76

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	47,388	3,023	4,274	14,405	19,322	2.84	8,229	24,478	101.0	1,274	2,364	NA
1987	23,065	627	2,532	7,518	9,003	2.34	4,566	12,560	95.0	726	1,114	4.41
1986	20,709	1,098	2,069	7,016	7,060	1.57	4,834	10,279	91.2	502	953	4.48
1985	18,486	1,301	2,070	6,847	5,854	1.40	3,924	8,445	100.2	430	821	4.48
1984	15,157	1,502	1,481	5,527	4,973	1.27	2,870	7,658	97.9	169	660	3.94
1983	12,797	1,287	1,282	4,003	4,268	1.01	2,850	6,710	85.2	97	564	3.87
1982	12,724	2,092	1,022	3,577	4,063	0.85	2,185	6,688	85.1	100	505	3.91
1981	11,463	1,506	1,064	3,344	3,747	0.83	2,102	5,977	86.9	106	444	3.72
1980	10,423	1,951	1,065	2,822	2,996	0.64	2,323	5,996	89.1	44	394	3.82
1979	8,994	2,187	858	2,257	2,139	0.60	2,235	4,635	63.2	48	359	4.05

Data as orig. reptd. 1. Bef. results of disc. oper. and/or spec. item(s) in 1980. 2. Reflects merger or acquisition and acctg. change. 3. Reflects acctg. change. 4. Reflects merger or acquisition. NA-Not Available.

Business Summary

Following the acquisition of Irving Bank in November, 1988 this company became the seventh largest banking organization in New York, and the 10th largest in the nation. Wholesale banking services are provided to corporate clients. Retail banking services, including 2.2 million credit card accounts, are provided through 250 branches, largely in the suburbs of New York City. Securities clearing and processing is an important part of business, particularly for mutual funds, as is trust management. The company is also a primary dealer in Government securities. Nonbank subsidiaries include mortgage banking, leasing and insurance. International operations account for 23% of assets. BK has an agreement to acquire Northeast Bancorp, should law permit.

During the first nine months of 1989 average earning assets of $42.5 billion were divided: domestic loans 52%, foreign loans 29%, investment securities 11%, money market investments 8%. Sources of funds were interest-bearing deposits 54%, interest-free deposits 16%, short-term borrowings 17%, long-term debt 2%, equity 5% and other 6%.

At September 30, 1989 nonperforming assets were $1,213 million (3.3% of loans), compared with $963 million (2.9%) at year-end 1988. The reserve for loan losses was 4.16% of loans, versus 2.84%. Net chargeoffs were $157 million during the first nine months of 1989.

Dividend Data

Dividends have been paid since 1785. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.48	Jan. 10	Jan. 13	Jan. 20	Feb. 3'89
0.48	Apr. 11	Apr. 17	Apr. 21	May 4'89
0.48	Jul. 11	Jul. 17	Jul. 21	Aug. 3'89
0.53	Oct. 10	Oct. 16	Oct. 20	Nov. 3'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $969,001,000.

Preferred Stock: $400,390,000.

Common Stock: 67,909,156 shs. ($7.50 par).
Institutions hold about 71%.
Shareholders of record: 32,806.

Warrants: To purchase 19,616,387 com. shs. at $62 ea.

Office—48 Wall St. NYC 10286 **Tel**—(212) 495-1784. **Chrmn & CEO**—J C Bacot **Pres**—P Herrick **Secy**—C E Rappold **SEVP, CFO**—D D Papageorge **Investor Contacts**—P S Brull, M M Pascal **Dirs**—J C Bacot, R Barth, J G Brookhuis, C Bruynes, A Calder Jr., W R Chaney, S F Chevalier, J C Duncan, H A Eckmann, A P Gammie, R E Gomory, E L Hennessy, Jr., P. Herrick, R. R. P. Jensen, W. R. Laidig, P. Luciano, D. L. Luke III, J. C. Malone, D. L. Miller, H. B. Morley, M. T. Muse, J. M. Pietruski, Jr., R. T. Quittmeyer, C. A. Rein, H. E. Selle, D. C. Staley, J. R. Stevenson, E. J. Sullivan, W. S. White, Jr., S. H. Woolley, R. A. Zimmerman **Transfer Agent & Registrar**—Bank of New York. **Incorporated** in N.Y. in 1968; Bank of New York founded in 1784. **Empl**—17,766.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

BankAmerica Corp.

NYSE Symbol BAC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
34⅞	36⅜-17	9	0.60	1.7%	C	1.18

Summary

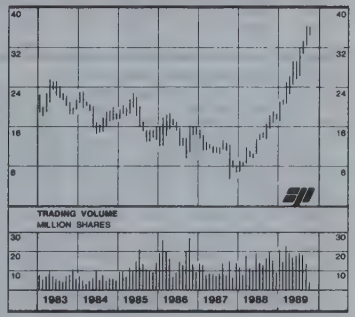
This bank holding company, the third largest in the U.S., returned to profitability in 1988 after three consecutive years of losses , benefiting from a cost reduction program and substantial progress in working out its high levels of domestic problem loans. New management has refocused the bank on its domestic regional banking businesses, with only limited wholesale international capabilities. Profits and significant assets sales in recent years have helped restore capital, permitting BAC to reinstate a modest cash dividend in February, 1989.

Current Outlook

Earnings could rise to $5.40 a share in 1990 versus the $4.85 estimated for 1989.

Dividends should continue at $0.15 quarterly.

Consumer loans, now 23% of BAC's portfolio compared with 19% a year earlier, should continue to grow rapidly through 1990, as it attempts to regain market share lost in California during the period of its financial difficulties. New products and services should help to achieve this goal. BAC is also emphasizing lending to smaller companies, while scaling back on international wholesale banking. The net interest margin should benefit with the improved mix of assets. Management has largely finished reconfiguring the consumer banking network, which has resulted in substantial cost savings. Loan quality remains strong: domestic nonperforming loans were $763 million at June 30, 1989, down from $1.4 billion a year earlier. However, LDC loans of $8.4 billion continue to represent substantial risk, and reserves (about 30%) may be boosted.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.03	0.44	0.34	0.31
Jun.	1.18	0.61	d7.40	d4.25
Sep.	E1.30	0.72	0.25	d0.24
Dec.	E1.34	0.97	0.27	0.44
	E4.85	2.77	d6.43	d3.74

Review of Operations

Net interest income for the six months ended June 30, 1989 advanced 27%, year to year, reflecting $100 million of interest payments by Brazil, lower levels of nonperforming assets, and a greater proportion of higher-yielding consumer loans. The net interest margin widened to 4.67% from 3.70%. The provision for loan losses was 24% higher, at $280 million. Despite lower trading profits, higher foreign exchange income and increased fees and commissions led to a 1.9% rise in noninterest income. With noninterest expense declining less than 1.0%, pretax earnings gained 113%. After taxes at 41.5%, against 41.9%, net income was up 115%. With 13% more shares outstanding in the 1989 interim, share earnings were $2.20 ($2.12 fully diluted), versus $1.05 ($1.05), before tax credits of $0.68, versus $0.36.

Important Developments

Aug. '89— BAC said that second quarter results reflected the expansion of domestic loans and deposits, with strong growth in the consumer loan and residential mortgage portfolios. BAC said net interest income advanced sharply on the strength of increases in both the net interest margin and loan volumes. In August BAC redeemed all of its outstanding shares of convertible preferred stock into 3,275,000 common shares.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	1985	1984	[2]1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	18.43	15.12	21.49	25.11	29.10	29.43	28.96	27.72	26.55	23.58
Earnings[3]	2.77	d6.43	d3.74	d2.68	1.77	2.18	2.61	3.02	4.38	4.10
Dividends	Nil	0.00	0.00	1.16	1.52	1.52	1.52	1.50	1.41	1.26½
Payout Ratio	Nil	NM	NM	NM	86%	70%	58%	50%	32%	31%
Prices—High	19⅛	15⅜	18⅜	22¾	23⅛	25½	26¼	30¾	30¼	30⅞
Low	6¾	5¼	9½	12⅞	14½	18	15⅝	20⅝	20¼	24
P/E Ratio—	7-2	NM	NM	NM	13-8	12-8	10-6	10-7	7-5	8-6

Data as orig. reptd. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of unconsol. subs.; aft. gains/losses on security trans. of -0.03 in 1988, -0.19 in 1987, +0.28 in 1986, +0.10 in 1985, +0.03 in 1984, +0.13 in 1983, +0.01 in 1980, 1979; bef. spec. item(s) of +1.02 in 1988, +0.42 in 1982. E-Estimated. d-Deficit. NM-Not Meaningful.

October 19, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[3]1988	3,686	17	1,760	645	67.5	942	41.9%	547	4.30	0.57	16.9
[3]1987	3,259	32	1,989	1,951	79.6	d869	d9.9%	d955	3.72	NM	NM
1986	3,793	57	2,273	2,004	73.4	d350	d48.0%	d518	3.79	NM	NM
1985	4,042	77	2,115	2,180	71.1	d427	NM	d337	3.95	NM	NM
1984	4,065	123	1,447	861	74.7	453	23.7%	346	4.03	0.29	6.0
[4]1983	3,483	155	1,183	658	73.4	505	22.7%	390	3.42	0.32	7.3
1982	3,007	168	1,025	502	71.8	515	24.4%	390	3.08	0.33	9.4
[3]1981	2,777	169	860	322	70.1	648	31.3%	445	3.09	0.39	11.2
1980	2,781	175	798	242	61.6	1,021	37.0%	643	3.40	0.62	17.5
1979	2,589	181	586	226	59.6	948	36.7%	600	3.50	0.64	18.4

Balance Sheet Data (Billion $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Earning Assets: Com'l Loans	Earning Assets: Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	94.6	8.1	7.70	18.7	50.4	5.22	17.6	59.5	89.5	3.82	3.42	3.0
1987	92.8	11.0	6.68	17.6	46.9	5.06	17.8	58.5	84.6	4.36	2.47	2.8
1986	104.2	10.6	5.70	21.9	52.0	2.94	19.6	62.6	90.0	4.61	3.33	3.1
1985	118.5	12.8	5.95	24.6	59.7	1.88	18.0	76.2	89.5	5.39	3.84	3.6
1984	117.7	9.5	6.38	25.2	59.8	1.18	17.7	76.4	90.4	4.62	4.41	3.7
1983	121.2	13.5	7.37	22.9	59.5	1.25	16.0	79.7	86.0	2.43	4.43	3.7
1982	122.2	20.1	7.15	20.0	56.5	0.88	15.8	78.5	81.1	2.11	4.28	3.4
1981	121.2	22.8	6.59	18.3	55.4	0.83	17.5	76.9	78.1	1.71	4.09	3.5
1980	111.6	20.0	7.23	16.3	49.7	0.83	19.0	69.4	73.2	1.20	3.91	3.5
1979	108.4	20.6	8.26	15.2	44.9	0.86	20.9	64.1	69.4	1.12	3.46	3.5

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. items in 1988 and 1982. 3. Reflects acctg. change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

This holding company owns Bank of America, the nation's second largest bank, and Seattle-First National Bank. Retail banking services for consumers and smaller corporations are provided through 1,060 branches worldwide and include mortgage banking, finance, insurance and trust. Lending and capital market services for corporate and institutional clients are also provided through 59 offices worldwide (international assets were 24% of the total in 1988) and include trade finance, corporate finance, risk management products and trading in financial instruments.

Average earning assets during 1988 of $85.7 billion were divided: real estate loans 18%, consumer loans 15%, commercial and other loans 22%, investment securities 9%, temporary investments 14%. Average sources of funds were noninterest-bearing deposits 17%, other domestic deposits 44%, other foreign deposits 18%, short-term borrowings 7%, long-term debt 4%, equity 4% and other 6%.

At year-end 1988 nonperforming assets were $4.8 billion (6.9% of loans and related assets; including $2.2 billion of LDC loans), down from $5.2 billion (8.5%) a year earlier. The reserve for loan losses was 5.22% of loans versus 5.06%. Net chargeoffs during 1988 were 0.28% of average loans, versus 1.25% in 1987.

Dividend Data

Paid since 1933, common dividends were omitted in January, 1986, and have been resumed with the following payments:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Feb. 6	Feb. 16	Feb. 23	Mar. 10'89
0.15	May 1	May 16	May 22	Jun. 9'89
0.15	Aug. 7	Aug. 16	Aug. 22	Sep. 8'89

Capitalization

Long Term Debt: $4,064,000,000.

Preferred Stock: $688,000,000.

Common Stock: 197,449,422 shs. ($1.5625 par). Institutions hold about 44%.
Shareholders of record: 138,254.

Office—Bank of America Center, San Francisco, Calif. 94104 **Tel**—(415) 622-2091. **Chrmn & CEO**—A. W. Clausen **Secy**—C. A. Knowles Sorokin. **Vice Chrmn-CFO**—F. N. Newman. **Dirs**—R. L. Ash, J. R. Beckett, R. B. Bedford, A. F. Brimmer, A. W. Clausen, R. P. Cooley, C. R. Dahl, K. Feldstein, J. R. Grey, P. M. Hawley, D. S. Lewis, Jr., I. E. Lozano, Jr., C. C. Maier, R. F. Mettler, R. M. Rosenberg **Transfer Agent & Registrar**—Bank of America **Incorporated** in Delaware in 1968. Bank of America incorporated in California in 1930 **Empl**—53,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Bankers Trust

NYSE Symbol BT Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
50¼	58¼-34½	6	2.08	4.1%	A	1.37

Summary

This bank holding company, the sixth largest in New York City, has moved out of consumer banking to concentrate its efforts on corporate services, including money and securities markets activities, corporate finance, and fiduciary services; international operations are substantial. Earnings in 1988 rebounded following the sharp drop in 1987, which was related to the LDC debt-related charges. The strong capital position and focused business strategy could aid continued growth in the future.

Current Outlook

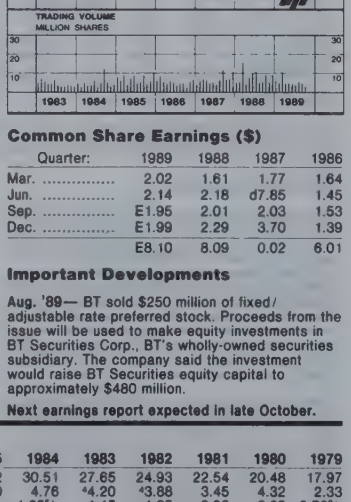
Earnings for 1990 could rise to $8.40 a share from 1989's estimated $8.10.

A modest boost to the $0.52 quarterly dividend is expected.

BT's strategy of selling a substantial portion of the loans it originates to other investors will likely limit growth of the loan portfolio. Although non performing domestic assets rose to $462 million at mid-1989 from $322 million at year-end 1988, largely due to a $100 million real estate loan, domestic loan quality appear good. However, concerns regarding the state of third world debt situation, could lead to a significant boost to the provision for loan losses. BT's $3.1 billion of medium and long-term LDC loans are 32% reserved for; boosting reserves to the 40% level would add about $250 million, or about $3.00 a share, pretax, (excluded from our estimate). Fee income from stable sources such as trust and various processing businesses should continue its steady growth. BT's emergence into the merchant and investment banking businesses should also aide long-term results. BT derives a large portion of earnings from volatile sources such as bond and currency trading, which is difficult to predict.

Review of Operations

Net interest income for the six months ended June 30, 1989 rose 2.3%, year to year, primarily reflecting a 1.9% increase in average interest earning assets, and the receipt of about $37 million of Brazilian interest income (virtually none received during the 1988 period). The provision for loan losses was $100 million, compared with $15 million, due to higher provisions for refinancing countries. A 3.7-fold increase in foreign exchange income, and a 33% gain from trading results led to a 28% gain in noninterest income. With noninterest expense increasing 15%, pretax earnings rose 8.1%. After taxes at 26.8%, versus 29.9%, net income was up 13%.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.02	1.61	1.77	1.64
Jun.	2.14	2.18	d7.85	1.45
Sep.	E1.95	2.01	2.03	1.53
Dec.	E1.99	2.29	3.70	1.39
	E8.10	8.09	0.02	6.01

Important Developments

Aug. '89— BT sold $250 million of fixed/adjustable rate preferred stock. Proceeds from the issue will be used to make equity investments in BT Securities Corp., BT's wholly-owned securities subsidiary. The company said the investment would raise BT Securities equity capital to approximately $480 million.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	43.14	37.39	38.76	34.32	30.51	27.65	24.93	22.54	20.48	17.97
Earnings[2,3]	8.09	0.02	6.01	5.39	4.76	[4]4.20	[4]3.88	3.45	4.32	2.33
Dividends	1.91½	1.71	1.52⅞	1.38⅜	1.25⅝	1.15	1.05	0.95	0.85	0.78¾
Payout Ratio	24%	NM	25%	26%	26%	27%	27%	28%	20%	34%
Prices—High	41¼	55¼	52⅛	37⅞	29⅛	24¾	22¾	19	16	12
Low	29⅝	26¼	32⅛	26⅞	18⅞	17⅞	12⅝	13½	8	8¼
P/E Ratio—	5-4	NM	9-5	7-5	6-4	6-4	6-3	5-4	4-2	5-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan. 1986, 100% Jan. 1981. **1.** Refl. acctg. change **2.** Aft. gains/losses on sec. trans. of +0.06 in 1988, +0.09 in 1987, -0.02 in 1986, +0.27 in 1985, +0.01 in 1984, -0.01 in 1983, -0.49 in 1982, -0.09 in 1981, -0.01 in 1980, -0.02 in 1979. **3.** Includes equity in earns. of unconsol. subs. **4.** Bef. spec. item(s) of +0.08 in 1983, +0.30 in 1982. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[3]1988	926	94	1,649	50	60.8	914	29.2%	648	2.07	1.12	20.3
1987	1,006	121	1,621	862	53.9	296	99.6%	1	2.28	NM	NM
1986	912	142	1,010	306	53.0	520	17.7%	428	2.27	0.79	16.0
1985	852	118	654	175	54.2	488	23.9%	371	2.40	0.79	16.6
1984	842	176	606	230	50.8	394	22.1%	307	2.78	0.71	16.2
1983	786	127	427	80	56.7	373	31.1%	257	2.85	0.67	15.9
1982	767	125	420	114	54.8	288	22.6%	223	2.83	0.60	16.1
1981	635	127	317	60	59.2	249	24.6%	188	2.78	0.56	16.0
1980	664	100	330	90	53.4	320	33.1%	214	3.07	0.68	22.3
1979	557	51	209	48	62.8	204	44.3%	114	2.83	0.41	13.4

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits Demand	Deposits Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	57,942	19,312	4,328	9,921	14,314	5.45	7,688	24,803	74.2	2,450	3,499	5.5
1987	56,521	16,608	4,294	10,813	15,556	4.96	6,668	23,552	86.6	2,571	2,889	4.6
1986	56,420	14,313	2,680	12,726	16,644	2.02	6,952	22,584	98.9	2,163	2,721	4.8
1985	50,581	15,175	2,185	10,548	14,823	1.70	6,930	21,794	87.8	1,638	2,345	4.6
1984	45,208	14,387	1,118	10,866	12,805	1.55	4,737	20,822	92.0	776	1,954	4.2
1983	40,003	9,045	1,086	11,466	12,380	1.13	4,692	18,137	103.6	422	1,640	4.0
1982	40,427	10,808	1,755	10,024	11,410	1.09	4,494	19,999	87.1	440	1,406	3.5
1981	34,213	8,288	1,961	7,918	11,279	1.11	4,632	18,713	81.9	266	1,181	3.2
1980	34,202	7,555	2,315	6,763	10,900	1.09	7,312	16,505	73.8	301	1,010	2.9
1979	30,953	5,830	1,805	5,936	10,579	0.96	8,136	14,301	73.2	335	779	2.7

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. oper. and/or item(s) in 1983, 1982. **3.** Refl. acctg. change. NM-Not Meaningful.

Business Summary

This company is the parent of Bankers Trust Co., the nation's ninth largest bank. Having completed the divestment of its retail operations, BT concentrates on wholesale banking. The core businesses are commercial banking, including corporate finance, and trading in money and securities markets. A significant portion of earnings are also derived from the PROFITCo. division, which derives fee income from employee benefit plan administration, cash management, private banking, securities processing, and investment management services. The BT Securities subsidiary, with $252 million of capital, underwrites and deals in permissible securities. International operations are extensive (accounting for 46% of assets in 1988).

During 1988 average earning assets of $49.2 billion (down 0.6% from 1987) were divided: commercial loans 20%, real estate loans 5%, other domestic loans 5%, foreign loans 21%, investment securities 8%, temporary investments 41%. Average sources of funds were interest-free deposits 10%, other domestic deposits 10%, foreign deposits 31%, short-term borrowings 30%, long-term debt 4%, equity 6%, and other 9%.

At year-end 1988 nonperforming assets were $1.3 billion (5.4% of loans; including $969 million of LDC loans), up from $1.2 billion (4.4%) a year earlier. The reserve for loan losses was 5.45% of loans, against 4.96%. Net chargeoffs were 0.14% of average loans during 1988, against 0.59% in 1987.

Dividend Data

Dividends have been paid since 1904. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52	Dec. 20	Dec. 29	Jan. 5	Jan. 25'89
0.52	Mar. 21	Mar. 30	Apr. 5	Apr. 25'89
0.52	Jun. 20	Jun. 28	Jul. 5	Jul. 25'89
0.52	Sep. 19	Sep. 27	Oct. 3	Oct. 25'89

Next dividend meeting: late Dec. '89.

Capitalization

Long Term Debt: $2,606,240,000.

Series D Pfd. Stk.: $250,000,000

Common Stock: 81,712,320 shs. ($10 par).
Institutions hold approximately 72%.
Shareholders of record: 31,425.

Office—280 Park Ave., NYC 10017 **Tel**—(212) 250-2500 **Chrmn & CEO**—C. S. Sanford, Jr. **EVP-CFO**—W. C. Jennings **VP-Investor Contact**—Ashley Weare **Secy**—R. S. Denny **Dirs**—G. B. Beitzel, A. Brittain III, W. M. Ellinghaus, W. R. Howell, V. E. Jordan, Jr., R. A. Lenon, E. A. Lesser, H. Maxwell, D. F. McCullough, N. J. Nicholas, Jr., A. J. F. O'Reilly, R. E. Palmer, F. C. Rooney, Jr., C. S. Sanford, P. C. Stewart, W. P. Tavoulareas **Transfer Agent & Registrar**—Bankers Trust Co., NYC **Incorporated** in New York in 1966 **Empl**—12,751

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

Banner Industries

284P

NYSE Symbol BNR

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
15⅜	16⅞-8⅛	5	None	None	B-	1.05

Summary

This company is a leading worldwide supplier of aviation replacement parts and aircraft tires and a leading manufacturer of aerospace fasteners. BNR also manufactures tooling and injection control systems for the plastics industry, water purification and pollution control equipment, and mechanical power tranmission components, and provides telecommunications services in commercial office buildings. BNR has expanded operations in recent years through a number of acquisitions, most notably the June, 1989 acquisiton of Fairchild Industries.

Business Summary

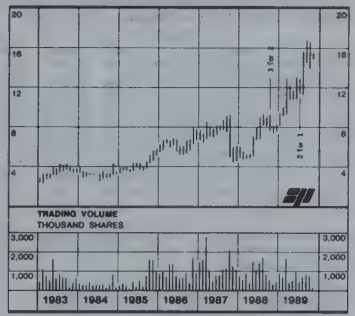
Banner Industries is engaged, through subsidiaries, in three principal business segments: aerospace, industrial products, and communications. BNR also maintains a significant investment portfolio. Revenue and pretax profit contributions from consolidated, ongoing operations in fiscal 1989:

	Revs.	Profits
Aerospace	76%	61%
Industrial products	22%	7%
Other, net	2%	16%
Equity Investments	---	16%

BNR distributes a diversified line of over 400,000 different aircraft replacement parts from more than 150 manufacturers, including the company's manufacturing operations. Parts are distributed to both commercial and military customers through subsidiaries, including Burbank Aircraft which supplies parts to most of the world's commercial airlines.In June, 1989 BNR became a leading manufacturer and supplier of aircraft fasteners through the acquisition of Fairchild Industries, Inc. in a two step transaction for a total cost of approximately $272 million. Some 55% of distribution sales were to foreign customers in fiscal 1989, while international markets accounted for about 7% of manufacturing sales.

The industrial products segment consists primarily of the industrial design group, which manufactures and sells pre-engineered, standardized, mold bases and components and related tools and supplies to the plasitic industry under the name D-M-E Co. Also a part of industrial products is the wasterwater treatment group which designs and makes equipment for water purification and pollution control purposes.

Communications services operations are conducted under contracts to provide services for about 20,000 telephone lines in 50 buildings in six metropolitan areas. Customers tend to be small to mid-size offices.



Investments are held through Banner Investments, formed through the March, 1989 acquisition of the 44% of Trancontinental Services Group N.V., a Netherlands Antilles investment company, which BNR did not already own. The company completed the acquisition of 100% of TSG for approximately $136 million. BNR maintains a 40% interest in Rexnord Corp., primarily a power transmission components manufacturer, following the sale of 60% to outside investors in August, 1988. Rexnord was formed through the reorganization of the business of Rexnord, Inc. (acquired in 1987), and the acquisiton of PT Components, Inc. in August, 1988 for about $178 million.

Important Developments

Aug. '89— BNR completed the sale of the space and defense electronics operations of Fairchild to a U.S. subsidiary of Matra S.A. for a total of $261 million including expenses.

Next earnings report expected in December.

Per Share Data ($)

Yr. End Jun. 30	[1,2]1989	1988	[1]1987	1986	1985	[1]1984	[2]1983	1982	1981	1980
Tangible Bk. Val.	d12.24	d1.01	d13.03	3.97	3.12	2.81	2.68	2.89	2.94	2.39
Earnings[3]	3.10	d1.17	0.69	0.52	0.36	0.17	d0.18	0.04	0.40	0.32
Dividends	Nil	0.01⅓	0.03⅓	0.01	0.01	0.01	Nil	0.06	0.05⅓	0.04¾
Payout Ratio	Nil	NM	5%	2%	3%	6%	Nil	169%	13%	15%
Prices[4]—High	16⅞	9⅜	9¼	8	5⅞	4⅜	4¼	4¼	5¾	5⅝
Low	8⅛	4¾	4½	5¼	3⅜	2½	2¼	1⅞	2⅞	2½
P/E Ratio—	5-3	NM	13-6	15-10	16-9	25-15	NM	NM	14-7	18-8

Data as orig reptd Adj for stk div(s) of 100% in Jun 1989, 50% in Oct 1988 **1.** Reflects merger or acquisition **2.** Reflects acctg change **3.** Bef results of disc. opers of +0.76 in 1989, +0.41 in 1988, -0.13 in 1987, -0.03 in 1985, -0.02 in 1984, -0.03 in 1983, and spec item(s) of -0.56 in 1989, +0.11 in 1987, -0.28 in 1981, +0.04 in 1980. **4.** Cal. yr. NA-Not Available. d-Deficit NM-Not Meaningful.

November 21, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[6]1989	433	37.4	8.6	147	11.7	84.0	[3]83.1	43.3%	47.1	10.9
[2]1988	374	37.6	10.1	14	9.1	68.8	[3]d7.7	NM	d12.4	NM
[4]1987	362	48.8	13.5	206	8.6	53.8	[3]20.5	49.1%	10.4	2.9
1986	149	18.3	12.2	1	1.7	7.8	[3]12.0	45.7%	6.5	4.4
1985	128	13.7	10.7	2	1.6	[5]4.1	[3]8.0	45.9%	4.3	3.4
[6]1984	113	10.3	9.1	2	1.7	[5]4.4	[3]3.8	46.5%	2.0	1.8
[7]1983	142	4.5	3.2	3	3.8	[5]4.6	[3]d5.0	NM	d2.2	NM
1982	203	11.2	5.5	2	5.4	[5]5.7	0.1	NM	0.4	0.2
1981	209	18.9	9.0	4	6.5	[5]4.9	7.5	38.5%	4.8	2.3
1980	209	16.3	7.8	10	6.7	[5]4.7	4.9	27.6%	3.8	1.8

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	226	801	421	1.9	1,422	3.7%	681	95	884	77.0	48.2%
1988	77	438	313	1.4	1,066	NM	604	87	718	84.1	NM
1987	124	577	279	2.1	1,219	1.4%	767	102	877	87.4	12.0%
1986	119	205	34	6.0	229	3.8%	131	58	193	68.2	12.5%
1985	2	80	26	3.1	98	4.4%	26	40	71	36.9	11.4%
1984	2	80	26	3.0	99	2.1%	32	36	71	45.0	5.7%
1983	2	73	20	3.7	94	NM	34	35	73	47.2	NM
1982	1	85	34	2.5	121	0.3%	43	37	87	48.9	1.1%
1981	2	85	40	2.1	126	3.8%	41	38	86	47.9	12.7%
1980	4	70	34	2.1	123	3.2%	45	38	89	50.6	10.6%

Data as orig reptd **1.** Bef. results of disc. opers. in 1989, 1988, 1987, 1985, 1984, 1983, and spec. item(s) in 1989, 1987, 1981, 1980. **2.** Excl disc. opers. **3.** Incl. equity in earns. of nonconsol. subsids. **4.** Excl. disc. opers. and reflects merger or acquisition. **5.** Net of interest income. **6.** Reflects merger or acquisition. **7.** Excl. disc. opers. and reflects acctg. change. **8.** Reflects merger or acquisition and acctg change. d-Deficit NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1988-9	1987-8	1936-7	1985-6
Sep.	95.6	89.4	36.4	35.1
Dec.	104.3	84.5	36.7	36.7
Mar.	117.0	94.8	87.9	37.6
Jun.	116.1	105.1	200.8	40.0
	433.0	373.8	361.8	149.4

Sales for the fiscal year ended June 30, 1989 rose 16%, year to year. Following nonrecurring income of $85.6 million, versus $40.2 million, net income was $47.1 million ($3.10 a share on 11% more average shares; $2.49 fully diluted), in contrast to a loss of $12.4 million ($1.17; no dilution). Results are before income from discontinued operations of $0.76 ($0.56 fully diluted) and $0.41 a share, respectively, and a $0.56 ($0.43) extraordinary charge in fiscal 1989.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	2.94	0.04	0.26	0.16
Dec.	d0.35	d1.57	0.01	0.14
Mar.	d0.08	0.17	0.18	0.13
Jun.	0.35	0.18	0.23	0.11
	[1]3.10	d1.17	0.69	0.52

1. Does not add due to chng. in accounting for shs. held by subsidiary.

Dividend Data

Common dividends were omitted in March, 1988 after having been paid since 1972. The shares were split 3-for-2 in October, 1988 and 2-for-1 in June, 1989.

Finances

BNR carries about $67.0 million of redeemable preferred stock of Fairchild (NYSE listed) on its balance sheet as a long-term liability. Mandatory annual redemption of the shares at $45.00 per share plus accrued dividends began in January, 1989. Following the acquisition of Fairchild, holders obtained the right to redeem their shares at any time for $27.18 each at their option.

Capitalization

Long Term Debt: $680,610,000.

8% Conv. Preferred Stk.: 384,000 shs. ($0.10 par). Privately held.

Class A Common Stk.: 8,080,541 shs. ($0.10 par). Institutions hold about 62%.

Class B Common Stk.: 5,331,088 shs. ($0.10 par); 10 votes per sh.; exch. sh.-for-sh. for Class A; divds. 50% of Class A divds.

Shareholders: Class A-1,700; Class B-160.

Office—25700 Science Park Drive, Beachwood, Ohio 44122. **Tel**—(216) 464-3650. **Chrmn & CEO**—J. J. Steiner **Vice Chrmn & COO**—S. J Krasney **Secy**—G. N. Aronoff **VP-Treas**—W. Persavich. **Sr VP-Fin & Investor Contact**—M. T. Alcox. **Dirs**— M. T Alcox, J. P Calhoun, P David, M H Dresner, E Fithenakis H J Harris W C Hunt, S J Krasney, F W McCarthy, N Meyohas, H S Richey, E I Steiner, J J Steiner **Transfer Agent & Registrar**—Huntington National Bank, Cleveland. **Incorporated** in Delaware in 1969 **Empl**—6,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark S Basham

Barclays PLC

NYSE Symbol BCS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
34	35½-26¾	6	[1]1.80	[1]5.3%	NR	NA

Summary

Barclays is the largest banking organization in Britain and the 19th largest in the world. It conducts extensive retail banking operations in the U.K. (2,712 branches) and worldwide (1,200 offices). Investment banking and specialized financial services are also important. A slowing U.K. economy and mounting competition, particularly in the retail banking sector, could restrict core earnings growth in 1989 and 1990, as could dilution from a capital raising program to facilitate further expansion, particularly in Europe. Exposure to LDC loans also represents risk.

Current Outlook

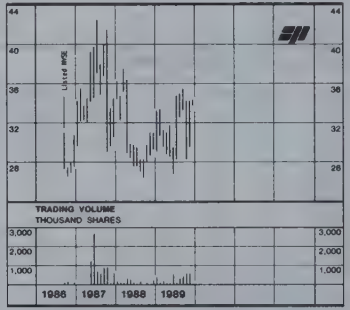
Earnings for 1990 could reach $6.15 per ADS, assuming $1.62 per £1, versus 1989's estimated $5.60, before possible provisions for LDC loans.

Dividends from 1989 earnings should approximate the $1.78 per ADS (after 15% British tax) paid from 1988 earnings.

The robust growth of the U.K. economy could moderate in 1990, leading to slower loan growth. The retail banking business, which has been aggressively expanded in the U.K., should experience narrower margins as competition has become heated and fees have been cut, although increased volume and an emphasis on corporate lending could keep profits growing. While domestic loan quality has improved, exposure to LDC loans remains a threat to future earnings growth. Reserves against such loans were recently raised to 48% of outstandings. Investment banking could stay modestly profitable until trading volume picks up in London markets. U.S. retail banking operations are being scaled back. The issuance of new shares will dilute earnings, but the additional capital improves ratios and permits further business expansion, particularly in Europe.

Review of Operations

Net interest income (in £) for the first half of 1989 rose 19%, year to year, as growth of earning assets was offset by the effects of a less favorable funding mix, competitive pressures and rising interest rates. Higher trading, fee and other income led to a 17% rise in noninterest income. Operating expenses were up 11%. The provision for loan losses more than tripled, mainly due to a sharp rise in provision for LDC loans. Following a 25% drop in equity income, pretax income was down 8.1%. After taxes at 31.5%, versus 36.0%, net income declined 1.7%, to $2.21 per ADS (translated at £1=$1.55) from $3.08 (translated at £1=$1.71; restated for rights offering and accounting change).



Per ADS Earnings ($)

Period:	1989	1988	1987	1986
6 Mos. Jun.	2.21	2.97	d0.66	2.53
12 Mos. Dec. ...	E5.60	6.35	1.95	5.26

Important Developments

Nov. '89— BCS agreed to sell its U.S. consumer lending unit, Barclays American/Financial, to Primerica Corp. for $1.35 billion. The transaction was to be completed in early 1990. In September Barclays Bank filed for a shelf offering of about $500 million of noncumulative, dollar denominated preferred shares.

Next earnings report expected in late February.

Per ADS Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	37.07	42.19	31.93	27.84	35.14	50.25	52.43	61.23
Earnings[2]	6.35	1.95	5.27	4.02	3.93	4.91	6.24	11.67
Dividends[3]	1.78¼	1.88⅜	1.50⅞	0.00	0.00	0.00	0.00	0.00
Payout Ratio	28%	100%	14%	0%	0%	0%	0%	0%
Prices—High	37½	42½	31	NA	NA	NA	NA	NA
Low	26⅜	29	26½	NA	NA	NA	NA	NA
P/E Ratio—	6-4	22-15	6-5	NA	NA	NA	NA	NA

Data as orig reptd., prior to 1985 from 1984 form 20F. Conv. to US $ at yr-end exch rates. 1. Paid in the past 12 mos. (approx.); net aft 15% British tax to U.S. residents. 2. Bef. spec. item(s) in 1988, 1985, 1984. 3. Paid from yr.'s earns., incl. final dvd. paid aft. yr. end. NA-Not Available. E-Estimated. d-Deficit.

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Income Data (Million U.S. $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	[1]Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[3]1988	5,364	NA	3,373	544	65.3	2,516	35.8%	1,604	3.46	0.94	17.6
1987	5,037	NA	2,963	2,022	67.1	639	43.7%	349	3.70	0.23	4.8
[3]1986	3,670	NA	1,923	617	65.6	1,327	30.9%	908	3.85	0.86	17.8
1985	3,389	NA	1,685	601	64.1	1,234	47.4%	646	3.91	0.69	15.4
1984	2,725	NA	1,406	608	67.3	758	52.2%	337	3.77	0.42	10.6
1983	3,144	NA	1,461	690	68.1	809	39.5%	420	3.89	0.47	10.2
1982	3,040	NA	1,281	515	71.5	801	26.5%	532	3.87	0.61	12.9
1981	3,188	NA	1,292	268	NA	1,085	18.6%	826	4.34	1.01	NA

Balance Sheet Data (Million U.S. $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	189,250	37,449	3,201	47,987	73,617	2.46	18,226	133,707	80.0	6,151	10,328	5.3
1987	165,564	40,338	4,443	36,488	63,649	3.36	17,872	116,528	74.5	6,307	7,767	4.7
1986	117,086	28,655	3,537	23,495	46,059	2.82	13,181	82,139	73.0	5,281	5,517	4.8
1985	94,204	22,048	2,458	21,145	39,856	2.97	11,505	68,153	76.6	4,256	4,780	4.5
1984	85,255	20,065	2,363	14,509	41,409	2.87	9,234	64,608	75.9	3,387	3,012	4.0
1983	94,241	20,800	3,319	18,571	43,586	2.56	12,782	700,241	75.1	2,344	4,296	4.6
1982	95,536	20,473	3,411	19,000	42,426	1.97	12,734	71,257	73.1	1,705	4,472	4.8
1981	93,360	22,212	3,395	18,625	37,674	1.83	13,863	67,910	68.9	1,442	4,341	NA

Data as orig reptd., data prior to 1985 from 1984 Form 20F. Conv. to US $ at yr-end exch. rates. 1. Incl equity in earns. of unconsol. subs. 2. Bef. spec. item(s) in 1988, 1985, 1984. 3. Reflects acctg. change. NA-Not Available.

Business Summary

Barclays PLC, the largest banking organization in the U.K. and the 19th largest in the world, is the parent of Barclays Bank U.K. Ltd. as well as other banks and associated companies in 76 countries.

In the U.K. Barclays Bank (51% of total assets) provides retail banking services, including home mortgage operations, and a full range of corporate financial services, including extensive money market and currency trading activities. The central retail services division comprises credit card operations (8.9 million cardholders) and travellers checks. Other U.K. subsidiaries provide consumer and commercial finance and leasing services, insurance and trust services. Barclays de Zoete Wedd (BZW) is a leading U.K. investment bank.

Barclays conducts local retail and commercial banking operations through banks in the U.S. and worldwide. Other international offices provide commercial and consumer finance and leasing services. Foreign assets were 35% of total assets.

Pretax earnings in recent years (before special provisions for LDC loans in 1987) were divided:

	1988	1987	1986	1985
UK Bank.....	55%	52%	47%	50%
Other UK.....	30%	26%	29%	26%
United States	3%	16%	7%	4%
Other foreign.....	12%	6%	17%	20%

During 1988, average earning assets of £85.6 billion were divided: U.K. loans 52%, foreign loans 18%, securities 3% and short-term funds 27%. Average sources of funds were demand deposits 11%, savings deposits 13%, other time deposits 58%, borrowings 4%, equity 5% and other 9%.

At year-end 1988, nonperforming loans were £1.6 billion (2.4% of loans) against £1.5 billion (2.8%) a year earlier. Net chargeoffs during 1988 were 0.74% of average loans, against 0.75% in 1987. (Ratios not comparable to U.S. banks due to accounting differences).

Dividend Data

An interim dividend is normally paid in October of each year and a final dividend in April of the following year. As payments are in U.S. $ the dividends will fluctuate along with dollar/sterling exchange rates. The UK withholds 15% of payments, which can be used as a tax credit.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.0018*	---	Mar. 7	Mar. 13	Apr. 21'89
0.795*	---	Aug. 18	Aug. 24	Oct. 26'89

*Net aft. 15% British tax.

Capitalization

Long Term Debt: £3,401,000,000.

Subsid. Preference Stock: $500,000,000. Represented by ADS of Barclays Bank PLC. (6/89).

Minority Interest: £116,000,000.

Ordinary Stock: 1,113,486,133 (£1 par).
Each American Depositary Share (ADS) represents 4 ordinary shares.
Shareholders of record: 122,917.

Office—54 Lombard St., London, England EC3P 3AH. **Tel**—011-44-1-626 1567 **Chrmn**—J. G. Quinton. **Deputy Chrmn**—Sir M. W. Jacomb, P. E. Leslie **Vice Chrmn**—A. R. F. Buxton **Secy**—J. M. D. Atterbury. **Investor Contact**—Jim Chibbet **Dirs**—D. V. Atterton, M. E. Baker, D. Band, Sir T. Bevan, I. B. Butler, Lord Camoys, Sir M. Franklin, D. H. Henderson, H. U. A. Lambert, Sir N. Mobbs, H. T. Norrington, B. G. Pearse, O. H. Rout, A. J. de Nouaille Rudge, K. B. Sinclair, Sir J. Spooner, C. H. Tidbury, A. G. Tritton, Sir A. F. Tuke, D. V. Weyer **Depositary**—Morgan Guaranty, NYC. **Incorporated** in England in 1986 **Empl**—209,848

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Bard (C. R.)

NYSE Symbol BCR Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
20¼	26½-18¾	15	0.40	2.0%	A+	1.09

Summary

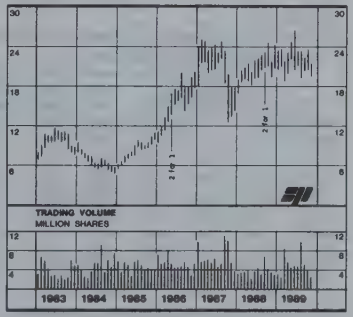
C.R. Bard produces and distributes disposable medical, surgical, diagnostic, and patient-care devices. It is the world's largest manufacturer of disposable urological products, and a leading producer of coronary angioplasty catheters. In August, 1989 Bard suspended shipments of its new Probe angioplasty catheter because of an FDA determination that the product requires prior approval from the agency. Assuming early resumption of shipments, an earnings recovery is likely in 1990 after the decline expected for 1989.

Current Outlook

Assuming resumption of Probe catheter shipments early in the year, earnings for 1990 could rebound to about $1.60 a share from the reduced $1.20 estimated for 1989.

Some increase in the dividend, presently at $0.10 quarterly, is likely in mid-1990.

Sales for 1990 should rise, aided by anticipated FDA approval and resumption of sales of the Probe catheter and continued growth in most other key cardiovascular, urological, surgical and general health lines both in the U.S. and abroad. Margins are expected to benefit from the better volume and productivity improvements.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	197.2	180.0	151.1	128.4
Jun.	201.0	193.1	160.4	135.5
Sep.	190.1	192.5	162.3	139.2
Dec.	---	191.9	167.5	139.2
		757.5	641.3	548.0

Sales for the the nine months ended September 30, 1989 advanced 4.0%, year to year. However, hurt by the recall of the Probe catheter in August, 1989, income before taxes declined 7.1%. After taxes at 36.8%, against 35.7%, net income was off 8.6%. Share profits were $0.95, versus $1.01.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.38	0.32	0.26	0.20
Jun.	0.39	0.34	0.26	0.21
Sep.	0.18	0.35	0.27	0.22
Dec.	E0.25	0.37	0.29	0.23
	E1.20	1.38	1.07	0.86

Important Developments

Oct. '89— The company said that it now expected 1989 earnings to be reduced by about $0.33 a share because of the recall of its new Probe angioplasty catheter (BCR had previously estimated the penalty at about $0.25 a share). The product was recalled in August, 1989 after the FDA determined that the product required review and prior approval by the agency. Bard anticipates the return of the product to the U.S. market with FDA approval in 1990.

Jun. '89— During the second quarter, Bard acquired Catheter Technology Corp. (Cathtech) and Radi Medical Systems, AB for about $60 million. Cathtech makes vascular access devices and Radi is a Swedish firm which has for several years been the source of Bard's Biopty line of biopsy products.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	[2]1980	1979
Tangible Bk. Val.	5.58	4.96	4.27	3.98	3.36	2.94	2.46	2.09	1.77	1.87
Earnings[3]	1.38	1.07	0.86	0.70	0.59	0.56	0.46	0.39	0.29	0.24
Dividends	0.28	0.22	0.17	0.12½	0.10½	0.09⅞	0.08¾	0.07¾	0.06½	0.05¾
Payout Ratio	20%	20%	20%	18%	18%	18%	19%	20%	22%	24%
Prices—High	24⅝	25⅛	20¼	11	9½	11¾	8⅞	5½	4⅛	2⅝
Low	16⅞	12½	9½	5½	4⅞	6⅞	4⅝	3⅜	1⅞	1⅞
P/E Ratio—	18-12	23-12	23-11	16-8	16-8	21-12	19-10	14-9	14-6	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Oct. 1988, 100% Jun. 1986, 50% Dec. 1982. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.03 in 1980. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	758	152	20.1	26.4	23.5	7.80	124	36.4%	78.7	10.4
1987	641	120	18.7	47.6	14.7	7.48	99	37.1%	62.3	9.7
1986	548	108	19.8	18.3	14.2	6.80	84	39.1%	51.2	9.3
1985	465	89	19.2	20.8	10.7	6.25	68	38.2%	41.9	9.0
1984	417	76	18.3	18.3	9.1	5.55	58	38.8%	35.3	8.5
[2]1983	397	74	18.6	22.6	8.1	5.28	58	42.1%	[3]33.4	8.4
[4]1982	343	63	18.4	18.4	7.5	4.99	50	46.4%	26.9	7.9
1981	330	56	16.9	13.9	6.8	5.70	[5]43	47.9%	22.5	6.8
[6]1980	247	38	15.6	24.3	4.7	2.78	[5]31	46.3%	16.6	6.7
1979	205	29	14.0	5.6	3.9	1.02	[5]24	43.6%	13.6	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	24.3	314	128	2.5	531	15.6%	41.2	329	370	11.1	25.3%
1987	17.1	290	135	2.1	488	13.8%	45.2	301	353	12.8	22.1%
1986	34.4	266	113	2.3	423	12.9%	36.1	266	310	11.7	19.9%
1985	61.0	255	81	3.1	385	11.8%	39.2	257	303	12.9	17.6%
1984	36.6	208	59	3.5	329	11.4%	40.5	222	269	15.0	16.9%
1983	25.8	179	50	3.6	287	12.2%	37.5	194	237	15.8	18.3%
1982	4.0	155	45	3.5	256	11.3%	38.0	168	211	18.0	17.3%
1981	8.7	135	42	3.3	223	10.5%	32.9	144	181	18.2	16.7%
1980	5.9	122	40	3.1	204	9.6%	34.4	125	164	21.0	13.9%
1979	8.9	95	23	4.2	141	10.1%	2.4	113	118	2.0	12.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1983, 1982, 1980. 2. Excl. disc. opers. 3. Reflects acctg. change. 4. Excl. disc. opers. and reflects acctg. change. 5. Incl equity in earns. of nonconsol. subs. 6. Excl. disc. opers. & reflects merger or acquisition.

Business Summary

C.R. Bard manufactures and distributes medical, surgical, diagnostic, and patient-care products, most of which are used once and then discarded. Hospitals, physicians and nursing homes account for some 90% of sales. Foreign operations (excluding exports) accounted for about 20% of sales and 14% of earnings in 1988.

Cardiovascular products (50% of 1988 sales) include angiographic catheters, introducers and guide wires; recanalization devices such as balloon angioplasty catheters, atherectomy catheters, related items and developmental laser devices; electrophysiology products include electrode products and cardiac mapping systems; vascular access catheters; a cardiopulmonary support system; and blood oxygenators, cardiotomy reservoirs, and other products used in open-heart surgery.

In urological products (21%), the Foley catheter, which is used extensively in postoperative bladder drainage, is complemented by a line of urological specialty items. Catheters and accessories are also sold as complete procedural trays.

Surgical products (20%) include blood vessel replacements, hip prostheses and other surgical devices and implants. General health care products (9%) consist of medication dispensing systems; ostomy items; aids for the incontinent; skin care and wound management products; and disposable obstetrical instruments.

Dividend Data

Dividends have been paid since 1960. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1985.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Jan. 11	Jan. 17	Jan. 23	Feb. 3'89
0.08	Apr. 19	Apr. 25	May 1	May 12'89
0.10	Jul. 12	Jul. 18	Jul. 24	Aug. 4'89
0.10	Oct. 11	Oct. 17	Oct. 23	Nov. 3'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $35,400,000.

Common Stock: 55,432,238 shs. ($0.25 par).
Institutions hold approximately 61%.
Shareholders of record: 6,970.

Office—730 Central Ave., Murray Hill, N.J. 07974. Tel—(201) 277-8000. Chrmn—R. H. McCaffrey. Pres & CEO—G. T. Maloney. VP-CFO—G. A. Davis. VP-Secy—R. A Flink. Dirs—J. F. Abely, Jr., T. O. Boucher, M. P. Brown, W. T. Butler, D. E. Collins, D. A Cronin, Jr., G. A. Davis, L. E Linders, R P Luciano, G T Maloney, R. H McCaffrey, R. H. O'Brien, J. F Willits Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in New York in 1923; reincorporated in New Jersey in 1972. Empl—8,250

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B Saffles

Barnett Banks

288X

NYSE Symbol BBI In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
34 1/8	40-32 1/4	8	1.20	3.5%	A+	0.95

Summary

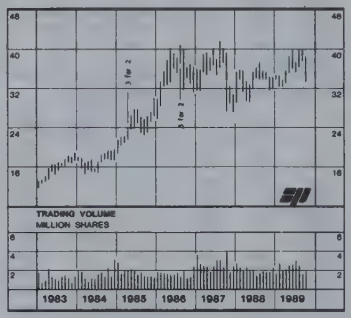
Barnett Banks, Florida's largest bank holding company, has expanded rapidly in recent years, both internally and through an aggressive program of acquisitions. It has also secured a small foothold in the rapidly growing Atlanta, Ga. region. Through a 560-office decentralized network, it focuses primarily on retail banking services, although increasing attention is being directed to commercial lending. Long-term prospects are favorable, reflecting the rapidly growing Florida economy.

Current Outlook

Earnings for 1990 could rise to $4.55 a share from the $4.10 projected for 1989.

The quarterly dividend should continue at $0.30 a share.

Loan growth is expected to moderate in 1990, to about a 12% rate, down somewhat from the 14% pace of 1989, reflecting a slight slowing of the robust Florida economy. BBI continues to gain market share of deposits (currently 23%), particularly with new residents, who are arriving at a rapid rate. The net interest margin could be squeezed, however, with mounting competition. While credit quality remains solid, (BBI has no LDC loans) and its $5.5 billion commercial real estate portfolio is well diversified, nonperforming assets have been on the rise ($338 million at September 30, 1989, versus $249 million a year ago). Thus, with the allowance for loan losses at 60% of NPA's, the provision for loan losses could follow suit. BBI's strategy of increasing market share has fostered heavy investments in new branches and a decentralized management structure. While this has resulted in higher overhead, efficiency could improve as growth moderates, keeping profitability at high levels. BBI has already shown a willingness to acquire out-of-state banks in high-growth areas such as Atlanta, and could expand such purchases.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.00	0.89	0.81	0.72
Jun.	1.02	0.92	0.78	0.75
Sep.	1.02	0.96	0.80	0.77
Dec.	E1.06	0.98	0.87	0.75
	E4.10	3.75	3.26	2.99

Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.3%, year to year (1988 restated for acquisitions), reflecting an 11% increase of earning assets and a declining net yield on those assets (4.67%, versus 4.82%). The provision for loan losses was 37% higher, at $109 million, reflecting higher chargeoffs. Higher service charges, credit card fees and other income led to a 20% increase in noninterest income. With noninterest expense up 6.9%, pretax earnings gained 12%. After taxes at 24.8%, versus 25.1%, net income was up 13%. Share earnings were $3.04, compared with $2.73 (restated).

Important Developments

Oct. '89— BBI attributed the third-quarter earnings increase to continued growth of earning assets and control of noninterest expense, which offset earnings pressure from lower net interest margin and a higher loan loss provision. In August BBI acquired for $14 million Investors Trust Financial Corp., a Georgia-based bank holding company with assets of approximately $58 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	[2]1987	[2]1986	[2]1985	[2]1984	[2]1983	[2]1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	19.40	18.61	15.12	13.31	10.98	9.78	8.00	7.52	7.72	6.90
Earnings[3,4]	3.75	3.26	2.99	2.65	2.44	2.05	1.54	1.38	1.31	1.09
Dividends	1.01	0.89	0.77 3/8	0.67 1/8	0.58 3/4	0.52	0.46 3/4	0.40 7/8	0.34	0.27 1/4
Payout Ratio	27%	27%	26%	25%	24%	25%	30%	30%	26%	25%
Prices—High	37 3/8	41 3/4	40 7/8	30	19 1/2	18 7/8	15 1/2	13 1/8	9	7 1/8
Low	29	27 1/8	25 5/8	18 3/4	14 1/2	11 1/2	8 3/8	8 1/4	4 7/8	5 1/8
P/E Ratio—	10-8	13-8	14-9	11-7	8-6	9-6	10-5	10-6	7-4	7-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Aug. 1986, 50% May 1985, 50% Jul. 1981. **1.** Reflects merger or acquisition and accounting change **2.** Reflects merger or acquisition. **3.** Ful. dil.: 3.25 in 1987, 2.96 in 1986, 2.57 in 1985, 2.21 in 1984, 1.91 in 1983, 1.47 in 1982, 1.35 in 1981, 1.25 in 1980, 1.05 in 1979 **4.** Bef. spec. item(s) of +0.05 in 1987, -0.08 in 1986. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	997	51	335	108	66.5	305	25.7%	226	4.82	0.94	16.4
[3]1987	960	76	284	113	65.7	264	26.0%	196	5.23	0.89	16.0
[3]1986	768	108	238	91	65.2	191	15.2%	162	5.57	0.92	17.0
[3]1985	615	92	195	83	64.7	147	12.8%	128	6.02	0.97	18.3
[3]1984	479	79	153	50	65.9	114	9.4%	103	5.79	0.94	19.2
[3]1983	374	56	116	28	65.8	102	19.6%	82	5.90	0.98	19.3
[3]1982	282	51	96	27	65.6	55	NM	57	6.35	0.92	16.6
[3]1981	200	31	64	10	67.6	46	10.1%	41	5.85	0.90	17.0
1980	176	26	49	14	66.2	44	14.5%	38	5.90	0.95	16.2
[2]1979	150	19	37	9	66.1	40	20.9%	31	5.71	0.92	15.1

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets—Mon. Mkt. Assets	Earning Assets—Inv. Secs.	Earning Assets—Com'l Loans	Earning Assets—Other Loans	% Loan Loss Resv.	Deposits—Demand	Deposits—Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	25,748	91	3,349	3,546	16,632	1.11	3,140	19,343	86.2	394	1,462	5.71
1987	23,451	216	3,684	3,457	14,258	1.10	3,133	17,035	84.4	412	1,309	5.55
1986	20,229	600	3,266	3,246	11,241	1.15	3,436	14,301	78.1	213	1,010	5.33
1985	14,829	438	2,721	2,694	7,623	1.31	2,685	10,397	74.6	227	792	5.16
1984	12,501	1,104	2,079	2,115	5,952	1.30	2,355	8,611	69.5	260	584	4.50
1983	9,397	1,133	1,916	1,517	3,885	1.30	1,938	6,124	63.3	149	445	4.72
1982	6,932	1,003	1,604	956	2,661	1.30	1,596	4,164	59.0	123	327	4.98
1981	5,504	NA	1,385	760	2,270	1.20	1,556	2,897	63.6	124	287	5.29
1980	4,431	NA	1,305	554	1,655	1.18	1,461	2,112	58.3	83	244	5.90
1979	3,663	145	1,160	476	1,452	1.18	1,236	1,866	58.9	86	215	6.07

Data as orig. reptd. **1.** Bef. results of disc. oper. and/or spec. item(s) in 1986 and 1987. **2.** Reflects merger or acquisition and accounting change. **3.** Reflects merger or acquisition. NM-Not Meaningful. NA-Not Available.

Business Summary

Barnett Banks is the largest bank holding company in Florida and the 25th largest in the nation. With a decentralized system of 35 banks (including a savings bank) with 508 offices in Florida and 37 offices in Georgia, it focuses on retail banking, although commercial lending is becoming increasingly important. In recent years, it has been increasing market share of deposits through both internal growth and acquisitions. Nonbanking subsidiaries include trust ($4.4 billion of assets managed), credit card, mortgage banking ($6.5 billion of loans serviced), discount brokerage (17 offices), fixed-income securities sales, and reinsurance services.

During 1988 average earning assets of $21.8 billion (up 9.9% from 1987) were divided: commercial loans 16%, real estate loans 43%, consumer loans 24%, investment securities 16%, money market instruments 1%. Average sources of funds were demand deposits 13%, savings deposits 39%, time deposits 35% (deposits were $21.0 billion, up 11%), short-term borrowings 5%, long-term debt 2%, equity 6%, and other 1%.

At December 31, 1988 nonperforming loans were $247 million (1.22% of loans), up from $244 million (1.26%) a year earlier. The reserve for loan losses was 1.11% of loans, versus 1.10%. Net chargeoffs during 1988 were 0.48% of average loans, versus 0.57% in 1987.

Dividend Data

Dividends have been paid since 1945. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Jan. 18	Mar. 1	Mar. 7	Apr. 3'89
0.30	Apr. 19	Jun. 5	Jun. 9	Jul. 3'89
0.30	Jul. 19	Sep. 1	Sep. 8	Oct. 3'89
0.30	Oct. 18	Dec. 5	Dec. 11	Jan. 3'90

Next dividend meeting: Jan.'90.

Capitalization

Long Term Debt: $393,236,000.

Cum. Conv. Preferred Stock: 47,761 shs. ($0.10 par) conv. into 2.5988 shs. com.

Common Stock: 62,835,603 shs. ($2 par).
Institutions hold approximately 59%.
Shareholders of record: 15,704.

Office—100 Laura St., Jacksonville, Fla. 32202 **Tel**—(904) 791-7720 **Chrmn & CEO**—C. E. Rice. **Pres**—A.D. Ernest. **EVP-CFO**—S. A. Hansel. **VP-Secy**—H. F. Nobles, Jr. **Investor Contact**—Helen C. Rowan. **Dirs**—W. H. Alford, J. L. Broadhead, J. B. Cordell, M. M. Criser, J. B. Critchfield, J. M. Davies, A. D. Ernest, Jr., C. H. Golembe, E. B. Hadlow, A. L. Lastinger, Jr., C. E. Rice, F. H. Shultz, S. Turley, W. A. Verlander, J. A. Williams **Transfer Agent & Registrar**—Barnett Banks Trust Co., Jacksonville **Incorporated** in Florida in 1930; Barnett Bank of Jacksonville chartered in 1877. **Empl**—17,932

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Bassett Furniture Industries

3234

NASDAQ Symbol BSET (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 18'89	1989					
36¼	40-34¾	16	1.00	2.8%	B	1.15

Summary

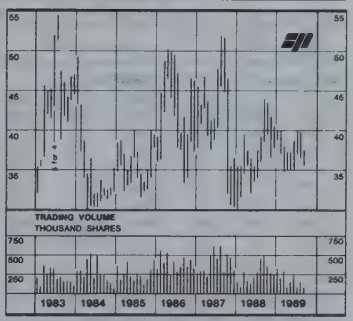
In addition to wood furniture for bedroom, dining room, living room and nursery use, Bassett produces upholstered furniture and other related products. Earnings declined in fiscal 1988, mainly reflecting weakness in the overall furniture industry, and should remain flat in fiscal 1989 as consumer spending on furniture remains soft. Earnings should rebound in fiscal 1990, however.

Current Outlook

Earnings for fiscal 1989 should be $2.20 a share, equal to the fiscal 1988 level. Fiscal 1990's earnings per share could rebound to $2.40.

Dividends are expected to continue at $0.25 a share quarterly.

Sales for fiscal 1989 should rise only slightly, as a soft housing market, weakness in consumer durable spending and import competition offset benefits from new product introductions. A more profitable product mix, manufacturing efficiencies and plant modernization may be outweighed by higher raw material costs and pricing pressures, causing margins to remain about the same.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	108.7	114.0	107.6	99.5
May	119.1	112.9	124.3	102.6
Aug.	---	111.8	116.4	104.0
Nov.	---	127.4	126.7	115.5
	---	466.1	475.0	421.6

Net sales for the six months ended May 31, 1989, rose marginally, year to year. Results for the 1987-8 period include seven months of sales for the E.B. Malone Corporation, a consolidated subsidiary whose fiscal year was changed in 1988 from October 31 to November 30. Margins narrowed, but with other income 65% higher, pretax earnings were up 4.1%. After taxes at 27.6%, versus 34.0%, net income rose 14%, to $8,222,000 ($0.99 a share), from $7,209,000 ($0.87).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.37	0.33	0.44	0.51
May	0.62	0.54	0.61	0.54
Aug.	E0.55	0.57	0.69	0.51
Nov.	E0.66	0.76	0.71	0.76
	E2.20	2.20	2.65	2.32

Important Developments

Jul. '89— Bassett said the sales backlog for the casegoods division at May 31 was less than it was a year earlier, while backlogs for the other divisions were about the same. BSET added that retail sales were the slowest it had experienced since the early 1980s or mid-1970s. One of its biggest challenges was the uncertain financial future of many retail accounts that have leveraged their businesses as a result of restructuring, which has forced BSET to limit its credit exposure to many accounts. The company also said that its gallery program was continuing to grow, with 164 galleries either open or under construction.

Feb. '89— In its annual report for the year ended November 30, 1988, Bassett said a major program to modernize its Wood Products division, as well as other divisions, was under way. Bassett also said its backlog was $67.2 million, versus $85.9 million at November 30, 1987.

Next earnings report expected in early October.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	32.18	31.28	29.66	28.52	26.85	24.07	21.80	20.10	18.40	17.15
Earnings	2.20	2.65	2.32	3.01	3.67	3.78	2.72	2.88	2.48	2.57
Dividends	1.30	1.05	1.20	1.35	0.80	1.51	1.04	1.24	1.36	1.04
Payout Ratio	59%	39%	52%	45%	22%	40%	38%	43%	54%	40%
Prices[2]—High	44	52	50¼	40	49¼	54½	36¼	20	17⅞	16⅞
Low	30	30¼	33¼	31½	30	32	16¼	15	11	12⅝
P/E Ratio—	20-14	20-11	22-14	13-10	13-8	14-8	13-6	7-5	7-4	7-5

Data as orig. reptd. Adj. for stk. div. of 25% Jun. 1983. 1. Refl. merger or acq. 2. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Nov. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	466	29.7	6.4	8.9	8.54	Nil	[1]27.0	32.4%	18.3	3.9
1987	475	35.0	7.4	[2]13.8	9.60	Nil	[1]34.2	34.9%	22.3	4.7
1986	422	33.7	8.0	[2]4.9	9.18	Nil	32.1	39.3%	19.5	4.6
1985	408	48.0	11.7	[2]7.3	9.73	NA	43.4	42.2%	25.1	6.1
[3]1984	398	55.5	13.9	[2]7.3	7.73	NA	55.7	44.6%	30.9	7.8
1983	342	55.5	16.2	[2]9.3	6.51	NA	58.4	45.2%	32.0	9.4
1982	272	38.1	14.0	[2]4.9	5.50	NA	42.9	46.1%	23.1	8.5
1981	301	44.9	14.9	[2]4.5	5.98	NA	47.4	46.9%	25.2	8.4
1980	269	40.0	14.9	6.3	5.11	NA	41.6	46.6%	22.2	8.3
1979	272	44.3	16.3	5.8	5.04	NA	44.0	46.1%	23.7	8.7

Balance Sheet Data (Million $)

Nov. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	69.0	212	33.5	6.3	301	6.2	Nil	268	268	Nil	6.9
1987	52.8	198	28.0	7.1	287	8.0	Nil	259	259	Nil	8.8
1986	64.1	194	28.0	6.9	277	7.2	Nil	249	249	Nil	8.0
1985	65.6	189	27.2	6.9	266	9.8	0.47	238	238	0.2	10.9
1984	45.5	174	23.5	7.4	247	12.8	0.74	223	224	0.3	14.6
1983	91.6	193	35.6	5.4	240	14.3	1.01	204	205	0.5	16.5
1982	85.4	163	21.6	7.6	207	11.3	1.26	185	186	0.7	13.0
1981	68.5	156	28.4	5.5	201	13.2	1.56	171	173	0.9	15.4
1980	62.8	142	24.1	5.9	188	12.3	1.88	162	164	1.1	14.2
1979	49.5	134	20.0	6.7	178	13.8	2.19	156	158	1.4	15.9

Data as orig. reptd. 1. Inc. equity in earns. of nonconsol. subs. 2. Net. 3. Refl. merger or acq. NA-Not Available.

Business Summary

Bassett Furniture Industries, one of the country's leading wood furniture manufacturers, produces a broad range of bedroom, dining room and living room furniture, as well as occasional chairs, tables, wall units, office furniture, upholstered furniture and mattresses and box springs.

Bassett's products are sold by commissioned representatives at furniture markets throughout the U.S. Most of the output is sold to retail furniture dealers; a smaller amount goes to mail-order houses and to department stores. About 14% of fiscal 1988 sales were to J.C. Penney Company, versus 17% in fiscal 1987.

During 1984, Bassett acquired Impact Furniture, Inc., a manufacturer of popular-priced occasional and bedroom furniture. Montclair Furniture, a promotional upholstery company, was purchased in 1982. In 1980, Bassett purchased Fame Furniture Co. of Los Angeles, which produces upholstered furniture for the West Coast market. During the latter part of 1979, the company purchased certain assets and inventories of Weiman Co.; included in the transaction were an upholstery plant in Christiansburg, Va., and a table plant in Ramseur, N.C.

Dividend Data

Cash has been paid each year since 1935. A "poison pill" stock purchase rights plan was adopted in May 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 2	Nov. 7	Nov. 14	Nov. 30'88
0.25	Feb. 1	Feb. 9	Feb. 15	Mar. 1'89
0.25	May 4	May 10	May 16	Jun. 1'89
0.25	Aug. 2	Aug. 10	Aug. 16	Sep. 1'89

Finances

As of November 30, 1988, working capital amounted to $178 million, compared to $170 million at fiscal 1987 year-end. Funds generated by operations have been sufficient to meet past requirements and are expected to be adequate in the future. There were no material commitments for capital expenditures at November 30, 1988.

Capitalization

Long Term Debt: None (5/89).

Common Stock: 8,245,711 shs. ($5 par).
Institutions hold about 32%.
Shareholders of record: 2,900 (11/88).

Office—Bassett, Va. 24055. **Tel**—(703) 629-7511. **Chrmn, Pres & CEO**—R. H. Spilman. **Exec VP, Treas & Investor Contact**—B. M. Brammer. **Secy**—F.A. Snyder **Dirs**—A. T. Dickson, C. C. Bassett, J. E. Bassett Jr., B. M. Brammer, T. E. Capps, G. A. Hunsucker, G. W. Lyles Jr., J. W. McGlothlin, A. L. Philpott, J. C. Philpott, A. F. Sloan, R. H. Spilman, R. H. Spilman Jr., J. L. Wheat Jr. **Transfer Agent & Registrar**—Company office. **Incorporated** in Virginia in 1930. **Empl**—8,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Bausch & Lomb

NYSE Symbol BOL Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
59	64-40¾	16	1.16	2.0%	A-	1.06

Summary

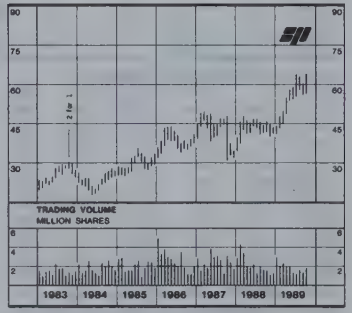
The world's leading maker of contact lenses and related solutions and accessories, Bausch & Lomb also produces pharmaceuticals and other healthcare products, dental plaque removal devices, sunglasses and other consumer optical items. Laboratory animals and various biomedical products and services are also offered. Above-average growth seen for major markets coupled with expected contributions from new products enhance longer-range prospects.

Current Outlook

Earnings for 1990 are projected at about $4.35 a share, up from the $3.80 estimated for 1989.

An increase in the $0.29 quarterly dividend is likely in early 1990.

Sales for 1990 should post another good advance, aided by continued gains in established contact lens and solutions lines (especially overseas), sunglasses and dental care items. New products such as disposable contact lenses and a new hearing aid device should also contribute to the gain. Sales and earnings growth is also seen for the biomedical products division. Profitability should benefit from the better volume, cost efficiencies and possible improvement in foreign exchange.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	276.3	213.2	188.6	151.0
Jun.	318.1	248.8	212.2	173.1
Sep.	201.5	251.9	228.9	190.1
Dec.	---	264.3	210.7	184.7
		978.3	840.3	698.9

Sales for the nine months ended September 30, 1989 increased 28%, year to year, aided by gains in established lines and the inclusion of oral care products. Pretax income rose 15%. After taxes at 34.4%, against 35.1%, net income was up 16%, to $2.65 a share from $2.30.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.64	0.55	0.47	0.41
Jun.	0.91	0.79	0.67	0.64
Sep.	1.10	0.96	0.83	0.69
Dec.	E1.15	0.97	0.84	0.73
	E3.80	3.27	2.81	2.47

Important Developments

Sep. '89— BOL acquired an 80% interest in Voroba Hearing Systems. Voroba has developed a new hearing aid with a soft shell, combining comfort with improved performance.

Apr. '89— Daniel E. Gill, chairman and CEO, said that the company's objective of reaching net sales of $1.2 billion by 1990 appeared "achievable" in 1989. Looking further into the future, Mr. Gill targeted $250 million in net earnings on sales of $2.5 billion for BOL by 1995.

Dec. '88— BOL acquired Dental Research Corp. (DRC) of Atlanta, Ga., for $133 million in cash. DRC manufactures and markets the patented interplak line of dental plaque removal devices.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	1985	[1]1984	[1]1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	12.39	13.96	12.29	12.32	11.04	10.71	10.47	10.02	10.35	8.69
Earnings[2]	3.27	2.81	2.47	2.23	1.98	1.71	1.24	1.97	2.18	1.75
Dividends	1.00	0.86	0.78	0.78	0.78	0.78	0.78	0.78	0.60½	0.46½
Payout Ratio	30%	30%	31%	35%	39%	46%	63%	39%	27%	27%
Prices—High	48	49⅝	44	35⅝	27⅞	30⅜	26⅛	30⅞	35	20
Low	34⅜	30¾	31¾	24¾	17½	19⅜	16⅞	20½	15⅝	8⅞
P/E Ratio—	15-11	18-11	18-13	16-11	14-9	18-11	21-14	16-10	16-7	11-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1983, 100% Oct. 1979. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.29 in 1984, -1.58 in 1981. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	978	227	23.2	103	40.7	26.5	147	33.6%	97.9	10.0
1987	840	194	23.1	49	36.7	21.2	135	37.0%	85.3	10.2
[3]1986	699	168	24.0	50	29.4	17.6	113	34.0%	74.7	10.7
1985	596	148	24.8	34	19.5	13.6	101	33.8%	66.8	11.2
[4]1984	534	134	25.1	8	16.8	16.7	85	30.9%	58.8	11.0
[3]1983	568	96	16.9	15	14.0	11.8	56	23.9%	42.7	7.5
1982	510	86	16.9	38	12.7	8.8	37	18.1%	[5]29.9	5.9
[6]1981	533	122	22.9	[7]26	10.5	9.7	84	43.5%	47.3	8.9
[3]1980	583	109	18.7	27	10.7	8.3	86	39.1%	52.3	9.0
1979	503	97	19.2	16	9.4	8.0	79	48.0%	41.2	8.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	254	629	398	1.6	1,211	8.9%	153	629	813	18.8	16.2%
1987	221	565	184	3.1	979	9.2%	160	577	795	20.2	16.1%
1986	106	527	169	3.1	886	9.8%	207	491	717	28.9	16.6%
1985	31	397	120	3.3	627	11.1%	81	408	507	16.0	18.1%
1984	53	363	152	2.4	567	10.1%	77	327	415	18.5	18.2%
1983	14	346	142	2.4	497	8.7%	80	266	356	22.5	16.2%
1982	23	342	138	2.5	464	6.7%	67	252	325	20.5	12.1%
1981	19	335	150	2.2	431	11.2%	36	239	281	12.9	19.5%
1980	18	320	128	2.5	413	13.7%	34	245	285	11.9	23.2%
1979	17	266	96	2.8	345	12.5%	40	204	249	15.9	21.9%

Data as orig. reptd. 1. Net of interest income after 1981. 2. Bef. results of disc. opers. in 1984, 1981. 3. Reflects merger or acquisition. 4. Excludes disc. opers. and reflects merger or acquisition. 5. Reflects accounting change. 6. Excludes discontinued operations. 7. Net of curr. yr. retirement and disposals.

Business Summary

Business segment contributions in 1988:

	Sales	Profits
Healthcare products	65%	68%
Optics	35%	32%

Foreign operations accounted for about 37% of sales and 48% of profits in 1988.

Healthcare products include personal health, medical and biomedical products. Personal health items consist of solutions used for the care of contact lenses and relief of eye irritation sold under the Sensitive Eyes, ReNu and other names; contact lens accessories; over-the-counter pharmaceuticals; and the Interplak line of home plaque removal devices. Medical products include contact lenses and lens material, prescription drugs, surgical products, a vision care service plan, a contact lens frequent replacement program and insurance for lens wearers.

Biomedical products include specialized laboratory animals such as rats, mice and guinea pigs from Charles River Laboratories; and biotechnical products and services, primarily for the production of monoclonal antibodies.

The optics segment includes consumer products such as Ray-Ban sunglasses and Bushnell and Bausch & Lomb binoculars, readers, magnifiers, telescopes and riflescopes; and optical thin film coating services.

Dividend Data

Dividends have been paid since 1952. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Feb. 28	Mar. 7	Mar. 13	Apr. 1'89
0.29	Apr. 25	May 25	Jun. 1	Jul. 1'89
0.29	Jul. 25	Aug. 28	Sep. 1	Oct. 1'89
0.29	Oct. 24	Nov. 27	Dec. 1	Jan. 2'90

Next dividend meeting: late Feb.'90.

Capitalization

Long Term Debt: $179,700,000.

Class B Common: 193,686 shs. ($0.08 par).

Common Stock: 29,530,664 shs. ($0.40 par). Institutions hold about 77%.
Shareholders of record: 7,100.

Office—1 Lincoln First Square, Rochester, N.Y. 14601. **Tel**—(716) 338-6000 **Chrmn & CEO**—D. E. Gill. **Pres**—T. C. McDermott. **VP-Secy**—J. T. Holmes. **VP-Treas**—A. H. Resnick. **Investor Contact**—F. T. Jepson **Dirs**—F. E. Agnew, W. Balderston, III, W. F. Bolger, B. R. Boss, D. E. Gill, A. D. Hargrave, J. T. Holmes, T. C. McDermott, R. R. McMullin, J. R. Purcell, P. Rosenthal, R. Tarnow, A. W. Trivelpiece, K. L. Wolfe, W. H. Waltrip **Transfer Agent & Registrar**—Chase Lincoln First Bank, Rochester. **Incorporated** in New York in 1908 **Empl**— 10,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B. Saffian

Baxter International

293K

NYSE Symbol BAX Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
25⅝	25⅞-17½	18	0.56	2.2%	A-	1.05

Summary

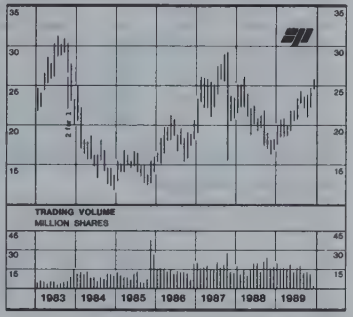
Baxter International is the world's leading manufacturer and distributor of hospital supplies and related medical equipment. The company offers some 120,000 products and has leading positions in the growing diagnostics, blood-therapy and medical specialty devices markets. Benefits from Baxter's dominant positions in growing medical device markets, superior marketing strengths and new product developments enhance longer-range prospects.

Current Outlook

Earnings for 1990 are projected at about $1.70 a share, up from the $1.50 estimated for 1989.

An increase in the $0.14 quarterly dividend is likely in early 1990.

Sales for 1990 are expected to show further progress. Despite competitive pricing conditions in parenterals and certain other lines, volume should be helped by continued growth in established hospital and medical products and contributions from new products. Profitability should benefit from the better volume, further cost cutting in marketing and administration and lower interest expense.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,774	1,635	1,457	1,336
Jun.	1,856	1,693	1,534	1,390
Sep.	1,808	1,708	1,585	1,382
Dec.	---	1,825	1,647	1,435
		6,861	6,223	5,543

Sales for the nine months ended September 30, 1989 advanced 8.0%, year to year, aided by gains in all major business segments. Income before taxes rose 25%. After taxes at 31.2%, against 25.0%, net income was up 15%. Share earnings were $1.03, versus $0.90.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.34	0.31	0.22	0.09
Jun.	0.35	0.31	0.26	0.16
Sep.	0.34	0.28	0.31	0.18
Dec.	E0.47	0.41	0.31	0.21
	E1.50	1.31	1.10	0.64

Important Developments

Dec. '89— BAX and Alza Corp. announced the development of a new intravenous drug delivery system developed under license from Alza.

Nov. '89— BAX sold its NDM electrosurgical products business to LecTec Corp. for $42 million. In September the company sold $150 million of 9 notes, due September, 1996. Proceeds were used to repay existing debt. Also, in September BAX and IBM announced plans to form a 50/50 partnership to provide software and services for the health care industry. Earlier in the year, BAX and Kraft Foodservice agreed to provide food and supplies to most hospitals in the 662-hospital Voluntary Hospitals of America (VHA) alliance. BAX also added Blue Cross/Blue Shield to its mail order drug service customer list.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	**1.59**	0.60	d1.24	d1.43	7.83	8.17	7.52	6.94	6.12	5.28
Earnings[2]	**1.31**	1.10	0.64	0.85	0.21	1.54	1.32	1.08	0.93	0.83
Dividends	**0.50**	0.44	0.40	0.37	0.33	0.28	0.23	0.19	0.16	0.12½
Payout Ratio	**38%**	40%	63%	60%	161%	18%	17%	18%	17%	15%
Prices—High	**26⅛**	29¼	21¼	16⅞	24⅞	31⅜	25½	16⅞	14¼	12½
Low	**16¼**	15½	15⅛	12⅜	11⅜	20	15¼	12	9	8⅞
P/E Ratio—	**20-12**	27-14	33-24	20-15	NM	20-13	19-12	16-11	15-10	15-11

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1983, 100% Nov. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.04 in 1987, +1.29 in 1986; bef. spec. item(s) of -0.23 in 1986. E-Estimated. d-Deficit. NM-Not Meaningful

December 12, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**6,861**	**1,012**	**14.8**	**499**	**335**	**250**	[2]**518**	**25.1%**	**388**	**5.7**
[3]1987	6,223	903	14.5	361	279	216	[2]446	27.6%	[4]323	5.2
[3]1986	5,543	684	12.3	289	259	232	[2]260	30.4%	181	3.3
[5]1985	2,355	368	15.6	198	110	82	[2]169	18.9%	137	5.8
1984	1,800	304	16.9	172	89	82	24	NM	29	1.6
1983	1,843	371	20.1	192	74	59	270	19.4%	218	11.8
1982	1,671	358	21.4	149	69	46	232	19.4%	[4]187	11.2
[5]1981	1,504	308	20.5	87	61	42	[2]189	20.4%	151	10.0
1980	1,374	242	17.6	119	44	43	[2]160	19.6%	128	9.3
1979	1,191	212	17.8	104	36	33	[2]139	19.7%	112	9.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**201**	**3,323**	**1,886**	**1.8**	**8,550**	**4.7%**	**2,246**	**3,096**	**6,433**	**34.9**	**10.9%**
1987	51	2,758	1,877	1.5	7,638	4.2%	1,658	2,833	5,557	29.8	9.4%
1986	21	2,344	1,881	1.2	7,068	2.6%	1,503	2,490	5,052	29.8	6.9%
1985	274	2,365	1,220	1.9	6,839	2.8%	2,580	2,083	5,566	46.4	7.0%
1984	183	1,025	641	1.6	2,001	1.4%	206	1,107	1,313	15.7	2.6%
1983	290	1,150	689	1.7	2,127	11.1%	226	1,151	1,412	16.0	19.7%
1982	249	1,030	518	2.0	1,793	11.0%	167	1,061	1,250	13.3	18.3%
1981	179	958	351	2.7	1,591	10.0%	227	978	1,223	18.6	16.4%
1980	22	806	270	3.0	1,413	9.4%	273	853	1,142	23.9	16.2%
1979	18	755	311	2.4	1,291	9.2%	240	723	964	24.9	16.6%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, 1986, and spec. item(s) in 1986. 2. Incl. equity in earns. of nonconsol. subs. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition. NM-Not Meaningful.

Business Summary

Substantially broadened with the purchase of American Hospital Supply Corp. in 1985, Baxter International (formerly Baxter Travenol Laboratories) is now the largest factor in the hospital supply business, manufacturing and marketing a wide range of medical care products and services in the U.S. and abroad. Sales and profit contributions by business segment in 1988 were:

	Sales	Profits
Hospital products & services	53%	51%
Medical systems	23%	20%
Alternate site items	18%	23%
Industrial products	6%	6%

Foreign operations accounted for about 22% of sales and 37% of profits in 1988.

Hospital products include intravenous solutions, administration sets, catheters, and related I.V. items; procedure trays, hypothermia and hyperthermia devices; drapes, gowns and gloves; respiratory therapy items; urological products; and surgical instruments.

Medical systems and specialties include products used for patient care, blood therapy and diagnostics purposes, and custom and computerized information systems. Alternate site items include medical products and services for home patients and alternate-site providers. Industrial products consist of products for industrial and government laboratories and other uses.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Feb. 20	Mar. 9	Mar. 15	Apr. 3'89
0.14	Apr. 27	Jun. 8	Jun. 14	Jul. 3'89
0.14	Jul. 31	Sep. 7	Sep. 13	Oct. 2'89
0.14	Nov. 20	Dec. 7	Dec. 13	Jan. 2'90

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $2,434,000,000.

Adjustable Rate Pfd. Stk.: 6,771,408 shs. ($50 liquid value).

$3.50 Conv. Exchangeable Pfd. Stk.: 10,821,869 shs. ($50 liq. value); conv. into 2.976 com.

Common Stock: 247,121,000 shs. ($1 par).
Institutions hold approximately 56%.
Shareholders: 88,000.

Office—One Baxter Parkway, Deerfield, Ill. 60015. **Tel**—(312) 948-2000. **Chrmn & CEO**—V. R. Loucks, Jr. **Pres**—W. H. Gantz. **Secy**—J. F. Gaither, Jr. **Treas**—B. Y. Morris. **Investor Contact**—C. W. Thurman. **Dirs**—J. W. Colloton, H. Drake, J. D. Ebert, M. J. Evans, R. Falk II, W. H. Gantz, W. B. Graham, M. R. Ingram, C. E. Knight, V. R. Loucks, Jr., J. J. Louis, Jr., G. J. Morgan, C. A. Piccolo, R. J. Simmons, J. R. Tobin, F. L. Turner, H. G. Van der Eb, B. J. Yarrington. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Delaware in 1931 **Empl**—64,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B. Saftlas

Bear Stearns

NYSE Symbol BSC Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
13¼	17½-11¼	7	[5]0.56	[5]4.2%	NR	NA

Summary

Bear Stearns Companies Inc., is the holding company for Bear Stearns & Co., a leading investment banking and brokerage firm. BSC ranked as the 8th largest NYSE member firm at December 31, 1988 as measured by total capital. During fiscal 1989 BSC repurchased about 1.59 million common shares, as adjusted for the 5% stock dividends distributed in May and in August of 1989. During 1989 BSC changed its fiscal year end to June 30 from April 30.

Business Summary

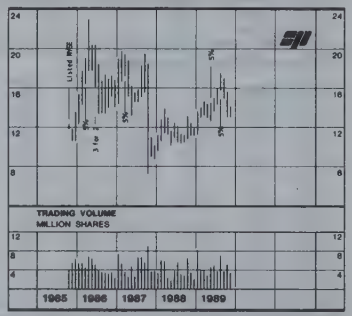
The Bear Stearn Companies is the holding company for Bear Stearns & Co., a leading investment banking and brokerage firm serving U.S. and foreign corporations, governments, institutional and individual investors. Revenue contributions in recent fiscal years:

	1989	1988	1987
Commissions	15%	21%	20%
Principal transactions	22%	21%	23%
Investment banking	10%	13%	16%
Interest & dividends	53%	45%	41%

BSC provides brokerage services primarily to institutional and high net worth clients. The company is a member of the NYSE, all other principal U.S. securities and commodities exchanges.

The company manages and participates in public offerings of debt and equity securities for a broad range of corporate clients, governments and agencies. BSC also provides advice and execution to clients on a wide range of financial matters.

BSC is one of the largest dealers making markets in corporate debt and equity securities, as well as mortgage-related and municipal securities, a "primary" dealer in U.S. Government securities. BSC also conducts trading activities in Eurodollar securities in London and trading activities in foreign securities in the U.S. Other activities include securities clearance, fiduciary services, real estate brokerage and finance, securities research and insurance.



Important Developments

Oct. '89— BSC said that it was pleased with reveneus and earnings for the first quarter of fiscal 1990, because several of its departments that deal as principal were operating in a very difficult environment. The company noted that it was continuing to strengthen its investment banking and underwriting capabilities. First quarter commission revenues advanced 31%, year to year, reflecting an increase in retail activity and generally higher trade volume. Investment banking revenues were 25% higher, principally due to an increase in underwriting revenues. Revenues from principal transactions declined 6.0%, primarily reflecting a decline in revenues in the risk arbitrage area and reduced profitability from the government bond trading area.

Aug. '89— The company said that during fiscal 1989 it repurchased 1,585,085 shares (adjusted) of its common stock.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30[1]	1989	1988	1987	1986	1985
Tangible Bk. Val.	10.85	9.47	8.36	6.75	[3]6.90
Earnings[4]	1.78	1.42	1.87	1.40	0.94
Dividends	0.44⅜	0.44	0.39¼	0.16⅞	Nil
Payout Ratio	25%	31%	21%	12%	Nil
Prices—High[2]	17⅓	19⅜	23	13⅝	NA
Low	11¼	7¼	12¼	10⅝	NA
P/E Ratio—	10-6	14-5	12-7	10-8	NA

Data as orig. reptd., prior to 1987 pro forma data as reptd. in 1986 Annual Report. Adj. for stk. div(s). of 5% in Aug. 1989, 5% May 1989, 5% Mar. 1987, 50% Jul. 1986, 5% Mar. 1986. 1. Years ended Apr. 30 of the foll. cal. yr. prior to 1989. 2. Cal. yrs. 3. As reptd. by co. as of Oct. 29, 1985 (adjusted for the stock offering). 4. Bef. spec. items of -0.04 in 1987. 5. Plus 5% in stk. Aug. 1989. NA-Not Available

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Income Data (Million $)

Year Ended Jun. 30[5]	Commissions	Int. Inc.	Total Revs.	Int. Exp.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1989	347	1,254	2,365	1,090	87.8	287	40.0%	172	7.3	0.5	18.0
1988	404	846	1,888	668	89.3	201	29.0%	143	7.6	0.5	13.1
1987	350	684	1,774	550	81.4	329	46.4%	176	9.9	0.7	21.6
1986	267	1,438	2,164	1,218	89.5	227	41.9%	132	6.1	0.5	30.6
1985	202	1,309	1,804	1,173	92.1	143	38.4%	88	4.9	NA	NA

Balance Sheet Data (Million $)

Jun. 30[5]	Total Assets	Cash Items	Rec.	Secs. Owned	Sec. Borrowed	Due Brokers & Cust.	Other Liabs.	[3]Debt	Capitalization [2]Equity	Capitalization Total
1989	36,410	1,614	24,325	9,733	17,506	8,623	8,831	385	978	1,451
1988	32,171	1,463	21,387	8,787	15,628	8,293	6,840	386	851	1,410
1987	25,247	446	15,517	8,921	12,196	6,370	5,357	387	736	1,325
1986	26,939	547	17,662	8,545	13,520	6,515	5,955	298	581	949
[4]1985	25,867	235	16,872	8,609	12,586	4,109	8,658	164	280	514

Data as orig. reptd. prior to 1987 pro forma data as reptd. in 1986 Annual Report. 1. Bef. spec. item(s) in 1987. 2. Common. 3. Incl. current portion. 4. As of Oct. 29, 1985. 5. Years ended Apr. 30 of the foll. cal. yr. prior to 1989. NA-Not Available.

Revenues[1] (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	580	479	483	334
Dec.	---	633	442	454
Mar.	---	624	447	520
Jun.	---	630	516	466
	---	2,365	1,888	1,774

Total revenues for the three months ended September 29, 1989 rose 21%, year to year, primarily reflecting a 31% increase in commissions, a 25% gain from investment banking, a 27% rise in interest and dividends and a 6.0% decline in principal transactions. Paced by higher employee compensation and benefits and interest charges, total expenses were up 22%, and pretax income expanded 7.3%. After taxes at 39.0%, versus 39.1%, net income advanced 7.6%. Share earnings were $0.23, compared with $0.20, (adjusted for the May, 1989 and August, 1989 5% stock dividends).

Common Share Earnings[1] ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.23	0.20	0.49	0.20
Dec.	---	0.66	d0.03	0.57
Mar.	---	0.42	0.36	0.64
Jun.	---	0.50	0.59	0.47
	---	1.78	1.42	1.87

Finances

As a member firm of the NYSE, Bear Stearns is subject to the net capital rule, which specifies minimum net capital requirements for registered brokers and dealers. As of September 29, 1989 BSC had consolidated net capital of approximately $497.5 million, which exceeded the minimum requirement by $394.7 million.

On October 29, 1985 underwriters headed by Bear, Stearns & Co. offered in the initial public sale 19,534,922 common shares of The Bear Stearn Companies Inc. at $12.38 each (both adjusted). Concurrently, Bear, Stearns & Co., a New York limited partnership, transferred substantially all of the assets relating to its ongoing business to Bear Stearns Companies in exchange for 60,849,839 (adjusted) common shares and 700,000 shares of Series A cumulative convertible preferred stock of Bear Stearns and the assumption by BSC of $60 million of long-term notes.

Dividend Data

Dividends were initiated in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Jan. 12	Feb. 23	Mar. 1	Mar. 15'89
0.14	May 4	May 9	May 15	May 31'89
5% Stk.	May 4	May 9	May 15	May 31'89
0.14	Aug. 1	Aug. 9	Aug. 15	Aug. 31'89
5% Stk.	Aug. 1	Aug. 9	Aug. 15	Aug. 31'89
0.14	Oct. 31	Nov. 9	Nov. 15	Nov. 30'89

Capitalization

Long Term Debt: $384,378,000.

Adj. Rate Cum. Pref. Stock: 1,434,950 shs. ($50 liquid pref).

Common Stock: 91,393,179 shs. ($1 par).
Directors and officers own about 20%.
Institutions hold approximately 36%.
Shareholders of record: 2,978.

1. Quarters ended Jul., Oct., Jan., Apr. prior to 1988-9. d-Deficit.

Office—245 Park Ave., NYC 10167 **Tel**—(212) 272-2000. **Chrmn & CEO**—A C Greenberg **Pres**—J E Cayne **Secy**—K L Edlow **Treas**—M. Minikes **Investor Contacts**—H. Sechrist **Dirs**—J. E. Cayne, E. R. Downe, Jr., A. H. Einbender, G. J. Fippenger, C. D. Glickman, A. C. Greenberg, S. Hackney, J. W. Kluge, F. Martucci, V. J. Mattone, W. J. Michaelcheck, E. J. Rappa, E. J. Rosenwald Jr., A. D. Schwartz, J. C. Sites Jr., J. H. Slade, R. M. Steinberg, F. R. Sullivan, M. L. Tarnopol, M. E. Tennebaum, E. K. Wolk, U. Zucker. **Transfer Agent & Registrar**—Equitable Bank, Baltimore, Md. **Incorporated** in Delaware in 1985. **Empl**—8,060

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Beazer PLC

NYSE Symbol BZR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
9	15½-8¾	5	[1]0.531	[1]5.9%	NR	NA

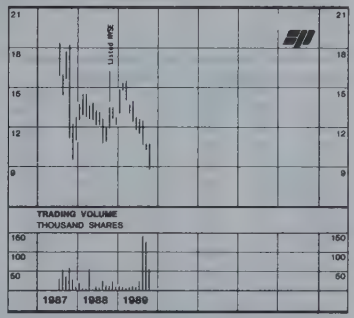
Summary

This British homebuilding, contracting, and building materials company has expanded into the U. S. since 1985 by purchasing Gifford-Hill & Co. and Koppers Co. and by making acquisitions in homes and contracting companies. Earnings have risen in each year since fiscal 1983. Management said in March, 1989 that the spread and balance of the company's businesses should enable it to have another successful year in fiscal 1989.

Business Summary

Beazer PLC is a holding company of a group which is involved in homes and property, contracting, and building materials. In the fiscal year ended June 30, 1988 the company derived 67% of total sales and 67% of trading profits from the United Kingdom, 26% and 31%, respectively, from the U. S., and 7% and 2% from other countries. Sales and trading profits by industry segment in fiscal 1988 were divided:

	Sales	Profits
Homes & property	37%	67%
Building materials	19%	24%
Contracting	44%	9%



Beazer Homes & Property completed more than 6,250 houses in fiscal 1988 in the United Kingdom at an average sales price of about $101,000, ranging from one bedroom single person apartments that sell for less than $60,000 to five bedroom executive style homes that sell for more than $850,000. About 25% of total output was directed toward the first-time buyer. Headquartered in Atlanta, Ga., Beazer Properties, Inc. increased the number of completions in fiscal 1988 by nearly 80% to almost 1,000 homes at an average price of $97,000. Commercial and industrial projects also are being developed in the U. K. and the U. S.

The Building Materials division consists of Gifford-Hill & Co. of the U. S., which produces cement and construction materials, including crushed stone, sand and gravel, ready-mixed concrete, concrete pipe and other products, fly ash, and construction chemicals; and Beazer Materials & Services (formerly Koppers Co.), which ranks as the second largest supplier of construction aggregates in the U. S. and the second largest producer of bituminous concrete, the primary material for resurfacing roadways. It also supplies crushed stone, sand, gravel, and ready-mix concrete, and performs various construction services.

The Kier Limited contracting business has the expertise and resources to undertake building and civil engineering projects throughout the world. Operations include heavy civil, marine and industrial contracting, urban renewal and major commercial schemes, refurbishment and restoration work, and mining, tunnel, and office building projects.

Important Developments

Aug. '89— BZR's Beazer Materials & Services (BMS) subsidiary sold to Silver Lakes Partnership, for $15.7 million, 2,200 acres of Florida land which would be developed to accommodate about 6,000 upper income housing units. BMS will retain an interest in the development through a profit sharing arrangement.

Next earnings report expected in late October.

Per ADS Data (U.S. $)

Yr. End Jun. 30	1988	1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	10.17	8.66	5.67	NA	NA	NA	NA
Earnings[2]	1.78	1.30	1.05	0.75	0.66	0.62	0.71
Dividends[3]	0.52¾	NM	NM	NM	NM	NM	NM
Payout Ratio	30%	NM	NM	NM	NM	NM	NM
Prices—High[4]	14½	18⅜	NA	NA	NA	NA	NA
Low[4]	10¾	9⅜	NA	NA	NA	NA	NA
P/E Ratio—	8-6	14-7	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1987 data as reptd. in Prospectus dated Jun. 4, 1987; based on UK GAAP; conv. at fiscal yr.-end exch. rates. 1. Paid in past 12 mos., net aft. 15% British tax to U.S. residents. 2. Bef. spec. item(s) of +0.41 in 1988, +0.15 in 1987, +0.04 in 1986, +0.07 in 1985, +1.31 in 1984. 3. Paid from yr.'s earns., incl. final decl. aft. fiscal yr.-end. 4. Cal. year. NA-Not Available. NM-Not Meaningful

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Income Data (Million U.S. $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,300	261	11.3	75.3	50.5	45.2	196	33.0%	129.4	5.6
1987	1,671	173	10.4	49.5	36.1	35.4	117	34.2%	74.4	4.5
1986	776	71	9.2	19.2	9.9	32.5	48	31.3%	31.1	6.1
1985	252	27	10.5	8.0	2.9	9.7	21	33.5%	13.1	5.2
1984	179	21	11.7	8.1	2.6	4.8	15	38.0%	9.3	5.2
1983	110	NA	NA	NA	NA	NA	9	NA	6.3	5.7

Balance Sheet Data (Million U.S. $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	62.0	1,145	742	1.5	2,176	6.9%	496	704	1,345	36.9	18.5%
1987	65.8	915	538	1.7	1,546	6.4%	306	598	957	32.0	18.0%
1986	64.2	579	312	1.9	734	5.7%	174	216	396	43.9	17.1%
1985	33.2	274	97	2.8	310	5.8%	79	125	204	38.7	12.7%
1984	NA	NA	NA	NA	148	7.3%	1	83	NA	NA	14.4%
1983	NA	NA	NA	NA	119	6.7%	11	52	NA	NA	15.1%

Data as orig. reptd.; prior to 1987 data as reptd. in Prospectus dated June 4, 1987; based on UK GAAP; conv. at yr.-end exch. rates. 1. Bef. spec. item(s) in 1988, 1987, 1986, 1985 & 1984. NA-Not Available.

Revenues (Million $)

Period:	1988-9	1987-8	1986-7
3 Mos. Sep.	---	---	---
6 Mos. Dec.	1,406	1,093	---
9 Mos. Mar.		---	---
12 Mos. Jun.		2,300	1,671

Sales (in British pounds) for the six months ended December 31, 1988 advanced 34%, year to year. Housing and property operations were at record levels in the U. K., but the contracting business suffered from rapidly increasing costs and some difficult contracts. Although Texas remained a poor market, building materials activities elsewhere in the U. S. were good and the contracting business showed improvement. Following sharply higher other income (net) and 32% higher net interest costs, pretax net gained 30%. After taxes at 35.2%, against 34.0%, profits on ordinary activities rose 28%. Earnings per ADS (before extraordinary charges) increased to $0.88 from $0.69 (both translated at £1=$1.8085).

Earnings Per ADS ($)

Period:	1988-9	1987-8	1986-7
3 Mos. Sep.	---	---	---
6 Mos. Dec.	0.86	0.72	---
9 Mos. Mar.		---	---
12 Mos. Jun.		1.78	1.30

Finances

On June 15, 1988 49%-owned BNS Inc. acquired by means of a tender offer 96.4% of the common stock of Koppers Co., Inc. The total cost to finance the purchase approximated $1.81 billion. Later in 1988, Beazer bought out its partners in the Koppers acquisition, which was renamed Beazer Materials & Services and has been treated as a wholly-owned subsidiary since January 1, 1989.

In November, 1988 Beazer restructured its debt, raising $2.3 billion through a syndicate of banks. The new debt facilities provide more permanent financing at a considerable saving in interest. The company also completed the major sales of the chemical assets and certain other assets out of the old Koppers business. Gross proceeds to date of $854 million were well in excess of original expectations.

Dividend Data

An interim dividend from each year's earnings is declared generally in March and a final dividend in October after fiscal year-end. Payments on the ADSs in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.3509*	---	Nov. 28	Dec. 2	Jan. 19'89
0.1799*	---	Apr. 13	Apr. 19	Jun. 6'89

*Net aft. 15% British tax to U. S. residents.

Capitalization

Long Term Debt: $2,150,306,000.

Minority Interest: $10,851,000.

Cum. Red. Preference Stock: 50,000,000 shs. (£1 par).

Ordinary Stock: 277,000,000 shs. (10p par).
Each American Depositary Share is equivalent to 4 ordinary shs.
Shareholders of record: 10,382.

Office—Beazer House, Lower Bristol Rd., Bath, Avon BA2 3EY, England **Tel**—(0225) 28401 **Chrmn & CEO**—B. C. Beazer **Secy**—D. J. Heathcote **Fin Dir**—A. Chapple **Investor Contacts**—(London) John McBride (011) 588-6079; (New York) Anne McBride (212) 787-0755. **Dirs**—E. R. Allen, B. C. Beazer, A. Chapple, Lord Digby, T. B. Howard, A. M. Keat, J. W. Matthews, H. A. Rees, R. D. Stephens, M. W. J. Thorne, T. J. Upsall **Transfer Agent & Depositary**—Citibank, NYC. **Incorporated** in the United Kingdom in 1968 **Empl**—1,626.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Becton, Dickinson

NYSE Symbol BDX Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
59¾	62¼-48⅜	15	1.08	1.8%	A	0.93

Summary

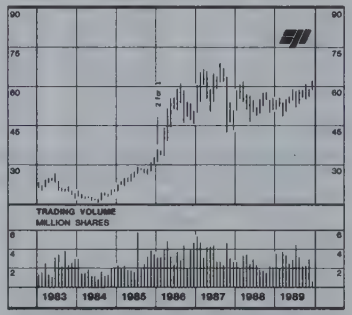
Becton, Dickinson is a major factor in the medical and hospital supply fields, offering a broad range of medical and diagnostic products. Earnings growth achieved over the past several years should continue in the years ahead, aided by the company's low-cost producer status and benefits from aggressive new product and foreign expansion programs. In June, 1989 BDX sold its Edmont industrial gloves business for $228 million, completing its divestiture program of non-health care businesses.

Current Outlook

Earnings from continuing operations for the fiscal year ending September 30, 1990 are projected at about $4.50 a share, up from fiscal 1989's $4.00.

Dividends have been increased 8.0%, to $0.27 quarterly from $0.25, effective with the January 2, 1990 payment.

Sales from continuing businesses for fiscal 1990 are expected to show further progress. Despite probable continued weakness in medical gloves, good growth is seen for most of BDX's other established medical and diagnostic products lines. Volume should also benefit from new products. Margins should be helped by the higher volume and cost efficiencies.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	406	366	344
Mar.	---	463	428	390
Jun.	---	443	440	393
Sep.	---	499	475	456
		1,811	1,709	1,582

Sales from continuing operations for the fiscal year ended September 30, 1989 (preliminary) rose 6.0%, year to year. Pretax income advanced 10%. After taxes at 30.6%, against 27.8%, income from continuing operations was up 6.1%. Share earnings were $4.00, versus $3.69, before income related to discontinued operations of $1.40, versus $0.32.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	E0.64	0.57	0.51	0.72
Mar.	E1.17	1.04	0.89	0.80
Jun.	E1.12	0.99	0.99	0.88
Sep.	E1.57	1.40	1.30	1.02
	E4.50	4.00	3.69	3.42

Important Developments

Sep. '89— Sales of medical products (accounting for 59% of Becton's fiscal 1989 sales) in fiscal 1989 increased 2.8%, year to year, while sales of diagnostic products (41%) rose 11%.

Jun. '89— BDX completed the sale of its Edmont industrial gloves business to Pacific Dunlop Ltd. for $228 million. Becton retained Edmont's medical glove product line. Earnings from discontinued Edmont operations were equal to $0.28 a share in fiscal 1989. Proceeds from the sale were used to reduce debt and repurchase common stock.

Apr. '89— BDX acquired the Scientific Products division of Marion Laboratories. That unit, which has annual sales of about $27 million, makes microbiological and diagnostic products.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	20.40	17.62	16.00	16.23	14.33	13.65	13.35	13.05	11.51
Earnings[2]	4.00	3.69	3.42	2.62	2.10	1.52	0.86	1.82	1.81	1.57
Dividends	1.00	0.88	0.74	0.66	0.60	0.58½	0.57½	0.55	0.50	0.46
Payout Ratio	25%	23%	21%	25%	28%	38%	66%	29%	27%	28%
Prices[3]—High	62¼	62⅛	69	61¼	33	20⅝	26⅞	25¼	27⅜	26⅜
Low	48⅜	46½	42¼	30⅞	19⅞	15½	17	18	18⅝	11
P/E Ratio—	16-12	17-13	20-12	23-12	16-9	14-10	31-20	14-10	15-10	17-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Mar. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +1.40 in 1989, +0.32 in 1988 & spec. item(s) of +0.15 in 1987, +0.23 in 1986. 3. Cal. yr. E-Estimated. NA-Not Available.

December 18, 1989
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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,709	348	20.4	278	109	79.4	[3]206	27.8%	149	8.7
1987	1,582	319	20.2	198	93	80.7	[3]209	32.1%	142	9.0
[4]1986	1,312	255	19.5	220	72	42.7	[3]173	35.2%	[5]112	8.5
1985	1,144	197	17.2	107	59	28.1	[3]131	32.8%	88	7.7
1984	1,127	162	14.4	82	56	28.8	93	31.8%	63	5.6
1983	1,120	135	12.1	91	54	39.9	34	NM	36	3.2
1982	1,114	147	13.2	130	47	44.9	106	27.8%	[6]77	6.9
1981	1,066	152	14.3	151	36	39.0	111	31.7%	76	7.1
1980	942	137	14.5	99	32	[5]21.6	103	37.0%	65	6.9
[4]1979	810	135	16.7	64	26	12.0	103	40.2%	62	7.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	123	883	526	1.7	2,068	7.6%	500	960	1,539	32.5	16.4%
1987	189	842	493	1.7	1,891	8.0%	480	861	1,397	34.3	17.3%
1986	225	783	445	1.8	1,691	7.6%	392	804	1,238	31.6	15.0%
1985	168	576	283	2.0	1,241	7.4%	221	681	948	23.3	13.7%
1984	148	566	246	2.3	1,129	5.7%	227	607	833	27.2	10.7%
1983	124	553	190	2.9	1,107	3.3%	274	598	872	31.4	6.1%
1982	100	557	230	2.4	1,090	7.3%	241	584	860	28.0	13.2%
1981	87	527	217	2.4	1,004	8.2%	185	570	788	23.4	14.1%
1980	56	480	216	2.2	841	8.2%	98	503	625	15.7	13.5%
1979	49	438	175	2.5	729	9.2%	82	454	554	14.8	14.2%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, and spec. item(s) in 1987, 1986. 2. Excludes discontinued operations. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects merger or acquisition. 5. Reflects accounting change. NM-Not Meaningful.

Business Summary

Becton, Dickinson manufactures and sells a broad range of medical, diagnostic and other products. Contributions by business segment in fiscal 1988:

	Sales	Profits
Medical	61%	73%
Diagnostic	39%	27%

Operations in the U.S. represented about 62% of sales and 70% of profits in fiscal 1988; Europe 24% and 17%, respectively; and other foreign 14% and 13%.

Major products in the medical segment consist of disposable and reusable hypodermic equipment, including disposable hypodermic needles and syringes, diabetes care products, and prefillable syringe systems; and intravenous and operating room products, comprising intravenous and cardiovascular catheters, surgical gloves, surgical products and related items. This segment also produces suction products, elastic support products, surgical blades, examination gloves and thermometers. BDX is believed to be the world's leading maker of single-use hypodermic needles and syringes. Contract packaging services are also offered. BDX sells these products through distributors and directly to hospitals, laboratories and other end-users.

Diagnostic products include the Vacutainer line of blood collection equipment, consisting of needles, evacuated tubes and microcollection devices; laboratory ware and supplies; manual and instrumented microbiology products; hematology instruments; and other diagnostic systems, including immunodiagnostic test kits and instrumentation systems.

Dividend Data

Dividends have been paid since 1926. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 24	Mar. 6	Mar. 10	Mar. 31'89
0.25	May 30	Jun. 6	Jun. 12	Jun. 30'89
0.25	Jul. 25	Sep. 1	Sep. 8	Sep. 29'89
0.27	Nov. 28	Dec. 11	Dec. 15	Jan. 2'90

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $482,729,000.

Common Stock: 38,506,657 shs. ($1 par).
Institutions hold approximately 69%.
Shareholders of record: 8,451.

Office—One Becton Dr., Franklin Lakes, N.J. 07417-1880. **Tel**—(201) 848-6800. **Chrmn**—W. J. Howe. **Pres & CEO**—R. V. Gilmartin. **Secy**—R. G. Butler. **VP-Treas**—G. D. Cheatham. **Investor Contact**—R. Jesper. **Dirs**—H. N. Beaty, H. P. Becton, G. M. Edelman, R. V. Gilmartin, R. W. Haack, R. W. Hanselman, W. J. Howe, J. A. Holmes, W. B. Macomber, F. A. Olson, G. M. Shatto, R. S. Troubh. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New Jersey in 1906. **Empl**—19,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B. Saffles

Bell Atlantic

NYSE Symbol BEL Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
102¼	104⅝-69⅜	15	4.40	4.3%	A-	0.63

Summary

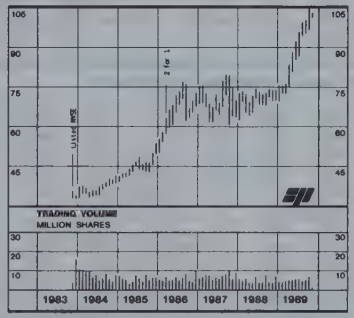
Bell Atlantic is the fourth largest provider of exchange telephone services in the U.S. BEL's seven telephone subsidiaries serve six mid-Atlantic states and the District of Columbia. In September, 1989 the company announced plans for a major restructuring effort which could result in earnings at or slightly above breakeven in the 1989 fourth quarter. A good earnings recovery is projected for 1990.

Current Outlook

Earnings for 1990 are are projected at approximately $7.40 a share, compared with the depressed $5.45 estimated for 1989.

The $1.10 quarterly dividend is likely to be raised about 6% in the first half of 1990.

Telephone operating revenues for 1990 should advance moderately, due primarily to growth in access lines and rising demand for network services. Margins could widen slightly, as cost savings from streamlining efforts are partly offset by increased employment and other operating expenses. Contributions from unregulated units should increase. Interest expense may decline.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.77	2.63	2.46	2.36
Jun.	2.88	2.72	2.64	2.47
Sep.	2.91	2.76	2.59	2.49
Dec.	---	2.77	2.60	2.60
	---	10.88	10.30	9.92

Revenues for the nine months ended September 30, 1989 were up 5.5%, year to year. Margins widened, and operating income advanced 9.9%. After other expenses and an 8.1% rise in interest costs, pretax income gained 9.2%. Following taxes at 32.0%, versus 29.8%, net income advanced 5.8%, to $5.43 a share from $5.12.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.77	1.66	1.54	1.45
Jun.	1.84	1.74	1.64	1.54
Sep.	1.82	1.72	1.62	1.49
Dec.	E0.02	1.53	1.44	1.37
	E5.45	6.65	6.24	5.85

Important Developments

Sep. '89— BEL announced plans for a number of initiatives, including an organizational realignment, force reductions, the restatement of assets, debt refinancing, and the establishment of a trust for future costs of medical and dental benefits for nonmanagement retirees. The initiatives could result in fourth quarter earnings at or slightly above break-even. Financial incentives would be provided for managers to elect voluntarily to retire or leave the business, which could reduce the work force some 1,000 to 1,200 by the end of 1989. Some network operations would be consolidated; the headquarters of BEL's C&P Telephone unit would be merged into other operations; and efficiency and cost controls were expected to be enhanced by reducing layers of management. The initiatives were expected to positively affect future earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	45.90	43.40	41.08	39.41	37.46	[3]35.96
Earnings	6.65	6.24	5.85	5.47	4.97	NA
Dividends	4.08	3.84	3.60	3.40	3.20	NA
Payout Ratio	61%	62%	62%	62%	64%	NA
Prices—High	74½	79¾	77	53⅝	41½	35⅝
Low	62¼	60½	50	38⅞	32⅞	32½
P/E Ratio—	11-9	13-10	13-9	10-7	8-7	NA

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. Adj. for stk. div(s). of 100% Apr. 1986. 1. As of Jan. 1, 1984. E-Estimated. NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On [3]Com. Equity
1988	10,880	2,354	1,612	84.2%	4.64	32.5	28.7%	1,317	12.1	9.1	14.5
1987	10,298	2,117	1,725	84.2%	4.80	30.6	36.5%	1,240	12.0	9.9	14.4
1986	9,921	1,927	1,646	84.3%	5.43	33.7	43.7%	1,167	11.8	9.6	14.3
1985	9,084	1,484	1,679	83.3%	4.94	42.0	42.6%	1,093	12.0	9.6	14.1
1984	8,090	1,194	1,647	83.0%	4.81	37.7	42.9%	973	12.0	9.2	13.3

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	27,570	2,889	18,174	9.6	20,121	6,557	41.7	Nil	Nil	9,177	58.3
1987	25,321	2,364	17,245	9.6	17,976	5,199	37.3	Nil	Nil	8,742	62.7
1986	23,719	2,291	16,932	9.3	17,363	4,957	37.3	Nil	Nil	8,321	62.7
1985	22,138	2,163	16,537	9.4	16,813	4,891	38.2	Nil	Nil	7,921	61.8
1984	20,602	1,913	15,789	8.9	15,844	4,745	38.7	Nil	Nil	7,509	61.3
[4]1983	19,313	NA	15,084	NA	15,004	4,847	41.1	Nil	Nil	6,947	58.9

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. 1. Times int. exp. excl. financial services (pretax basis). 2. Based on income bef. income charges. 3. As reptd. by co. 4. As of Jan. 1, 1984. NA-Not Available.

Business Summary

Bell Atlantic is the fourth largest provider of exchange telephone service in the U.S., based on 1988 revenues. The company's seven telephone operating subsidiaries serve some 16,541,000 customer access lines in New Jersey, Pennsylvania, Maryland, Virginia, Delaware, West Virginia, and Washington, D.C. BEL's telephone units also publish telephone directories and engage in other related activities.

Other communications and related services include: Bell Atlantic Mobile Systems, which operates cellular telephone systems in BEL's geographic service area and owns a significant minority interest in a partnership serving the New York City area; BEL's customer service unit maintains computer equipment and associated peripherals and sells and repairs computer parts; Bell Atlantic International, Inc. provides telecommunications consulting services outside of the U.S.; other units sell computer and office supplies and accessories, and market and maintain CPE equipment primarily in the mid-Atlantic region and Texas. Paging services are also provided.

Financial and real estate services are provided through BEL's Bell Atlantic Capital Corp. (BACC) and Bell Atlantic Properties (BAP). Through its TriCon leasing unit, BACC leases CPE, office, medical and other equipment sold by many vendors and provides other types of financing; BACC also leases computer and other high technology equipment leasing aand finacing. BAP, which invests in and develops real estate holdings, in 1986 acquired a commercial real estate portfolio consisting of 39 office buildings, about 300 acres of undeveloped real estate, and a 50% interest in two other office buildings. BAP is developing a 53-story office building in Philadelphia, in which Bell of Pennsylvania would occupy about 50% of the rentable space.

BEL jointly owns, with the six other regional Bell holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.02	Dec. 19	Dec. 23	Dec. 30	Feb. 1'89
1.10	Mar. 28	Apr. 4	Apr. 10	May 1'89
1.10	Jun. 27	Jul. 3	Jul. 10	Aug. 1'89
1.10	Sep. 26	Oct. 3	Oct. 10	Nov. 1'89

Next dividend meeting: Dec. 19 '89.

Finances

Construction expenditures for network additions amounted to $2.4 billion in 1988, up from $2.3 billion in 1987. BEL estimated such expenditures at $2.4 billion for 1989.

On January 1, 1984 AT&T spun off its 22 Bell operating companies in the form of BEL and six other regional holding companies (RHCs). That action was taken pursuant to a divestiture agreement settling Federal antitrust action.

Capitalization

Long Term Debt: $6,700,300,000.

Common Stock: 199,738,233 shs ($1 par).
Institutions hold about 34%.
Shareholders of record: 1,275,000.

Office—1600 Market Street, Philadelphia, Pa 19103. **Tel**—(215) 963-6000. **Chrmn & CEO**—R. W. Smith. **Pres**—A. J. Campanella. **VP-Secy & Treas**—C. S. Burger. **Investor Contact**—L. S. Grant. **Dirs**—T. E. Bolger, P. H. Campbell, F. C. Carlucci, W. G. Copeland, L. H. Elliot, J. H. Gilliam, Jr., G. T. Halpin, R. D. Harrison, R. V. Heysbert Sr., J. C. Jefferds Jr., R. A. Levetown, J. C. Marous Jr., J. F. Maypole, T. H. O'Brien, R. W. Smith, S. Young. **Transfer Agent**—American Transtech Inc., Jacksonville, Fla. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1983. **Empl**—80,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Bell Industries

NYSE Symbol BI

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
16	17¾-14⅝	17	[4]0.40	[4]2.5%	B	1.19

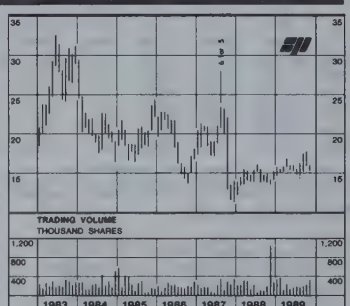
Summary

Bell Industries is one of the nation's largest distributors of electronics components. The company also manufactures electronic components and distributes construction, graphic arts, and automotive related products. Earnings for fiscal 1989 were sharply lower, reflecting the absence of a onetime gain; but Bell said in October that it expected substantially higher earnings for fiscal 1990, barring a severe deterioration in market conditions.

Business Summary

Bell Industries is primarily a distributor of electronic components. It also distributes building and construction, graphic arts and automotive related products, and manufactures computer and electronic components. Contributions by business segment in fiscal 1989:

	Sales	Profits
Electronics	61%	58%
Distribution	53%	51%
Manufacturing	8%	7%
Building products	21%	14%
Motor vehicle parts and accessories	6%	14%
Graphic arts	12%	14%



Electronics distribution involves the sale of semiconductors, passive components, computers, power supplies, and board level products from 34 sales and warehouse facilities, including five computer sales offices in 20 states. Comp-Fast (acquired fiscal 1987) sells passive and electromechanical components and semiconductors.

Electronics manufacturing involves the production of high-precision, close tolerance products for the computer and aerospace markets. Products include switches, push buttons, electro-luminescent panels, and hydraulic valve subassemblies, and multi-layered printed circuit boards.

The Building Products group distributes heating, ventilating, air conditioning, and plumbing products through 11 California facilities. The group also manufactures custom sheet metal products used for ductings, fittings, and ventilation.

The Motor Vehicle Parts and Accessories Group distributes replacement parts for motorcycles, mobile homes, and recreational vehicles to dealers and wholesalers in the midwestern U.S. Product offerings include marine equipment, and motorcycle helmets.

The Graphics Arts Group distributes film, chemicals, printing supplies, sophisticated cameras, and lithographic plates throughout California to the electronics and printing industries.

Computer memory manufacturing operations, or disk operations, were sold in April, 1988.

Important Developments

Oct. '89— Bell said that it expected substantially higher earnings for fiscal 1990, barring a severe deterioration in market conditions.

Oct. '89— Directors voted to raise the dividend 43%, to $0.10 quarterly from $0.07, with the February, 1990 payment. Separately, Bell said that the improved profit margins on lower sales in the fiscal 1990 first quarter reflected benefits from it's organizational restructuring and continuing programs to control costs, improve productivity, and increase operating efficiencies.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	1986	1985	1984	[1]1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	17.62	16.73	14.82	15.41	15.38	14.53	10.86	9.80	8.50	7.43
Earnings[2]	0.75	1.96	0.51	0.47	1.05	1.84	1.25	1.42	1.54	1.67
Dividends	0.28	0.27½	0.26⅝	0.26⅝	0.26⅝	0.25	0.20	0.20	0.20	0.19¼
Payout Ratio	36%	14%	52%	57%	25%	14%	16%	14%	13%	11%
Prices—High[3]	17¾	16⅛	23⅜	22⅞	24⅜	29½	32⅝	20½	15½	14¼
Low[3]	14⅝	12⅛	11¼	13⅝	16⅜	16⅜	18½	11½	9	6⅜
P/E Ratio—	24-20	8-6	46-22	49-29	23-16	16-9	26-15	14-8	10-6	9-4

Data as orig. reptd. Adj. for stk. div(s). of 20% Aug. 1987. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of -0.16 in 1981 **3.** Cal yr. **4.** Based on Feb. 1990 proposed quarterly payment

December 7, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	418	16.7	4.0	3.96	5.52	2.94	7.3	37.5%	4.6	1.1
1988	432	21.7	5.0	6.44	6.51	3.21	21.8	41.3%	12.8	3.0
[2]1987	357	15.0	4.2	6.61	5.88	2.30	6.9	51.5%	3.3	0.9
1986	300	11.3	3.8	9.46	4.76	1.33	5.2	41.4%	3.0	1.0
1985	304	18.1	5.9	7.29	4.08	1.29	12.7	47.0%	6.7	2.2
1984	312	27.3	8.8	4.85	3.49	1.67	22.2	49.3%	11.3	3.6
[2]1983	224	17.2	7.7	4.91	2.94	1.72	12.5	45.6%	6.8	3.0
1982	205	18.8	9.2	7.29	2.35	1.69	14.8	48.4%	7.7	3.7
[3]1981	191	21.1	11.1	4.10	2.12	3.12	15.9	48.7%	8.2	4.3
[2]1980	200	22.3	11.1	3.59	1.77	3.08	17.4	49.7%	8.8	4.4

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	7.04	149	41.9	3.6	181	2.5%	20.1	112	134	15.0	4.1%
1988	3.89	156	49.4	3.2	192	6.9%	18.9	116	137	13.8	11.5%
1987	2.40	139	37.1	3.7	180	2.0%	29.6	108	138	21.4	3.1%
1986	3.37	116	28.8	4.0	151	2.0%	12.8	105	118	10.8	2.9%
1985	6.52	117	27.6	4.2	148	4.6%	11.2	103	114	9.8	6.7%
1984	7.25	119	33.1	3.6	146	8.0%	11.7	97	109	10.7	13.1%
1983	1.41	88	24.2	3.6	114	6.5%	22.6	64	86	26.2	11.2%
1982	1.39	73	21.0	3.5	96	8.2%	15.1	57	72	20.9	14.3%
1981	1.75	70	19.8	3.5	89	9.0%	17.3	50	67	25.9	17.6%
1980	2.05	76	25.4	3.0	91	10.8%	21.8	43	65	33.8	22.6%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1981. **2.** Reflects merger or acquisition. **3.** Excludes discontinued operations and reflects merger or acquisition.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	101.3	109.8	108.7	82.5
Dec.		101.9	104.1	80.3
Mar.		100.8	105.7	92.0
Jun.		105.7	113.1	102.3
		418.2	431.6	357.1

Sales for the three months ended September 30, 1989 declined 7.8%, year to year. Lower operating profits for electronics distribution, building products and graphic arts were more than offset by the profit turnaround for electronics manufacturing, combined with a 7.2% increase in motor vehicle parts operating profits. Pretax income advanced 80.4%. After taxes at 41.6%, versus 41.4%, net income increased 79.8%. Earnings per share were $0.37 based on fewer shares outstanding, compared with $0.19.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.37	0.19	0.26	0.14
Dec.		0.16	0.15	0.10
Mar.		0.15	0.32	0.15
Jun.		0.25	1.23	0.12
		0.75	1.96	0.51

Finances

In November, 1988 Bell repurchased 605,220 shares of its own common stock in the open market at an average price of $14.00 a share.

In April, 1988 Bell sold its computer memory division to Furukawa Electronics Co. Ltd., Tokyo, for $15 million in cash. Proceeds were used to reduce bank debt. BI realized a gain on the sale of $5.7 million ($0.88 a share).

Dividend Data

Dividends were initiated in 1973.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Dec. 13	Jan. 19	Jan. 25	Feb. 15'89
0.07	Mar. 24	Apr. 19	Apr. 25	May 15'89
0.07	Jun. 26	Jul. 19	Jul. 25	Aug. 15'89
0.07	Sep. 18	Oct. 19	Oct. 25	Nov. 15'89

Capitalization

Long Term Debt: $18,365,000.

Common Stock: 5,748,327 shs. ($0.25 par).
Institutions hold about 87%.
Shareholders of record: 1,645.

Office—11812 San Vincente Blvd., Los Angeles, Calif. 90049-5069 **Tel**—(213) 826-6778 **Chrmn & Pres**—T. Williams. **EVP & Investor Contact**—B. M. Jaffe **VP-CFO**—J. Conzen **VP-Treas**—N. Landgarten **Secy**—J. J. Cost **Dirs**—J. J. Cost, H. B. Franklin, B. M. Jaffe, N. Landgarten, E. Ring, M. Rosenberg, T. Williams **Transfer Agents**—Union Bank, Panorama City, Calif. and NYC; Security Pacific National Bank, Los Angeles **Registrar**—Union Bank, Panorama City, Calif. and NYC **Incorporated** in California in 1959; reincorporated in Delaware in 1979 **Empl**—1,750.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N.J. DeVita

BellSouth Corp.

NYSE Symbol BLS Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
53⅜	55⅜-39	15	2.52	4.7%	A-	0.76

Summary

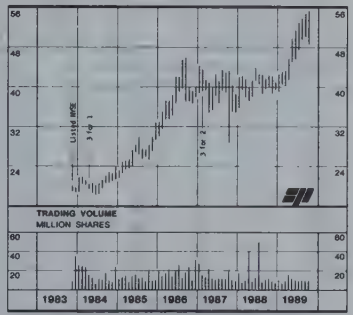
BellSouth, the second largest telephone holding company in the U.S., provides local exchange telephone service in nine Southeastern states. In April, 1989 BLS acquired Mobile Communications Corp. of America, which provides mobile communications and paging services, for some $710 million of stock. In September BLS agreed to merge its cellular properties with those of LIN Broadcasting Corp. in exchange for 50% of the new company. McCaw Cellular Communications made a rival bid for LIN.

Current Outlook

Earnings for 1990 are projected to reach approximately $3.80 a share, compared with the $3.55 estimated for 1989.

The $0.63 quarterly dividend is likely to be increased moderately in early 1990.

Revenues from telephone opertions in 1990 could modestly increase, as continued growth in access lines and calling volume is partly offset by lower rates; revenues from unregulated operations should increase rapidly, reflecting primarily the fast growing cellular and paging operations. Margins are anticipated to be relatively unchanged—telephone margins could continue to be adversely affected by rate cuts, but substantial improvement is expected from nonregulated operations.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.37	3.11	2.95	2.81
Jun.	3.47	3.21	3.03	2.93
Sep.	3.55	3.46	3.12	2.89
Dec.	---	3.58	3.17	2.82
	---	13.60	12.27	11.44

Revenues for the nine months ended September 30, 1989 rose 3.6%, year to year. Margins narrowed, and operating income declined 2.2%. After a 13% increase in interest expense, pretax income was down 3.5%. Following taxes at 31.1%, versus 32.4%, net income fell 1.6%, to $2.58 a share from $2.61, before a special credit of $0.09 (net) in the 1989 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.90	0.94	0.91
Jun.	0.87	0.83	0.80	0.87
Sep.	0.89	0.89	0.87	0.84
Dec.	E0.97	0.90	0.85	0.76
	E3.55	3.51	3.46	3.38

Important Developments

Sep. '89— BLS definitively agreed to merge its domestic cellular operations into LIN Broadcasting Corp. in exchange for newly-issued shares amounting to 50% of LIN's post-merger common stock. Prior to the merger, LIN would spin off its television broadcasting subsidiaries to its stockholders and pay each pre-merger LIN shareholder $20 a share in cash. Subject to various approvals, the combined company would serve some 500,000 customers in more than 40 markets; net pops (service area population adjusted for percent ownership) would total about 46 million. BLS didn't expect any significant earnings or balance sheet effects from the merger. McCaw Cellular Communications, Inc. made a competing bid for LIN, offering $125 a share in cash for 22 million LIN shares not already owned, or about 45% of the total. If successful, McCaw would own slightly more than 50% of LIN.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	26.70	24.57	23.03	21.97	20.75	[1]19.89
Earnings	3.51	3.46	3.38	3.13	2.85	NA
Dividends	2.32	2.20	1.99	1.86¾	1.73⅜	NA
Payout Ratio	66%	64%	59%	60%	61%	NA
Prices—High	43⅞	44½	46	32⅞	23⅞	20⅛
Low	35¾	28¾	30	21½	18⅛	18¾
P/E Ratio—	12-10	13-8	14-9	11-7	8-6	NA

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. Adj. for stk. div(s). of 50% Feb. 1987, 200% May 1984. 1. As of Jan. 1, 1984. E-Estimated NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Invest. Capital	% Return On [2]Com. Equity
1988	13,597	2,682	2,284	83.3%	4.48	NA	31.5%	1,666	12.2	9.9	13.8
1987	12,269	2,498	2,131	86.4%	5.42	NA	38.4%	1,665	13.6	9.8	14.2
1986	11,444	1,936	2,057	80.4%	5.43	NA	45.0%	1,589	13.9	10.1	14.7
1985	10,664	1,802	2,094	80.3%	4.63	NA	42.9%	1,418	13.3	10.0	14.4
1984	9,519	1,536	1,962	79.9%	4.34	NA	43.0%	1,257	13.2	9.7	14.0

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	34,134	3,207	23,455	9.9	24,106	7,031	37.3	Nil	Nil	11,839	62.7
1987	31,606	3,008	22,678	12.0	23,589	6,320	34.5	Nil	Nil	11,979	65.5
1986	29,497	2,835	22,169	10.3	22,715	6,255	35.7	Nil	Nil	11,262	64.3
1985	27,272	2,624	21,234	10.1	21,521	6,471	38.8	Nil	Nil	10,198	61.2
1984	25,442	2,274	20,396	9.6	20,328	6,441	40.6	Nil	Nil	9,415	59.4
[3]1983	23,644	NA	19,511	NA	19,037	6,336	42.3	Nil	Nil	8,646	57.7

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. 1. Times int. exp. (pretax basis). 2. As reptd. by co. 3. As of Jan. 1, 1984. NA-Not Available

Business Summary

BellSouth is the second largest telephone holding company in the U.S., based on 1988 revenues. The company's telephone subsidiaries, South Central Bell and Southern Bell, furnish exchange telecommunications and access service in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee for approximately 16.9 million customer access lines. Communications services provided by the telephone subsidiaries accounted for about 77% of total revenues in 1988.

Bell South Enterprises, Inc. was established on January 1, 1986 as a holding company for most of BLS's nonregulated subsidiaries: the Advertising and Publishing Group publishes and markets Yellow Pages advertising and White Pages telephone directories, and produces specialized directories; other units sell, lease and maintain customer premises equipment, computers and related office equipment.

Following the April, 1989 acquisition of Mobile Communications Corp. of America, BellSouth became one of the world's largest providers of mobile communications. As of September 30, 1989 BLS served some 272,417 cellular subscribers (based on BLS's percentage ownership in each market) in 36 markets, and approximately 587,183 paging customers in 63 markets.

Bell Communications Research, which is jointly owned with the six other regional Bell holding companies, provides technical and consulting services.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.59	Nov. 28	Jan. 4	Jan. 10	Feb. '89
0.63	Mar. 27	Apr. 4	Apr. 10	May '89
0.63	Jun. 26	Jul. 6	Jul. 12	Aug. '89
0.63	Sep. 25	Oct. 4	Oct. 11	Nov. '89

Next dividend meeting: late Nov.'89.

Finances

Capital spending totaled $3.2 billion in 1988, and was projected at $3.3 billion for 1989.

On April 4, 1989 BLS reissued approximately 17.1 million common shares in connection with the acquisition of Mobile Communications Corp. of America. Some 17 million BLS shares had been repurchased in the open market during 1988.

On January 1, 1984 AT&T spun off its 22 Bell operating companies in the form of BLS and six other regional holding companies (RHCs). That action was taken pursuant to a divestiture agreement settling Federal antitrust action.

Capitalization

Long Term Debt: $7,070,800,000.

Common Stock: 481,500,280 shs. ($1 par).
Institutions hold about 29%.
Shareholders of record: 1,486,478.

Office—1155 Peachtree Street, N.E., Atlanta, Ga. 30367-6000. **Tel**—(404) 249-2000. **Chrmn, CEO & Pres**—J. L. Clendenin. **VP-Secy**—M. L. Campbell. **EVP & CFO**—H. R. Holding. **Investor Contact**—S. K. Kirkemier. **Dirs**—F. W. Ackerman, I. Allen III, A. F. Brimmer, W. R. Bunn, J. B. Campbell, J. L. Clendenin, M. M. Criser, P. L. Davis, G. B. Davidson, J. P. Labord, W. O. McCoy, J. G. Medlin, C. D. Spangler, Jr., R. A. Terry, T. R. Williams, J. T. Wilson. **Transfer Agent**—American Transtech Inc., Jacksonville, Fla. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Georgia in 1983. **Empl**—101,576.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Bemis Co.

NYSE Symbol BMS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
31	37½-22½	18	0.60	1.9%	A	1.18

Summary

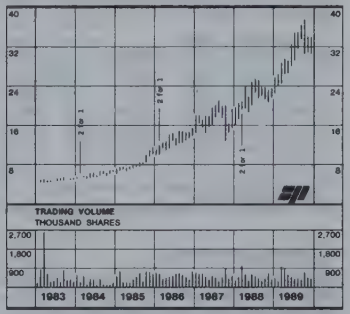
Through acquisitions and internal development, Bemis has become an important producer of a broad range of packaging items and equipment, specialty chemicals, and fabrics. While profits will remain subject to cyclical economic trends, benefits from BMS' capital program, which has stressed increased production of specialty films for food packaging, should aid long-term growth.

Current Outlook

Earnings for 1989 are projected at $2.10 a share, compared with the $1.80 estimated for 1989.

The $0.15 quarterly dividend should be raised early in 1990.

Sales for 1990 are expected to show another modest increase, as long as the general economy does not deteriorate. Earnings should be helped by continued improvement in the flexible packaging business where BMS has invested heavily.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	265	246	226
Jun.	---	280	276	236
Sep.	---	262	277	226
Dec.	---	---	271	242
	---	---	1,070	930

Sales for the nine months ended September 30, 1989 rose 1.1%, year to year. Margins widened on the increased sales and a reduction in raw material costs. Net income increased 20%. Share earnings were $1.24 on 2.6% fewer shares outstanding, compared with $1.01.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.35	0.30	0.25	0.20
Jun.	E0.55	0.48	0.37	0.30
Sep.	E0.55	0.46	0.39	0.31
Dec.	E0.65	E0.56	0.47	0.37
	E2.10	E1.80	1.48	1.18

Important Developments

Oct. '89— The company said that the decline in third quarter sales reflected soft market conditions and very competitive pricing in several segments of its business, as well as the elimination of several small product lines. The growth in third quarter earnings was attributed to careful cost control.

Sep. '89— Bemis' Hayssen Manufacturing Co. subsidiary sold its line of extrusion blow-molding machines to Cincinnati Milacron Inc. Terms were not disclosed.

Aug. '89— Directors approved a shareholder preferred stock purchase rights plan as an anti-takeover move. The company said it had no knowledge of an impending takeover attempt.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.28	8.46	7.33	6.74	6.14	5.83	5.61	5.50	5.23	5.01
Earnings[2]	1.48	1.18	0.93	0.82	0.64	0.39	0.34	0.53	0.54	0.43
Dividends	0.44	0.36	0.30	0.25	0.22	0.20	0.20	0.20	0.18⅞	0.17½
Payout Ratio	28%	28%	29%	30%	34%	49%	58%	38%	36%	33%
Prices—High	25½	21	15½	11½	8⅞	5½	4½	4⅛	3⅝	3⅞
Low	16	12¾	9⅞	8⅛	5⅛	4⅛	3	2⅞	2¾	2½
P/E Ratio—	17-11	18-11	17-11	14-7	11-8	14-11	13-9	8-5	7-5	9-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1988, 100% Apr. 1986, 100% Apr. 1984. 1. Reflects merger or acquisition 2. Bef. results of disc. opers. of +0.03 in 1983, +0.07 in 1981, -0.06 in 1980, +0.31 in 1979 E-Estimated

January 3, 1990

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,069	117	10.9	61.0	33.1	11.60	[2]68.7	37.6%	39.6	3.7
1987	930	98	10.6	64.2	30.7	9.27	[2]56.9	39.8%	[3]32.0	3.4
1986	865	81	9.5	58.2	27.0	8.62	[2]47.1	41.0%	25.6	3.0
[4]1985	787	70	8.9	39.6	25.0	7.09	[2]37.7	34.5%	23.0	2.9
1984	779	63	8.2	24.5	24.1	8.92	[2]32.0	38.5%	18.1	2.3
1983	701	48	6.9	17.2	23.3	8.50	19.1	33.3%	11.2	1.6
1982	681	45	6.7	29.0	22.5	9.00	13.6	15.4%	10.2	1.5
1981	719	43	6.0	59.7	19.1	9.20	[2]19.5	12.6%	[3]15.8	2.2
[5]1980	662	44	6.6	55.6	15.2	[3]7.40	[2]26.6	36.7%	15.9	2.4
[5]1979	648	47	7.4	33.6	15.6	5.50	[2]28.4	40.4%	15.8	2.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1.2	303	166	1.8	595	6.9%	120	237	419	28.5	17.5%
1987	0.1	275	157	1.8	545	6.2%	102	216	377	27.0	15.6%
1986	0.5	243	138	1.8	495	5.5%	92	194	348	26.5	13.7%
1985	5.1	211	120	1.8	441	5.6%	79	184	314	25.2	13.1%
1984	6.7	184	101	1.8	395	4.6%	70	175	287	24.4	10.6%
1983	2.6	174	98	1.8	389	3.0%	85	167	286	29.5	6.8%
1982	3.0	159	89	1.8	385	2.6%	82	175	290	28.2	5.8%
1981	2.0	166	90	1.8	393	4.2%	87	176	297	29.1	9.1%
1980	13.4	174	88	2.0	369	4.3%	74	169	275	26.9	9.4%
1979	25.2	194	93	2.1	364	4.8%	79	157	271	29.0	10.6%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1983, 1981, 1980, 1979. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Excludes discontinued operations.

Business Summary

Bemis manufactures a wide range of consumer and industrial packaging materials, packaging machinery and industrial products. Business segment contributions in 1988:

	Sales	Profits
Packaging	72%	66%
Specialty coated & graphics products	28%	34%

Foreign operations, conducted in Europe, Canada, and Latin America, accounted for about 17% of sales and 19% of operating income in 1988.

Packaging products include coated and laminated specialty films, multiwall and small paper bags, polyethylene bags and liners, pressure sensitive labels, color separations and rotogravure cylinders, injection molded plastic containers, and various other materials and converted products. Primary markets are the food and agricultural products industries.

The Specialty Coated and Graphics Products group is a producer of pressure sensitive adhesive materials and related applicating machinery. The group also produces presensitized printing plates; chemicals and processing equipment; and expanded, calendered and laminated vinyls. Products are sold to the printing, automotive, home furnishings, furniture and other industries.

Dividend Data

Dividends have been paid since 1922. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Feb. 1	Feb. 13	Feb. 17	Mar. 1'89
0.15	May 4	May 9	May 15	Jun. 1'89
0.15	Aug. 3	Aug. 16	Aug. 22	Sep. 1'89
0.15	Oct. 26	Nov. 14	Nov. 20	Dec. 1'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $105,839,000.

Minority Interest: $16,980,000.

Common Stock: 25,633,878 shs. ($0.10 par).
Officers & directors own some 11%.
Institutions hold approximately 41%.
Shareholders of record: 3,921.

Office—800 Northstar Center, Minneapolis, Minn. 55402. **Tel**—(612) 340-6000. **Chrmn & CEO**—H. Curler. **Pres**—J. H. Roe. **VP-Secy**—S. W. Johnson. **VP-Treas**—B. Field III. **Dirs**—E. W. Asplin, E. T. Binger, H. Curler, J. N. Dempsey, R. Greenkorn, E. S. McBride, N. P. McDonald, J. H. Roe, W. R. Wallin, W. N. Wray, R. F. Zicarelli. **Transfer Agent & Registrar**—Norwest Bank, Minneapolis. **Incorporated** in Missouri in 1885. **Empl**—7,855.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

Beneficial Corp. 318

NYSE Symbol BNL Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
52	56⅝-42⅝	12	2.20	4.2%	B	1.09

Summary

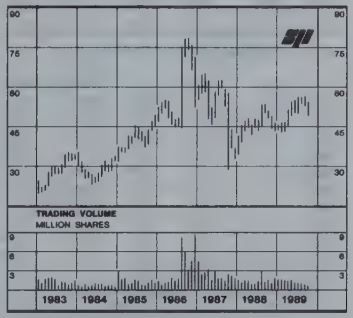
This leading consumer finance company specializes in loans to middle-class Americans for major purchases, education, debt consolidation, and home improvement. More than 60% of its loans are secured by real estate. During 1987 BNL shed its credit card, annuity, and property and casualty insurance units to focus on its core consumer credit business. Profits gains for 1989 and 1990 are expected to result from growth in consumer receivables and strong credit quality.

Current Outlook

Earnings for 1990 are projected at $5.35 a share, up from the $4.95 estimated for 1989.

The minimum expectation is for dividends to continue at $0.55 quarterly.

Consumer finance receivables are expected to grow about 4%-7% in 1990, primarily reflecting the continued willingness of consumers to borrow as well as BNL's aggressive marketing efforts. Spreads are likely to come under pressure from increased competition for real estate products and the effect of somewhat higher funding costs experienced earlier in the year. Good expense control should continue to help operating comparisons. Beneficial is well reserved against potential loan losses, and credit quality should be excellent, barring a major downturn in the economy.



Review of Operations

Net finance and other revenues for the six months ended June 30, 1989 rose 12%, year to year, primarily reflecting growth in the balance of receivables outstanding, partially offset by a decrease in the lending spread due to higher funding costs. Pretax income was up 13%. Following taxes at 40.1%, against 36.8%, net income increased 7.2%. Earnings per share were $2.38, compared with $2.18 in the year-earlier period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.13	1.08	0.98	0.75
Jun.	1.25	1.10	1.96	0.69
Sep.	E1.27	1.17	1.15	1.16
Dec.	E1.30	0.84	1.49	0.65
	E4.95	4.19	5.58	3.25

Important Developments

Aug. '89— In the second quarter report to shareholders, BNL said that while short-term money costs did not decline noticeably until late in the quarter, lending spreads were wider than in the first quarter, benefiting from 100 basis points (1.0%) of upward repricing on April 1 on the $1.3 billion of variable-rate revolving credit loans. BNL's gross yield on the entire loan portfolio was 18.66% in the second quarter, and the lending spread improved to 9.11% from 8.86% in the first quarter. BNL also said that it expected further improvement in the spread in the third quarter.

Apr. '89— Beneficial announced that it had filed a shelf registration statement covering $750 million of debt securities.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	30.13	26.77	21.26	30.22	25.08	23.37	21.77	30.68	29.44	28.41
Earnings[1]	4.19	5.58	3.25	3.76	4.02	3.96	2.73	0.97	3.45	4.24
Dividends	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.95
Payout Ratio	48%	36%	62%	53%	50%	51%	73%	NM	58%	46%
Prices—High	53¾	65¼	78⅜	49½	35½	35⅜	27⅛	25⅜	27	32⅛
Low	34¼	28½	44¼	31⅝	23	19⅝	14⅝	18½	17⅝	22⅛
P/E Ratio—	13-8	12-5	24-14	13-8	9-6	9-5	10-5	26-19	8-5	8-5

Data as orig. reptd. 1. Bef. results of disc opers of +0.09 in 1987, -12.41 in 1986, +0.06 in 1985, -4.90 in 1982, -2.08 in 1981, bef. spec. item(s) of +1.42 in 1987, +0.86 in 1986. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Inc.[1] Consol. Cos.	Inc.[1] Non-Con. Subs.	[2]Total Net Inc.	% Return On Revs.	% Return On Assets	% Return On [3]Equity
1988	1,418	545	88.2	168	37.5%	105	Nil	105	7.4	1.4	13.1
1987	1,242	471	82.5	218	35.6%	140	Nil	140	11.3	2.0	19.6
1986	1,134	443	88.2	134	34.3%	88	Nil	88	7.8	1.2	10.3
1985	2,059	520	92.4	157	36.5%	100	Nil	100	4.9	1.2	10.6
1984	1,805	472	92.5	135	15.7%	114	16.6	106	5.9	1.5	12.2
1983	1,582	390	89.6	164	30.3%	114	15.5	106	6.7	1.7	12.8
1982	1,440	425	92.6	107	24.6%	77	12.6	78	5.4	1.3	8.5
1981	1,466	459	92.4	100	32.3%	62	d9.3	39	2.7	0.6	2.7
1980	1,323	395	88.1	155	31.2%	101	8.7	94	7.1	1.6	9.3
1979	983	251	84.8	157	31.9%	100	16.1	101	10.3	2.0	11.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Investments Cost	Cash & Secs.	Net Finance Rec.	ST Debt	Capitalization Debt	Capitalization [3]Equity	Capitalization Total	Price Times Book Value Hi	Price Times Book Value Lo
1988	7,544	362	89	6,385	2,483	3,203	735	4,111	1.8	1.1
1987	6,929	335	66	5,825	2,474	2,737	695	3,622	2.4	1.1
1986	7,274	286	122	5,278	2,596	3,186	601	3,994	3.7	2.1
1985	8,718	2,024	140	5,782	1,702	3,469	818	4,511	1.6	1.0
1984	7,721	1,636	31	5,038	1,201	3,599	752	4,592	1.4	0.9
1983	6,716	1,310	22	4,555	1,090	3,262	712	4,215	1.5	0.8
1982	6,063	1,287	48	3,939	704	3,287	669	4,197	1.2	0.7
1981	6,340	1,104	50	4,107	1,224	3,263	762	4,266	0.8	0.6
1980	6,030	1,015	55	3,919	973	3,178	843	4,262	0.9	0.6
1979	6,031	858	53	3,906	1,148	3,154	814	4,187	1.1	0.8

Data as orig. reptd. 1. Bef. deducting interest exp. 2. Bef. results of disc. opers. in 1987, 1986, 1985, 1982, 1981; bef. spec item(s) in 1987, 1986 3. Common. d-Deficit.

Business Summary

Beneficial Corp. is a consumer oriented financial services company. In 1986 and early 1987 BNL disposed of the bulk of its nonconsumer finance businesses, which included credit card operations, life and property-casualty insurance, investment real estate leasing and most of its commercial loan portfolio.

Consumer finance operations are conducted through 1,073 offices in the U.S. (901), Canada (105), the United Kingdom (58) and West Germany (9). Finance receivables rose 7.6% in 1988 to $6.6 billion. Real estate secured loans accounted for 63% of the receivables portfolio, personal loans 29%, and sales finance contracts 8%. Other operations include a mortgage banking subsidiary, a commercial bank unit, and credit insurance and real estate development businesses.

Net chargeoffs in 1988 amounted to $68.6 million (1.09% of average finance receivables), versus $64.9 million (1.08%) in 1987. Credit loss reserves were $212.8 million at the end of 1988 (3.23% of finance receivables), versus $210.6 million (3.43%). Consumer loan receivables more than two months delinquent were 0.59% of the total, against 0.61%.

At December 31, 1988 BNL's funding base was 61.5% long-term debt (57.1% in 1987), 32.3% short-term debt (37.3%), and 6.2% deposits payable (5.6%).

Dividend Data

Dividends have been paid since 1929. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Nov. 17	Nov. 28	Dec. 2	Dec. 31'88
0.55	Feb. 9	Feb. 27	Mar. 3	Mar. 31'89
0.55	May 23	May 30	Jun. 5	Jun. 30'89
0.55	Jul. 31	Aug. 28	Sep. 1	Sep. 30'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $3,846,100,000.

Red. Cum. Preferred Stock: $58,300,000.

Cum. Preferred Stock: $115,200,000.

Common Stock: 22,400,000 shs. ($1 par).
Institutions hold about 62%.
Shareholders of record: 17,900.

Office—400 Bellevue Pkwy., Wilmington, Del. 19809 Tel—(302) 798-0800 Chrmn & CEO—F. M. W. Caspersen SVP-Treas & Investor Contact—W. H. Ely, Jr. (201) 781-3609. EVP-Secy—J. H. Gilliam, Jr. Dirs—C. W. Bower, R. C. Cannada, F. W. M. Caspersen, D. J. Farris, J. H. Gilliam, Jr., A. C. Halvorsen, J. R. Hillier, G. L. Holm, S. Muller, S. J. Ross, R. A. Tucker, E. N. Veasey, S. Wachter, C. H. Watts II, K. M. Worthy. Transfer Agent and Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1929 Empl—6,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Berkshire Hathaway

NYSE Symbol BRK

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
8,325	8,875-4,625	22	None	None	B+	0.96

Summary

The diverse interests of this firm include property and casualty insurance, the manufacture and retailing of candy, publication of educational materials, manufacture of vacuum cleaners, newspaper publication, and the retailing of home furnishings. BRK's investment portfolio includes a 17% interest in Capital Cities/ABC Inc. and 44% of GEICO Corp. In July and August, 1989 respectively, BRK bought preferred shares representing 11% and 12% voting interests in Gillette Co. and USAir. In September, it recieved about $400 million from the public sale of zero coupon convertible notes.

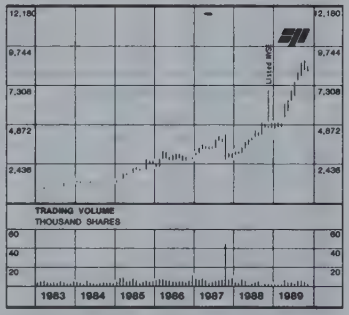
Business Summary

Berkshire Hathaway is a diversified company engaged, through subsidiaries, in the underwriting of property and casualty insurance, the publication of a daily newspaper in Buffalo, N.Y., the manufacture and sale of candy, the retail sale of home furnishings, the publication of encyclopedias and other reference materials, the production of home cleaning products, and the manufacture and distribution of uniforms. It also has interests in a savings and loan holding company and a precision steel warehouse through its 80.1%-owned Wesco Financial Corp. Principally through its insurance subsidiaries, Berkshire makes significant investments in the capital stock of other companies. Segment contributions in 1988:

	Revs.	Profits
Insurance	35%	47%
Encyclopedias	14%	6%
Candy	7%	7%
Home furnishings	7%	4%
Home cleaning products	6%	6%
Newspaper	6%	9%
Other	25%	21%

Through 12 units headed by National Indemnity Co. in Omaha, Neb., the company conducts a nationwide property and casualty insurance business on both a direct and reinsurance basis.

In 1986 the company acquired Scott & Fetzer Co., a diversified manufacturer, whose product lines include Kirby brand vacuum cleaners and encyclopedias and related educational materials sold under the World Book and Childcraft names. Also in 1986 Fechheimer Brothers Co., a manufacturer of uniforms, was acquired. Through transactions in 1978 and 1983 Berkshire acquired Blue Chip Stamps, a Los Angeles-based trading stamp company. Blue Chip also owned See's Candies (with over 200 retail shops in 12 states), The Buffalo News, and an 80.1% interest in Wesco Financial



Corp. Also in 1983 the company acquired a 90% interest in Nebraska Furniture Mart Inc.

Important Developments

Sep. '89— BRK received about $400 million from the sale of $902.64 million principal amount of zero coupon convertible subordinated notes due 2004. That sale price reflected an original discount rate and yield to maturity of 5.5% per annum. Each $10,000 face amount of note may be converted at any time on or prior to maturity, unless previously redeemed or otherwise purchased by BRK, into 0.4515 share of common stock, such conversion ratio to be adjusted only upon occurrence of certain dilutive events affecting the common stock.

Aug. '89— BRK said that it may seek approval to raise its stake in Coca Cola to 15% from about 6.8%.

Next earnings report expected in February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	2,869	2,369	1,963	1,578	1,041	907	737	527	401	336
Oper. Earnings[1]	273.37	187.24	114.62	81.04	61.21	63.93	31.93	40.27	37.47	34.97
Earnings[1,2]	348.23	204.51	246.19	379.99	129.82	106.40	47.01	63.47	47.97	41.68
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	5,000	4,270	3,250	2,730	1,360	1,385	775	590	485	350
Low	3,000	2,635	2,220	1,275	1,220	755	430	425	245	154
P/E Ratio—	18-11	23-14	28-19	34-18	22-20	22-12	24-13	15-11	13-7	10-4

Data as orig reptd 1. Bef results of disc. opers. of +3.75 in 1980. 2. Aft. gains/losses on security trans.

December 4, 1989

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Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Sales	Total Revs.	Property & Casualty Underwriting Ratios: Loss	Expense	Comb.	Net Bef. Taxes	[1]Net Oper. Inc.	[1]Net Inc.	% Return On— [2]Assets	[2]Equity
1988	584	1,408	2,333	74.9	32.5	107.4	418	313	399	4.9	10.0
1987	825	1,333	2,338	80.2	29.2	109.4	281	215	235	4.4	8.2
1986	824	1,225	2,177	79.6	22.2	101.8	196	131	282	3.4	6.2
1985	317	509	940	88.4	16.3	104.7	128	93	436	3.6	5.9
1984	140	500	729	100.9	35.0	135.9	91	70	149	3.6	5.9
[3]1983	152	382	624	88.0	34.9	122.9	86	68	113	4.0	7.4
1982	153	268	479	79.8	35.2	115.0	43	32	46	2.4	5.1
1981	159	263	479	65.0	36.6	101.6	60	40	63	3.7	8.7
1980	185	259	492	63.8	32.6	96.4	60	39	49	4.0	10.4
1979	182	248	474	66.1	31.0	97.1	52	36	43	4.4	12.0

Balance Sheet Data (Million $)

Dec. 31	[4]Cash & Equiv.	[5]Premiums Due	Investment Assets: Bonds	Stocks	[5]Cash	Total	Invest. in Affiliate	[7]GoodWill of Acq. Bus	Total Assets	[6]Term Debt	Common Equity
1988	NA	580	1,815	3,559	265	5,639	NA	121	6,817	480	3,410
1987	NA	274	1,941	2,329	155	4,424	NA	124	5,380	132	2,842
1986	NA	435	1,124	1,872	292	3,288	127	127	4,442	95	2,378
1985	NA	156	475	1,183	1,018	2,675	87	75	3,181	118	1,885
1984	3.7	88	304	1,236	170	1,710	33	77	2,035	127	1,272
1983	6.2	73	208	1,232	75	1,516	27	79	1,856	129	1,119
1982	7.4	110	189	921	52	1,162	76	10	1,486	136	727
1981	7.2	50	206	641	64	911	89	12	1,158	96	519
1980	10.0	50	188	526	51	764	64	14	1,011	103	395
1979	14.9	52	186	411	18	615	87	14	892	53	345

Data as orig. reptd. 1. Bef. results of disc. opers. in 1980. 2. Based on oper. earns. 3. Reflects merger or acquisition. 4. Reclassified in 1985, combined cash and temp. cash invest.-see Investment Assets-Cash. 5. Loans & accts. rec. 6. Invested cash (S-T) only prior to 1985. 7. Deferred policy costs prior to 1983. 8. Incl. current portion. NA-Not Available.

Review of Operations

Operating earnings for the nine months to September 30, 1989 fell 7.9%, year to year, to $179.34 a share from $194.75, reflecting modest declines in all business lines and pension plan asset reversions of $268,000, versus $9.9 million. Including realized investment gains of $113.87 a share versus $47.73, net income advanced 21%, to $293.21 a share from $242.48 (restated).

Common Share Earnings[1] ($)

13 Weeks:	1989	1988	1987	1986
Mar.	110.82	67.87	49.89	34.39
Jun.	76.27	60.62	40.00	24.78
Sep.	106.12	66.26	42.93	29.05
Dec.		78.62	54.42	26.40
		273.37	187.24	114.62

Finances

In August, 1989 BRK bought from USAir Group, Inc. (NYSE: U), for $358 million, 358,000 shares of 9¼% Series A cumulative preferred stock at $1,000 a share. After two years, each share will be convertible into 16²/₃ common shares of USAir. On an "as converted" basis, the preferred shares are equivalent to about 12% of USAir's voting rights. USAir may call the shares for redemption at $1,100 a share in the eight year period between August 7, 1991 and August 7, 1999, when they must be redeemed at their issue price.

At September 30, 1989 BRK's equity holdings had a total market value of $5.1 billion, compared with a cost of $1.8 billion, and its holdings of fixed maturity obligations (preferred stock and bonds) had a carrying value of $2.3 billion. Investments included an 17% stake in Capital Cities/ABC Inc., a 44% stake in GEICO Corp., a 13% stake in the Washington Post Co., a 12% voting interest in Salomon Inc, an 11% voting interest in Gillette Co (bought in July, 1989), and a 12% voting interest in USAir (bought in August, 1989).

Dividend Data

No dividends have been paid since 1967.

Capitalization

Term Debt & Other Borrowings: $913,137,000.

Minority Interest: $78,901,000.

Common Stock: 1,146,441 shs. ($5 par). W. E. Buffett and his wife own about 45%. Institutions hold approximately 6.1%. Shareholder: 5,500.

1. Oper. earns. prior to 1989

Office—1440 Kiewit Plaza, Omaha, Neb 68131 **Tel**—(402) 346-1400 **Chrmn & CEO**—W E Buffett **VP-Secy & Investor Contact**—J Verne McKenzie. **Treas**—M. D Hamburg **Dirs**—W. E Buffett, K. V. Chace, M. G. Chace Jr., J. V. McKenzie, C. T. Munger, W Scott Jr. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Delaware in 1973 (predecessors incorporated in Mass in 1889)

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Christopher J. Grant

Bethlehem Steel

NYSE Symbol BS Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
16 3/4	28 1/2-16 3/8	5	0.40	2.4%	B-	1.57

Summary

Bethlehem is the second largest domestic steel producer, with products directed largely to heavy construction and capital goods markets. After sustaining losses for five consecutive years through 1986, improved industry conditions and $130 million in investment tax credit refunds allowed a return to profitability in 1987. Increased shipments and higher realized prices led to sharply higher earnings in 1988. However, earnings are expected to decline in 1989 and 1990. Dividends were resumed in July, 1989.

Current Outlook

Earnings for 1990 are estimated at $2.70 a share, versus the $3.00 expected for 1989.

Common dividends, omitted in late 1985, were reinstated at $0.10 quarterly in July, 1989.

Sales are expected to decline in 1990, reflecting lower shipments and along with decreased sales from the steel related unit as a result of a joint venture. Lower operating rates will offset the impact of a declining raw material costs and result in narrower margins. The likely absence of charges will aid operating income but not sufficiently to offset lower gross profits, and earnings will probably decline in 1990.

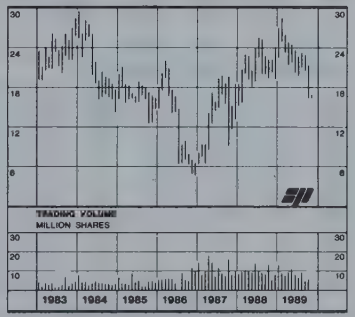
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,403	1,329	1,131	1,169
Jun.	1,434	1,396	1,128	1,109
Sep.	1,270	1,432	1,157	1,033
Dec.		1,332	1,205	1,022
		5,489	4,621	4,333

Sales for the nine months ended September 30, 1989 fell 1.2%, year to year, mostly reflecting declines in the steel related unit and weakness in third quarter steel shipments. Higher raw materials and increased labor costs along with an unexpected outage at a blast furnace led to a contraction in gross margins. Following $105 million of restructuring charges, pretax income fell 6%. After taxes at 4.8%, versus tax credits of $4.0 million, net income was down 40%. Share earnings were $2.35 on 7.3% more shares, versus $4.40, before special credits of $0.16 in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.78	1.23	0.38	d1.87
Jun.	1.03	1.94	0.79	d0.57
Sep.	0.54	1.22	0.47	d1.48
Dec.	E0.65	0.79	d0.08	0.55
	E3.00	5.16	1.48	d3.37



Important Developments

Oct. '89— BS announced that its BethForge unit had agreed in principle to form an equally-owned joint venture with Chavanne-Ketin of France to produce and sell cast iron mill rolls to the metal working industry.

Oct. '89— BS reported a 56% decline in share earnings on an 11.3% decline in sales for 1989's third quarter. BS said that net income and earnings for the quarter and nine months ended September 30 were adversely affected by increased raw material and labor costs, an unexpected power outage, work stoppages at its coal operations, and $105 million in pretax charges mainly for restructuring of the BethForge and Baltimore Marine divisions. BS noted that third quarter steel shipments fell as a result of reduced demand from the auto market and service centers together with intensified competition in the construction market.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.59	14.39	11.76	15.13	20.02	23.53	28.31	63.26	60.03	58.87
Earnings[1]	5.16	1.48	d3.37	d4.37	d3.32	d7.31	d33.64	4.83	2.77	6.31
Dividends	Nil	Nil	Nil	0.30	0.60	0.60	1.30	1.60	1.60	1.50
Payout Ratio	Nil	Nil	Nil	NM	NM	NM	NM	33%	58%	24%
Prices—High	25 1/2	19 3/4	22	21 1/8	29 1/2	28 1/2	23 1/2	32	28 3/4	25 5/8
Low	15 1/4	6 3/8	4 5/8	12 1/2	14 1/4	19	14 1/2	19 3/4	19	19 1/2
P/E Ratio—	5-3	13-4	NM	NM	NM	NM	NM	7-4	10-7	4-3

Data as orig. reptd. 1. Bef. spec. item(s) of +0.16 in 1988, +1.29 in 1987, +0.41 in 1984, +3.39 in 1983. d-Deficit. E-Estimated. NM-Not meaningful

November 9, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,489	873	15.9	304	334	85	391	NM	392	7.1
1987	4,620	489	10.6	152	339	139	d16	NM	[3]104	2.2
[4]1986	4,333	240	5.5	229	296	132	d140	NM	d153	NM
1985	5,118	288	5.6	812	283	115	d161	NM	d196	NM
1984	5,392	205	3.8	308	283	116	d106	NM	d132	NM
1983	4,898	d19	NM	442	[3]252	104	d239	NM	d314	NM
1982	5,260	d109	NM	467	389	90	d1,493	NM	d1,470	NM
1981	7,298	609	8.3	446	377	81	293	28.0%	211	2.9
1980	6,743	464	6.9	502	376	[3]81	95	NM	121	1.8
1979	7,137	744	10.4	399	351	80	395	30.1%	276	3.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	507	1,440	870	1.7	4,448	7.8%	775	1,461	2,565	30.2	28.9%
1987	552	1,472	1,155	1.3	4,775	2.0%	1,118	926	2,327	48.1	9.6%
1986	463	1,184	940	1.3	4,661	NM	1,560	613	2,409	64.7	NM
1985	99	1,093	967	1.1	4,743	NM	1,651	786	2,662	62.0	NM
1984	86	1,176	1,028	1.1	4,387	NM	1,265	932	2,422	52.2	NM
1983	133	1,259	988	1.3	4,457	NM	1,134	1,088	2,447	46.3	NM
1982	120	1,429	1,018	1.4	4,611	NM	1,271	1,237	2,508	50.7	NM
1981	264	1,880	1,023	1.8	5,282	4.0%	972	2,763	3,736	26.0	7.8%
1980	266	1,800	1,044	1.7	5,207	2.3%	1,010	2,622	3,632	27.8	4.7%
1979	301	1,844	1,036	1.8	5,166	5.5%	1,008	2,570	3,600	28.0	11.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1987, 1984, 1983. 3. Reflects acctg. change. 4. Excludes discontinued operations. NM-Not Meaningful. d-Deficit

Business Summary

Bethlehem Steel is the second largest domestic steel producer, and has fabricating and other operations. Segment contributions in 1988 (profits in million $):

	Sales	Profits
Basic steel	93%	$528
Steel related	7%	-$102

Raw steel production totaled 12.9 million net tons in 1988 (11.5 million in 1987). Shipments were 10.3 million tons (9.4 million in 1987). BS used 80.3% of its production capacity in 1988 versus 72.2% in 1987.

Steel mill products include sheet, strip and tin mill (48.9% of 1988 sales); bar, rod, and semi-finished (12.1%); plates (13.8%); structural shapes and piling (9.8%); and other (8.7%). Major markets included service centers, processors and converters (46.6%); transportation (19.7%); construction (16.5%); machinery (6%); and other (11.2%).

Steel related operations include the manufacture and fabrication of a variety of steel products, including railroad cars and parts, and forgings and castings. BS's marine construction operations are also part of this segment.

Dividend Data

Common dividends, omitted in October, 1985, were resumed in July, 1989. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jul. 26	Aug. 4	Aug. 10	Sep. 10'89
0.10	Oct. 25	Nov. 6	Nov. 10	Dec. 10'89

Finances

Cash flow from operations was $129 million and $483 million for the third quarter and first nine months of 1989 compared to $266 million and $592 million for comparable periods in 1988. Total debt as a percentage of invested capital was 29% at September 30, 1989 compared to 31% at December 31, 1988 and 33% at September 30, 1988.

Capitalization

Long Term Debt: $671,200,000.

$2.50-$5.00 Conv. Pfd. Stk.: 6,500,000 shs. in two series ($225,000,000).

5% Cum Conv. Pref. Stk.: 3,271,049 shs. ($32 stated val.); conv. sh.-for-sh. into com.; held by Employee Investment Program.

Common Stock: 74,795,284 shs. ($1 par). Institutions hold some 75%. Shareholders of record: 60,000.

Office—Martin Tower, Bethlehem, Pa. 18016 **Tel**—(215) 694-2424. **Chrmn & Pres**—W. F. Williams. **VP-Secy**—C. H. Barnette **VP-Treas**—A. M. Weller **Investor Contact**—B. E. Derrico. **Dirs**—C. H. Barnette, H. E. Collier, Jr., J. B. Curcio, E. A. Gee, W. C. Hittinger, T. L. Holton, G. P. Jenkins, R. H. Jones, W. Knowlton, D. P. Phyphers, W. A. Pogue, W. F. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1936 **Empl**—32,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Beverly Enterprises

326H

NYSE Symbol BEV Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
6¼	10-5	NM	None	None	C	1.22

Summary

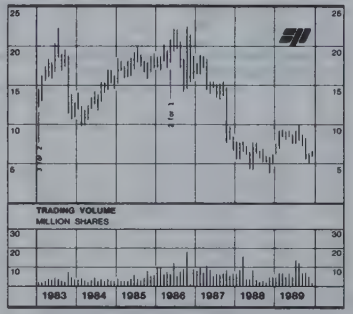
This company, the nation's largest owner/operator of nursing homes, is in the midst of a major divestiture program under which some 370 homes are to be divested by the end of 1990, representing a 36% reduction in the number of beds from mid-1989. A restructuring charge associated with this program of about $1.93 a share was taken in the first nine months of 1989. Following several years of losses, a return to profitability is anticipated for 1990.

Current Outlook

Earnings of about $0.20 a share are projected for 1990, in contrast to 1989's estimated deficit of $1.97 a share, which includes a restructuring charge of $1.93.

Dividends on both the common and cumulative preferred shares were omitted in January, 1988.

Revenues for 1990 are expected to decline from the $2.08 billion estimated for 1989, reflecting the ongoing nursing home divestiture program. However, profitability should benefit from BEV's retention of its more profitable homes, cost efficiencies, fewer staffing problems and reduced interest expense.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	511	496	527	464
Jun.	524	502	533	500
Sep.	534	516	534	529
Dec.		510	500	526
		2,025	2,094	2,019

Revenues for the nine months ended September 30, 1989 advanced 3.6%, year to year. However, results were penalized by restructuring charges equal to approximately $1.93 a share. The net loss widened to $106.4 million ($2.00 a share) from $12.3 million (0.24).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.18	d0.02	0.14	0.23
Jun.	d1.83	Nil	d0.32	0.30
Sep.	0.01	d0.22	0.05	0.32
Dec.		d0.22	d0.44	d0.03
		d0.47	d0.58	0.81

Important Developments

Dec. '89— A company spokesman noted that BEV sold 45 nursing homes in Iowa in August and had contracted to sell an additional 160 facilities in five other states, subject to financing arrangements. These divestitures were part of the BEV's announced plans in July, 1989 to sell 370 nursing homes with over 38,000 beds. A net restructuring charge of $1.93 a share related to this program was taken in the first nine months of 1989. Cash proceeds from the sales are estimated at about $235 million. In addition, the planned sales would eliminate $134 million of existing facility debt. By 1992, BEV's goal is to reduce its debt-to-capital ratio to the 55%-60% range and to have pretax margins approaching the stronger levels of profitability achieved in the mid-1980s.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	5.44	5.43	6.86	7.10	5.48	5.91	4.96	3.43	1.56	1.26
Earnings[2]	d0.47	d0.58	0.81	1.07	0.90	0.73	0.67	0.54	0.39	0.30
Dividends	Nil	0.20	0.20	0.17	0.14½	0.14	0.13⅜	0.11½	0.08¾	0.08
Payout Ratio	Nil	NM	24%	17%	16%	20%	22%	25%	23%	28%
Prices—High	7⅞	18⅞	22½	20⅛	17	22½	14⅛	9⅛	6⅝	4½
Low	3¾	6⅝	14⅛	15¼	9⅞	10⅝	6⅛	4⅞	2⅝	1⅞
P/E Ratio—	NM	NM	28-17	19-14	19-11	31-15	21-9	17-9	17-7	15-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986, 50% Feb. 1983. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.04 in 1987, -0.10 in 1986. NM-Not Meaningful. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,025	140	6.9	46	72.3	104	d33	NM	d23.9	NM
[2]1987	2,094	97	4.6	101	77.1	103	d60	NM	d32.8	NM
[2]1986	2,019	251	12.4	457	72.1	106	90	43.0%	51.5	2.5
[2]1985	1,691	264	15.6	285	63.2	115	103	42.0%	59.8	3.5
[2]1984	1,420	215	15.2	308	50.8	98	82	43.0%	47.0	3.3
[2]1983	1,091	151	13.9	330	35.0	75	61	42.4%	35.4	3.2
[2]1982	806	114	14.1	340	24.6	51	48	46.0%	26.0	3.2
[2]1981	481	58	12.1	160	15.3	19	30	45.7%	16.1	3.3
[2]1980	292	37	12.7	62	10.2	12	16	46.0%	8.4	2.9
[2]1979	172	21	12.2	36	5.9	7	10	41.8%	5.6	3.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	63	396	241	1.6	1,844	NM	915	465	1,525	60.0	NM
1987	40	473	907	0.5	2,072	NM	451	489	1,083	41.6	NM
1986	58	425	252	1.7	2,220	2.4%	1,111	644	1,913	58.1	8.2%
1985	198	507	299	1.7	2,020	3.0%	1,036	597	1,697	61.0	10.8%
1984	48	275	219	1.3	1,700	3.0%	990	435	1,465	67.6	11.3%
1983	97	262	161	1.6	1,398	2.9%	815	386	1,226	66.4	10.5%
1982	79	189	117	1.6	932	3.5%	549	253	811	67.7	12.1%
1981	13	84	76	1.1	439	4.1%	214	143	360	59.3	14.2%
1980	19	60	52	1.2	252	3.8%	132	62	198	66.7	16.9%
1979	3	24	23	1.1	139	4.0%	83	28	115	72.2	20.6%

Data as orig. reptd. 1. Bef. spec. item(s) in 1987, 1986, 1979. 2. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Beverly Enterprises is the largest operator of skilled and intermediate care nursing homes in the U.S. The company also operates retirement living and congregate living projects, home health care units and pharmacies. Revenues in recent years were derived as follows:

	1988	1987	1986	1985
Medicaid	61%	61%	59%	59%
Medicare	5%	3%	4%	6%
Other (mostly private sources)	34%	36%	37%	35%

As of October 31, 1989 BEV was operating some 927 skilled and intermediate care nursing facilities with some 101,881 licensed beds ranging in capacity from 20 to 388 beds in some 36 states and the District of Columbia (a major nursing home divestiture program is planned; see Important Developments). Of total licensed beds of 996 as of January 31, 1989, about 55% were leased, 42% were owned, and 3% were facilities managed for others. Patient days in 1988 totaled 36,191,000, down from 39,140,000 in 1987 and 38,817,000 in 1986.

Skilled care facilities provide convalescent, rehabilitative and sustaining care over extended periods of time, while intermediate units offer similar care on a less extensive basis. The average occupancy at the company's facilities was 88% in 1988 and 1987, and 90% in 1986, 1985 and 1984.

As of the end of October, 1989 BEV was also operating 45 retirement and congregate living projects with about 2,515 apartment units, 29 pharmacies and pharmacy related entities, and 12 home health care agencies.

Dividend Data

Dividends were omitted in early 1988 after having been paid since 1979. The most recent payment was $0.05 on January 11, 1988.

Capitalization

Long Term Debt: About $885,000,000.

$1 Cum. Conv. Pfd. Stk.: 999,999 shs. ($100 stated value); conv. into 5.3 million com. shs. All held by Stephens Inc.

Common Stock: 54,015,753 shs. ($0.10 par).
The Pritzker family holds about 5.9%.
Institutions hold 41%.
Shareholders of record: 6,164.

Offices—873 South Fair Oaks Ave., Pasadena, Calif. 91105. **Tel**—(818) 577-6111. **Chrmn**—R. W. Van Tuyle. **Pres & CEO**—D. R. Banks, Sr. **VP-Secy**—L. B. Cornish. **VP-Fin**—A. Dimitriadis. **Investor Contact**—S. Hollingsworth, Jr. **Dirs**—D. R. Banks, C. Bradford, J. S. Hartwell, J. E. M. Jacoby, L. W. Menke, D. H. Merrill, W. F. Rinehart, R. W. Van Tuyle, W. K. Weinstein. **Transfer Agent & Registrar**—First Interstate Bank of California, LA. **Incorporated** in California in 1964; reincorporated in Delaware in 1987. **Empl**—106,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Black & Decker

NYSE Symbol BDK Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
20¼	25¼-18⅛	40	0.40	2.0%	B	1.37

Summary

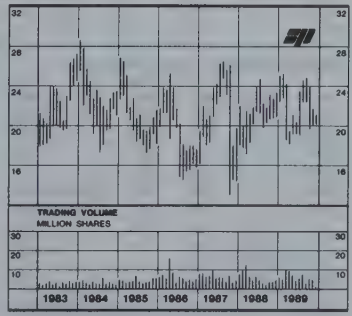
This company is the world's largest producer of power tools, and a leading supplier of household products. Earnings for fiscal 1989 were penalized by costs related to the $2.8 billion acquisition in April of Emhart Corp., a diversified multinational producer of industrial and consumer products and information and electronic systems. However, earnings should rebound in 1990. BDK is changing its fiscal year-end from September to December in 1990.

Current Outlook

Earnings for the new fiscal year ending December 31, 1990 could reach $1.50 a share, up from $0.51 for the fiscal year ended September 30, 1989.

The quarterly dividend should be remain at $0.10.

Sales for 1990 should double, reflecting the Emhart acquisition, as well as continued new product introductions and increased sales of existing products in the U.S. and in non-U.S. markets. Benefits from plant closings and other cost containment programs will be offset by costs associated with assimilating Emhart, causing operating margins to narrow. Interest charges should be lower, reflecting the divestiture of several Emhart subsidiaries.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	706	612	529	522
Mar.	571	538	439	415
Jun.	855	539	465	417
Sep.	1,059	592	502	438
	3,190	2,281	1,935	1,791

Sales for the fiscal year ended September 30, 1989 (preliminary) rose 40%, year to year, reflecting the Emhart acquisition and strong demand for BDK's power tools and household products. Following various acquisition expenses and substantially higher interest charges, margins narrowed, and pretax income fell 50%. After taxes at 52.3%, versus 22.8%, net income declined 69%, to $0.51 a share from $1.65.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.65	0.53	0.38	0.41
Mar.	0.44	0.36	0.16	0.03
Jun.	d0.09	0.36	0.15	0.05
Sep.	d0.49	0.40	0.26	0.04
	0.51	1.65	0.95	0.49

Important Developments

Nov. '89— BDK said that it was strategically positioned to continue outperforming the markets it serves, with new products primarily generating the sales momentum. BDK said that power tool sales had exceptional growth in fiscal 1989, with a double-digit sales increase on a worldwide basis. Among new product lines acquired with Emhart, Kwikset locks and hardware, Price Pfister faucets and fixtures, and True Temper recreational products also achieved strong results for the fourth quarter. BDK said it was proceeding with an aggressive divestiture program to reduce debt by about $1 billion, and had recently agreed to sell Bostik chemical adhesives and sealants business for $345 million. BDK was also restructuring its interest rate hedge, which had reduced earnings by $0.36 a share in the fourth quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	[1]1987	1986	1985	[1]1984	[1]1983	1982	1981	1980
Tangible Bk. Val.	NA	12.38	11.12	10.61	9.94	13.58	11.79	10.70	14.44	13.64
Earnings[2]	0.51	1.65	0.95	0.49	d3.11	1.95	0.65	0.97	1.56	2.14
Dividends	0.40	0.40	0.40	0.58	0.64	0.58	0.52	0.76	0.76	0.74
Payout Ratio	78%	24%	42%	122%	NM	31%	87%	79%	49%	35%
Prices—High[3]	25¼	24¾	26½	25¼	26⅞	28⅝	27¼	19½	21⅞	23¾
Low[3]	18¼	17⅛	13	14½	17¼	17¼	17⅞	12	14¼	16¾
P/E Ratio—	50-36	15-10	28-14	52-30	NM	15-9	42-28	20-12	14-9	11-8

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.37 in 1983, -2.79 in 1982; bef. spec. item(s) of -0.38 in 1986. 3. Cal. yr. d-Deficit. NA-Not Available. NM-Not Meaningful

December 22, 1989

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,281	241	10.5	98	81.5	64.3	126	22.8%	97	4.3
[2]1987	1,935	199	10.3	59	86.5	62.6	70	20.4%	56	2.9
1986	1,791	148	8.3	82	93.1	59.1	35	20.7%	28	1.5
1985	1,732	176	10.2	118	82.7	58.3	[3]d160	NM	d158	NM
[2]1984	1,533	215	14.0	92	61.0	42.6	[3]141	32.2%	95	6.2
[2]1983	1,168	143	12.2	76	50.9	29.9	[3]38	26.8%	28	2.4
[4]1982	1,160	132	11.4	81	47.2	35.8	[3]55	26.7%	41	3.5
1981	1,431	199	13.9	92	52.0	47.6	[3]98	32.8%	66	4.6
1980	1,438	217	15.1	110	39.1	27.3	[3]154	41.5%	90	6.3
1979	1,205	199	16.5	73	34.4	14.1	[3]155	39.2%	94	7.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	108	1,302	746	1.7	1,825	5.6%	277	725	1,031	26.9	14.1%
1987	57	1,144	694	1.6	1,668	3.4%	251	649	920	27.2	8.8%
1986	41	1,048	693	1.5	1,581	1.7%	196	617	833	23.5	4.6%
1985	50	865	520	1.7	1,452	NM	335	505	859	38.9	NM
1984	69	844	383	2.2	1,473	7.5%	260	684	1,021	27.4	14.9%
1983	158	662	239	2.8	985	2.7%	159	554	727	21.9	5.3%
1982	71	637	231	2.8	995	3.8%	264	450	745	35.4	7.7%
1981	69	788	229	3.4	1,165	5.6%	269	608	919	29.3	11.1%
1980	71	841	329	2.6	1,183	8.6%	226	574	838	26.9	16.6%
1979	36	638	271	2.4	910	11.1%	91	514	629	14.4	19.7%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1983, 1982, and spec. item(s) in 1986. 2. Reflects merger or acquisition. 3. Inc. equity in earns. of nonconsol. subs. 4. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Black and Decker makes a wide range of power tools, household products, and accessories. Sales by product group in recent fiscal years:

	1988	1987
Power tools	42%	41%
Household products	33%	34%
Accessories	11%	10%
Outdoor products	8%	8%
Services	6%	7%

Some 48% of sales in fiscal 1988 were domestic, 32% European, and 20% other countries.

Principal products are sold in consumer and professional markets and include a wide range of corded and cordless portable electric power tools, household products, stationary tools and other labor saving devices. Power tools include drills, screwdrivers, saws, sanders, grinders, car care products, Workmate Workcenters, stationary woodworking tools, and a variety of other related tools. Household products include a variety of home cleaning and lighting products, and a full line of small home appliances, including irons, toasters, toaster ovens, coffee makers, can openers, hand mixers, blenders and food processors. Accessories are made for power tools and outdoor products. Outdoor products include a variety of lawn and garden care products such as hedge and lawn trimmers, edgers, electric mowers and electric chain saws.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jan. 30	Mar. 3	Mar. 9	Mar. 23'89
0.10	May 18	Jun. 5	Jun. 9	Jun. 23'89
0.10	Jul. 20	Sep. 1	Sep. 8	Sep. 22'89
0.10	Nov. 15	Dec. 4	Dec. 8	Dec. 22'89

Finances

At fiscal 1988 year-end BDK had $258 million available to offset future financial statement taxable income. Tax basis carryforwards consisted of $223.6 million (expiring 1989-2002) and other tax credits of $15.1 million. With adoption of SFAS No. 96 at 1987 year-end, BDK may use these credits as a direct offset of Federal income taxes.

Capitalization

Long Term Debt: $2,630,000,000.

Common Stock: 58,867,654 shs. ($0.50 par). Institutions hold approximately 58%.
Shareholders of record: 19,820.

Office—701 East Joppa Rd., Towson, Md. 21204. Tel—(301) 583-3900. Chrmn—P.L. Scott. Pres & CEO—N. D. Archibald. Exec VP & CFO—A. Knust. VP-Secy—S. B. Lucas. Investor Contact—J. Hatcher. Dirs—N. D. Archibald, W. C. Battle, J. E. Bolton, A. G. Decker, Jr., B. H. Franklin, R. V. Krikorian, A. Luiso, J. D. Muncaster, L. R. Pugh, T. I. Storrs, R. A. Voell, H. T. Watkins. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Maryland in 1910.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Elizabeth Vandeventer

Block (H & R)

NYSE Symbol HRB Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
36½	37⅜-26⅛	19	1.28	3.5%	A	1.00

Summary

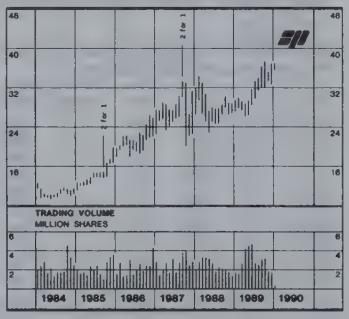
This company is the largest preparer of Federal income tax returns for individuals, completing over 10% of individual returns filed in 1989, and over 11% of returns filed in Canada. Earnings have risen steadily for more than a decade, owing in part to diversification into service oriented businesses, including personnel placement, computer services, and business seminars. Long-term prospects are buoyed by continued growth in new services and businesses, gains in market share, and ongoing operating synergies. Cash dividends have been raised in each calendar year since 1962.

Current Outlook

Earnings for the fiscal year ending April 30, 1990 are projected at $2.15 a share, versus the $1.90 reported for fiscal 1988-9.

The $0.32 quarterly dividend is expected to be raised late in calendar year 1990.

Revenues in fiscal 1989-90 should benefit from gains in all segments, reflecting volume and price increases. Margins will be aided by increasing computerization and operating synergies among HRB's four business segments. Growth in market share will also contribute to greater efficiencies. Over the longer term, revenue and earnings gains should continue for this well-managed company.



Total Revenues[1] (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	132.2	112.1	93.7	82.2
Oct.	149.6	133.0	113.1	92.2
Jan.		139.4	118.7	101.7
Apr.		515.2	468.6	434.4
		899.6	794.1	710.4

Revenues for the six months ended October 31, 1989 advanced 15%, year to year. The seasonal pretax loss from tax preparation widened by nearly 17%, but after sharply improved profitability at Path Management and CompuServe, the net loss narrowed to $4,408,000 ($0.08 a share) from $5,651,000 ($0.11).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	d0.08	d0.09	d0.08	d0.09
Oct.	Nil	d0.02	d0.05	d0.09
Jan.	Ed0.14	d0.18	d0.22	d0.16
Apr.	E2.37	2.19	2.06	1.77
	E2.15	1.90	1.71	1.43

Important Developments

Oct. '89— HRB and MicroBilt Corp. said that they had terminated their July merger agreement which provided for MicroBilt to be acquired for some 4.3 million shares of HRB common stock. MicroBilt, based in Atlanta, supplies low-cost, application-specific data communications systems to a wide range of industries that require communication with numerous remote locations.

Apr. '89— HRB sold its 9% equity interest in National Data Corp. for about $28.3 million in a negotiated transaction.

Feb. '89— HRB and its franchisees operated 8,778 tax return preparation offices worldwide in the 1989 tax filing season, versus 8,793 in the 1988 season.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	1990	[2]1989	1988	1987	1986	1985	1984	1983	1982	[2]1981
Tangible Bk. Val.	NA	7.12	5.97	5.44	4.40	4.25	3.97	3.48	3.13	2.76
Earnings	NA	1.90	1.71	1.43	1.21	1.13	0.97	0.84	0.80	0.79
Dividends	NA	1.00	0.84½	0.72½	0.66	0.58	0.51	0.48	0.47	0.43
Payout Ratio	NA	52%	49%	51%	55%	50%	53%	57%	59%	55%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	37⅜	34⅜	33⅜	26½	19⅞	12½	12⅜	10⅞	9⅞	9⅛
Low	26⅛	22¾	20	17⅞	11	9⅜	8⅞	6⅜	7⅜	5⅝
P/E Ratio—	NA	18-12	20-12	18-13	16-9	11-8	13-9	13-8	12-9	12-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Oct. 1987, 100% Oct. 1985. 1. Incl. investment & other inc. 2. Reflects merger or acquisition. d-Deficit NA-Not Available. E-Estimated.

January 11, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1989	877	165	18.8	26.6	25.9	NA	162	38.0	100	11.4
1988	778	149	19.2	27.6	24.9	NA	140	37.4%	88	11.3
1987	687	125	18.2	[1]15.3	21.3	NA	127	42.5%	73	10.7
1986	591	117	19.7	[1]23.0	19.3	NA	113	46.7%	60	10.2
1985	476	99	20.8	[1]25.6	13.6	NA	103	46.0%	55	11.5
1984	400	83	20.8	[1]19.3	10.8	NA	88	45.5%	48	11.8
1983	310	50	16.2	[1]11.1	8.7	NA	73	44.4%	41	13.2
1982	293	53	18.0	[1]18.0	7.7	NA	71	45.7%	38	13.1
[2]1981	264	52	19.7	29.1	5.9	NA	[3]70	46.2%	38	14.3
1980	214	48	22.5	4.3	2.8	NA	[3]61	47.0%	32	15.0

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	252	595	357	1.7	826	13.1%	4.69	446	451	1.0	24.1%
1988	211	440	285	1.5	677	13.5%	4.75	374	391	1.2	24.4%
1987	210	414	261	1.6	629	13.0%	4.84	350	368	1.3	22.5%
1986	156	289	183	1.6	482	13.6%	5.73	292	298	1.9	22.0%
1985	175	256	140	1.8	391	14.4%	5.99	246	252	2.4	23.3%
1984	152	235	147	1.6	391	14.0%	6.17	237	244	2.5	21.6%
1983	110	156	76	2.1	286	14.7%	6.62	203	210	3.2	21.0%
1982	119	144	75	1.9	267	15.1%	7.33	185	192	3.8	21.7%
1981	107	132	67	2.0	236	17.4%	3.91	166	170	2.3	24.6%
1980	99	112	53	2.1	187	17.9%	1.09	133	134	0.8	25.7%

Data as orig. reptd. 1. Net of curr. yr. retirement and disposals. 2. Merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. NA-Not Available.

Business Summary

Segment contributions to operating revenues and profits in fiscal 1988-9:

	Revs.	Profits
Tax return preparation	51%	71%
Supplemental personnel services	24%	9%
Computer services	19%	20%
Other	6%	Nil

HRB operated and franchised a total of 8,778 tax preparation offices during the 1989 tax filing season, compared with 8,793 in the 1988 period. In addition to the U.S., offices are located in Canada, Europe, New Zealand and Australia. About 13,116,700 returns were prepared during the 1988-9 fiscal year, up 4.4% from the 12,563,400 prepared in 1987-8.

HRB's Personnel Pool of America subsidiary provides supplemental medical, industrial, food service and clerical personnel through 173 owned and 332 franchised offices throughout the U.S., Canada, and Puerto Rico. Path Management Industries offers full-day and half-day seminars for business personnel throughout the U.S. and internationally.

CompuServe provides information processing needs and specialized computer programs to a variety of organizations and individuals throughout the U.S. Other firms are licensed to market these services in Japan, Europe and parts of the Far East. The company is the leading vendor of point-of-sale credit card authorization services.

Dividend Data

Dividends have been paid since 1962. A "poison pill" common stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Feb. 27	Mar. 7	Mar. 13	Apr. 3'89
0.26	May 30	Jun. 6	Jun. 12	Jul. 3'89
0.32	Jun. 21	Sep. 5	Sep. 11	Oct. 2'89
0.32	Nov. 27	Dec. 6	Dec. 12	Jan. 2'90

Next dividend meeting: late Feb. '90

Capitalization

Long Term Debt: $4,674,000.

Common Stock: 52,518,000 shs. (no par).
H. W. Bloch and his family own some 6.8%.
Institutions hold about 75%.
Shareholders of record: 25,130.

Office—4410 Main St., Kansas City, Mo. 64111. **Tel**—(816) 753-6900. **Chrmn & CEO**—H. W. Bloch. **Vice-Chrmn**—J. B. Grossman. **Pres.**—T. M. Bloch. **VP-Secy**—W. T. Ross. **VP-Treas**—D. W. Ayers. **Dirs**—G. K. Baum, H. W. Bloch, T. M. Bloch, R. E. Davis, J. B. Grossman, C. W. McCall, M. L. Rich, F. L. Salizzoni, E. A. Smith, A. C. Sorensen, M. I. Sosland. **Transfer Agent & Registrar**—Centerre Trust Co., St. Louis, Mo. **Incorporated** in Missouri in 1955.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H Donald

Blockbuster Entertainment

337

NYSE Symbol BV Options on CBOE (Feb-May-Aug-Nov) & ASE (Jan-Apr-Jul-Oct)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
18	21⅝–9⅞	38	None	None	B–	1.58

Summary

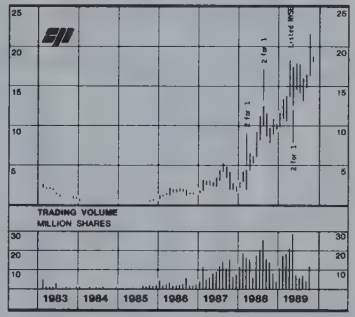
This fast-growing company operates and licenses more than 800 videocassette retail stores. In August, 1989 BV acquired its largest franchisee, which operated about 105 BV stores. BV's common stock began trading on the NYSE in April, 1989. The shares were split 2-for-1 in May.

Current Outlook

Earnings for 1990 are estimated at $0.89 a share, up from the $0.57 expected for 1989.

Initiation of cash dividends is not expected.

Revenues will continue to rise in 1990, aided by the maturation and openings of stores. Further sales of hardware on which to play videocassettes, and the lower prices of video rentals, relative to theater prices, are favorable to industry growth. Also, BV's increasing size is likely to provide economies of scale. However, in the future, sales (rather than rentals) of videos by other retailers, and alternate delivery systems for filmed entertainment may increasingly become competitive threats to BV.



Net Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	17.9	6.1	0.2
Jun.	[3]165.7	28.9	10.2	0.8
Sep.	106.4	36.7	12.1	2.9
Dec.	---	53.4	14.8	4.2
	---	136.9	43.2	8.1

Revenues for the nine months ended September 30, 1989, increased 139%, year to year (both years restated). Net income advanced to $28.5 million ($0.37 a share) from $12.1 million ($0.17, as adjusted for the May 1989 2-for-1 stock split).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	0.04	0.02	d0.03
Jun.	[3]0.20	0.07	0.04	d0.05
Sep.	0.17	0.09	0.04	d0.03
Dec.	E0.20	0.10	0.04	d0.05
	E0.57	0.29	0.14	d0.16

Important Developments

Oct. '89— An offering of BV zero-coupon subordinated convertible notes was expected to generate gross proceeds of $92 million. The notes, totaling a principal amount of $300 million, are due in November 2004. Part of the proceeds were expected to be used to reduce existing debt, and BV said this would save about $2 million a year in interest expense. In August, BV completed the acquisition of its largest franchisee, which operated about 105 stores, for about 7.8 million shares. The transaction has been treated as a pooling-of-interests, which leads to BV's restatement of previous financial results. BV was expected to end 1989 with at least 1,000 units, including about 400 stores opened during the year. The opening of about 400 additional stores was expected in 1990.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	1.50	0.83	0.50	0.54	0.59	0.59	0.06
Earnings[2]	0.29	0.14	d0.16	d0.06	0.03	0.01	0.10
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	12½	5¼	2⅛	⅞	¾	2⅝	NA
Low	2⅛	1½	¾	⅜	⅜	¾	NA
P/E Ratio—	43–7	37–10	NM	NM	26–13	NM	NA

Data as orig. reptd. Adj. for stock divs. of 100% May 1989, 100% Aug. 1988, 100% Mar. 1988. **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of +0.08 in 1985, and spec. item of -0.20 in 1984. **3.** Six mos. d-Deficit. E-Estimated. NA-Not Available. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	137	45.8	33.5	99.0	19.5	2.07	25.0	38.0%	15.5	11.3
[2]1987	43	11.4	26.5	27.8	4.7	0.57	6.7	39.0%	4.1	9.5
1986	8	d2.2	NM	[3]3.5	0.9	Nil	[4]d3.8	NM	d2.9	NM
[5]1985	0	d1.5	NM	0.6	0.1	Nil	[4]d1.2	NM	d1.0	NM
1984	5	0.5	8.8	0.2	0.4	Nil	[4]0.9	49.0%	0.4	8.3
1983	6	Nil	NM	0.3	0.4	0.02	0.1	6.1%	0.1	2.5
1982	6	1.4	23.2	1.4	0.1	0.03	1.3	27.9%	0.9	15.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	8.96	38.8	49.2	0.8	177	11.0%	21.3	102	126	16.9	19.2%
1987	7.17	27.5	16.9	1.6	74	8.1%	14.8	42	57	26.0	13.7%
1986	3.18	8.5	4.6	1.9	15	NM	Nil	10	10	Nil	NM
1985	7.69	8.2	0.4	22.3	10	NM	Nil	9	9	Nil	NM
1984	7.76	8.9	1.4	6.5	11	4.3%	Nil	9	9	Nil	4.9%
1983	7.32	8.4	0.8	10.3	10	2.0%	Nil	9	9	Nil	2.8%
1982	0.13	1.3	1.8	0.7	3	NA	0.3	1	1	30.5	NA

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1985, and spec. item(s) in 1984. **2.** Reflects merger or acquisition. **3.** Net of curr. yr. retirement and disposals. **4.** Incl. equity in earns. of nonconsol. subs. **5.** Excludes discontinued operations. d-Deficit. NM-Not Meaningful. NA-Not Available

Business Summary

Blockbuster Entertainment operates and licenses retail stores that rent and sell prerecorded videocassettes. BV is one the largest video chain retailers in the U.S., and has grown through both internal development and acquisitions. As of late October, 1989 BV's video retail system had 942 stores, of which 521 were company-owned and 421 were franchised. In comparison, BV had only 19 stores at year-end 1986. As of October, 1989 BV had stores in 42 states, Canada, the United Kingdom, and Guam.

Historically, BV's "superstores" have generally carried 7,000 to 13,000 video cassettes and have ranged in size from 3,800 to 10,000 sq. ft. The company believed that its stores were larger, offered a broader selection of video cassettes, stayed open longer hours, and had faster and more convenient computerized check-in/check-out procedures than most of its competitors. The stores sold prerecorded and blank video cassettes, but did not sell video hardware.

Prior to January 1988, BV entered licensing agreements under which each licensee was granted an exclusive territory and was required to open and operate a minimum number of superstores in that area. New agreements allow for the opening of a single store. From franchisees, BV's revenue sources include initial fees, sales of proprietary software, and royalties which typically range from 3% to 7% of a store's gross revenues.

Dividend Data

No cash has been paid. Stock splits of 2-for-1 each were effected in March and August 1988, and in May 1989.

Finances

BV has an unsecured credit line of $125 million, under which $54 million had been borrowed as of July 31, 1989.

Under pooling-of-interests accounting, in which BV's results are restated to include the historic results of its largest franchisee and of Major Video Corp., BV had 1988 revenues and net income of $179.0 million and $17.5 million ($0.25 a share), respectively. In January, 1989 BV acquired Major Video Corp. for about 8.4 million (adjusted) common shares. Major Video operated 39 stores and had 136 franchises.

In September 1989, BV agreed to sell Cox Enterprises, Inc., 1.0 million of common shares for $15 each. Also, BV and Cox had a letter of intent which could lead to Cox operating about 100 video stores as a franchisee of BV.

In August 1988, warrants to acquire about 9.0 million (all figures adjusted for a subsequent stock split) BV shares for about $2.38 each were purchased by United Cable Television, BV chairman H. W. Huizenga, and others from F. F. Flynn and J. J. Melk, both of whom were directors of BV.

Capitalization

Long Term Debt: $92,348,000 (8/89).

Common Stock: 70,585,209 shs. ($0.10 par).
Officers and directors own or have the right to acquire equity positions totaling more than 15%. United Cable Television Corp. owns about 11%.
Shareholders of record: 3,068.

Office—901 East Las Olas Blvd., Ft. Lauderdale, Fla. 33301 **Tel**—(305) 524-8200 **Chrmn & CEO**—H. W. Huizenga. **Pres**—L. Salvaneschi. **Sr VP-CFO & Investor Contact**—S. R. Berrard **VP-Secy**—T. W. Carton, Jr. **Dirs**—A. C. Allen III, C. F. Barger, S. A. Beck, S. R. Berrard, J. W. Croghan, D. F. Flynn, H. W. Huizenga, L. Salvaneschi, G. W. Schneider **Transfer Agent & Registrar**—Citizens and Southern Trust. **Incorporated** in Delaware in 1982 **Empl**—4,151

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Boeing Co.

NYSE Symbol BA Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
63	63¼-38½	19	1.20	1.9%	B+	1.03

Summary

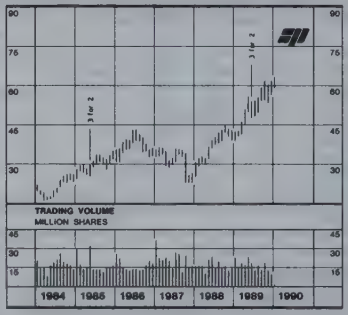
Boeing is the leading manufacturer of commercial jets and also produces military aircraft and missiles. BA has built a record backlog on the strong uptrend in commercial transport orders in recent years, which should produce improving earnings for the next few years, despite losses on some defense programs. Production problems and a machinists' strike hampered profits in 1989, but acceleration of deliveries should lead to strong earnings growth in 1990.

Current Outlook

Earnings for 1990 are projected at $5.85 a share, up from the $3.40 estimated for 1989.

Dividends should continue at $0.30 quarterly.

Sales for 1990 should rise more than 20% from approximately $19 billion estimated for 1989. With production rates for 737s and 757s scheduled to rise, commercial deliveries should increase strongly from strike-depleted 1989 totals. Margins on commercial business should improve as 1989's production problems are worked out. Revenues from military programs could be up slightly, with some reduction in losses likely. Losses on deHavilland operations should decline. Investment income should be somewhat lower.



Sales[1] (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	4.00	3.64	3.76
Jun.	---	5.07	4.73	3.48
Sep.	---	6.36	3.72	3.52
Dec.	---	---	4.87	4.60
	---	---	16.96	15.36

Sales for the first nine months of 1989 gained 27.6%, year to year. Margins improved, and pretax income rose 41.9%. After taxes at 27.3%, against 24.1%, net income was up 35.9%, to $2.60 a share from $1.92, as adjusted.

Capital Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.25	0.70	0.59	0.51
Jun.	E1.40	0.85	0.70	0.50
Sep.	E1.35	1.05	0.63	0.45
Dec.	E1.85	E0.80	0.76	0.61
	E5.85	E3.40	2.68	2.07

Important Developments

Dec. '89— Deliveries of jet transports totaled 283 units in 1989, including 49 in the fourth quarter, when a 48-day machinists' strike occurred. BA had originally expected to deliver 328 jets.

Dec. '89— BA announced that it would accept orders for a new jet transport, the 777, a twin-engine, twin-aisle aircraft seating about 350.

Nov. '89— The machinists union accepted a new three-year contract ending a 48-day strike.

Oct. '89— Total announced orders for the first nine months of 1989 consisted of 738 jets and 68 commuter aircraft valued at $39.3 billion, versus 497 jets and 45 commuters valued at $23.1 billion a year earlier.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[2]1987	[2]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	23.51	21.83	20.75	18.75	16.89	13.93	12.94	12.23	10.67
Earnings	NA	2.68	2.07	2.85	2.50	3.59	1.83	1.34	2.18	2.77
Dividends	1.16⅝	1.03⅜	0.93⅜	0.80	0.69⅝	0.62¼	0.62¼	0.62¼	0.62¼	0.62¼
Payout Ratio	NA	39%	44%	28%	29%	17%	38%	46%	29%	22%
Prices—High	61⅞	45⅛	36½	43¼	35⅛	26½	21⅜	15⅞	19⅝	20⅜
Low	38½	24⅞	22⅝	30½	24⅛	15⅞	14⅛	6⅝	9⅞	14
P/E Ratio—	NA	17-9	18-11	15-11	14-10	7-4	13-9	12-5	9-4	7-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun 1989, 50% Jun 1985, 50% Apr 1980. 1. Incl. other oper. revs. after 1987 2. Reflects merger or acquisition E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	16,962	1,015	6.0	690	567	26.0	[1]820	25.1%	614	3.6
[2]1987	15,355	695	4.6	738	486	27.0	[1]658	27.1%	[3]480	3.1
[2]1986	16,341	1,093	6.7	795	463	27.0	[1]1,028	35.3%	665	4.1
1985	13,636	969	7.1	551	386	20.0	[1]863	34.4%	566	4.2
1984	10,354	721	7.0	337	365	36.0	[1]569	NM	787	7.6
1983	11,129	697	6.3	223	365	42.0	[1]475	25.3%	355	3.2
1982	9,035	574	6.4	341	350	43.0	364	19.8%	292	3.2
1981	9,788	717	7.3	673	291	28.6	691	31.5%	473	4.8
1980	9,426	872	9.3	669	206	11.1	1,015	40.8%	601	6.4
1979	8,131	691	8.5	606	133	7.6	878	42.3%	505	6.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3,963	8,561	6,705	1.3	12,608	4.9%	251	5,404	5,903	4.3	11.8%
1987	3,435	9,313	7,064	1.3	12,586	4.1%	256	4,987	5,502	4.7	9.9%
1986	4,172	8,478	5,659	1.5	11,068	6.5%	263	4,826	5,409	4.9	14.5%
1985	3,209	6,766	4,417	1.5	9,246	6.2%	16	4,364	4,829	0.3	13.6%
1984	1,595	6,170	4,040	1.5	8,485	9.9%	284	3,695	4,445	6.4	23.3%
1983	1,095	5,162	3,205	1.6	7,471	4.7%	301	3,038	4,266	7.1	12.1%
1982	294	5,387	3,587	1.5	7,593	4.0%	315	2,813	4,006	7.9	10.7%
1981	920	4,722	3,251	1.5	6,954	7.3%	327	2,655	3,703	8.8	19.0%
1980	1,615	4,100	3,129	1.3	5,931	11.1%	76	2,315	2,803	2.7	28.8%
1979	2,300	3,625	2,751	1.3	4,897	11.9%	81	1,848	2,146	3.8	30.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change. NM-Not Meaningful.

Business Summary

Boeing is the world's leading manufacturer of commercial jets. Industry segment data (profits in million $):

1988	Revs.	Profits
Commercial transportation	67%	$585
Military transportation	22%	-95
Missiles and space	8%	124
Other industries	3%	-28

Exports comprised 46% of sales in 1988, with 19% going to Europe, 14% to Asia, 7% to the Western Hemisphere, and 6% elsewhere.

As of September 30, 1989 BA had made the following deliveries (in units) of commercial jets:

Model	Deliveries
707	984
727	1,831
737	1,772
747	742
757	247
767	279

In early 1986 Boeing acquired de Havilland of Canada, maker of turboprop commuter aircraft.

Government sales were 28% of 1988 sales.

Major military and space programs include the Airborne Warning and control System aircraft and the Inertial Upper Stage. Important development programs include the V-22 tilt rotor aircraft, the short-range SRAM II missile, the Hard Mobile Launcher, the Sea Lance missile and the Advanced Technology Fighter. Boeing Vertol makes military and commercial helicopters.

Dividend Data

Dividends have been paid since 1942. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 30	Feb. 6	Feb. 10	Mar. 10'89
0.45	Apr. 24	May 8	May 12	Jun. 9'89
3-for-2	Apr. 24	Jun. 12	May 12	Jun. 9'89
0.30	Jun. 26	Aug. 14	Aug. 18	Sep. 8'89
0.30	Oct. 30	Nov. 13	Nov. 17	Dec. 8'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $273,000,000.

Capital Stock: 230,124,267 shs. ($5 par). Institutions hold about 59%.
Shareholders: 69,304.

Office—7755 East Marginal Way South, Seattle, Wash 98108 **Tel**—(206) 655-2121 **Chrmn & CEO**—F Shrontz **VP-Secy**—D P Beighle **VP-Treas**—D A Jaeger **Investor Contact**—G B Bland **Dirs**—R A Beck, J B Fery, H. J. Haynes, H. W. Haynes, S Hiller, Jr., G. M Keller, L L Morgan, C M. Pigott, F. Shrontz, I. S. Shapiro, D. E. Skinner, M. T. Stamper, G. H. Weyerhaeuser, T. A. Wilson. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Delaware in 1934. **Empl**—153,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M Canning, CFA

Boise Cascade

NYSE Symbol BCC Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
41	48-39¾	6	1.52	3.7%	B	1.21

Summary

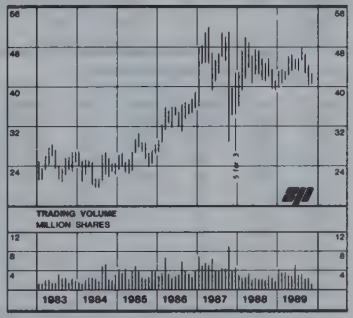
This leading forest products company is an important producer of building materials and paper products. Sales and earnings are very sensitive to cyclical economic fluctuations, but over the past several years BCC has steadily invested in the less cyclical paper side of its business and deemphasized investment in building materials. The outlook for the rest of 1989 and 1990 is good because of relatively strong markets for most paper and wood products.

Current Outlook

Earnings for 1990 are projected at $5.00 a share, compared with the $6.00 estimated for 1989.

The quarterly dividend has been raised 8.6%, to $0.38 from $0.35, with the January, 1990 payment.

Sales for 1990 are expected to show a modest increase, as markets for most paper grades and office products remain good. Moderately lower paper prices will cause margins to narrow. Building materials sales should benefit from relatively high prices caused by shortages of timber in the Pacific northwest. Earnings should benefit from ongoing cost reduction programs.



Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,099	1,016	912
Jun.	---	1,091	1,007	936
Sep.	---	1,081	1,036	997
Dec.	---	---	1,035	976
	---	---	4,095	3,821

Sales for the nine months ended September 30, 1989 rose 6.9%, year to year, reflecting gains in all product segments. Pretax earnings were essentially unchanged. After taxes at 39.0%, versus 40.0%, net income was up 1.7%. Share earnings were $4.76, compared with $4.64.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.25	1.74	1.47	0.79
Jun.	E1.25	1.68	1.59	0.70
Sep.	E1.25	1.34	1.58	1.02
Dec.	E1.25	E1.24	1.70	1.20
	E5.00	E6.00	6.34	3.70

Important Developments

Jul. '89— BCC sold a new issue of convertible preferred stock to the company's recently created employee stock ownership plan. In a related transaction, the company repurchased 4 million shares of its common stock at $45 a share.

Jun. '89— The company signed labor contracts with all of the unions at its International Falls, Minnesota pulp and paper mill and said it would proceed with its planned $535 million modernization of that mill.

Dec. '88— BCC adopted a new shareholder rights plan as an anti-takeover move and redeemed the rights issued under its previous plan at $0.10 per right.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	37.34	32.35	30.40	29.95	28.96	29.01	29.12	30.07	28.69	26.39
Earnings[2]	6.34	3.70	2.00	2.08	1.34	1.15	0.16	2.71	3.08	3.93
Dividends	1.25	1.15½	1.14½	1.14½	1.14½	1.14½	1.14½	1.14½	1.05½	0.90½
Payout Ratio	20%	31%	58%	55%	87%	100%	NM	42%	34%	23%
Prices—High	50	52⅜	39	30⅝	27⅛	28½	24¼	29	25⅝	24⅜
Low	36	28⅞	26⅞	22½	19⅝	20⅞	11⅞	17	16⅜	15⅞
P/E Ratio—	8-6	14-8	20-13	15-11	20-15	25-18	NM	11-6	8-5	6-4

Data as orig. reptd. Adj. for stk. div(s). of 66¼% Jan. 1988. 1. Reflects accounting change. 2. Bef. spec. item(s) of +0.28 in 1980. E-Estimated. NM-Not Meaningful

November 17, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,095	758	18.5	430	188	104	478	39.5%	289	7.1
1987	3,821	599	15.7	238	186	106	318	42.5%	183	4.8
1986	3,740	476	12.7	418	191	115	172	41.0%	[3]102	2.7
1985	3,737	384	10.3	337	176	119	158	34.0%	104	2.8
[3]1984	3,817	371	9.7	430	147	82	84	17.4%	70	1.8
1983	3,451	310	9.0	145	152	72	88	31.6%	60	1.7
1982	2,912	177	6.1	127	131	86	d4	NM	[3]7	0.2
1981	3,107	333	10.7	150	134	93	185	35.0%	[3]120	3.9
1980	3,019	319	10.6	398	122	74	162	16.0%	136	4.5
1979	2,917	341	11.7	441	109	54	223	21.5%	175	6.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23.3	867	681	1.3	3,610	8.3%	925	1,678	2,853	32.4	18.3%
1987	21.7	825	563	1.5	3,375	5.5%	938	1,459	2,733	34.3	12.5%
1986	34.9	861	548	1.6	3,534	2.9%	1,154	1,471	2,901	39.8	6.5%
1985	38.0	789	545	1.4	3,268	3.1%	1,026	1,345	2,626	39.1	7.1%
1984	74.0	972	693	1.4	3,409	2.2%	1,057	1,313	2,614	40.4	4.5%
1983	73.0	936	574	1.6	2,838	2.2%	607	1,294	2,171	28.0	3.9%
1982	35.0	722	416	1.7	2,663	0.3%	752	1,297	2,161	34.8	0.5%
1981	44.0	767	431	1.8	2,740	4.4%	779	1,337	2,229	35.0	9.2%
1980	38.0	766	420	1.8	2,679	5.5%	805	1,275	2,189	36.8	11.1%
1979	42.0	693	409	1.7	2,309	8.2%	572	1,173	1,845	31.0	15.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1980. 3. Reflects accounting change. d-Deficit. NM-Not Meaningful

Business Summary

BCC is an important producer of building materials and papers. Segment contributions:

1988	Sales	Profits
Paper	59%	82%
Office products	21%	10%
Building materials	20%	8%

Canadian paper operations accounted for about 9% of sales and 20% of income in 1988.

Paper output in 1988 included 1,577,000 tons of printing and publishing papers, 830,000 tons of newsprint, and 613,000 tons of containerboard and paperboard. Packaging products included 7.3 billion sq. ft. of corrugated containers produced by BCC and 1.54 billion sq. ft. produced by joint ventures.

Wood products production in 1988 was 1.59 billion sq. ft. of plywood and veneer, 798 million bd. ft. of lumber and 166 million sq. ft. of particleboard. At the end of 1988 BCC owned in fee 2,894,000 acres of timberland (including joint ventures) and controlled another 3,353,000 acres. Approximately 42% of the fiber processed by the company's mills in 1988 came from BCC timberland.

Dividend Data

Dividends have been paid since 1935. A new "poison pill" stock purchase right was adopted in 1988. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.10	Dec. 14	Dec. 19	Dec. 23	Jan. 23'89
0.35	Feb. 14	Mar. 9	Mar. 15	Apr. 15'89
0.35	Apr. 25	Jun. 9	Jun. 15	Jul. 15'89
0.35	Jul. 26	Sep. 11	Sep. 15	Oct. 15'89
0.38	Sep. 26	Dec. 11	Dec. 15	Jan. 15'90

*Redemption of Com. Stk. Purchase Right.

Next dividend meeting: Dec. 12'89.

Capitalization

Long Term Debt: $1,218,857,000.

7¾% Conv. Preferred Stock: 6,700,000 shs. (no par); ea. sh. conv. into 0.80 sh. of com. Held by ESOP.

Common Stock: 40,683,663 shs. ($2.50 par). Institutions hold about 77%.
Shareholders of record: 31,805.

Office—One Jefferson Square, Boise, Idaho 83728 **Tel**—(208) 384-6161 **Chrmn & CEO**—J. B. Fery **Pres**—J. H. Miller **VP-Secy**—A. E. Hennessey **VP-Treas**—I. Littman **Investor Contact**—V. Hannity. **Dirs**—A. L. Armstrong, R. E. Coleman, W. S. Cook, J. B. Fery, R. K. Jaedicke, J. H. Miller, M. B. Morris, P. J. Phoenix, A. W. Reynolds, F. A. Shrontz, E. W. Spencer, R. H. Waterman, Jr **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Co's office. **Incorporated** in Delaware in 1931. **Empl**—19,835.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Bolt Beranek and Newman

NYSE Symbol BBN

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
7⅞	11¼–7	NM	0.06	0.7%	B	1.04

Summary

This company designs and builds integrated wide-area digital communications networks; develops and markets packaged software products; develops, manufactures and markets high performance computers; and offers research, development and consulting services. Significantly lower hardware shipments, primarily to the U.S. Government, resulted in a net loss for fiscal 1989.

Business Summary

Bolt Beranek and Newman Inc. designs and builds integrated wide-area digital communications networks; develops and markets packaged software products; develops, manufactures, and markets high performance computers; and offers research, development, and consulting services in computer, information and physical sciences. Segment contributions in fiscal 1988:

	Sales	Profits
Computer & comm. products	64%	73%
Research, development & consulting	36%	27%

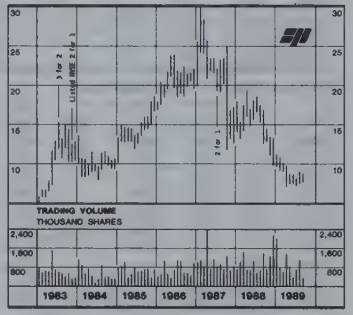
The U.S. Government accounted for about 68% of fiscal 1988 sales, against 75% the year before.

BBN Communications is a vertically integrated supplier of private wide-area, data communications network products and services for government and industry. The unit evaluates data communications requirements, designs, manufactures and installs the network, and provides on-site technical assistance.

BBN Software Products markets BBN's scientific software products, including the RS software line, a computer-aided analysis tool for scientists; Clinitrial, a data management system for clinical trials in the pharmaceutical industry; and DataProbe, an interactive time-series analysis and graphics tool with the ability to analyze recorded data from a variety of sources.

BBN Advanced Computers designs and markets high-performance parallel processor computers for use in the science and engineering markets. BBN's second generation parallel processor, the Butterfly computer, is used by organizations wishing to evaluate parallel processing, primarily in the high-level scientific and engineering fields.

BBN Systems and Technologies offers contract consulting, R&D, and systems capabilities in the fields of acoustics and computer and information sciences. Areas of specialization include architectural acoustics and environmental technologies, physical sciences, and graphics technologies.



Important Developments

Apr. '89— BBN said that the fiscal 1989 net loss reflected a $34 decrease in Government hardware sales, an $11 million charge due to a contract overrun, and costs associated with the new TC2000 high performance computer. Also, inventories and other assets were written down $16 million. The consolidation of manufacturing and other facilities resulted in a fourth quarter charge of $5.1 million. BBN was optimistic about prospects for a return to profitability in the second half of fiscal 1990, but said it would be dependent on increases of network sales and success in selling the new TC2000 computer.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	5.91	4.64	4.72	4.00	3.42	2.06	1.87	1.79	1.77
Earnings[2]	d1.72	0.96	d0.46	0.65	0.51	0.38	0.24	0.12	0.08	0.23
Dividends	0.06	0.06	0.05	0.05	0.05	0.05	0.04¾	0.04¾	0.04½	0.04½
Payout Ratio	NM	6%	NM	7%	9%	13%	18%	38%	61%	19%
Prices[3]—High	11¼	19⅜	30	23⅞	18⅝	13¾	15⅜	5⅞	4¼	4¼
Low	7	9¾	11¾	16⅞	10⅛	7⅞	5⅛	1⅝	1½	1½
P/E Ratio—	NM	20–10	NM	37–26	37–20	36–21	65–21	47–13	57–19	18–6

Data as orig. reptd.; adj. for stk. div(s). of 100% Jul. 1987, 100% in Dec. 1983, 50% in Jul. 1983, 50% in May 1981. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.35 in 1989. 3. Cal. yr. NM-Not Meaningful. d-Deficit. NA-Not Available.

October 10, 1989
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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	305	45.6	14.9	28.8	16.9	5.93	27.5	34.0%	18.1	5.9
[2]1987	234	38.5	16.5	22.2	12.3	1.88	3.9	NM	d8.0	NM
1986	178	28.0	15.7	17.3	9.2	0.86	19.8	42.7%	[3]11.3	6.4
1985	138	20.8	15.0	16.6	6.9	0.67	14.8	42.9%	8.5	6.1
1984	106	14.8	13.9	9.9	5.2	0.60	10.1	41.5%	5.9	5.6
1983	85	10.5	12.3	5.4	4.2	1.18	5.4	39.3%	3.3	3.9
1982	69	7.1	10.2	5.7	3.5	1.52	2.4	33.6%	1.6	2.3
1981	55	2.7	4.8	8.3	2.8	2.18	0.5	NM	0.9	1.7
1980	47	5.0	10.8	6.7	1.9	1.14	3.8	25.3%	2.9	6.1
1979	38	4.4	11.8	2.6	1.6	0.47	13.4	24.7%	10.1	26.8

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	90.1	190	59.4	3.2	264	7.3%	87.5	112.0	205	42.7	18.2%
1987	72.3	168	51.2	3.3	231	NM	89.8	85.6	179	50.1	NM
1986	34.2	83	34.3	2.4	121	10.2%	4.6	78.8	87	5.3	15.6%
1985	20.2	65	26.5	2.5	96	9.8%	4.1	62.4	69	5.9	14.6%
1984	21.4	54	19.5	2.8	74	9.2%	2.7	51.0	55	4.8	14.5%
1983	0.6	29	14.5	2.0	47	7.0%	4.7	26.7	33	14.1	13.0%
1982	0.8	28	11.1	2.5	45	3.7%	9.3	23.2	34	27.3	7.0%
1981	2.3	24	13.2	1.8	40	2.2%	3.7	22.2	26	13.9	4.3%
1980	1.4	19	9.7	2.0	44	7.2%	9.9	21.3	35	28.8	14.3%
1979	1.4	14	7.2	1.9	34	39.0%	5.5	18.3	27	20.4	74.3%

Data as orig. reptd. 1. Incl. equity in nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects acctg. change. NM-Not Meaningful. d-Deficit.

Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	69.8	70.2	48.6	39.2
Dec.	75.4	78.1	53.7	44.5
Mar.	74.5	79.5	59.1	45.0
Jun.	71.9	77.4	72.4	49.3
	291.6	305.2	233.8	178.0

Revenues for the fiscal year ended June 30, 1989 (preliminary) decreased 4.5% from those of the previous year. After a $5.1 million resturucturing charge, a $46.5 million loss from operations was sustained, versus income of $28.8 million. A net loss of $31.5 million ($1.72 a share) was incurred, versus net income of $18.1 million ($0.96). Results for fiscal 1989 exclude a special credit of $6.4 million ($0.35) from the cumulative effect of a change in accounting for income taxes.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	0.12	0.22	0.18	0.14
Dec.	d0.32	0.23	0.19	0.15
Mar.	d0.29	0.24	0.20	0.17
Jun.	d1.27	0.27	d1.01	0.20
	d1.72	0.96	d0.46	0.65

Dividend Data

Cash has been paid since 1974. A "poison pill" stock purchase right was adopted in 1988. Semiannual payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Dec. 19	Feb. 8	Feb. 10	Feb. 28'89
0.03	Jun. 22	Aug. 2	Aug. 8	Aug. 24'89

Next dividend meeting: mid-Dec. '89.

Finances

In April, 1987 BBN acquired Network Switching Systems, Inc. (NSS) for $18.2 million. Since most of NSS's assets consisted of technology, BBN allocated most of the purchase price to in-process R&D projects, resulting in an $18.4 million charge against fiscal 1987 earnings.

Capitalization

Long Term Debt: $86,242,000, including $84.7 million of debs., conv. into 2.8 million com. shs.

Common Stock: 17,964,976 shs. ($1 par).
A unit of Schlumberger Ltd. owns about 11%.
Institutions hold approximately 53%.
Shareholders of record: 3,095.

Office—10 Fawcett St., Cambridge, Mass. 02238. **Tel**—(617) 873-2000. **Chrmn & CEO**—S. R. Levy. **Pres**—M. P. LaVigna. **VP & CFO**—B. D. Glebe. **Investor Contact**—N. H. Sanders. **Dirs**—J. M. Albertine, S. Labate, M. P. LaVigna, S. R. Levy, A. L. Nichols, H. R. Swearer, R. D. Wellington. **Transfer Agent & Registrar**—The Bank of Boston. **Incorporated** in Massachusetts in 1953. **Empl**—2,924.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Borden, Inc.

NYSE Symbol BN Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
34	38⅝-27⅝	NM	0.96	2.8%	A+	1.12

Summary

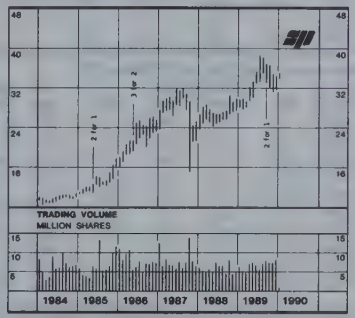
Borden makes a wide variety of foods, and is the nation's largest producer of dairy and pasta products. It also makes nonfood consumer items and specialty chemicals. The sale of its commodity chemicals business and acquisition of Meadow Gold Dairies in 1987, plus a series of smaller regional acquisitions, helped fuel earnings growth since 1986. Earnings for 1989 were hurt by a $2.73 a share charge to cover companywide plant closings and upgradings, including about 30% of dairy operations. The restructuring should allow a good earnings rebound in 1990.

Current Outlook

Earnings for 1990 should recover to $2.70 a share from 1989's estimated loss of $0.35, which includes a onetime charge of about $2.73.

The quarterly dividend, which was raised 6.7% in September, 1989, should remain at $0.24.

Sales for 1990 are estimated to increase approximately 7%, largely reflecting earlier acquisitions of regional dairy, snack, pasta and other consumer products companies. Growing production and distribution efficiencies, combined with greater purchasing power, companywide plant consolidations and upgradings, should continue to fuel profit growth. A companywide restructuring and sharp cutbacks in the dairy business, including exit from some non-growth markets, should improve profitability as well. Divestiture of non-strategic businesses should also aid a strong earnings uptrend.



Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,803	1,602	1,428
Jun.	---	1,874	1,784	1,602
Sep.	---	1,963	1,874	1,680
Dec.	---	---	1,983	1,804
	---	---	7,244	6,514

Sales for the 1989 nine months rose 7.2%, year to year. Strong advances in operating income from pasta, cheeses, condensed milk, bouillon and soup mixes offset declines for the dairy and snack products divisions, due to higher materials costs and highly competitive markets. After a $404 million ($2.73 a share) charge in the third quarter to restructure dairy operations and reconfigure production and distribution in other areas, there was a net loss of $1.08 a share, compared with net income of $1.48, as adjusted for the September, 1989 2-for-1 split.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.45	0.40	0.36	0.30
Jun.	E0.65	0.57	0.50	0.43
Sep.	E0.75	d2.05	0.62	0.54
Dec.	E0.85	E0.73	0.64	0.55
	E2.70	Ed0.35	2.11	1.81

Important Developments

Nov. '89— BN created an after-tax reserve of $404 million to close or sell 65 of its 265 plants worldwide over two to three years. About 20 were dairy plants and branches in non-growth market areas, accounting for a third of total dairy sales. Remaining closings were to streamline and consolidate production in larger, more efficient plants. The program would cut employment some 15%, and was expected to improve operating income $340 million through 1993.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	5.11	5.17	5.87	7.71	7.41	7.11	6.71	6.43	5.85
Earnings	NA	2.11	1.81	1.50	1.25	1.19	1.10	0.97	0.91	0.80
Dividends	0.90	0.74½	0.62	0.54¾	0.49⅝	0.44¼	0.39¾	0.36⅜	0.33⅜	0.31⅜
Payout Ratio	NA	35%	34%	36%	39%	36%	36%	37%	37%	38%
Prices—High	38⅝	30⅝	32	26¼	17⅞	10⅞	10¼	8¾	5	4¾
Low	27⅝	23⅝	15	15⅞	10⅝	8¼	7⅝	4½	4¼	3¼
P/E Ratio—	NA	14-11	18-8	18-11	14-8	9-7	9-7	9-5	6-5	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1989, 50% Jun. 1986, 100% Jun. 1985. E-Estimated. NA-Not Available. d-Deficit.

January 12, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	7,244	827	11.4	233	173	149	[2]545	42.7%	312	4.3
[1]1987	6,514	763	11.7	202	159	123	473	43.6%	267	4.1
[1]1986	5,002	583	11.7	163	137	85	390	42.8%	223	4.5
[1]1985	4,716	496	10.5	194	123	80	[2]325	40.3%	[3]194	4.1
[4]1984	4,568	504	11.0	164	113	82	[2]337	43.3%	191	4.2
[1]1983	4,265	442	10.4	185	95	78	[2]333	43.2%	189	4.4
[1]1982	4,111	360	8.8	289	100	76	255	34.9%	[3]166	4.0
[1]1981	4,415	384	8.7	248	99	73	239	33.2%	160	3.6
[1]1980	4,596	393	8.6	227	100	68	243	39.2%	148	3.2
[1]1979	4,313	374	8.7	238	103	[3]61	220	39.1%	134	3.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	113	1,814	1,223	1.5	4,440	7.2%	1,160	1,848	3,205	36.2	17.8%
1987	398	1,869	1,147	1.6	4,157	6.9%	1,172	1,658	3,000	39.1	17.2%
1986	130	1,437	1,005	1.4	3,582	7.0%	845	1,438	2,569	32.9	16.0%
1985	141	1,319	705	1.9	2,932	6.7%	527	1,407	2,220	23.7	14.1%
1984	122	1,222	781	1.6	2,884	7.1%	423	1,367	2,098	20.2	14.4%
1983	143	1,138	685	1.7	2,720	7.2%	378	1,390	2,031	18.6	14.0%
1982	131	1,082	604	1.8	2,590	6.6%	435	1,341	1,979	22.0	12.6%
1981	131	1,108	589	1.9	2,509	6.3%	436	1,318	1,918	22.7	12.6%
1980	264	1,356	775	1.8	2,643	5.9%	490	1,234	1,858	26.4	12.5%
1979	104	1,180	602	2.0	2,463	5.7%	539	1,184	1,855	29.0	11.7%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Refl. merger or acquisition and accounting. change.

Business Summary

Borden produces a broad range of food and chemical products. Business segment contributions in 1988 were:

	Sales	Profits
Foods	74%	68%
Non-food consumer & industrial	26%	32%

Foreign operations accounted for 22% of sales and 22% of operating profits in 1988.

Foods consist of national and regional branded dairy products (33% of sales) sold under the Borden, Meadow Gold, Viva, Louis Sherry, Hotel Bar and Keller's names; snacks (16%) such as Wise's, LaFamous, and New York Deli potato chips, and Cheez Doodles; pasta (8%), including Creamette, Prince, Ronco, Dutch Maid, Luxury, and Anthony's; niche grocery items (18%) including ReaLemon juice, Eagle Brand condensed milks, Kava instant coffee, Aunt Millies and other spaghetti sauces, Cracker Jacks and Campfire marshmallows; and nonfood consumer products (8%) such as Elmer's adhesives, Krylon spray paints, Rain Dance car care products, and wall coverings (Wall-Tex, Birge, Borden, James Seeman). Chemical specialties (17%) include resins, polyvinyl chloride films, and industrial adhesives. Commodity chemicals were spun off in late 1987 and 1988.

Dividend Data

Dividends have been paid since 1899. A dividend reinvestment plan is available. A "poison pill" stock purchase right adopted in 1986 was amended in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.39	Jan. 31	Feb. 6	Feb. 10	Mar. 1'89
0.45	Apr. 21	May 1	May 5	Jun. 1'89
0.48	Jul. 25	Jul. 31	Aug. 4	Sep. 1'89
2-for-1	Jul. 25	Sep. 7	Aug. 4	Sep. 6'89
0.24	Oct. 31	Nov. 6	Nov. 10	Dec. 1'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $1,474,705,000.

Minority Interest: $3,495,000.

$1.32 Conv. Pfd. Stk: 8,399 shs. (no par).

Common Stock: 148,386,888 shs. ($0.62½ par). Institutions hold approximately 49%. Shareholders of record: 38,465.

Office—277 Park Ave. NYC 10172 **Tel**—(212) 573-4000 **Chrmn & CEO**—R. J. Ventres. **Secy**—R. G. Tritsch **VP-Treas & Investor Contact**—H. A. Clemente (212) 573-4103 **Dirs**—T. Cooper, V. Dwyer, W. J. LeMelle, R. P. Luciano, J. W. Lynn, R. T. Quittmeyer, P. C. Stewart, E. J. Sullivan, F. J. Tasco, R. J. Ventres, P. C. Vink. **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in New Jersey in 1899 **Empl**—46,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Briggs & Stratton

NYSE Symbol BGG In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
27½	31⅛-24¾	NM	1.60	5.8%	B-	0.97

Summary

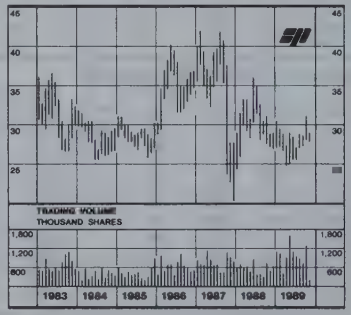
This company is the largest producer of small gasoline engines and automotive locks. By far the major portions of its engine sales are to manufacturers of lawn and garden equipment. BGG reported a $20 million net loss for fiscal 1989, reflecting lower engine shipments, higher costs and approximately $14 million of nonrecurring charges. In October, 1989 BGG said that it expected higher sales and a return to profitability in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected at $1.50 a share, versus the loss of $1.39 of fiscal 1989.

Dividends should remain at $0.40 quarterly.

Sales for fiscal 1990 are expected to rise, reflecting a projected recovery in engine unit shipments, higher service sales and some recovery of market share. Gross margins should improve as unabsorbed overhead decreases, and raw material costs decline. Aided further by probable declines in SG&A and engineering expenses, operations should return to profitability.



Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	167.3	170.6	145.3	137.9
Dec.	---	207.8	244.3	169.7
Mar.	---	307.4	290.7	269.5
Jun.	---	190.5	233.7	207.5
	---	876.4	914.1	784.7

Sales for the three months ended September 30, 1989 declined 1.9%, year to year, reflecting a 9% decrease in engine unit shipments and a 4% increase in lock unit shipments. Following higher unabsorbed overhead resulting from lower production, gross profits fell 7.0%. Aided by lower engineering, selling, general and administrative expenses, the seasonal operating loss narrowed to $7.1 million from $9.3 million. However, after increased nonoperating expenses, the pretax loss was $10.9 million in both periods. After tax credits, the net loss was $7.3 million ($0.50 a share), versus $7.5 million ($0.52).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.50	d0.52	d0.42	d0.22
Dec.	E0.45	d0.13	0.88	0.43
Mar.	E1.15	1.00	1.24	1.17
Jun.	E0.40	d1.74	0.39	0.46
	E1.50	d1.39	2.09	1.84

Important Developments

Oct. '89— BGG reported a $7.3 million ($0.50 a share) net loss on a 1.9% decline in sales for fiscal 1990's first quarter, versus a loss of $7.5 million ($0.52) in the year-earlier quarter. BGG noted that underabsorbed overhead rose, due to the decision to build fewer engines for inventory and resulted in a 30% decrease in manufacturing activity. Citing improved conditions in the domestic lawn and garden market, BGG stated that orders had picked up and that it had increased its assembly rate beginning in late September. BGG said that for the full year, it expected higher net sales and a profit.

Aug. '89— BGG signed a commitment letter for a $75 million revolving credit facility which had an initial term of three years and was classified as long-term debt.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	17.92	20.97	20.48	20.29	19.59	18.87	18.05	17.44	16.39	16.17
Earnings	d1.39	2.09	1.84	2.36	2.32	2.40	2.20	2.72	1.74	3.39
Dividends	1.60	1.60	1.60	1.60	1.60	1.58	1.58	1.54	1.52	1.46
Payout Ratio	NM	77%	87%	68%	69%	66%	72%	57%	88%	43%
Prices¹—High	31⅛	36	42	40¼	31⅛	31⅞	36⅝	37¼	26⅝	28¼
Low	24¾	24¼	20¼	28¾	25¾	25½	26½	22⅞	22	20¾
P/E Ratio—	NM	17-12	23-11	17-12	13-11	13-11	17-12	14-8	15-13	8-6

Data as orig. reptd. 1. Cal. yr. NM-Not Meaningful d-Deficit. E-Estimated.

November 22, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	876	22.9	2.6	79.5	39.0	12.3	d34.0	NM	¹d20.0	NM
1988	914	73.3	8.0	51.6	30.0	1.91	43.2	30.0%	¹30.2	3.3
1987	785	70.9	9.0	50.1	24.5	1.18	45.6	41.6%	¹26.6	3.4
1986	746	84.1	11.3	46.3	23.4	0.91	61.9	45.0%	34.1	4.6
1985	718	79.3	11.1	58.4	19.6	1.01	62.5	46.4%	33.5	4.7
1984	671	81.0	12.1	36.1	18.6	1.08	65.3	46.8%	34.7	5.2
1983	614	71.4	11.6	32.1	17.1	1.44	58.8	46.0%	31.8	5.2
1982	636	82.4	13.0	21.3	15.2	1.23	73.6	46.5%	¹39.4	6.2
1981	569	51.2	9.0	28.9	13.6	0.96	44.8	43.9%	25.1	4.4
1980	709	98.7	13.9	55.1	11.4	Nil	91.5	46.3%	49.1	6.9

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	5.7	224	160	1.4	561	NM	75.0	259	389	19.3	NM
1988	5.0	210	147	1.4	511	6.3%	Nil	303	353	Nil	10.1%
1987	27.4	177	100	1.8	452	6.0%	Nil	296	341	Nil	9.0%
1986	42.3	188	94	2.0	437	8.0%	Nil	294	332	Nil	11.8%
1985	25.0	181	89	2.0	412	8.1%	Nil	283	313	Nil	12.1%
1984	61.4	223	113	2.0	418	8.6%	Nil	273	295	Nil	13.0%
1983	45.5	208	100	2.1	388	8.4%	Nil	261	279	Nil	12.4%
1982	58.1	201	90	2.2	367	11.2%	Nil	252	268	Nil	16.1%
1981	42.4	173	77	2.2	335	7.4%	Nil	237	249	Nil	10.7%
1980	17.8	193	91	2.1	341	15.5%	Nil	234	243	Nil	22.3%

Data as orig. reptd. 1. Reflects accounting change. NM-Not Meaningful. d-Deficit.

Business Summary

Briggs & Stratton is the world's largest manufacturer of air-cooled gasoline engines for outdoor power equipment and locks for use in automobiles and trucks. Contributions by industry segment in fiscal 1989 (profits in million $):

	Sales	Profits
Engines and parts	92%	-$13.6
Locks	8%	-2.5

Export sales accounted for 27% of total sales in fiscal 1989, versus 20% in fiscal 1988.

Engines are produced in models ranging from 2-to-18 horsepower, with 95% of output concentrated in air cooled aluminum alloy gasoline engines; less than 5% of engine sales were air cooled cast iron gasoline engines ranging from 9 to 16 horsepower. In fiscal 1989, over 84% of all engines produced by BGG were sold for use in walk-type power mowers, riding lawn mowers, riding garden tractors, garden tillers, snow throwers, and other home maintenance equipment such as lawn edgers, and yard vacuums; some 16% of output was sold for use in general industrial products including pumps, generators and light construction and agricultural equipment. In 1980 the company began production of a two-cycle engine intended for lightweight snowthrowers. While BGG manufactures most of its engine components, it buys parts such as piston rings, spark plugs, valves, fasteners and starter motors.

Sales to BGG's two largest customers, MTD Products Inc. and Murray Ohio Manufacturing Co. accounted for 21% of total sales in fiscal 1989 and 24% of sales in fiscal 1988.

Customers of the automobile lock business include all major automobile and truck manufacturers in North America.

Dividend Data

Dividends have been paid since 1929. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Nov. 15	Nov. 18	Nov. 25	Jan. 3'89
0.40	Feb. 21	Feb. 27	Mar. 3	Apr. 3'89
0.40	May 16	May 22	May 26	Jun. 30'89
0.40	Aug. 15	Aug. 21	Aug. 21	Oct. 2'89

Next dividend meeting: Nov. 21'89.

Capitalization

Long Term Debt: $75,000,000.

Common Stock: 14,463,500 shs. ($3 par). Institutions hold approximately 56%. Shareholders of record: 9,222.

Office—12301 West Wirth St., Wauwatosa, Wisc. 53222. **Tel**—(414) 259-5333. **Chrmn & CEO**—F. P. Stratton, Jr. **Pres**—R. E. Marceau. **Secy-Treas & Investor Contact**—R. H. Eldridge **Dirs**—M. E. Batten, R. H. Eldridge, P. A. Georgescu, S. B. Lubar, R. E. Marceau, J. L. Murray, L. J. Socks, F. P. Stratton, Jr., E. J. Zarwell **Transfer Agent & Registrar**—First Wisconsin Trust Co., Milwaukee **Incorporated** in Delaware in 1924 **Empl**—7,316

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Bristol-Myers Squibb

NYSE Symbol BMY Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
53¾	55-44	19	2.00	3.7%	A+	0.81

Summary

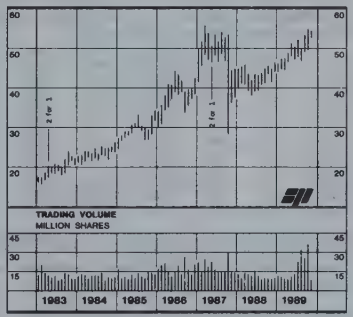
In October, 1989 Bristol-Myers completed a merger with Squibb Corp. through issuance of close to 240 million new BMY common shares, creating the world's second largest pharmaceutical company. Although the merger is expected to have an initial dilutive impact on earnings, strategic benefits, synergies and cost economies accruing from the combination enhance Bristol's longer-range prospects.

Current Outlook

Earnings for 1990 are projected at about $3.20 a share, up from the $2.75 (before likely nonrecurring charges) estimated for 1989.

An increase in the $0.50 quarterly dividend is likely over the near term.

Sales of Bristol-Myers Squibb in 1990 are expected to advance 7%-10% from the $9.2 billion indicated for 1989, aided by further growth in major pharmaceutical, medical and consumer products lines. Profitability should benefit from the better volume, as well as from synergies and cost economies accruing from the combination of the two companies.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	1,520	1,348	1,195
Jun.	[2]4,509	1,457	1,314	1,172
Sep.	2,320	1,516	1,378	1,265
Dec.		1,480	1,361	1,205
		5,973	5,401	4,836

Sales for the combined company for the nine months ended September 30, 1989 increased 6.5%, year to year, aided by gains in both domestic and foreign sales. Pretax income rose 13%. After taxes at 32.8%, against 33.9%, net income was up 14%. Share earnings were $2.10, versus $1.83.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	0.73	0.61	0.51
Jun.	[2]1.32	0.66	0.56	0.42
Sep.	0.78	0.81	0.70	0.61
Dec.		0.68	0.61	0.53
		2.88	2.47	2.07

Important Developments

Oct. 4'89— Bristol-Myers completed its merger with Squibb Corp. through the tax-free exchange of 2.4 new Bristol common shares for each of Squibb's approximately 97 million common shares outstanding. Including shares issued for Squibb's options, about 240 million BMY common shares were issued. Squibb is a leading producer of cardiovascular, anti-infective and diagnostic products, including Capoten (the leading ACE inhibitor heart drug whose sales exceeded $1 billion in 1988). Besides new drug products, Squibb brings to Bristol important marketing strengths overseas, especially in Europe. Pro forma Bristol-Myers Squibb earned $1.25 billion ($2.39 a share) on net sales of $8.56 billion in 1988. Earnings for 1989 are likely to include nonrecurring charges associated with merger costs, plant consolidations and related reserves.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	11.61	10.58	9.23	8.26	7.24	6.51	5.93	5.39	4.68	4.02
Earnings	2.88	2.47	2.07	1.93	1.73	1.50	1.30	1.15	1.02	0.88
Dividends	1.76	1.47	1.17½	0.94	0.80	0.60	0.50⅞	0.44½	0.40	0.36
Payout Ratio	61%	60%	57%	49%	47%	40%	39%	39%	39%	41%
Prices—High	46½	55⅞	44⅜	34⅜	26⅜	23⅞	18½	14¾	13	9⅝
Low	38⅛	28¼	30⅛	24½	20½	15⅝	12¾	11½	7¾	7⅞
P/E Ratio—	16-13	23-11	21-15	18-13	15-12	16-10	14-10	13-10	13-7	11-9

Data as orig reptd. Adj. for stk div(s). of 100% Jun. 1987, 100% May 1983. 1. Reflects merger or acquisition. 2. Six mos.

November 16, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	5,972	1,317	22.1	249	128	37.7	1,285	35.5%	829	13.9
1987	5,401	1,114	20.6	190	116	34.5	1,118	36.5%	710	13.1
[2]1986	4,836	991	20.5	222	105	37.8	[3]930	36.6%	[4]590	12.2
1985	4,444	844	19.0	207	86	32.8	[3]864	38.5%	531	12.0
[2]1984	4,189	794	18.9	178	74	33.5	781	39.5%	472	11.3
[2]1983	3,917	712	18.2	141	67	34.8	692	41.0%	408	10.4
[2]1982	3,600	630	17.5	162	60	42.3	606	42.5%	[4]349	9.7
1981	3,497	572	16.4	159	52	36.0	552	44.6%	306	8.7
[2]1980	3,158	508	16.1	132	47	28.9	492	45.0%	271	8.6
[2]1979	2,753	447	16.2	95	40	20.2	[4]423	45.3%	232	8.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,710	3,566	1,164	3.1	5,190	16.7%	215	3,543	3,851	5.6	24.5%
1987	1,578	3,264	1,099	3.0	4,732	15.9%	210	3,225	3,512	6.0	23.4%
1986	1,192	2,759	1,015	2.7	4,183	14.7%	158	2,829	3,080	5.1	22.0%
1985	999	2,502	997	2.5	3,721	15.2%	114	2,443	2,647	4.3	23.1%
1984	759	2,170	862	2.5	3,249	15.1%	103	2,135	2,323	4.4	23.4%
1983	743	2,101	870	2.4	3,007	14.1%	96	1,894	2,073	4.7	22.6%
1982	612	1,942	833	2.3	2,756	13.2%	114	1,692	1,828	6.2	21.5%
1981	429	1,770	744	2.4	2,489	13.0%	102	1,516	1,667	6.1	21.3%
1980	368	1,588	654	2.4	2,209	13.1%	112	1,318	1,492	7.5	21.8%
1979	351	1,381	548	2.5	1,922	12.8%	120	1,137	1,321	9.1	21.4%

Data as orig. reptd. 1. Net of curr. yr. retirement and disposals after 1981. 2. Reflects merger or acquisition. 3. Includes equity in earns. of nonconsol. subs. 4. Reflects accounting change.

Business Summary

The company's operations were substantially enlarged with the October, 1989 merger with Squibb Corp., a leading maker of ethical pharmaceuticals. Excluding Squibb, Bristol-Myers' 1988 sales and earnings broke down as follows:

	Sales	Profits
Pharmaceutical & medical ...	42%	42%
Non-prescription health	27%	35%
Toiletries & beauty aids	22%	17%
Household products	9%	6%

Foreign operations contributed 33% of Bristol's sales and 26% of its profits in 1988.

Pharmaceutical and medical products comprise prescription drugs, orthopaedic implants, surgical instruments and dental supplies. Key compounds are antibiotics and anti-cancer agents. Important Squibb products consist of cardiovascular (including Capoten) and anti-infective drugs and diagnostic agents.

Non-prescription products include Bufferin, Excedrin and Nuprin analgesics, Comtrex cough and cold remedy, Keri Lotion skin moisturizer, and Enfamil infant feeding formula. Vi-Sols and Natalins vitamins are also sold.

Toiletries and beauty aids encompass the Clairol line of hair care products, Nice 'n Easy and Clairesse hair colorings, Final Net hair spray, Short & Sassy hair conditioner, Vitalis hair preparation, Ban deodorant and other products. Household items include Windex window cleaner, Vanish bowl cleaner and Drano drain opener.

Dividend Data

Dividends have been paid since 1933. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Dec. 6	Dec. 30	Jan. 6	Feb. 1'89
0.50	Mar. 7	Apr. 3	Apr. 7	May 1'89
0.50	Jun. 6	Jun. 30	Jul. 7	Aug. 1'89
0.50	Aug. 22	Sep. 19	Sep. 25	Nov. 1'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $258,600,000.

$2 Conv. Pfd. Stock: 70,680 shs. ($1 par); red. at $50; conv. into 4.24 com.

Common Stock: About 530,000,000 shs. ($0.10 par).
Shareholders: About 97,000.

Office—345 Park Ave., NYC 10022. **Tel**—(212) 546-4000. **Chrmn & CEO**—R. L. Gelb. **Pres**—R. M. Furlaud. **Secy**—P. D. Kase. **VP-Treas**—H. M. Bains, Jr. **Investor Contact**—J. Morris. **Dirs**—R. C. Adam, R. E. Allen, W. M. Ellinghaus, R. L. Gelb, H. H. Henley, Jr., J. D. Macomber, W. R. Miller, J. D. Robinson, III, A. J. Santry, Jr., A. C. Sigler, M. R. Wallace. **Transfer Agent & Registrar**—Manufacturers Hanover Trust, NYC & San Francisco. **Incorporated** in Delaware in 1933. **Empl**—53,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B Saftlas

British Airways

370F

NYSE Symbol BAB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
31⅝	36½-27⅞	8	[1]1.48	[1]4.7%	NR	NA

Summary

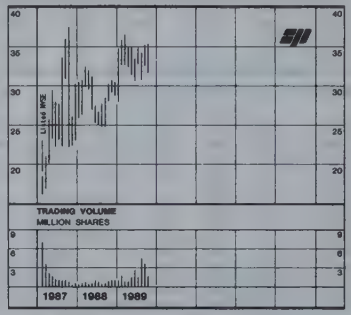
British Airways is one of the world's largest international airlines, with a route network reaching about 80 countries from London. BAB has agreed to invest $750 million in the proposed $6.8 billion buyout of UAL Corp., parent of United Airlines, with which it has had a joint marketing agreement since 1987. The association should provide long-term benefits in international markets. BAB acquired British Caledonian Airways in 1988.

Current Outlook

Earnings for the fiscal year to end March 31, 1990 are projected at $4.25 per ADR (£1 $1.60), compared with $4.11 for fiscal 1988-9 (£1 $1.69).

Dividends from fiscal 1989-0 earnings should be moderately larger than the year-earlier $1.47 (net of 15% U.K. tax).

Revenues for fiscal 1989-90 should rise at least moderately. Traffic growth in the summer months was restrained by a shortage of capacity, but a moderate pickup is likely later in the year as delayed aircraft deliveries are made. Average fare yield should be up somewhat, reflecting close management of discounts. Unit costs will increase under pressure of rising fuel costs and an increase in labor costs. Interest expense should be lower. Net income should be up about 10%.



Revenues (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	1.82	1.74	1.44	---
6 Mos. Sep.		3.74	3.19	2.43
9 Mos. Dec.		5.91	5.36	---
12 Mos. Mar.		7.19	7.09	5.25

Turnover (revenues) in pounds sterling for the three months ended June 30, 1989 rose 15.1%, year to year. Operating costs increased 14.8%. Income before taxes was up 18.5%. After taxes at 35.4%, against 34.6%, net income was up 17.0%.

Earnings per ADR ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	1.33	1.26	1.30	---
6 Mos. Sep.		3.38	3.41	2.80
9 Mos. Dec.		4.45	4.57	---
12 Mos. Mar.		4.11	3.96	3.29

Important Developments

Sep. '89— The company entered into an agreement to participate, along with UAL management and employees, in the acquisition of UAL Corp. for $300 a share, or $6.8 billion. BAB would contribute $750 million, or 77.7% of the cash investment of $965 million, UAL employees $200 million, and management $15 million. BAB would receive 15% of voting power and a board seat. The company's investment would be in the form of three classes of preferred stock with an average return above the cost of funds. The Department of Transportation was reviewing the agreement and might request a reduction in the BAB participation. For financing BAB began a rights offering for £310 million of convertible capital bonds (not available to ADR holders).

Next earnings report expected in early November.

Per ADS Data (U.S. $)

Yr. End Mar. 31	1989	[2]1988	1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	17.52	16.58	13.50	9.66	4.92	2.56	d2.40	d4.82
Earnings[3]	4.11	3.96	3.29	3.90	3.20	3.66	1.32	d2.78
Dividends[4]	1.649	1.36¼	0.76¼	0.72½	Nil	Nil	Nil	Nil
Payout Ratio	40%	34%	23%	19%	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981
Prices—High	32½	37½	NA	NA	NA	NA	NA	NA
Low	24¾	[5]16⅛	NA	NA	NA	NA	NA	NA
P/E Ratio—	8-6	9-4	NA	NA	NA	NA	NA	NA

Data as orig. reptd.; prior to 1987 data as reptd. in Prospectus dated Feb. 11, 1987; conv. to U.S. $ at yr-end. exch. rates. 1. Paid in past 12 mos. (approx); net aft. 15% British tax to U.S. residents; excl. 0.1237 proceeds from sale of rights. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. and spec. item(s) in 1986-1982. 4. Paid from yr.'s earns., incl. final divd. paid after fiscal yr.-end. 5. On partially paid shs., low for fully paid shs. was 22½. NA-Not Available d-Deficit

October 18, 1989

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	7,174	1,084	15.1	1,116	517	163.1	452	34.7%	295	4.1
[3]1988	7,086	853	12.0	1,568	407	77.3	430	33.8%	285	4.0
[4]1987	5,215	582	11.2	508	302	53.0	260	8.6%	238	4.6
[4]1986	4,511	527	11.7	408	235	69.0	283	1.1%	280	6.2
1985	3,602	538	14.9	149	174	NA	217	NA	212	5.9
1984	3,558	547	15.4	364	161	NA	259	NA	258	7.3
1983	3,376	413	12.2	266	163	NA	77	NA	71	2.1
1982	3,747	180	4.8	272	176	NA	d221	NA	d217	NM

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	148	1,544	2,946	0.5	5,888	5.0%	1,466	1,262	2,742	53.5	24.0%
1988	315	1,700	2,775	0.6	5,859	6.2%	1,545	1,194	2,724	56.7	26.3%
1987	276	1,249	1,832	0.7	3,346	7.8%	363	972	1,340	27.1	26.5%
1986	83	860	1,433	0.6	2,773	10.1%	451	696	1,162	38.8	50.9%
1985	105	880	1,238	0.7	2,432	9.1%	702	355	1,068	65.7	82.6%
1984	49	736	1,103	0.7	2,583	10.3%	1,210	184	1,407	86.0	NM
1983	58	850	1,061	0.8	2,476	2.9%	1,442	d173	1,269	113.6	NM
1982	62	1,027	1,337	0.8	2,907	NA	1,629	d347	1,287	126.6	NA

Data as orig. reptd.; prior to 1987 data as reptd. in Prospectus dated Feb. 11, 1987; conv. to U.S. $ at yr-end. exch. rates. 1. Incl. equity in earns. of nonconsol subs. 2. Bef. results of disc. opers. and spec. item(s) in 1987-1982. 3. Reflects merger or acquisition. 4. Excl. disc. opers. NA-Not Available. d-Deficit NM-Not Meaningful.

Business Summary

A Government-owned enterprise until early 1987, British Airways is one of the world's largest international airlines, operating flights to about 80 countries. It also operates an extensive domestic route network and through subsidiaries conducts charters and inclusive tours. During the fiscal year ended March 31, 1989 it carried 22,578,000 passengers in scheduled service. By geographical area, revenues and operating profits in fiscal 1988-9 were derived as follows:

	Revs.	Profits
Europe (incl. U.K.)	38%	5%
The Americas	32%	54%
Africa	8%	14%
Middle East, Far East, Australasia	22%	27%

As of March 31, 1989 the fleet consisted of seven Concordes, 40 747s, 17 L-1011s, eight DC-10-30s, 35 B-757s, four A320s, 49 B-737s, 34 BAC 1-11s, four BAe ATPs and 11 HS 748s. On order were 19 747-400s, 17 B-767-300s, three B-757s, 24 737s, six A320s and four ATPs for delivery from calendar 1989 through 1994. Also on order were three MD-11s, which are to be transferred to a new joint venture leasing operation in which the company is a participant. There are also options on a total of 58 aircraft.

Finances

Gross expenditures for aircraft during the 1989-90 fiscal year are estimated at approximately £950 million. Operating lease arrangements, however, are expected to account for about £800 million.

On February 11, 1987 the British Government sold 720,200,000 ordinary shares of British Airways at £1.25 per share. Of the total 583,262,177 were sold in the United Kingdom. In addition 6,225,653 American depositary receipts were sold in the U.S. (each ADR represented 10 ordinary shares). As of mid-August, 1989 there were approximately 11,200,000 ADRs outstanding.

Dividend Data

BAB expects to pay, in respect of each fiscal year, an interim dividend in January and a final dividend in July or August. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.5016*	---	Dec. 2	Dec. 8	Jan. 23'89
0.9764*	---	Jun. 12	Jun. 16	Aug. 4'89
0.1237†	---	Oct. 10	Oct. 16	Oct. 23'89

*Net aft. 15% British tax to U. S. residents.
†Proceeds from sale of rights.

Capitalization

Long Term Debt: £870,000,000, incl. finance leases of £221,000,000.

Ordinary Shares: 720,452,499 shs. (25p par). Each American Depositary Receipt represents 10 deposited ordinary shares.
Shareholders: 338,350.

Office—Speedbird House, Heathrow Airport, Hounslow, Middlesex TW6 2JA, England Tel—44-1-759-5511. Chrmn—Lord King of Wartnaby CEO—Sir Colin Marshall. CFO—D. Stevens. Secy—P. Ayling. U.S. Investor Contact—Ernest David (718-397-4225) Dirs—Lord King of Wartnaby, M. Angus, M. Davies, R. Henderson, J. Jessop, Sir Francis Kennedy, H. Lambert, Sir Colin Marshall, C. Price, D. Stevens. Transfer Agent & Registrar for ADR—Morgan Guaranty Trust Co., N.Y.C. Incorporated in 1983 Empl—49,264

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T.M Canning, CFA

British Gas

NYSE Symbol BRG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
38⅜	39¾-27⅝	11	[1]1.67	[1]4.4%	NR	NA

Summary

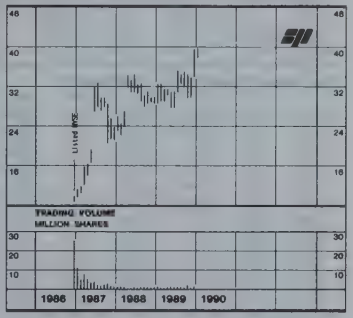
British Gas is the largest integrated gas supply company in the Western world, providing about 98% of the natural gas used in the United Kingdom. Other activities include natural gas exploration and production, and the sale, installation and servicing of gas appliances. In December, 1989 BRG agreed to increase its stake in the largest gas company in Spain.

Current Outlook

Earnings per ADS for the fiscal year ending March 31, 1990 are projected at $3.60, up slightly from fiscal 1988-9's $3.58.

Dividends from fiscal 1989-90 earnings are expected to exceed the $1.67 per ADS (after 15% British tax) paid from fiscal 1988-9 earnings.

Profits for fiscal 1989-90 from gas supply operations are expected to be slightly higher, assuming normal weather conditions and some customer additions; lower margins on sales to industrial and commercial customers are expected to restrict earnings growth. Nonutility operations should benefit from greater energy production and higher average energy prices, and increased sale of appliances. Earnings growth per ADS is expected to be hurt by unfavorable currrency translations.



Revenues (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	---	---	---	2.39
6 Mos. Sep.	4.46	4.46	4.07	3.73
9 Mos. Dec.	---	---	---	---
12 Mos. Mar.	---	12.72	13.89	12.23

Sales (in pounds sterling) for the six months ended September 30, 1989 rose 4.4% from those of the preceding year, reflecting strength in exploration and production operations. Margins narrowed, and net income (historical cost basis) declined 91%, to £2 million from £22 million.

Earnings Per ADS ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	---	---	---	0.33
6 Mos. Sep.	0.01	0.08	0.29	---
9 Mos. Dec.	---	---	---	---
12 Mos. Mar.	E3.60	3.58	3.71	3.12

Important Developments

Jan. '90— BRG agreed to conduct joint exploration ventures with BHP Petroleum and Atlantic Richfield Co. in the Gulf of Mexico and the Gulf Coast region. In December, 1989 BRG agreed to purchase the 6.55% stake in Catalana de Gas (CG) held by Asland, a cement company, at a price of £48 million, bringing BRG's stake in CG to 7.75%; CG is the largest private gas company in Spain. Separately, the company said in October that it planned to construct a £50 research center in Loughborough, England.

Sep. '89— BRG and Amerada Hess jointly agreed to purchase Texas Eastern North Sea Inc. (TENSI) for a net purchase price of $673 million plus interest. Prior to the sale of certain holdings, TENSI had interests in 76 North Sea blocks in eight producing oil and gas fields.

Next semiannual report expected in June.

Per ADS Data ($)

Yr. End Mar. 31	1990	1989	1988	1987	1986
Tangible Bk. Val.	NA	27.76	28.84	22.54	18.35
Earnings	NA	3.58	3.71	3.12	1.98
Dividends[2]	NA	1.67	1.59½	0.75½	Nil
Payout Ratio	NA	46%	49%	24%	Nil
Calendar Years	1989	1988	1987	1986	1985
Prices—High	39½	34½	$32¾	$9⅞	NA
Low	27⅝	22⅛	$9½	$8⅝	NA
P/E Ratio—	NA	10-6	3-9	3-3	NA

Data as orig. reptd., on historical cost basis, in accord. with UK GAAP; prior to 1987 as reptd. in Prospectus dated Dec. 8, 1986. Conv. to US $ at fiscal yr.-end exch. rates. **1.** Decl. in the past 12 mos. (approx.), net aft. 15% British tax to U.S. residents. **2.** Incl. divd. decl. aft. fiscal yr. end. **3.** Fully paid ADS. **4.** Partly-paid ADS (first payment). NA-Not Available. E-Estimated

January 17, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million U.S. $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	12,719	2,827	22.2	NA	417	412	2,253	32.8%	1,519	11.9
1988	13,892	2,844	20.5	NA	349	390	2,368	35.0%	1,539	11.1
1987	12,229	2,308	18.9	938	309	169	2,078	37.7%	1,295	10.6
[1]1986	11,300	1,717	15.2	839	238	434	1,222	32.7%	822	7.3
1985	8,573	1,327	15.5	1,007	172	40	1,230	19.0%	997	11.6
1984	9,209	1,768	19.2	1,567	168	49	1,706	13.0%	1,485	16.1
1983	8,633	1,708	19.8	1,064	158	64	1,637	20.9%	1,295	15.0
1982	9,089	1,412	15.5	789	171	62	1,323	25.2%	990	10.9

Balance Sheet Data (Million U.S. $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	2,131	5,864	5,225	1.1	19,322	8.0%	1,661	11,744	13,943	11.9	13.5%
1988	3,971	7,329	5,712	1.3	20,904	7.9%	2,568	11,968	15,077	17.0	13.3%
1987	1,605	4,802	3,352	1.4	15,183	8.6%	2,411	9,354	11,765	20.5	10.8%
[1]1986	1,417	4,469	3,390	1.3	13,634	6.3%	2,577	7,616	10,193	25.3	NA
1985	977	3,390	1,772	1.9	10,596	9.9%	422	8,366	8,788	4.8	12.7%
1984	1,112	3,708	1,964	1.9	11,066	14.5%	508	8,558	9,066	5.6	19.0%

Data as orig. reptd., on historical cost basis, in accord. with UK GAAP; prior to 1987 as reptd. in Prospectus dated Dec. 8, 1986. Conv. to US $ at fiscal yr.-end exch. rates. **1.** Pro forma. NA-Not Available.

Business Summary

British Gas plc (a state-owned enterprise until 1986) is the largest integrated gas supplier in the Western world, supplying about 98% of the natural gas used in the United Kingdom. Other activities include natural gas exploration and production, and the sale, installation and servicing of gas appliances through a network of 724 showrooms. Sales and current cost operating profits in fiscal 1988-9 were derived as follows:

	Sales	Profits
Gas supply	86%	90%
Installation & contracting	5%	4%
Appliance trading	4%	2%
Exploration & other	5%	4%

In fiscal 1988-9 residential customers accounted for 55% of therms sold (67% of sales value), industrial customers 29% (18%), and commercial customers 16% (15%). Total gas sold through BRG's 152,500 mile transmission and distribution system in fiscal 1988-9 amounted to 18.0 billion therms, down from 18.7 billion therms in fiscal 1987-8. Customers served at fiscal 1988-9 year-end numbered over 17 million.

Appliances sold through showrooms are used for cooking, water and space heating; installation, contracting and essential services are provided.

In fiscal 1988-9 production from all properties totaled 115 Bcf of gas (133 Bcf in fiscal 1987-8) and 16.4 million barrels of oil (0.82). Proved reserves at March 31, 1989 amounted to 7,079 Bcf of natural gas and 156.9 million barrels of oil.

Dividend Data

Directors expect to recommend in respect of each fiscal year an interim and a final dividend normally payable around March of that year and October of the following fiscal year, respectively.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52952*	---	Jan. 13	Jan. 20	Apr. 7'89
1.1407 *	---	Jul. 31	Aug. 4	Oct. 14'89

*Net aft. 15% British tax.

Finances

The company expects that its major cash needs, other than for acquisitions, will be met from presently available sources, including cash balances and cash flow.

On December 8, 1986 the British Government offered 3,968,085,389 ordinary shares of British Gas common stock at £1.35 each, effectively de-nationalizing Britain's natural gas industry. Of the shares, 166,636,500 (as represented by ADSs) were sold in the U.S.

Capitalization

Long Term Debt: £1,210,000,000.

Minority Interest: £325,000,000.

Special Stock: 1 share (£1 par) (Held by the British Government).

Ordinary Shares: 4,260,200,000 shs. (25p par). Each American Depositary Share represents 10 deposited ordinary shares.
The British Government holds 142,100,000 shs.

Office—Rivermill House, 152 Grosvenor Rd., London SW1V 3JL, England **Tel**—011-441-821-1444 **Chrmn & Chief Exec Officer**—R. Evans **Secy**—G. C. Hogg. **Investor Contact (London)**—R. South. **Dirs**—D. H. Benson, R. H. Boissier, C. E. Donovan, R. Evans, S. Kalms, J. McHugh, Baroness Platt of Writtle, W. R. Probert, Sir Denis Rooke, Sir Leslie Smith, A. Sutcliffe. **NYC Transfer Agent & Registrar**—Irving Trust Co., NYC **Incorporated** in the United Kingdom in 1986. **Empl**—80,243

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

British Petroleum

NYSE Symbol BP Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
57⅝	61⅝-53⅝	10	[1]3.28	[1]5.7%	NR	0.64

Summary

British Petroleum is a leading integrated oil, gas and chemical enterprise. The company has a substantial presence in the North Sea following the 1988 acquisition of Britoil plc, and a preeminent position on the Alaskan North Slope after its 1987 acquisition of Standard Oil Co. The company is reorganizing its worldwide operations, including the divestiture of marginal properties and the streamlining of its management structure. BP will be emphasizing exploration and production in frontier areas of the world while it is expected to increase its refining capacity and expand its distribution market share.

Current Outlook

Earnings for 1990 are projected at $5.60 per ADS, compared with the $5.40 estimated for 1989, excluding special credits in both years.

Dividends from 1989 earnings should exceed the $3.28 (after 15% British tax) paid from 1988 earnings.

Revenues (in pound sterling) for 1990 are expected to benefit from greater natural gas volumes and increased gas prices. Refining margins should show modest gains while the contribution from the chemicals segment should increase. Volatile crude oil prices may reduce inventory holding gains.

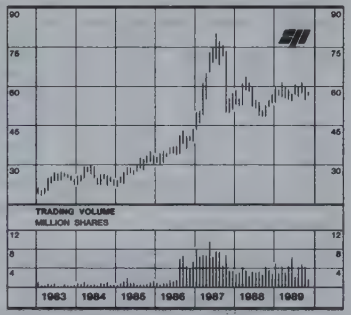
[2]Net Sales (Billion $)

Period:	1989	1988	1987	1986
3 Mos. Mar.	11.59	12.25	11.13	12.55
6 Mos. Jun.	23.67	22.25	22.01	22.48
9 Mos. Sep.	35.80	35.03	33.81	29.89
12 Mos. Dec. ...		46.14	45.23	40.30

Revenues (£) for the nine months ended September 30, 1989 rose 10%, year to year, due to increased refining and marketing volumes. Benefiting from rising crude oil prices and a more favorable dollar exchange rate, net earnings (historical costs basis including inventory holding gains) rose 38%, to £1,296 million (before a £267 million special credit) from £938 million.

[2]Earnings Per ADS ($)

Period:	1989	1988	1987	1986
3 Mos. Mar.	2.16	1.00	1.53	0.07
6 Mos. Jun.	3.91	2.12	2.70	0.79
9 Mos. Sep.	4.68	3.31	3.94	1.84
12 Mos. Dec. ...	---	4.32	4.92	2.85



Important Developments

Oct. '89— BP agreed to sell its Australian coal properties to CRA Ltd. for gross proceeds of $275 million. The sale is expected to be closed in 1989's fourth quarter. The company has said that it intends to sell its entire coal operations. In September, 1989 BP signed an agreement with Oryx Energy (ORX) to sell ORX a package of worldwide exploration and production properties. The sale, expected to be completed in early 1990, was valued at $1.31 billion. The company will focus its exploration, in part, on high-risk, high-reward properties in frontier areas including Asia. The sale of the Australian coal properties and the oil and gas properties is part of BP's broader strategy to reorganize worldwide operations.

Next earnings report expected mid-February.

Per ADS Data ($)

Yr. End Dec. 31	[4]1988	[4]1987	[4]1986	[4]1985	[4]1984	[4]1983	1982	[4]1981	[4]1980	[4]1979
Tangible Bk. Val.	40.16	39.85	31.67	31.39	29.32	30.66	30.80	32.44	35.60	28.61
Earnings[5]	4.32	4.92	2.62	4.54	4.12	2.76	2.56	4.88	8.76	9.32
Dividends	3.27⅝	2.90⅛	2.44¼	2.01¼	1.76¼	1.55¾	1.70½	2.31	1.97¼	0.99½
Payout Ratio	77%	59%	93%	44%	43%	56%	76%	51%	23%	11%
Prices—High	63¾	80⅜	43¾	35⅛	30	27¼	23¾	39⅝	48	35¼
Low	48¼	43¼	30⅛	21⅜	21¾	18	17½	17⅞	26⅛	17½
P/E Ratio—	15-11	16-9	17-11	8-5	7-5	10-7	9-7	8-4	5-3	4-2

Data as orig. reptd. 1. Paid from 1988 earnings (approx.), net aft. 15% British tax to U.S. residents. 2. Excl. custom duties & sales taxes. 3. Based on historical cost. 4. Reflects merger or acquisition. 5. Bef. spec. item(s) of -1.03 in 1986, -2.94 in 1985, -0.76 in 1984, +0.53 in 1983, -0.02 in 1982, -0.25 in 1981

November 28, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	46,141	8,204	12.8	5,837	4,292	1,246	3,697	39.6%	2,154	4.7
[3]1987	45,228	6,805	15.0	8,772	3,524	1,023	3,914	32.9%	2,281	5.0
[3]1986	39,941	7,323	18.3	4,974	4,611	854	1,408	4.4%	1,201	3.0
[3]1985	53,281	9,060	17.0	5,740	4,330	837	4,697	38.3%	2,077	3.9
[3]1984	50,830	7,405	14.6	4,018	3,015	871	4,629	41.3%	1,878	3.7
[3]1983	47,122	6,845	14.5	4,420	3,041	913	3,765	46.8%	1,257	2.7
1982	47,524	6,236	13.1	5,959	2,531	1,216	3,734	47.9%	1,160	2.4
[3]1981	49,192	6,696	13.6	5,627	2,282	1,295	4,645	33.3%	2,047	4.2
[3]1980	49,368	13,427	27.2	4,087	1,974	1,054	11,618	60.9%	3,430	6.9
[3]1979	40,501	11,676	28.8	2,508	1,628	903	9,686	51.9%	3,598	8.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	616	12,826	14,440	0.9	53,075	4.1%	8,804	20,826	31,467	28.0	10.4%
1987	2,412	15,788	15,435	1.0	50,204	4.8%	6,627	20,208	28,503	23.3	12.6%
1986	3,743	15,531	10,620	1.5	41,995	2.8%	5,716	14,741	26,223	21.8	8.2%
1985	3,198	17,299	12,552	1.4	43,741	5.0%	5,512	14,350	25,366	21.7	15.0%
1984	2,685	15,052	11,662	1.3	39,688	4.7%	5,616	13,376	24,613	22.8	13.7%
1983	1,329	14,565	10,597	1.4	39,457	3.1%	6,219	13,977	25,687	24.2	9.0%
1982	2,560	17,438	14,214	1.2	42,548	2.7%	6,224	13,988	25,240	24.7	8.1%
1981	3,917	19,862	15,443	1.3	44,316	4.4%	6,314	14,732	25,521	24.7	13.2%
1980	6,006	22,033	15,590	1.4	42,396	8.8%	5,838	14,133	23,902	24.4	26.9%
1979	3,188	17,807	12,311	1.4	34,716	11.8%	6,108	11,059	20,189	30.3	38.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1986, 1985, 1984, 1983, 1982, 1981. 3. Reflects merger or acquisition.

Business Summary

BP is one of the major international oil companies. In 1987 BP acquired the 45% of Standard Oil Co. that it did not already own. The profit for 1987 includes BP's interest of 55% of Standard Oil to May 13 and 100% thereafter. Some 40% of BP's fixed assets are in the U.S. In 1988, BP acquired Britoil plc which has given the company access to about 30% of the U.K. North Sea's acreage.

*Oper. Profits	1988	1987
U.K.	29%	27%
Other Europe	13%	11%
U.S.A.	45%	53%
Rest of World	13%	9%

*Replacement cost (before realized inventory holding gains or losses).

In 1988 BP's crude production averaged 1,550,000 barrels a day, natural gas sales 1,162 million cubic feet a day, refinery throughput 1,924,000 b/d, and refined product sales 2,576,000 b/d.

Net proved reserves at the end of 1988 stood at 5,224 million barrels of crude and 11,813 billion cubic feet of natural gas.

In 1989's first quarter, BP repurchased, as required by the British government, and later cancelled some 11.7% of the 21.6% ordinary shares which had been held by the State of Kuwait.

Dividend Data

Dividends have been paid since 1917. The company had paid an interim dividend in December and a final dividend in the following June. BP has begun payment of quarterly dividends.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*1.8195	---	Mar. 6	Mar. 10	Jun. 9'89
*0.83	---	May 26	Jun. 2	Aug. 7'89
*0.802	---	Aug. 21	Aug. 25	Nov. 7'89
*0.788	---	Nov. 17	Nov. 24	Feb. 7'90

*Net aft. 15% British tax.

Capitalization

Long Term Debt: $9,474,000,000.

Minority Interest: $1,040,000,000.

5.6% Cum. First Pref. Stk.: 7,232,838 shs. (£1 units).

6.3% Cum. Second Pref. Stk.: 5,473,414 shs. (£1 units).

Ordinary Stock: 5,325,300,000 shs. (25p par).
One American Depositary Share (ADS) represents 12 ordinary shares.
The Kuwait Investment Office holds 9.9% of the shares.

Office—Britannic House, Moor Lane, London EC2Y 9BU, England Chrmn—Sir P. I. Walters Secy—R. C. Grayson U.S. Investor Contact—Richard B. Nash (216) 586-2151. Managing Dirs—B. R. R. Butler, P. J. Gillam, R. B.Horton, H. Norton, A. G. Simon. Dirs—Sir L. Alexander, Sir J. Baring, Sir C. Fraser, Sir J. Glover, C. F. Knight, Sir R. Nicholson, Sir A. Pilkington, L. T. Preston, P. Sheehy ADR Depositary—Morgan Guaranty Trust Co., NYC. Incorporated in the United Kingdom in 1909 Empl—128,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

British Telecommunications

372M

NYSE Symbol BTY

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
42⅝	52-39½	10	[1]1.93	[1]4.5%	NR	NA

Summary

BTY is the principal provider of telecommunications services and equipment in the United Kingdom. Earnings have risen steadily in recent years, reflecting primarily strong growth in demand for BTY's products and services. In June, 1989 the company acquired a 22% interest in McCaw Cellular Communications for some $1.37 billion.

Business Summary

British Telecom is the principal supplier of telecommunications services and equipment in the United Kingdom. Revenues and operating income (in million £) for fiscal 1988-9 were derived as follows:

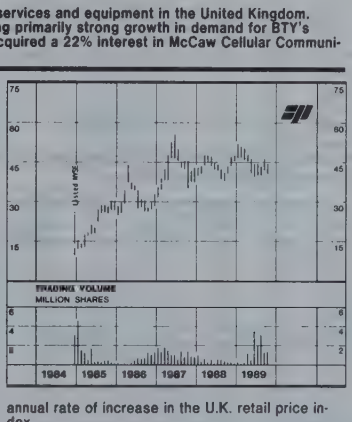
	Revenue	Oper. Inc.
UK Communications	72%	£2,101
International	17%	653
Communications Systems	11%	66
Other	---	-13

At March 31, 1989 British Telecom UK had a total of 23.9 million access lines in service, an increase of 4.8% from a year earlier. BTY rents, sells, installs and maintains telephone equipment in conjunction with local service.

In addition to local, long distance and international voice services, BTY provides specialized telecommunications services, including high speed data transmission, domestic and international telex, cable television, and a videotex service. The company also acts as the U.K.'s representative in the Intelsat, Eutelsat and Inmarsat international satellite organizations.

The Communications Systems division offers a portfolio of products, systems and applications for worldwide sales. In addition to the sale of business and consumer telephone equipment, operations include Yellow Pages and marketing services, national paging and voicemail services, a 60% interest in one of the two cellular mobile radio telephone networks licensed in the U.K., and a 22% interest in McCaw Cellular of the U.S.

BTY's earnings are not limited by regulation, as is the case for U.S. telephone companies. However, charges for line rentals and domestic calls (about 50% of total revenues) are subject to price regulation. Effective August 1, 1989 the weighted average increase in prices charged for these services must be at least 4.5 percentage points below the annual rate of increase in the U.K. retail price index.



Important Developments

Aug. '89— The company said that the modernization of its network was leading to improvements in the quality of its service and was encouraging business growth. Continued financial progress was expected during fiscal 1989-90 despite a less buoyant outlook for the U.K. domestic economy.

Jun. '89— BTY completed the acquisition of a 22% interest in McCaw Celular Communications Inc. for approximately $1.37 billion. BTY purchased 18.7 million newly-issued McCaw Cl. A common shares and 13.7 million newly issued McCaw Cl. B common shares at $42.35 per share (including interest). With 22% of the voting power of McCaw's stock, BTY also received the right to name four members of McCaw's board, which would be expanded to 19 members.

Next earnings report expected in mid-November.

Per ADS Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984
Tangible Bk. Val.	24.78	24.81	18.90	15.59	12.21	NA
Earnings	4.38	4.46	3.36	2.46	1.87	[2]2.62
Dividends[3]	1.93	1.86¾	1.59	1.31	0.66	NA
Payout Ratio	44%	42%	47%	53%	NM	NA
Calendar Years	1988	1987	1986	1985	1984	1983
Prices[4]—High	47¾	55⅝	44	30⅜	12⅜	NA
Low	37¾	31½	24⅝	12	6	NA
P/E Ratio—	11-9	12-7	13-7	12-5	7-3	NA

Data as orig. reptd., in 1984 data in accordance with UK GAAP as reptd. in Preliminary Prospectus dated 10-26-84; conv. to US $ at fiscal yr.-end exch. rates. 1. Paid in the past 12 mos. (approx.); net aft. 15% British tax to U.S. residents. 2. Pro forma. 3. Paid from yr.'s earns., incl. final divd. paid aft. yr. end. 4. Incl. First and Second Interim ADRs (see Finances). NA-Not Available. NM-Not Meaningful.

November 1, 1989
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Income Data (Million $)

Year Ended Mar. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Int. Exp.	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1989	18,710	2,721	NA	82.7%	6.39	761	35.2%	2,647	14.1	16.6	18.8
1988	19,229	2,879	NA	82.9%	5.98	784	36.3%	2,747	14.3	16.5	18.9
1987	15,173	2,111	622	75.1%	5.32	657	36.5%	2,116	13.9	15.7	18.8
1986	12,329	1,570	445	84.1%	4.90	566	41.0%	1,568	12.7	13.7	16.4
1985	9,490	1,157	372	82.5%	3.95	553	36.1%	1,172	12.3	14.4	17.0
1984	9,901	1,306	NA	77.7%	2.82	783	Nil	1,426	14.4	20.4	23.5
1983	9,493	1,132	NA	75.4%	2.88	813	Nil	1,526	16.1	23.8	32.3
1982	10,258	1,152	NA	74.1%	2.68	990	Nil	1,666	16.2	NA	NA
1981	10,191	1,059	NA	75.6%	2.05	1,213	Nil	1,271	12.5	NA	NA
1980	7,778	886	NA	76.3%	1.59	1,160	Nil	685	8.8	NA	NA

Balance Sheet Data (Million $)

Mar. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	[3]Pfd.	% Pfd.	Com.	% Com.
1989	35,306	4,980	22,737	15.0	21,634	6,121	28.8	169	0.8	14,955	70.4
1988	36,002	4,458	22,939	14.8	22,046	6,015	27.9	627	2.9	14,915	69.2
1987	28,426	3,362	18,319	14.5	17,794	4,795	28.0	959	5.6	11,362	66.4
1986	23,316	2,886	15,586	13.2	16,094	4,554	30.0	1,267	8.4	9,354	61.6
1985	17,820	2,259	11,921	14.6	12,616	3,840	31.7	930	7.7	7,328	60.6
1984	18,321	2,179	12,564	18.2	11,449	4,681	40.9	Nil	Nil	6,768	59.1
1983	NA	2,245	12,016	20.4	10,541	5,050	47.9	Nil	Nil	5,491	52.1
1982	NA	2,595	13,113	NA	10,959	6,191	56.5	Nil	Nil	4,769	43.5

Data as orig. reptd.; prior to 1985 historical data in accordance with UK GAAP as reptd. in Preliminary Prospectus dated 10-26-84; conv. to US $ at fiscal yr.-end exch. rates. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income bef. interest charges. 3. Incl. minority interest. NA-Not Available.

Revenues (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	4.54	4.50	3.88	3.45
6 Mos. Sep.		9.15	8.05	6.69
9 Mos. Dec.		14.84	14.26	10.39
12 Mos. Mar.		18.71	19.23	15.17

Revenues (in British pounds, UK GAAP) for the quarter ended June 30, 1989 increased 11%, year to year. Margins narrowed, and operating income rose 7.1%. After a 30% rise in interest costs, pretax income advanced 4.1%. After taxes at 35.0%, versus 35.6%, and minority interests, net income increased 4.6%. Earnings for the 1989-90 interim equaled $1.05 per ADS (£1=$1.55, the exchange rate as of June 30, 1989).

Earnings Per ADS ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	1.05	1.11	0.93	0.78
6 Mos. Sep.		2.23	1.86	1.47
9 Mos. Dec.		3.58	3.29	2.26
12 Mos. Mar.		4.38	4.46	3.36

Finances

In November, 1984 The British Government sold 3,012,000,000 BTY ordinary shares at £1.30 each through underwriters in the U.K., U.S., Canada and Japan, while retaining a 49.8% interest. In May, 1988 about 48,000,000 additional shares were issued, without further payment, to stockholders who held the shares since the initial public offering.

In May, 1988 BTY redeemed the remaining 250 million shares of 11.95% preference stock outstanding; 250 million preference shares had been called in December, 1987.

Dividend Data

BTY anticipated paying an interim dividend from each year's earnings around February and a final dividend around September of the following year.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.8405	---	Jan. 6	Jan. 12	Feb. 21'89
*1.0894	---	Jul. 31	Aug. 4	Sep. 18'89

*Net aft. 15% British tax.

Capitalization

Long Term Debt: $5,801,650,000.

Minority Interest: $172,050,000.

Ordinary Shares: 6,035,000,000 shs. (25p par). Each American Depositary Share (ADS) represents 10 deposited ordinary shares. The British Government holds 48.7%.

Office—81 Newgate St., London EC1A 7AJ, England. **Tel**—44-1-356-5000. **U.S. Office**—150 E. 52 St., NYC. 10022. **U.S. Investor Contact**—Ashley Rayfield. **Tel**—(212) 319-1945. **Chrmn & Chief Exec Off**—I. D. T. Vallance. **Dpty Chrmn**—J. M. Raisman. **Group Managing Dir**—G. D. W. Odgers. **Group Fin Dir**—B. D. Romeril. **Dirs**—E. A. Ash, M. Bett, A. J. Booth, P. G. Bosonnet, D. Dey, J. F. Goble, G. J. Mulcahy, G. D. W. Odgers, J. M. Raisman, B. D. Romeril, A. W. Rudge, Sir David Scholey, N. Tebbit, I. D. T. Vallance. **Depositary**—Morgan Guaranty Trust Co., NYC. **Registered** in United Kingdom in 1984. **Empl**—244,418.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H T Riley III, CFA

Brooklyn Union Gas

NYSE Symbol BU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
29	29⅜-23	10	1.78	6.1%	A	0.49

Summary

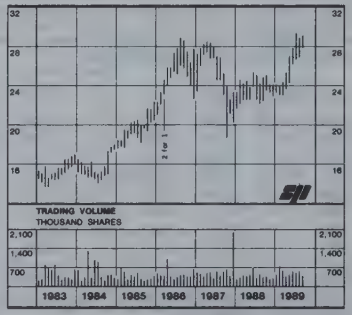
This company distributes natural gas in the New York City boroughs of Brooklyn, Staten Island and a large part of Queens. Reflecting many years of careful planning, BU's gas supply situation is adequate to supply both existing customers and new markets in the foreseeable future. Long-term utility earnings growth will be enhanced by the expansion of nonutility operations. Earnings for the first nine months of fiscal 1989 rose, reflecting an increase in gas sales and nonoperating income, and a lower tax rate.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are projected at $2.70, up slightly from the $2.65 estimated for fiscal 1989.

The $0.44½ quarterly dividend is expected to be raised in December, 1989.

Utility profits for fiscal 1990 should rise slightly on a small increase in both the number of residential customers and the amount of gas sold to industrial customers. Nonutility operations should benefit from higher energy prices. Long-term prospects are enhanced by expansion of propane and cogeneration activities and an expected increase in gas usage for environmental reasons.



Operating Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	298	269	280	298
Mar.	366	348	360	405
Jun.	173	156	152	178
Sep.	---	126	133	126
	---	899	924	1,007

Operating revenues for the nine months ended June 30, 1989 rose 8.4%, year to year, reflecting higher gas sales volume. Higher nonoperating income and benefits from a lower tax rate more than offset higher interest charges, and net income advanced 18%. After preferred dividends, share earnings were $3.38, versus $2.93.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	1.28	1.08	1.11	1.01
Mar.	2.31	1.99	1.97	1.87
Jun.	d0.20	d0.13	d0.06	d0.53
Sep.	Ed0.74	d0.42	d0.57	d0.62
	E2.65	2.49	2.43	1.71

Important Developments

Jun. '89— BU reached an agreement with the New York Public Service Commission (NYPSC) under which BU would extend its current rates through September 1990 and the company would have an allowed rate of return of 12.5%, earnings in excess of the 12.5% return would have to be shared equally with BU's customers; the agreement was subject to regulatory approval. Separately, BU filed a request with the NYPSC for authorization to invest up to 25% of capitalization in unregulated energy-related businesses.

May '89— BU introduced in New York City a new specially designed natural gas taxi vehicle. Separately, BU issued $90 million of tax-exempt bonds; proceeds were to be used to finance utility construction through fiscal 1990.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.16	18.29	17.29	16.90	15.93	15.16	14.49	13.63	12.99	12.33
Earnings	2.49	2.43	1.71	2.51	2.33	2.26	2.30	2.03	1.81	1.70
Dividends	1.72	1.66	1.60½	1.54½	1.48⅞	1.45	1.35	1.20	1.11	0.99½
Payout Ratio	69%	68%	94%	62%	64%	64%	59%	59%	61%	59%
Prices—High[1]	25⅜	28½	28⅞	22⅜	18	17	15⅝	12⅞	12⅜	12½
Low[1]	21⅝	18⅝	21	17⅝	14	13⅝	11¼	9⅞	9½	9½
P/E Ratio—	10-9	12-8	17-12	9-7	8-6	8-6	7-5	6-5	7-5	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1986. 1. Cal. yrs. E-Estimated d-Deficit

October 12, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On [3]Com. Equity
1988	899	32.2	56.8	90.0%	2.97	NA	28.1%	61.7	6.9	9.9	12.6
1987	924	29.3	54.0	90.5%	3.28	NA	36.1%	59.1	6.4	10.3	12.9
1986	1,007	53.6	47.4	92.4%	2.43	NA	37.9%	44.7	4.4	9.5	9.4
1985	1,028	30.0	40.6	91.5%	3.32	NA	41.2%	60.1	5.8	11.4	14.3
1984	1,036	25.9	42.1	91.9%	2.94	NA	39.1%	54.3	5.2	12.1	14.0
1983	939	22.9	38.3	91.5%	2.74	NA	39.7%	49.1	5.2	12.7	14.1
1982	880	20.1	36.2	91.4%	---	0.91	40.7%	45.9	5.2	13.2	15.2
1981	716	18.2	36.4	92.0%	---	0.63	30.5%	37.3	5.2	11.5	14.2
1980	628	15.7	27.8	92.0%	---	1.08	27.2%	33.2	5.3	11.1	13.6
1979	466	14.4	29.4	89.7%	---	0.50	32.0%	31.3	6.7	10.5	13.4

Balance Sheet Data (Million $)

Sep. 30	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,211	125.0	897	10.6	1,067	445	47.2	48.0	5.1	450	47.7
1987	1,088	98.4	803	11.3	953	378	44.7	52.2	6.2	416	49.1
1986	1,023	77.9	759	10.2	878	344	44.2	53.9	6.9	381	48.9
1985	972	83.1	737	12.3	864	334	43.4	74.1	9.6	362	47.0
1984	897	76.4	686	12.6	753	272	40.3	76.5	11.3	327	48.4
1983	826	73.0	637	13.1	707	264	41.3	78.3	12.3	297	46.4
1982	759	74.1	589	13.5	609	234	42.0	78.6	14.1	244	43.9
1981	692	52.0	535	11.1	579	240	44.3	80.5	14.9	221	40.8
1980	645	50.4	502	10.4	489	198	42.8	61.1	13.2	204	44.0
1979	600	34.2	488	10.5	478	202	44.4	63.9	14.0	190	41.6

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income bef. interest charges. 3. As reptd. by co. NA-Not Available.

Business Summary

Brooklyn Union distributes natural gas in a territory of about 187 square miles in New York City, including the boroughs of Brooklyn, Staten Island, and part of Queens, with an estimated population of 4 million. Firm volume sales in fiscal 1988 totaled 109.6 Bcf, up from 104.1 Bcf a year earlier. Interruptible and other sales were 6.7 Bcf, versus 14.9 Bcf.

The company's five wholly-owned subsidiaries are Gas Energy Inc., which markets energy-related equipment; Star Enterprises Inc. holds an interest in Star Gas Inc. a propane distributor; Gas Energy Cogeneration Inc. is involved in a cogeneration venture; Fuel Resources Inc. stores and markets gas and through its subsidiary Brooklyn Union Exploration Co., Inc. is engaged in gas exploration and production activities; and through North East Transmission Co. holds an interest in the proposed Iroquois Gas Transmission System, a 370-mile pipeline which would deliver 400 MMcf of Canadian gas daily to the northeastern U.S.

Pipeline gas and underground storage are provided under long-term contracts primarily with Transcontinental Gas Pipe Line Corp., Texas Eastern Transmission Corp., Tennessee Gas Pipeline Co., Enron Gas Marketing, Inc. and Shell Oil Co. Gas purchased on the spot market accounted for 18% of total supplies in fiscal 1988. Other sources of supply include Canadian gas, BU's liquefied natural gas plant, and landfill gas.

Variations in revenues due to abnormal weather during the heating season are largely offset by a weather normalization adjustment in rates.

Dividend Data

Dividends have been paid since 1949. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44½	Dec. 21	Dec. 28	Jan. 4	Feb. 1'89
0.44½	Mar. 22	Mar. 29	Apr. 4	May 1'89
0.44½	Jun. 28	Jul. 5	Jul. 11	Aug. 1'89
0.44½	Sep. 27	Oct. 3	Oct. 10	Nov. 1'89

Next dividend meeting: late Dec. '89.

Capitalization

Long Term Debt: $558,164,000.

Red. Cum. Preferred Stock: $46,936,000.

Common Stock: 24,044,562 shs. ($1 par).
Institutions hold about 24%.
Shareholders of record: 32,411.

Office—195 Montague St., Brooklyn, N.Y. 11201-3631 **Tel**—(718) 403-2000. **Pres & CEO**—E. S. Larson. **VP-Secy**—H. E. H. Knight, Jr. **Treas & Investor Contact**—R. R. Wieczorek. **Dirs**—B. W. Cain, R. B. Catell, K. I. Chenault, A. S. Christensen, D. H. Elliott, A. H. Fishman, E. S. Larson, W. A. Levin, E. H. Luntey, R. Pratt, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New York in 1895. **Empl**—3,578.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Brown-Forman Corp.

ASE Symbol BF.B In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
83¾	83¾-56¼	20	2.08	2.5%	A	1.22

Summary

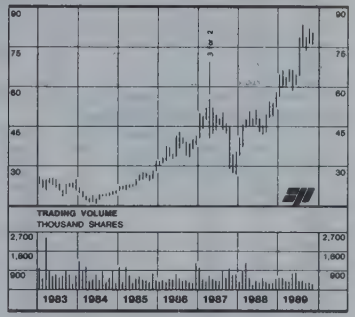
This leading distiller and importer of alcoholic beverages markets such major brands as Jack Daniel's, Canadian Mist, Early Times, Bolla and Southern Comfort. Following the writeoff of California Cooler assets, an improving product mix should aid earnings growth in the second half of 1989-90 and beyond.

Current Outlook

Earnings for the fiscal year ending April 30, 1991, are estimated at $6.10 a share, up from 1989-90's estimated $3.55, which includes a nonrecurring $2.14 charge, and a $0.41 one-time gain.

The quarterly dividend was raised 24% with the November 1989 declaration, to $0.52 a share.

Sales for 1990-91 are likely to continue in an uptrend, based on strong demand for alcoholic beverages worldwide and expansion of Lenox china product lines. Contributions from spirits should be improved by a strategic focus on higher-margin offerings and expansion abroad, while home furnishings profits should continue to benefit from growth in new, higher-margin products. Company-wide cost-cutting programs are also likely to help widen margins overall and allow earnings to advance some 15% from the 1989-90 level, excluding nonrecurring items.



[1]Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	222	233	247	257
Oct.	317	303	309	310
Jan.	---	273	272	257
Apr.	---	196	238	274
	---	1,006	1,066	1,098

Sales for the six months ended October 31, 1989, rose 0.9%, year to year, as higher sales of spirits offset the discontinuance of California Cooler. Operations benefited from an improved product mix and modest price increases for spirits. However, after a $59.9 million writeoff of the company's remaining California Cooler investment, pretax income fell 29% and, after a higher tax rate and a gain from an accounting change, net income declined 44% (see Important Developments), to $1.30 a share, from $2.33.

Cl. A & B Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	1.47	0.83	0.58	0.56
Oct.	d0.17	1.50	1.15	0.81
Jan.	E1.30	2.06	0.89	0.67
Apr.	E0.95	0.76	0.63	0.73
	E3.55	5.15	3.25	2.78

Important Developments

Nov. '89— The company reported that net income for the six months ended October 31, 1989, included a $2.14 a share nonrecurring charge on the writeoff of remaining intangible California Cooler assets. The company also adopted FASB 96, which reduced deferred income tax liability and increased six month earnings by $0.41 a share. The wine and spirits segment was aided by continued growth for Jack Daniel's and Southern Comfort, and a turnaround in sales of Early Times. For consumer durables, sales rose 14% on rising demand for Lenox china.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.09	5.19	7.17	5.92	5.88	6.19	10.39	8.45	6.61	5.23
Earnings	5.15	3.25	2.78	2.68	2.29	1.93	2.51	2.29	1.77	1.33
Dividends	1.52	1.24	0.90	0.66¾	0.58¾	0.58¾	0.58¾	0.50¾	0.45⅝	0.40
Payout Ratio	30%	34%	32%	25%	23%	30%	23%	22%	26%	30%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	58	55⅜	43	32	21⅞	26	30⅛	24⅛	19⅜	13½
Low	33⅞	26⅝	29⅞	20½	15½	18⅜	18¾	17⅜	11½	10⅜
P/E Ratio—	11-7	17-8	15-11	12-8	10-7	13-9	12-7	11-8	11-6	10-8

Data as orig. reptd. Adj. for stk. divs. of 50% Apr. 1987, 100% Jul. 1981. 1. Excl. excise taxes and import duties. E-Estimated. d-Deficit.

December 7, 1989

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Income Data (Million $)

Year Ended Apr. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,006	230	22.8	38.0	21.1	24.8	226	36.0%	144	14.4
1988	1,067	224	21.0	25.5	32.0	18.4	175	41.0%	103	9.7
1987	1,098	227	20.7	22.8	30.3	22.1	162	44.6%	90	8.2
[2]1986	995	217	21.8	16.0	26.5	28.1	163	47.1%	86	8.7
1985	928	212	22.8	16.8	23.9	35.7	154	47.1%	82	8.8
[2]1984	864	196	22.7	11.9	20.3	35.0	143	48.7%	74	8.5
1983	605	181	29.9	12.5	10.4	7.1	174	45.4%	95	15.7
1982	578	169	29.2	20.8	8.9	8.5	162	46.5%	87	15.0
1981	500	142	28.4	18.3	7.7	10.0	128	47.4%	67	13.4
1980	423	114	27.0	10.9	7.1	14.1	98	47.2%	50	11.9

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	96	517	204	2.5	1,003	14.9%	115	544	785	14.7	29.2%
1988	49	456	168	2.7	932	11.2%	191	443	748	25.5	21.8%
1987	29	520	183	2.8	1,057	8.6%	199	578	873	22.8	16.3%
1986	24	522	212	2.5	1,038	8.8%	236	516	826	28.6	17.7%
1985	23	489	163	3.0	935	9.2%	266	454	772	34.5	18.3%
1984	25	5,301	173	3.1	983	9.1%	264	507	810	32.7	15.2%
1983	131	471	110	4.3	635	15.7%	50	456	525	9.5	22.5%
1982	79	410	104	3.9	575	16.0%	66	385	471	14.1	24.5%
1981	66	359	96	3.7	512	13.8%	82	318	416	19.6	22.8%
1980	28	320	79	4.0	461	11.0%	98	268	382	25.7	19.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acq.

Business Summary

Brown-Forman Corp. (formerly Brown-Forman Distillers Corp.) is a leading producer and importer of alcoholic beverages. Operations also include Lenox china, crystal and glassware and Hartmann luggage. In 1988-9, sales and earnings were derived as follows:

	Sales	Profits
Wine and spirits	78%	79%
Consumer durables	22%	21%

The major American spirits produced are Jack Daniel's Black Label (sales of 3,975,000 nine-liter cases in 1988-9) and Early Times (1,490,000). Imported spirits include Canadian Mist (3,710,000). Major wine and specialty brands include Southern Comfort (2,445,000), Bolla (1,105,000), and Korbel Champagnes (1,205,000).

Consumer durables consist of Lenox china, crystal and giftware sold throug h retail outlets and five company-operated stores. This segment also now includes Hartmann Luggage. The ArtCarved Jewelry unit was sold in 1988.

Dividend Data

Cash on class A shares has been paid each year since 1945 and on class B since 1960. The classes share equally in all dividends. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.42	Feb. 23	Mar. 3	Mar. 9	Apr. 1'89
0.42	May 25	Jun. 5	Jun. 9	Jul. 1'89
0.42	Jul. 27	Aug. 29	Sep. 5	Oct. 1'89
0.52	Nov. 28	Dec. 4	Dec. 8	Jan. 1'90

Capitalization

Long Term Debt: $114,900,000 (10/89).

$0.40 Cum. Pfd. Stk.: 1,177,948 shs. ($10 par); red. at $10.25.
Shareholders: 1,502 of record.

Cl. A Com. Stk.: 10,574,216 shs. ($0.15 par).
Officers and directors own some 63%.
Shareholders: 2,079 of record.

Cl. B Com. Stk.: 17,403,388 shs. ($0.15 par, nonvoting).
Institutions own about 68%.
Shareholders: 4,211 of record.

Office—850 Dixie Highway, Louisville, Ky 40210. P O Box 1080, Louisville 40201-01091 **Tel**—(502) 585-1100 **Chrmn & CEO**—W L L Brown, Jr **Pres**—O Brown II **VP-Secy**—J. S Moremen. **Treas**—C. A. Sailer. **Investor Contact**—J. S. Welch **Dirs**—G. G Brown III, O. Brown II, W L L Brown Jr , O B Frazier, S E O'Neil, J. S. Speed, W. M. Street, J. S. Welch. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC **Incorporated** in Delaware in 1933 **Empl**—5,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

David J Braverman

Brown Group

NYSE Symbol BG In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
34⅛	35½-31⅜	24	1.60	4.7%	B+	0.95

Summary

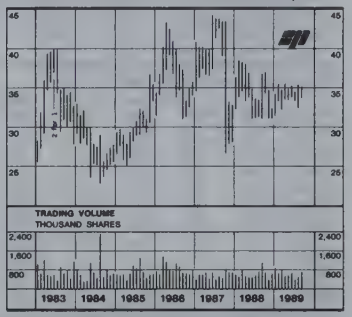
Brown Group, one of the largest manufacturers and retailers of branded footwear and a major fabric retailer, announced in February, 1989 a restructuring whereby BG would withdraw from its Meis, Linen Center, and Etage speciality retailing businesses; sell or close about 50 retail shoe stores; and discontinue its imported Jones and Budweiser shoe lines. Earnings declined in fiscal 1988-9 partially as a result of the restructuring, but profits should rebound in fiscal 1989-90 and fiscal 1990-1.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 should rise to $2.30 a share from fiscal 1988-9's $1.74 from continuing operations. Earnings for fiscal 1990-1 could reach $2.60 a share.

The dividend should remain at $0.40 quarterly.

Sales for fiscal 1989-90 should increase moderately, reflecting strong footwear sales and international sales, as well as higher fabric sales. Benefits from increased footwear volume will be offset by weak shoe factory productivity, inventory clearances at Cloth World, and delayed shipments by Brown Shoe. Earnings comparisons will benefit from the absence of nonrecurring charges.



[1]Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	437	396	392	340
Jul.	428	393	390	313
Oct.	---	455	447	379
Jan.	---	463	449	375
	---	1,707	1,678	1,407

Sales from continuing operations for the six months ended July 29, 1989 advanced 9.6%, year to year, mainly reflecting strong footwear sales. Margins narrowed, and pretax income fell 33%. After taxes at 37.6%, versus 36.2%, net income was also down 34%, to $0.62 a share from $0.94. Results for the 1988-9 period are before a $0.24 a share loss from discontinued operations.

[1]Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.42	0.49	0.56	0.42
Jul.	0.20	0.44	0.33	0.22
Oct.	E0.83	0.73	0.87	0.76
Jan.	E0.85	0.07	0.88	0.77
	E2.30	1.74	2.63	2.16

Important Developments

Sep. '89— BG attributed the sales rise in the seasonally slow second quarter to strong footwear sales, higher international sales, 3% higher sales at Wohl's, and a 6% increase in sales at Cloth World. However, earnings from continuing operations were hurt by late shipments by Brown Shoe Co. to its department store customers; by poor performance at Cloth World as inventory clearance continues; and by decreased shoe factory productivity due to lower production of private label shoes. BG said it was progressing with the divestiture plans announced February 10, 1989, and had sold the Meis Department stores and Etage division, and was continuing to seek a buyer for The Linen Center. BG said that early indications of fall business were encouraging, with the Naturalizer, Life Stride, and DeLiso brands selling well. BG also said it expected factory productivity to improve in the second half.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Jan. 31[2]	[3]1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	19.10	20.33	19.63	19.25	19.72	19.81	18.81	17.29	15.51	13.81
Earnings[4]	1.74	2.63	2.16	2.17	2.47	2.65	3.20	2.78	2.53	2.06
Dividends	1.56	1.51½	1.45½	1.44	1.36	1.28	1.04	0.88	0.75	0.67½
Payout Ratio	90%	58%	67%	66%	53%	48%	32%	31%	30%	33%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices[5]—High	38½	44¼	43⅜	43⅜	36¾	33	39⅞	30⅞	15½	12⅛
Low	31	26⅝	31	31	25	22¾	25½	13⅛	10	7¼
P/E Ratio—	22-18	17-10	20-14	20-14	15-10	12-9	12-8	11-5	6-4	6-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Jul. 1983, 50% Jul. 1981. 1. Reflects fiscal 1986-7 yr.-end. change 2. Yrs. ended Oct. 31 prior to 1987 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of -1.26 in 1989, -0.56 in 1985. 5. Cal. yr.

October 3, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	1,707	89	5.2	42.0	26.5	17.0	48	37.8%	30.1	1.8
1988	1,678	109	6.5	44.6	27.3	12.6	74	36.7%	46.9	2.8
1987	1,407	102	7.2	26.3	26.2	11.4	70	43.2%	39.5	2.8
1986	1,400	101	7.2	29.0	25.9	9.9	70	42.5%	[4]40.1	2.9
[5]1985	1,400	115	8.2	24.8	24.3	7.7	88	44.7%	48.8	3.5
1984	1,572	131	8.3	42.0	25.4	10.5	99	45.4%	54.1	3.4
1983	1,501	150	10.0	39.2	22.7	7.7	122	45.0%	67.2	4.5
1982	1,397	131	9.3	28.9	20.6	8.2	109	45.6%	[4]59.6	4.3
1981	1,338	120	9.0	31.0	19.4	8.7	100	44.8%	55.1	4.1
1980	1,221	103	8.4	30.9	17.6	9.2	[6]79	43.2%	45.0	3.7

Balance Sheet Data (Million $)

Jan. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	12.0	527	244	2.2	728	4.3%	136	333	481	28.3	8.8%
1988	21.5	504	188	2.7	684	7.1%	120	355	485	24.8	13.6%
1987	59.5	510	177	2.9	677	6.1%	126	353	NA	NA	11.0%
1986	36.2	494	159	3.1	658	6.4%	131	347	487	26.9	11.4%
1985	25.9	480	176	2.7	635	7.6%	60	377	443	13.5	12.9%
1984	4.2	521	202	2.6	693	8.2%	69	400	477	14.4	13.9%
1983	10.3	488	166	3.0	645	10.7%	74	390	471	15.7	18.0%
1982	23.3	482	169	2.9	622	10.0%	75	364	447	16.9	17.2%
1981	19.5	456	160	2.8	591	9.8%	83	337	425	19.6	17.3%
1980	34.4	414	135	3.1	539	8.6%	92	303	397	23.1	15.6%

Data as orig. reptd. 1. Yrs. ended Oct. 31 prior to 1987. 2. Bef. results of disc. opers. in 1989, 1985. 3. Excl. disc. opers. and reflects merger or acquisition. 4. Reflects accounting change. 5. Excl. disc. opers. 6. Incl. equity in earns. of nonconsol. subs. NA-Not Available

Business Summary

BG operates in the footwear and specialty retailing segments. Contributions by business segment from continuing operations in fiscal 1988-9:

	Sales	Profits
Footwear	89%	99%
Specialty retailing	11%	1%

Through Brown Shoe Co., BG manufactures and sells a wide variety of women's, men's and children's dress, casual, sport and play shoes. Major women's brands include Connie, DeLiso, Fanfares, Footworks, Life Stride, and Naturalizer; men's brands include Levi's Shoes and Boots, Jean Pier Clemente, and Regal; and children's brands include Buster Brown, and Buster. The footwear is distributed to about 8,000 U.S. and Canadian retailers. Brown Shoe Co. also had arrangements with 1,327 regional chains and independent-owned stores to sell BG footwear, and 684 leased shoe departments.

Wohl Shoe Co. retails footwear and at the end of fiscal 1988-9 BG operated 1,798 footwear stores, including Naturalizer, Connie/Fanfares, Famous Footwear, Buster Brown, and Regal/Castleby.

Brown Group International is a supplier of imported footwear, with offices in Brazil, Italy, Taiwan, Korean, Hong Kong and Indonesia.

Specialty retailing includes 319 Cloth World stores.

Dividend Data

Dividends have been paid since 1923. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.39	Dec. 1	Dec. 6	Dec. 12	Jan. 3'89
0.40	Mar. 2	Mar. 7	Mar. 13	Apr. 1'89
0.40	Jun. 1	Jun. 6	Jun. 12	Jul. 1'89
0.40	Sep. 14	Sep. 19	Sep. 25	Oct. 2'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $136,110,000 (7/89).

Common Stock: 17,443,471 shs. ($3.75 par).
Institutions hold about 56%.
Shareholders of record: 11,000.

Office—8400 Maryland Ave., St. Louis, Mo. 63105. Tel—(314) 854-4000. Chrmn & CEO—B. A. Bridgewater, Jr. Pres—R. L. Anderson. Exec VP & CFO—H. E. Rich. VP-Secy—R. D. Pickle. Dirs—R. L. Anderson, J. L. Bower, B. A. Bridgewater, Jr., W. L. H. Griffin, J. F. Lane, W. E. Maritz, H. E. Rich, W. McK. Shapleigh, M. E. Shomaker, M. I. Sosland, D. R. Toll. Transfer Agents & Registrars—Morgan Shareholder Services Trust Co. NYC; Boatmen's Trust Co.; St. Louis. Incorporated in New York in 1913. Empl—30,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Brown & Sharpe Mfg.

NYSE Symbol BNS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
13⅜	18½-11¼	13	0.32	2.4%	B-	0.81

Summary

Brown & Sharpe makes precision measuring devices and machine tools for the auto, appliance, aerospace and equipment industries. After two consecutive years of losses, BNS returned to profitability in 1988, reflecting increased sales, improved margins and higher nonoperating income. Earnings for the first nine months of 1989 rose, reflecting higher shipments and wider margins. In October, directors authorized BSN to repurchase up to 300,000 Class A common shares from time to time in the open market or through private transactions.

Business Summary

Brown & Sharpe designs and manufactures measuring instruments and equipment, and machine tools. Segment contributions in 1988 (profits in million $):

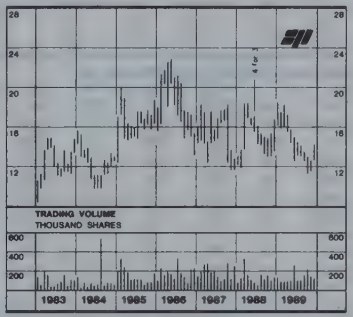
	Sales	Profits
Metrology	70%	$5.06
Machine tools	30%	-0.07

Foreign operations accounted for 54% of sales and 83% of operating profits in 1988.

Metrology products are precision measuring tools and instruments. They include small hand-held measuring tools such as micrometers and digital calipers; surface plate tools like the Digit-Hite Plus; special gauges such as the Tesa CQC 200, a multi-probe electronic fixture designed to simultaneously gauge many surfaces on a particular part; and large computer-controlled machines which measure quickly, automatically and accurately, like the Process Control Robot which is designed to operate in flexible manufacturing systems or transfer lines. These products are used by manufacturers worldwide to accurately measure, gauge and inspect parts to meet quality control and productivity objectives. The major markets for metrology products include manufacturers in the automobile and truck, off-the-road vehicle, aerospace and defense, machinery manufacturers, and casting oriented manufacturing industries.

Machine tool products consist of single-spindle automatic turning machines, surface grinding machines, profile grinding machines, and repair parts for these and other machine tools made by BNS. The major markets for these products include durable goods producers in the automotive, appliance, and industrial component industries, and subcontract machine shops which service these producers.

In 1984 BNS acquired a 10% interest in Applied Intelligent Systems, Inc., a computer image processing firm.



Important Developments

Oct. '89— BNS announced that directors had authorized the repurchase of up to 300,000 shares of its Class A common stock from time to time in the open market or in private transactions. BNS said that the shares purchased would be available for use in connection with the company's benefit plans or other corporate purposes.

Oct. '89— BNS reported share earnings of $0.10 on a 6.3% rise in sales for 1989's third quarter, versus a loss of $0.11 in the year-earlier period. BNS said that its improved operating earnings resulted from increased shipments and better margins. Orders received in the third quarter were $43 million, up 5% from 1988's third quarter, but down 16% from 1989's second quarter. Backlog totaled $42 million at September 30, 1989, equal to the backlog at July 1, 1989, and up from $32 million a year earlier.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	18.88	20.17	18.23	16.91	15.62	14.78	15.70	21.32	20.97	18.22
Earnings[2]	0.72	d0.25	d0.26	1.32	2.18	d0.23	d2.88	1.45	3.61	3.41
Dividends	0.31	0.30	0.30	0.15	0.15	0.15	0.51	0.99	0.90	0.67½
Payout Ratio	42%	NM	NM	11%	7%	NM	NM	68%	26%	20%
Prices—High	18⅜	18¼	22⅞	20	15⅝	14⅞	14¾	23½	26	20⅝
Low	11⅞	11⅝	13⅛	12½	9⅞	8⅜	7⅜	11⅜	15⅛	10
P/E Ratio—	26-16	NM	NM	15-9	7-4	NM	NM	16-8	7-4	6-3

Data as orig. reptd. Adj. for stk. div(s) of 33⅓% Jun. 1988 (Class B com.), 20% Mar. 1979. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.70 in 1984, -0.36 in 1982, and spec. item(s) of +0.03 in 1985, +0.23 in 1984. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	181	11.3	6.3	7.2	6.60	2.70	[4]4.7	28.8%	3.3	1.9
[3]1987	152	6.8	4.4	7.4	6.65	2.91	[4]d1.3	NM	d1.2	NM
[3]1986	138	6.1	4.4	6.3	5.31	2.88	d1.6	NM	[4]d1.2	NM
1985	121	9.0	7.5	4.5	4.78	2.64	7.6	17.0%	6.3	5.2
[5]1984	122	13.9	11.3	5.5	7.26	2.83	11.0	13.0%	9.5	7.8
1983	131	3.1	2.4	7.8	7.10	5.41	d1.2	NM	d1.0	NM
[5]1982	144	d9.2	NM	11.2	7.06	5.48	d20.4	NM	d12.0	NM
1981	205	15.5	7.5	14.3	6.53	4.71	6.6	9.0%	[4]6.0	2.9
1980	227	32.1	14.1	12.4	5.48	4.35	21.6	32.9%	14.5	6.4
1979	193	27.1	14.0	11.9	5.15	3.59	18.7	32.1%	12.7	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	13.8	124	51.8	2.4	166	2.0%	19.5	85.8	115	17.0	3.8%
1987	18.7	129	53.0	2.4	171	NM	19.5	94.0	118	16.6	NM
1986	7.8	111	32.5	3.4	148	NM	25.4	85.9	115	22.0	NM
1985	20.4	101	26.4	3.8	134	4.9%	24.8	79.5	108	23.0	8.3%
1984	8.6	86	22.2	3.9	117	7.6%	24.5	68.2	95	25.8	14.4%
1983	7.8	84	29.6	2.8	136	NM	38.9	64.5	106	36.7	NM
1982	3.1	100	44.3	2.2	154	NM	40.2	66.6	109	36.7	NM
1981	15.2	114	38.8	2.9	171	3.5%	38.4	88.6	132	29.0	6.9%
1980	8.6	129	39.9	3.2	176	8.5%	43.3	86.6	136	31.8	17.9%
1979	4.1	111	48.6	2.3	150	9.4%	27.4	68.8	101	27.0	19.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984, 1982, and spec. item(s) in 1985, 1984. 3. Reflects merger or acquisition. 4. Reflects acctg. change. 5. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	46.0	39.2	37.0	31.1
Jun.	47.6	46.0	37.3	35.2
Sep.	42.9	40.3	31.6	28.8
Dec.		55.0	46.2	42.6
		180.5	152.0	137.7

Sales for the 39 weeks ended September 30, 1989 rose 8.7%, year to year, reflecting increased shipments. Margins widened, and operating profit advanced to $4.2 million from $206,000. However, following nonoperating expenses (net) of $1.6 million, versus nonoperating income of $260,000, pretax income totaled $2.6 million, up from $466,000. After taxes at 37.1%, versus 68.7%, net income advanced to $1.6 million from $146,000. Share earnings were $0.35 on 2.2% fewer shares, versus $0.03.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.08	0.04	0.02	0.07
Jun.	0.17	0.10	0.02	0.23
Sep.	0.10	d0.11	d0.38	d0.36
Dec.		0.69	0.11	d0.20
		0.72	d0.25	d0.26

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Feb. 24	Feb. 28	Mar. 6	Mar. 20'89
0.08	Apr. 28	May 15	May 19	Jun. 9'89
0.08	Jul. 28	Aug. 14	Aug. 18	Sep. 8'89
0.08	Oct. 30	Dec. 6	Dec. 12	Jan. 2'90

*0.333 sh. Class B com.

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $19,417,000, incl. $19 million of 9¼% debs., conv. into com. at $35 a sh.

Class A Common Stock: 3,859,736 shs. ($1 par). Approximately 54% closely held.

Class B Common Stock: 690,977 shs. ($1 par). Has 10 votes per sh.; limited transferability; conv. sh.-for-sh. into Cl. A. Approximately 87% closely held.

Office—Precision Park, North Kingstown, R.I. 02852 **Tel**—(401) 886-2000 **Chrmn & Investor Contact**—H. D. Sharpe, Jr. **Pres & CEO**—D. A. Roach **Secy**—J. W. Hayes, III **Treas**—J. L. Eppich **Dirs**—H. A. Beyer, H. Calkins, W. R. Moore, J. M. Nelson, D. A. Roach, H. D. Sharpe, Jr., H. S. Streeter, P. R. Tregurtha. **Transfer Agent & Registrar**—First National Bank of Boston, Boston, Mass. **Incorporated** in Rhode Island in 1868; reincorporated in Delaware in 1969. **Empl**—1,959

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Browning-Ferris Industries

NYSE Symbol BFI Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
39⅜	42¾-26⅞	23	0.56	1.4%	A+	1.38

Summary

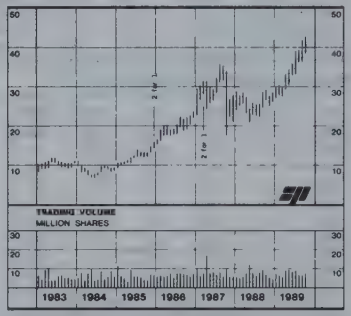
BFI is one of the largest providers of solid and liquid waste collection, processing, recovery and disposal services for commercial, industrial, governmental and residential customers. Its CECOS International unit collects and disposes of hazardous chemical wastes. The company is also involved in developing solid waste resource recovery facilities. BFI's long record of annual earnings and dividend increases is expected to continue for the foreseeable future.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 may advance to $2.10 a share from the $1.75 estimated for fiscal 1989.

An increase in the $0.14 quarterly dividend is likely in December, 1989.

Revenues for fiscal 1990 are projected to advance over 20%, reflecting higher solid waste collection fees, greater landfill capacity, the continued acquisition of regional haulers, and new municipal contracts. The fast-growing medical waste disposal business will also aid revenue growth. Overall earnings will benefit from a greater profit contribution from the medical waste area and lower losses for the hazardous waste segment. The tax rate should be 38%. Long-term prospects appear favorable, based on an aggressive capital expenditures program, the strong growth seen for the solid waste collection industry, and the company's strong position in the industry as the nation's second largest trash hauler.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	583	479	375	316
Mar.	595	483	389	317
Jun.	661	542	426	337
Sep.	---	564	467	359
	---	2,067	1,657	[1]328

Revenues for the nine months ended June 30, 1989 rose 22%, year to year, reflecting strong growth for solid waste operations, which were aided by increases from the collection business, landfills and transfer stations. Margins narrowed slightly, as losses from chemical waste operations outweighed strong profit gains for the solid waste business. Following greater interest charges, pretax income was up 19%. After taxes at 38.0%, versus 37.0%, net income advanced 17%, to $1.26 a share from $1.08.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.40	0.34	0.26	0.21
Mar.	0.39	0.33	0.25	0.20
Jun.	0.47	0.41	0.31	0.27
Sep.	E0.49	0.43	0.33	0.28
	E1.75	1.51	1.15	0.95

Important Developments

Jul. '89— The company said it anticipated that operating losses in its chemical waste segment would continue into fiscal 1990, due primarily to the inability of the Williamsburg, Ohio, and Niagara Falls, N.Y., sites to accept waste, as the necessary Part B permits were either denied and under appeal or had been delayed. BFI noted that future profitability in this segment would be dependent upon successful permitting of these and certain other hazardous waste disposal sites.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	[1]1986	1985	1984	[1]1983	1982	1981	1980	1979
Tangible Bk. Val.	5.79	4.91	4.42	3.44	3.03	2.61	2.31	2.10	1.63	1.44
Earnings	1.51	1.15	0.95	0.80	0.65	0.60	0.52	0.42	0.32	0.26
Dividends	0.48	0.40	0.32	0.27	0.24	0.20	0.16[3]/4	0.14	0.11[3]/4	0.10
Payout Ratio	31%	35%	34%	34%	37%	34%	31%	34%	37%	37%
Prices—High[2]	29¼	35¾	23⅝	16	11¼	11⅞	9¼	6⅜	4⅞	2⅝
Low[2]	20⅞	17½	15⅛	9¼	6⅜	8¼	4⅛	3⅛	2⅛	2
P/E Ratio—	19-14	31-15	25-16	20-11	17-10	20-14	18-8	15-9	15-7	10-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Apr. 1987, 100% Dec 1985, 50% Jan. 1983. 1. Reflects merger or acquisition 2. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	2,067	579	28.0	439	194	46.5	[1]360	37.0%	227	11.0
1987	1,657	486	29.3	574	162	27.3	[1]307	44.0%	172	10.4
[2]1986	1,328	373	28.1	277	124	15.2	[1]241	43.2%	137	10.3
1985	1,145	318	27.8	228	110	15.0	[1]201	44.3%	112	9.8
1984	1,001	274	27.4	166	96	14.2	[1]162	44.8%	89	8.9
[2]1983	844	238	28.2	150	85	13.9	[1]146	45.3%	80	9.4
1982	715	189	26.4	120	67	13.4	116	46.0%	63	8.8
1981	661	157	23.7	102	57	[3]15.0	90	46.0%	49	7.3
1980	553	135	24.3	97	53	17.7	64	46.0%	35	6.2
1979	457	112	24.5	88	46	13.1	54	47.0%	29	6.2

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	165	532	386	1.4	2,258	10.8%	630	1,043	1,725	36.5	23.6%
1987	206	507	330	1.5	1,938	10.8%	591	874	1,518	38.9	21.1%
1986	45	276	246	1.1	1,226	12.0%	102	747	919	11.1	20.7%
1985	32	223	225	1.0	1,000	11.9%	116	550	731	15.8	21.9%
1984	27	209	204	1.0	870	10.6%	107	465	635	16.9	20.5%
1983	35	192	196	1.0	783	10.3%	113	391	564	20.0	21.4%
1982	54	177	167	1.1	667	9.9%	109	307	484	22.5	21.2%
1981	73	194	142	1.4	596	8.7%	118	272	454	25.9	19.4%
1980	12	115	91	1.3	477	7.6%	128	200	385	33.1	17.4%
1979	12	102	64	1.6	415	7.3%	127	174	352	36.0	16.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects acctg change

Business Summary

BFI collects, transports, processes and disposes of solid and chemical wastes for commercial, industrial, residential and governmental customers. It also develops solid waste resource recovery facilities. Revenues in recent fiscal years were:

	1988	1987
Solid waste:		
Comm'l./ind'l. collection	59%	62%
Residential collection	16%	17%
Processing & disposal	15%	13%
Special services	6%	3%
Chemical waste services	4%	5%

In fiscal 1988 foreign operations accounted for 6.9% of revenues and 7.1% of pretax income.

BFI's subsidiaries and affiliates collect solid waste in about 320 locations in the U.S. as well as in a number of foreign countries. Solid waste services involve the removal and disposal of unwanted paper, glass, metal and other matter. The company is also involved in resource recovery facilities, municipal and commercial sweeping operations, medical waste services, portable restroom services, asbestos abatement, recycling and public transportation.

CECOS International collects and disposes of various hazardous wastes. It operates treatment and disposal sites, deep well injection disposal systems and secure landfill disposal sites.

From time to time BFI may be the subject of investigations into alleged antitrust activities in the waste hauling industry and may face fines in connection with hazardous waste sites.

Dividend Data

Dividends have been paid since 1950. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Dec. 6	Dec. 12	Dec. 16	Jan. 6'89
0.14	Mar. 1	Mar. 13	Mar. 17	Apr. 7'89
0.14	Jun. 7	Jun. 14	Jun. 20	Jul. 7'89
0.14	Sep. 6	Sep. 14	Sep. 20	Oct. 6'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $778,914,000, incl. $345 million of 6.25% debs. conv. into com. at $41 a sh.

Common Stock: 148,979,109 shs. ($0.18⅔ par). Institutions hold about 60%.
Shareholders of record: 13,800.

Office—Browning-Ferris Bldg., 757 N. Eldridge, P.O. Box 3151, Houston, Texas 77253 **Tel**—(713) 870-8100 **Chrmn & CEO**—W. D. Ruckelshaus **Pres**—J. E. Drury **SVP & CFO**—R. J. Stanton, Jr. **Secy**—G. K. Burger **Treas**—H. L. Hirvela. **VP & Investor Contact**—Fletcher Thorne-Thomsen, Jr. **Dirs**—J. E. Drury, W. B. Dunavant, Jr., C. J. Grayson, Jr., H. S. Hoover, Jr., J. R. Hyde III, P. Malozemoff, L. F. McCollum, R. B. McDonald, N. A. Myers, H. J. Phillips, Sr., W. D. Ruckelshaus, R. J. Stanton, Jr., H. I. Stovroff, R. M. Teeter, M. J. Verrochi, L. A. Waters **Transfer Agent & Registrar**—Texas Commerce Bank, Houston. **Incorporated** in Delaware in 1970. **Empl**—21,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Michael V. Pizzi

Brunswick Corp.

NYSE Symbol BC Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
13⅞	21½-13⅝	NM	0.44	3.2%	B+	1.54

Summary

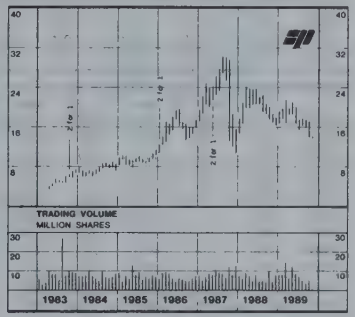
This company is the world's largest manufacturer of recreational boats and a leading maker of marine engines. Its brands include Bayliner and Sea Ray boats, plus Mercury and Mariner outboard engines. BC also operates leisure-related and defense businesses; a variety of other businesses are expected to be sold. Earnings should recover somewhat in 1990 after a loss expected for 1989.

Current Outlook

Excluding possible asset sale gains, earnings for 1990 are estimated at $0.60 a share, versus a loss of $0.95 expected for 1989.

The dividend may remain at $0.11 quarterly.

Earnings in 1990 are expected to benefit from the absence of a sizable restructuring charge, lower expense related to amortization of goodwill, and recent efforts to cut costs and reduce inventory levels for marine products. Potential marine industry discounting is a concern, but efforts by BC to raise prices and a decline in aluminum prices could contribute to margin expansion. Long-term demographics are generally favorable to marine companies, but pleasure boats are a product in which purchases may be deferred if consumer spending becomes cautious.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	791	873	702	397
Jun.	772	889	819	459
Sep.	628	768	767	384
Dec.	---	752	798	471
	---	3,282	3,086	1,717

Sales for the nine months ended September 30, 1989, declined 13%, year to year. After a restructuring charge of $79.2 million ($0.90 a share) after taxes, there was a net loss of $65.4 million ($0.74 a share), versus net income of $176.1 million ($2.00).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.60	0.39	0.29
Jun.	0.23	0.90	0.65	0.40
Sep.	d1.17	0.50	0.48	0.33
Dec.	d0.21	0.20	0.38	0.31
	Ed0.95	2.20	1.90	1.32

Important Developments

Oct. '89— BC's 1989 third quarter included a pretax restructuring charge of $100.0 million. Most of the charge related to the company's marine business, and included asset writeoffs (principally intangibles) and estimated costs associated with consolidation and reorganization of operations. Also, BC said it had made cutbacks in marine product production, which helped to reduce dealer and BC inventory levels. Meanwhile, BC is planning to sell various businesses which had sales and operating profit in 1988 of about $180 million and $17 million (excluding asset writedowns), respectively. Net proceeds of about $150 million were expected from the sales, which would be used to reduce debt. After the asset sales, the company's remaining businesses would be marine products, recreation, and defense products.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	3.84	2.21	d0.44	6.23	5.38	4.46	3.92	3.04	2.78	2.78
Earnings[2]	2.20	1.90	1.32	1.17	1.11	0.74	d0.18	0.24	0.13	0.30
Dividends	0.40	0.30	0.28	0.25	0.17½	0.13¼	0.12½	0.11⅜	0.11	0.09¾
Payout Ratio	18%	16%	22%	21%	16%	18%	NM	47%	87%	33%
Prices—High	24⅛	30¼	19¾	11½	9⅛	7½	3½	2⅞	2¼	2
Low	14½	10¾	10⅞	7⅞	6	3⅛	1⅞	1¾	1⅜	1½
P/E Ratio—	11-7	16-6	15-8	10-7	8-5	10-4	NM	12-7	17-10	7-5

Data as orig reptd Adj for stk div(s) of 100% Jun 1987, 100% Feb 1986, 100% Nov. 1983 1. Reflects merger or acquisition 2. Bef results of disc opers of +0.01 in 1982 +0.14 in 1981, and spec E-Estimated d-Deficit NM-Not Meaningful

November 9, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
1988	3,282	472	14.4	179	148	40.5	317	39.0%	193	5.9
1987	3,086	481	15.6	134	141	46.6	303	44.2%	[3]169	5.5
[4]1986	1,717	249	14.5	199	61	16.3	185	40.5%	110	6.4
1985	1,539	210	13.6	93	46	17.0	163	38.5%	100	6.5
1984	1,468	207	14.1	85	39	16.6	174	46.0%	94	6.4
1983	1,216	161	13.3	48	40	16.5	117	43.5%	66	5.4
1982	1,068	85	8.0	40	38	23.8	d33	NM	d20	NM
[5]1981	1,085	114	10.5	51	36	26.6	62	31.8%	43	3.9
1980	1,200	102	8.5	60	45	32.6	30	20.0%	24	2.0
1979	1,257	143	11.4	71	40	26.0	86	40.0%	51	4.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	32	787	554	1.4	2,092	9.8%	413	950	1,491	27.7	21.8%
1987	3	665	506	1.3	1,896	8.9%	395	849	1,347	29.3	21.9%
1986	12	634	419	1.5	1,875	7.5%	660	691	1,418	46.5	17.8%
1985	105	573	296	1.9	1,002	10.5%	98	523	668	14.6	20.6%
1984	104	558	294	1.9	932	10.7%	110	461	605	18.2	22.4%
1983	112	478	250	1.9	817	8.6%	124	376	542	22.9	18.7%
1982	32	447	217	2.1	787	NM	138	364	547	25.1	NM
1981	40	493	183	2.7	1,035	4.3%	258	493	835	30.9	8.3%
1980	10	501	168	3.0	924	2.5%	226	450	743	30.4	4.5%
1979	18	568	200	2.8	989	5.3%	272	446	782	34.8	11.1%

Data as orig reptd 1. Incl equity in earns of nonconsol subs 2. Before results of disc opers in 1982, 1981, and spec item(s) in 1982 3. Reflects accounting change 4. Reflects merger or acquisition. 5. Excludes discontinued operations. d-Deficit. NM-Not Meaningful

Business Summary

This company became the world's largest manufacturer of pleasure boats through the December, 1986 acquisitions of Bayliner Marine Corp. and Ray Industries. Subsequently, BC has acquired a number of other boat businesses. BC's operations also include outboard motors, defense, industrial and recreation products, and bowling centers. Segment contributions in 1988:

	Sales	Profits
Marine	75%	82%
Technical	14%	6%
Recreation	11%	12%

BC's important marine segment includes boat manufacturing and marine engines. BC's two boat divisions— U.S. Marine and Sea Ray— are the two largest boat builders in the world. Engine brands include Mercury and Mariner outboard motors and MerCruiser stern drive and inboard engines.

BC's technical segment includes a defense business which sells various products to the U.S. Government and major prime defense contractors. The technical segment includes various other businesses, most of which BC is expected to sell. The businesses to be sold include heating and air conditioning equipment used in transportation industries; valves, controls and pumps used in energy and process industries; and valves and controls for the aerospace industry.

BC's recreation segment includes the manufacture of bowling equipment, the ownership and operation of about 130 bowling centers, and the manufacture of fishing equipment.

Dividend Data

Dividends have been paid since 1969. A dividend reinvestment plan is available. A "poison pill" stock purchase rights plan was adopted in 1986, and amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.11	Dec. 13	Jan. 19	Jan. 25	Feb. 15'89
0.11	Feb. 14	Apr. 19	Apr. 25	May 15'89
0.11	Jun. 20	Jul. 19	Jul. 25	Aug. 15'89
0.11	Sep. 20	Oct. 19	Oct. 25	Nov. 15'89

Finances

In April 1989, a BC employee stock ownership trust purchased 5.1 million BC common shares from the company. Subsequently, October 1989, BC had repurchased about 3.75 million of its common shares in the open market.

Capitalization

Long Term Debt: $558,700,000.

Common Stock: 90,896,142 shs. ($0.75 par).
Institutions hold about 62%.
Shareholders of record: 30,700.

Office—One Brunswick Plaza, Skokie, Ill. 60077 **Tel**—(312) 470-4700 **Chrmn & Pres**—J. F. Reichert **VP-Secy**—D. M. Yaconetti **VP-Fin & Investor Contact**—W. R. McManaman **Dirs**—S. Davidson, L. Herzel, G. D. Kennedy, B. K. Koken, J. W. Lorsch, R. N. Rasmus, C. N. Ray, J. F. Reichert, P. A. Rinfret, E.F. Tighe Jr. **Transfer Agent & Registrar**—Co.'s office, Skokie, Ill. **Incorporated** in Delaware in 1907 **Empl**—28,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Brush Wellman

NYSE Symbol BW

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
22½	30¼-20¼	12	0.68	3.0%	A-	1.23

Summary

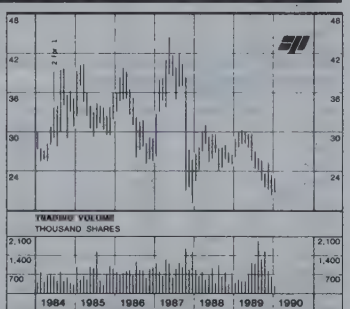
This company is a leading worldwide supplier of beryllium alloys and beryllia for the electrical/electronics industry and metallic beryllium for aerospace and defense applications. In December, 1989 BW announced a restructuring plan to reduce costs and streamline operations that would require a onetime charge of about $9.1 million ($0.56 a share) to net income in the fourth quarter of 1989.

Current Outlook

Earnings for 1990 are projected at $1.50 a share, up from 1989's estimated $1.05, which includes a $0.28 nonrecurring charge (net of gains).

Dividends should continue at $0.17 quarterly.

Sales for 1990 may decline modestly, as expected soft demand in electronics-related product lines in the first half will probably be counteracted by anticipated improved demand in the second half. Beryllium metal sales may decline slightly in the absence of sales to the U.S. Government's stockpile partially offset by a modest recovery in receipts from defense-related markets. As a result of efficiencies and lower costs related to the restructuring, earnings from operations should increase moderately.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	80.9	90.0	73.1	56.0
Jun.	83.6	89.5	75.7	64.5
Sep.	77.6	85.0	72.6	57.6
Dec.	---	81.3	86.2	63.3
	---	345.8	307.6	241.4

Sales for the nine months ended October 1, 1989 declined 8.5%, year to year. With an after-tax gain of $0.28 a share related to the sale of Bucyrus Blades and a tax settlement, net income was up 0.9%, to $1.33 a share (on 7.2% fewer shares) from $1.23.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.59	0.43	0.34	0.24
Jun.	0.52	0.45	0.36	0.33
Sep.	0.22	0.35	0.23	0.30
Dec.	Ed0.28	0.56	0.45	0.33
	E1.05	1.79	1.38	1.20

Important Developments

Dec. '89— BW announced a restructuring whereby metal systems operations would be consolidated at the Lincoln, R.I. facility of its Technical Materials unit; the contour milling business of the Metals Engineering unit would be relocated to the R.I. plant; and remaining activities of Metals Engineering would be sold. BW also sought a partner or buyer for its clad metal systems operation in Japan. Directors approved issuance of up to $75 million of medium-term notes. The initial issuance planned for early 1990 would be used to retire some short-term debt. At October, 1989 BW had bought back over 2.7 million shares under a 3.9-million share repurchase authorization.

Jul. '89— BW reached a tax settlement, which increased second quarter net income by $0.17 a share. In March, 1989 BW completed the sale of Bucyrus Blades and Bucyrus Blades of Canada.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[3]1987	[1]1986	1985	1984	1983	[1]1982	[1]1981	1980
Tangible Bk. Val.	NA	13.49	13.17	12.47	11.77	11.31	9.54	7.75	7.39	6.65
Earnings[2]	NA	1.79	1.38	1.20	1.48	2.20	1.39	1.07	1.11	1.06
Dividends	0.67	0.63	0.59	0.55	0.51	0.47	0.42	0.40	0.36¾	0.33½
Payout Ratio	NA	33%	42%	46%	34%	21%	30%	37%	32%	31%
Prices—High	30¼	31	44½	39⅞	40⅜	39¾	29⅞	17¼	14¾	13⅛
Low	20¼	22½	19	25⅛	29¼	25½	16½	11⅜	9⅞	7⅛
P/E Ratio—	NA	17-13	32-14	33-21	27-20	18-12	21-12	16-11	13-9	12-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1984, 50% Jan. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.53 in 1985, -0.43 in 1982. 3. Reflects accounting change. d-Deficit. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[5]Net Inc.	% Net Inc. of Revs.
1988	346	76.5	22.1	27.0	21.0	3.62	[3]51.9	37.3%	32.5	9.4
[2]1987	308	70.6	23.0	19.1	22.1	3.57	[3]45.8	42.9%	26.2	8.5
[1]1986	241	60.4	25.0	29.1	17.9	3.45	[3]40.3	43.7%	[2]22.7	9.4
[6]1985	243	64.5	26.5	51.8	15.7	3.53	[3]48.2	42.0%	27.9	11.5
1984	323	89.1	27.6	29.8	17.2	3.37	[3]69.5	40.2%	41.5	12.9
1983	245	64.0	26.1	20.0	16.1	4.59	[3]43.3	40.5%	25.8	10.5
[4]1982	194	44.1	22.7	25.1	10.0	3.46	[3]31.1	40.4%	18.5	9.6
[1]1981	199	46.0	23.1	16.3	11.5	4.13	[3]31.8	39.3%	19.3	9.7
1980	189	38.2	20.3	28.1	8.8	[2]4.34	28.3	35.8%	18.2	9.6
1979	165	39.3	23.8	17.2	7.4	1.40	30.9	43.7%	17.4	10.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	5.4	156	63.9	2.4	358	9.3%	29.9	233	284	10.5	14.1
1987	16.6	178	68.7	2.6	367	7.5%	25.5	243	288	8.8	11.1
1986	22.2	157	56.8	2.8	336	7.1%	26.6	235	279	9.5	9.9
1985	26.0	134	37.2	3.6	299	9.4%	26.3	220	262	10.0	12.9
1984	16.2	152	44.6	3.4	294	15.2%	27.6	211	250	11.1	21.4
1983	2.7	120	31.5	3.8	252	10.1%	31.7	176	220	14.4	16.1
1982	3.6	102	30.8	3.3	238	8.5%	64.7	132	207	31.2	14.2
1981	6.0	101	29.2	3.5	196	10.4%	29.0	127	166	17.4	16.0
1980	3.0	88	21.9	4.0	175	11.3%	31.8	114	154	20.7	16.9
1979	1.9	76	20.4	3.7	145	13.6%	19.0	100	125	15.3	18.5

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol. subs. 4. Excl. disc. opers. and reflects merger or acquisition. 5. Bef. results of disc. opers. in 1985, 1982. 6. Excl. disc. opers.

Business Summary

Brush Wellman is the non-Communist world's only fully integrated producer of products containing beryllium, and also supplies specialty metal systems and precious metal products. International sales comprised 24% of total sales in 1988, compared with 1987's 26%.

Beryllium-containing products include beryllium alloys (principally beryllium copper) and metallic beryllium, which have high thermal and electrical conductivity, strength and hardness, excellent corrosion, wear and fatigue resistance, and good formability. Beryllium alloys are used in components such as connectors, switches, springs and relays in computers and in other electronic devices; and also by the automotive electronics, telecommunications and other consumer and industrial markets. Beryllium metal is the preferred material for many aerospace and defense components such as those used in guidance systems, satellite structures, optical platforms, mirrors and telescopes.

Materials Systems includes beryllia ceramic, metal systems and precious metal products. Beryllia ceramic is widely used with high density electronic circuits to dissipate heat. Specialty clad metals produced by Technical Materials, Inc. are used for the high-speed production of complex electronic and electrical components. Williams Advanced Materials (formerly Williams Gold Refining) makes precious metals products used in BW's metals systems and by the electronics industry as solder or braze material. In June, 1989 Williams changed its name to reflect its April purchase of Advanced Materials Technology for about $10 million cash.

Proved beryllium-bearing bertrandite reserves were 6,194,000 tons at year-end 1988, after processing of 95,000 tons of ore in 1988.

Dividend Data

Dividends have been paid since 1972. A dividend reinvestment plan is available. A "poison pill" stock purchase right was amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Feb. 28	Mar. 13	Mar. 17	Mar. 31'89
0.17	May 23	Jun. 12	Jun. 16	Jun. 30'89
0.17	Jul. 25	Sep. 11	Sep. 15	Sep. 29'89
0.17	Nov. 28	Dec. 14	Dec. 20	Jan. 3'90

Next dividend meeting: Feb. 27'90.

Capitalization

Long Term Debt: $21,269,000.

Common Stock: 16,207,811 shs. ($1 par). Institutions hold approximately 65%. Shareholders of record: 4,014.

Office—1200 Hanna Bldg., Cleveland, Ohio 44115. **Tel**—(216) 443-1000. **Chrmn & Pres**—R. A. Foos. **VP-CFO, Secy & Treas**—C. G. Waite. **VP & Investor Contact**—J. E. Gulick. **Dirs**—C. F. Brush III, F. B. Carr, R. A. Foos, W. E. MacDonald, J. L. McCall, G. C. McDonough, R. M. McInnes, W. P. Madar, H. G. Piper, J. Sherwin, Jr., C. G. Waite. **Transfer Agent & Registrar**—Ameritrust Co., Cleveland, Ohio. **Incorporated** in Ohio in 1931. **Empl**—2,602.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A.M. Sorrentino, CFA

Burlington Northern

398K

NYSE Symbol BNI Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
27	30½-21⅜	10	1.20	4.4%	NR	0.71

Summary

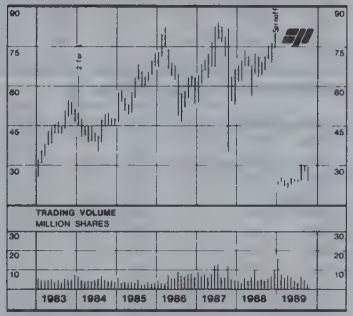
This western railroad spun off to shareholders at 1988 year-end its vast natural resource holdings through a tax-free distribution of its 87% stake in Burlington Resources Inc. Profit comparisons should improve only moderately in 1990 as the benefits from sharply higher grain traffic are largely offset by heavier depreciation charges and absence of the nonrecurring income realized in 1989.

Current Outlook

Profits for 1990 are estimated at $3.15 a share, versus the $3.00 anticipated for 1989.

Dividends at $0.30 quarterly are expected to be increased during 1990.

A sharp rebound for grain traffic is anticipated in 1990 after drought conditions cut volumes moved in 1989. No significant pick-up is expected for coal volumes or rates. While sluggish economic conditions will check growth for industrial freight, BNI should score solid gains for intermodal movements, reflecting strong demand for its "Expediter" service and new marketing arrangement with the Santa Fe. Flat rates, rising personal injury claims, and heavier depreciation charges will penalize margins. Also hurting earnings comparisons will be the absence of 1989's gain on the sale of Trailer Train stock.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,125	1,174	1,658	1,964
Jun.	1,155	1,178	1,567	1,678
Sep.	1,149	1,166	1,684	1,689
Dec.	---	1,181	1,712	1,610
	---	4,700	6,621	6,941

Revenues from continuing operations for 1989's first nine months fell 2.5%, year to year. Net income from continuing operations was down 1.3%. Share earnings were $2.13, versus $2.19.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.44	0.53	0.93	0.99
Jun.	0.74	0.77	0.99	d10.72
Sep.	0.95	0.89	1.70	1.25
Dec.	E0.87	0.57	1.31	0.95
	E3.00	2.76	4.93	d7.53

Important Developments

Jun. '89— Pretax income in 1989's second quarter was penalized by an $11.3 million adjustment to reflect a miscalculation of fuel expense for prior years' joint coal movements.

Apr. '89— BNI sold half of its holdings in Trailer Train Co., a lessor of rail equipment, for $17 million, yielding a $14.9. million pretax gain.

Dec. '88— BNI completed the spin-off of its 87%-owned Burlington Resources Inc. unit to BNI shareholders. For each share of BNI held, shareholders received 1.7431 shares of BR. BNI, which sold 20 million BR common shares in July, 1988 for $25.50 each, said the decision to split the firm primarily reflected management's belief that the overall value for BNI's assets would be enhanced.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	[1]1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	12.31	50.80	47.90	63.13	56.98	50.76	38.33	35.38	32.64	38.78
Earnings[3]	2.76	4.93	d7.53	8.03	7.15	5.40	2.28	3.51	3.78	3.28
Dividends	2.20	2.05	1.70	1.40	1.00	0.86½	0.76	0.76⅞	0.57½	0.48⅞
Payout Ratio	80%	42%	NM	17%	14%	16%	33%	22%	15%	15%
Prices—High	80⅜	84¼	82⅜	72⅝	50	54¾	31⅜	36½	38½	16⅜
Low	56	35	46½	46¼	35	25½	17⅛	18½	12⅞	8⅞
P/E Ratio—	29-20	17-7	NM	9-6	7-5	10-5	14-8	10-5	10-3	5-3

Data as orig reptd Adj for stk. div(s) of 100% Feb 1984, 100% Jun. 1980. 1. Reflects merger or acquisition 2. Reflects merger or acquisition and acctg change 3. Bef results of disc opers of +0.73 in 1988, +1.42 in 1982, bef spec item(s) of -1.45 in 1988, -4.54 in 1986 E Estimated d-Deficit NM-Not Meaningful

October 30, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,700	1,039	22.1	415	360	[4]292	354	41.5%	207	4.4
1987	6,621	1,584	23.9	484	534	[4]372	656	43.7%	367	5.5
1986	6,941	1,425	20.5	591	[5]596	[4]389	d455	NM	[5]d529	NM
[6]1985	8,651	1,841	21.3	1,131	476	312	1,159	43.2%	633	7.3
1984	9,156	1,900	20.7	932	451	310	1,122	45.8%	579	6.3
[6]1983	4,508	1,015	22.5	659	[5]257	142	654	36.8%	[5]413	9.2
[3]1982	4,198	407	9.7	308	128	136	229	22.3%	178	4.2
1981	4,936	601	12.2	398	123	140	419	35.0%	272	5.5
[7]1980	3,954	529	13.4	387	109	107	308	27.5%	223	5.6
1979	3,250	358	11.0	340	103	83	176	NM	176	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	84	1,065	1,219	0.9	6,330	2.4%	2,723	918	4,841	56.2	8.8%
1987	83	1,804	2,203	0.8	10,948	3.4%	3,001	3,783	8,340	36.0	10.0%
1986	78	1,478	1,822	0.8	10,651	NM	3,394	3,534	8,431	40.3	NM
1985	64	1,606	1,829	0.9	12,512	5.3%	3,118	4,645	10,443	29.9	13.4%
1984	254	1,983	1,998	1.0	11,424	5.2%	2,454	4,171	9,100	27.0	13.5%
1983	51	1,947	1,901	1.0	10,901	4.9%	2,930	3,771	8,672	33.8	12.2%
1982	534	1,353	785	1.7	5,797	3.1%	1,333	2,836	4,783	27.9	6.2%
1981	434	1,375	1,015	1.4	5,674	5.0%	1,330	2,629	4,461	29.8	10.4%
1980	227	1,229	897	1.4	5,267	3.9%	1,410	2,431	4,211	33.5	8.0%
1979	47	773	638	1.2	4,228	4.3%	1,100	1,962	3,461	31.8	8.7%

Data as orig. reptd. 1. Incl equity in earns. of nonconsol. subs. aft. 1982. 2. Bef. results of disc. opers. in 1988, 1982, and spec. item(s) in 1988, 1986 3. Excl discont. opers 4. Net of interest inc 5. Reflects acctg. change. 6. Reflects merger or acquisition. 7. Reflects merger or acquisition and acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Following the spin-off at 1988 year-end of BNI's natural resources operations, the company's sole activity is the operation of the Burlington Northern Railroad, a 25,504-mile system spanning 25 states and parts of Canada.

Contributions to rail revenues by traffic group in recent years:

	1988	1987	1986
Coal	33.0%	32.7%	35.3%
Grain	13.2%	12.0%	10.8%
Forest products	12.1%	12.9%	12.2%
Intermodal	9.8%	11.2%	9.9%
Food	7.3%	7.5%	7.7%
Chemicals	5.8%	5.5%	5.1%
All other	18.8%	18.2%	19.0%

BNI transported 144 million tons of coal in 1988, versus 130 million tons in 1987, of which 90% originates in the Powder River Basin field in Wyoming and Montana. Total ton-miles of freight transported in 1988 was 223.6 billion, compared with 206.3 billion in 1987.

BNI's equipment fleet at 1988 year-end consisted of 2,324 locomotives having an average age of 14.9 years and 56,766 freight cars averaging 16.8 years.

Virtually all of BNI's non-rail assets were transferred to Burlington Resources Inc. in 1988 and spun off to BNI shareholders at 1988 year-end. Among BR's operations are EL Paso Natural Gas, a 22,000-mile gas pipeline, oil and gas operations containing reserves of 84.4 million bbls. of oil and 2.8 trillion cubic feet of gas, 1.5 million acres of timberlands and 1.2 million acres of agricultural lands.

Dividend Data

Dividends have been paid since 1940. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 19	Mar. 7	Mar. 13	Apr. 3'89
0.30	Apr. 13	Jun. 8	Jun. 12	Jul. 3'89
0.30	Jul. 19	Sep. 5	Sep. 11	Oct. 2'89
0.30	Oct. 12	Dec. 5	Dec. 11	Jan. 2'90

Capitalization

Long Term Debt: $2,532,816,000.

$0.55 Cum. Pfd. Stk.: 1,410,074 shs. ($10 par).

Common Stock: 75,402,814 shs. (no par).
Institutions hold approximately 65%.
Shareholders of record: 36,669.

Office—3800 Continental Plaza, 777 Main St., Fort Worth, Tex 76102. **Tel**—(817) 878-2000 **Pres & CEO**—G Grinstein **VP-Secy**—E. W Burke **VP-Fin**—P. J. Bell **VP-Investor Contact**—R. L. Lewis **Dirs**—R.M. Bressler (Chrmn), Z. E. Barnes, J. S. Blanton, R. P. Cooley, D. P Davison, M Garst, D. W. Gaskins, G. Grinstein, C. M. Harper, W. P. Hutchinson, T. H. O'Leary, G. C. Ryan, A. R Weber, M. B Yanney. **Transfer Agent & Registrar**—First National Bank of Boston, Boston. **Incorporated** in Delaware in 1961; reincorporated in Delaware in 1981. **Empl**—32,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

CBS Inc.

NYSE Symbol CBS Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
200⅛	221-166	19	4.40	2.2%	B+	1.06

Summary

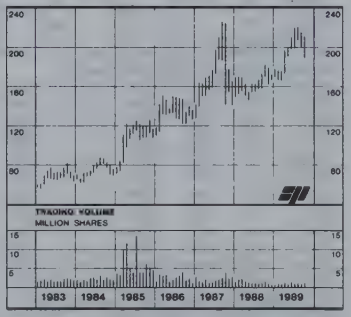
CBS operates one of the three major nationwide TV networks, has two radio networks, and owns five TV and 20 radio stations in major U.S. cities. A major restructuring was completed with the January, 1988 sale of CBS's records division; magazine and other publishing operations were sold earlier. Loews Corp. owns nearly 25% of the common stock.

Current Outlook

Earnings for 1990 are estimated at $11.80 a share, versus the $11.25 expected for 1989.

The $1.10 quarterly dividend is the minimum anticipated.

Higher earnings from CBS's television network may help earnings rise somewhat in 1990. Unless there is an acquisition(s), a sizable portion of profits will continue to come from interest income. The regulatory environment, including possible changes in current restrictions on CBS' ability to produce and have financial interests in shows that appear on its TV network, could influence both future acquisition activity by CBS and the company's appeal as a takeover target.



Net Sales[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	731	697	730	1,167
Jun.	772	741	714	1,166
Sep.	593	568	546	1,017
Dec.	---	772	773	1,404
	---	2,778	2,762	4,754

Sales for the nine months ended September 30, 1989, rose 4.5%, year to year. Pretax income declined 0.3%, and after taxes at 35.2%, versus 33.6%, net income was down 2.6%, to $9.21 a share from $9.46. Results exclude a speical charge of $0.01 a share in 1989 and income from discontinued operations of $33.70 a share in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.19	1.74	0.20	0.86
Jun.	4.62	5.01	2.95	4.77
Sep.	2.40	2.72	1.27	0.30
Dec.	E2.04	1.56	0.86	1.61
	E11.25	11.02	5.21	7.54

Important Developments

Oct. '89— In the opening weeks of the new primetime network television season, CBS was the third-rated network, behind NBC and ABC. However, in the three weeks ended October 8, CBS's primetime shows were averaging 12.7% of TV households and 22% of the TV sets in use, up from 11.1% and 19%, respectively, in the year-earlier period, according to figures published in the trade newspaper "Variety." CBS said in mid-October that for the remainder of 1989 its TV network was expected to have improved results, aided by a robust advertising market and improved ratings. Also, at June 30, 1989 CBS had cash and marketable securities (net of liabilities to repurchase securities) totaling about $2.9 billion. In the first quarter of 1989 CBS acquired two radio stations and a Miami TV station.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[2]1985	[2]1984	1983	[3]1982	1981	1980	1979
Tangible Bk. Val.	92.55	49.72	18.26	2.19	49.05	45.12	41.21	40.33	37.57	35.10
Earnings[4]	11.02	5.21	7.54	7.27	8.24	6.31	5.35	6.82	6.92	7.21
Dividends	3.35	3.00	3.00	3.00	2.85	2.80	2.80	2.80	2.80	2.65
Payout Ratio	29%	58%	40%	36%	35%	44%	52%	41%	40%	37%
Prices—High	182¾	226¼	151½	126¼	87¾	81¾	67	61¼	55¾	56¾
Low	146	127½	110	70⅞	61½	55	33⅜	46	42½	44⅛
P/E Ratio—	17-13	43-24	20-15	17-10	11-7	13-9	13-6	9-7	8-6	8-6

Data as orig reptd 1. Revenues prior to 1987 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef results of disc opers. of +33.85 in 1988, +12.54 in 1987, +8.48 in 1986, -6.46 in 1985, -1.85 in 1984, -1.34 in 1982, -0.95 in 1981, and spec item(s) of -0.12 in 1988, -0.01 in 1987, -0.60 in 1986, +0.56 in 1984 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,778	259	9.3	47	57	128	422	32.9%	283	10.2
[3]1987	2,762	265	9.6	34	62	93	218	37.6%	[4]136	4.9
[3]1986	4,646	426	9.2	83	108	107	285	33.3%	190	4.1
[5]1985	4,677	516	11.0	114	135	107	354	42.8%	203	4.3
[6]1984	4,831	516	10.7	111	97	44	451	45.7%	245	5.1
1983	4,458	398	8.9	102	97	48	326	42.7%	[4]187	4.2
[5]1982	4,052	309	7.6	131	81	54	233	35.7%	150	3.7
[3]1981	4,027	360	8.9	122	73	61	324	41.2%	[4]190	4.7
1980	3,963	380	9.6	108	69	59	348	44.5%	193	4.9
1979	3,670	400	10.9	122	57	[4]29	371	46.0%	201	5.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,031	1,723	745	2.3	4,407	6.8%	857	2,271	3,460	24.8	15.3%
1987	1,498	2,280	674	3.4	3,910	3.7%	964	1,264	2,583	37.3	11.5%
1986	558	2,063	1,300	1.6	3,370	5.5%	631	869	1,822	34.6	25.1%
1985	120	1,836	1,550	1.2	3,509	6.7%	954	543	1,785	53.5	22.4%
1984	280	2,026	1,097	1.8	3,262	7.8%	371	1,550	2,018	18.4	16.4%
1983	43	1,810	1,136	1.6	2,990	6.6%	233	1,438	1,743	13.3	13.5%
1982	28	1,622	940	1.7	2,683	5.7%	238	1,331	1,650	14.4	11.3%
1981	28	1,512	789	1.9	2,426	8.0%	223	1,242	1,554	14.3	15.7%
1980	103	1,526	753	2.0	2,301	8.6%	217	1,182	1,486	14.6	17.1%
1979	140	1,528	881	1.7	2,180	10.1%	104	1,066	1,238	8.4	20.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol subs. 2. Bef. results of disc opers. in 1988, 1987, 1986, 1985, 1984, 1982, 1981, and spec item(s) in 1988, 1987, 1986, 1984. 3. Excl disc opers. 4. Reflects acctg change 5. Excl disc opers and reflects acctg change 6. Excl disc. opers and reflects merger or acquisition

Business Summary

This major U.S. broadcaster completed a major reorganization with the January 1988 sale of its records division and the October 1987 sale of its magazines division. Current operations consist almost entirely of the CBS/Broadcast Group. The group includes five owned TV stations in New York (WCBS-TV), Chicago (WBBM-TV), Los Angeles (KCBS-TV), Miami (WCIX-TV), and Philadelphia (WCAU-TV), which collectively reach about 20.8% of U.S. households; eight owned AM and 12 FM radio stations in New York (WCBS-AM & FM), Chicago (WBBM-AM & FM), Dallas/Fort Worth (KTXQ-FM), Los Angeles (KNX-AM & FM), San Francisco (KCBS-AM & KRQR-FM), Philadelphia (WCAU-AM & WOGL-FM), Boston (WODS-FM), Houston (KLTR-FM), Washington, D.C. (WLTT-FM), St. Louis (KMOX-AM & KLOU-FM), Detroit (WWJ-AM & WJOI-FM) and Tampa/St. Petersburg (WSUN-AM & WYNF-FM).

The CBS Television Network division distributes programming to about 213 independently owned TV stations and five CBS-owned stations in the U.S., and to certain overseas and foreign affiliated stations. The CBS Radio division includes 20 owned and operated radio stations and serves as broadcast sales representative for the owned radio stations, plus a number of independently owned stations and networks. CBS also operates two radio networks which provide programming to more than 400 independently owned AM and FM radio stations in the U.S. Other CBS holdings include a 50% interest in a CBS/Fox home video business, and a 50% interest in a California film studio.

Dividend Data

Dividends have been paid since 1931. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.10	Feb. 8	Feb. 15	Feb. 22	Mar. 13'89
1.10	May 10	May 18	May 24	Jun. 12'89
1.10	Jul. 12	Aug. 21	Aug. 25	Sep. 11'89
1.10	Oct. 11	Nov. 16	Nov. 22	Dec. 12'89

Capitalization

Long Term Debt: $813,100,000.

$10 Series B Pref. Stk.: 1,250,000 shs. ($100 liquid. pref.); conv. into 0.6915 com.

Common Stock: 23,641,378 shs. ($2.50 par).
Loews Corp. owns 24.9%.
Institutions hold approximately 76%.
Shareholders of record: About 18,392.

Office—51 W 52nd St., NYC 10019 **Tel**—(212) 975 4321 **Chrmn**—W S Paley **Pres & CEO**—L A Tisch **Sr VP & Secy**—G Vradenburg III. **VP-Treas**—L. J. Rauchenberger, Jr. **Investor Contact**—K. Fawcett **Dirs**—M. C. Bergerac, H. Brown, W. Cronkite, R. L. Gilpatric, J. R. Houghton, N. N. Minow, W. S. Paley, H. B. Schacht, E. W. Spencer, F. A. Thomas, L. A. Tisch, P. R. Tisch, M. Tree, J. D. Wolfensohn **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New York in 1927 **Empl**—6,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

CNA Financial

NYSE Symbol CNA Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
95	108¾-57⅝	9	None	None	B	0.88

Summary

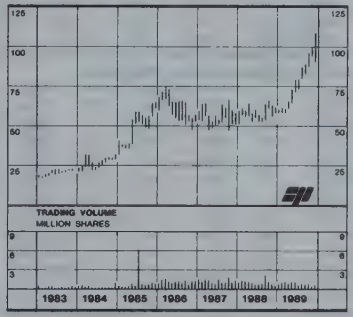
CNA Financial's principal interests are in the property-casualty and life insurance fields. Based on 1987 (latest available) premiums written, Continental Casualty Co. is the 11th largest p-c company in the U.S. While competitive industry conditions will likely slow premium growth and lead to underwriting losses, substantial realized investment gains and a favorable tax treatment will aid earnings growth. Loews Corp. owns about 82% of the stock.

Current Outlook

Net operating earnings (which exclude realized investment gains) for 1990 are expected to rise to $9.25 a share from the $8.25 anticipated for 1989. Both estimates assume a continued favorable tax treatment.

Common dividends are not likely to be resumed in the near future.

Earnings growth is expected to continue in coming periods, as gains in investment income and the realization of certain tax benefits will likely offset p-c underwriting losses caused by intense competition. A hefty book of specialty line business, where competition is less severe, and an expected firming in p-c pricing by mid-1990 should help. Moderately higher life insurance profits should partially offset the weaker p-c earnings. Net investment income will advance, reflecting a sizable increase in investable assets. A tax accounting change will also have a positive impact. Share buybacks will add per-share comparisons.



Review of Operations

Total revenues for the nine months ended September 30, 1989 rose 10%, year to year, primarily reflecting a 9.4% increase in premiums and an 18% gain in net investment income. Following a 13% rise in total benefits and expenses, pretax income fell 17%. After tax credits of $145.2 million, versus taxes of $96.2 million (19.4%), net income was up 39%. Share earnings were $8.88, versus $6.30, including realized investment gains of $2.25, versus $1.86.

[1]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.87	1.63	1.21	0.85
Jun.	3.50	1.41	1.60	1.05
Sep.	2.51	1.40	1.78	1.14
Dec.		1.88	1.91	0.98
		6.32	6.50	4.02

Important Developments

Nov. '89— CNA's revenue growth for 1989's first nine months was offset by a greater rise in benefits and expenses, and pretax earnings declined. However, following a large tax credit arising from certain deferred tax benefits, net income advanced sharply. CNA also has a tax sharing agreement with Loews Corp. (LTR), under which CNA will be paid by LTR the amount, if any, by which LTR's consolidated Federal income tax is reduced by virtue of the consolidation of CNA onto LTR's tax return. Conversely, CNA must pay LTR the amount by which LTR's tax liability is increased by virtue of its ownership of CNA. Because of substantial investment gains incurred in 1989, CNA expects to pay taxes to Loews. A significant amount of deferred tax benefits, if recognized, would more than offset the tax liability to Loews.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	54.87	46.40	42.71	33.24	26.32	23.55	20.47	18.65	17.46	19.11
Oper. Earnings[2]	6.32	6.50	4.02	3.01	2.41	2.82	2.43	2.42	2.71	4.70
Earnings[3,2]	8.59	6.06	6.25	5.11	2.45	2.11	1.67	1.49	1.84	4.67
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	66⅛	66½	75	65⅛	32	22⅞	18⅜	18½	19⅝	16⅛
Low	51	47	47¼	31½	21	17	10¼	11¼	11⅜	10⅛
P/E Ratio—	10-8	10-7	19-12	22-10	13-9	8-6	8-4	8-5	7-4	3-2

Data as orig. reptd. 1. Oper. earns. prior to 1989. 2. Bef. spec. item(s) of -0.13 in 1981, +0.31 in 1979, bef. results of disc. opers. of +1.23 in 1983. 3. Aft. gains/losses on securities trans.

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Income Data (Million $)

Year Ended Dec. 31	[1]Life Ins. In Force	Premium Income: Life A & H	Premium Income: Cas./ Prop.	Net Inv. Income	Total Revs.	[2]Comb. Loss-Exp. Ratio	Net Bef. Taxes	[3]Net Oper. Inc.	[3]Net Inc.	% Return On: Revs.	% Return On: [4]Equity
1988	78,467	2,215	4,752	1,156	8,204	108.8	350	404	546	4.9	12.5
1987	75,594	1,822	4,249	1,012	7,121	111.1	132	421	393	5.9	15.0
1986	69,380	1,710	3,762	896	6,392	114.6	d10	261	404	4.1	11.0
1985	59,721	1,533	2,260	770	4,605	122.3	d20	180	305	3.9	10.1
1984	49,716	1,423	1,612	662	3,739	126.2	d16	138	141	3.7	9.6
1983	38,562	1,274	1,388	579	3,284	119.7	68	144	110	4.4	11.5
1982	32,225	1,110	1,357	526	3,157	118.2	58	127	90	4.0	11.8
1981	31,199	1,085	1,382	493	3,132	113.6	70	126	81	4.0	12.6
1980	29,155	995	1,390	410	2,966	108.4	131	140	98	4.7	16.3
1979	23,276	932	1,221	363	2,674	105.3	230	179	178	6.7	25.6

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: [5]Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	Invest. Yield	Deferred Policy Costs	Total Assets	[6]Debt	Common Equity
1988	290	3,296	13,339	403	389	14,165	8.8	704	22,941	43	3,418
1987	297	2,694	11,254	449	445	12,199	8.9	658	19,563	46	2,908
1986	292	2,291	9,655	275	523	10,499	9.2	614	16,643	41	2,588
1985	236	1,734	8,077	264	612	8,991	9.7	571	14,116	41	2,065
1984	219	1,402	5,728	514	679	6,960	9.6	446	11,341	41	1,514
1983	214	1,196	5,770	262	747	6,820	9.3	397	10,404	41	1,354
1982	274	1,144	4,671	176	782	5,689	9.3	372	9,374	199	1,048
1981	198	991	4,621	218	788	5,678	9.1	363	8,904	197	961
1980	253	936	3,615	696	779	5,148	8.2	341	8,215	231	901
1979	588	822	3,696	347	765	4,853	7.9	322	7,978	259	715

Data as orig. reptd. 1. Incl. reinsurance ceded. 2. As reptd. by Co.; aft. policyholder dividends. 3. Bef. disc. opers. in 1983, and spec. item(s) in 1981, 1979. 4. Common. 5. Incl. short term invest. after 1980. 6. Long term debt. d-Deficit.

Business Summary

CNA Financial is one of the largest multi-line insurers. The company's principal market for insurance is the U.S. Contributions to pretax operating income (in million $) in recent years were:

	1988	1987	1986
Comm'l. prop.-cas.	$458.1	$230.1	$20.6
Pers. prop.-cas.	-29.1	-8.0	-26.5
Other prop.-cas	-164.0	-130.5	-73.0
Individual life	12.8	10.7	19.5
Group life	71.3	18.5	35.1
Other & elim.	1.1	11.1	14.4

Property-casualty insurance operations are conducted through Continental Casualty Co. and its affiliates. Based on premiums written in 1987, Continental Casualty was ranked as the 11th largest property-casualty insurer in the U.S. Commercial premiums earned in 1988 totaled $4.36 billion, of which workers compensation accounted for 32%, general liability 23%, professional and specialty 19%, multi-peril 9%, reinsurance 11%, and accident and health and other 6%. Personal premiums amounted to $629 million. Private passenger auto accounted for 57%, personal property 33%, accident and health 9%, and other 1%. Products are marketed through independent agents and brokers.

Through Continental Assurance Co., CAF markets individual and group life and health insurance and annuities. Of $78.5 billion of life insurance in force at year-end 1988, individual life accounted for 80% and group 20%. Of $1.99 billion in total life premiums in 1988, group accident and health accounted for 73%, individual life 16%, group life 4%, group and individual annuities 6%, and individual accident and health 1%. Life insurance products are sold through licensed agents, most of whom are independent contractors who sell life insurance products for CNA and other companies on a commission basis.

Dividend Data

No common dividends have been paid since 1974.

Capitalization

Long Term Debt: $42,749,000.

Preferred Stock: $150,000,000.

Common Stock: 61,841,969 shs. ($2.50 par).
Some 82% held by Loews Corp.
Institutions hold about 14%.
Shareholders of record: 4,619.

Office—CNA Plaza, Chicago, Ill. 60685. **Tel**—(312) 822-5000. **Chrmn**—L. A. Tisch. **VP-Secy**—T. R. Igleski. **VP-Cont**—D. H. Chookaszian. **Investor Contact**—T. E. Millstead. **Dirs**—R. P. Gwinn, W. Mondale, E. J. Noha, L. Pollack, J. E. Stipp, R. L. Thomas, J. S. Tisch, L. A. Tisch, P. R. Tisch. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Delaware in 1967. **Empl**—15,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

CPC International

NYSE Symbol CPC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
66⅛	69⅜-49⅜	16	1.80	2.7%	A-	1.15

Summary

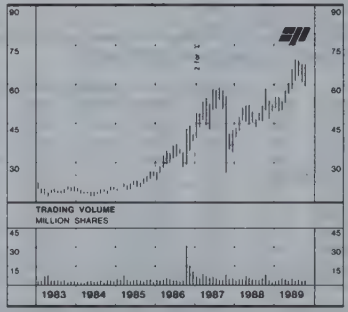
This major international food processor makes a broad line of branded grocery items, including Hellman's mayonnaise, Skippy peanut butter, and Knorr's dehydrated soups. In 1987 CPC completed a major restructuring, which included sale of the subpar European corn wet milling operations and Asian food interests and the repurchase of some 19% of its common shares. Expansion of now dominant grocery products businesses and recovery in domestic corn wet milling should fuel good growth in 1989 and 1990.

Current Outlook

Earnings for 1990 may rise to $4.90 a share, up 15% from the $4.25 estimated for 1989.

The quarterly dividend, which was raised 12.5% in July, 1989, should remain at $0.45.

Sales for 1990 should continue in a good uptrend, reflecting acquisitions and internal expansion of branded foods business abroad. Volumes in grocery products in the U.S. should see gains on product line extensions and continuation of aggressive marketing programs, while profit contributions improve on a better product mix as well as significantly lower ingredient costs. Corn wet milling operations should also benefit from price increases, when combined with lower commodity costs. Completion of a new Knorr's manufacturing plant in the U. S. should speed growth of the highly profitable dry soup business.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,263	1,082	1,198
Jun.	---	1,255	1,226	1,317
Sep.	---	1,286	1,215	1,326
Dec.	---	---	1,176	1,061
	---	---	4,700	4,903

Sales for the nine months ended September 30, 1989 rose 8.0%, year to year. Although operating income for Latin American foods business fell 15%, gains in North American and European operations were offsetting. Combined with sharp gains in corn refining, pretax income rose 15%. The tax rate was virtually unchanged, and after lower minority interest, net income advanced 15%, to $3.05 a share from $2.62.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.00	0.86	0.73	0.52
Jun.	E1.20	1.06	0.91	2.14
Sep.	E1.30	1.13	0.98	0.72
Dec.	E1.40	E1.20	1.06	0.96
	E4.90	E4.25	3.68	4.34

Important Developments

Oct. '89— Operating income for the nine months ending September 30, 1989 from consumer foods worldwide rose 9.8% from a year earlier; volumes were 2.2% higher, due largely to a 9.8% increase in volume for European consumer products.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	[1]1983	1982	1981	1980	1979
Tangible Bk. Val.	11.64	11.23	9.34	13.09	12.60	12.35	13.18	12.57	11.24	9.99
Earnings	3.68	[2]4.34	2.30	[2]1.46	1.99	1.41	2.40	2.29	2.07	1.88
Dividends	1.52	1.29	1.13½	1.10	1.10	1.10	1.05	0.96	0.85	0.75
Payout Ratio	41%	30%	49%	75%	55%	78%	44%	42%	41%	40%
Prices—High	58⅜	58½	42⅞	26⅝	20⅞	22½	21	17⅞	18⅞	15⅞
Low	39½	26	23¼	19⅛	17⅛	16⅞	14¾	13⅞	13¾	12⅛
P/E Ratio—	16-11	13-6	19-10	18-13	11-9	16-12	9-6	8-6	9-7	8-6

Data as orig reptd Adj. for stk. div(s) of 100% Jan. 1987, 100% May 1981 1. Reflects merger or acquisition. 2. Ful. dil. E-Estimated

November 3, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	4,700	733	15.6	226	181	96	494	40.0%	289	6.2
[2]1987	4,903	674	13.7	257	206	123	569	37.1%	355	7.2
[2]1986	4,549	586	12.9	361	167	97	381	41.2%	[3]219	4.8
1985	4,210	498	11.8	424	149	94	234	40.9%	142	3.4
1984	4,373	522	11.9	311	132	101	329	42.0%	193	4.4
[2]1983	4,011	490	12.2	187	114	68	226	38.8%	136	3.4
1982	4,092	542	13.2	217	101	93	382	39.0%	[3]232	5.7
1981	4,343	543	12.5	294	88	107	365	39.8%	218	5.0
1980	4,120	454	11.0	236	74	77	330	39.7%	197	4.8
1979	3,699	395	10.7	151	72	49	289	37.5%	179	4.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	87	1,262	1,164	1.1	3,342	8.8%	590	1,195	2,001	29.5	25.6%
1987	211	1,320	975	1.4	3,261	10.5%	776	1,087	2,086	37.2	35.3%
1986	55	1,283	1,470	0.9	3,651	7.1%	807	956	2,018	40.0	20.7%
1985	52	1,128	819	1.4	3,017	5.0%	495	1,372	2,049	24.2	10.5%
1984	65	1,053	696	1.5	2,683	7.5%	389	1,324	1,873	20.8	14.7%
1983	66	1,043	637	1.6	2,483	5.6%	321	1,306	1,730	18.5	10.4%
1982	65	1,034	663	1.6	2,413	9.4%	194	1,306	1,622	11.9	18.1%
1981	81	1,130	706	1.6	2,462	9.1%	282	1,235	1,625	17.3	18.6%
1980	69	1,224	804	1.5	2,328	9.0%	189	1,107	1,384	13.7	18.8%
1979	88	1,135	668	1.7	2,068	9.1%	189	989	1,268	14.9	19.1%

Data as orig reptd 1. Incl equity in earns. of nonconsol subs. 2. Reflects merger or acquisition. 3. Reflects accounting change

Business Summary

CPC is a major worldwide producer of branded consumer foods and corn refinery products. In late 1987 it sold its European corn refining business and a 50% interest in its Far East foods operations. Contributions in 1988 were:

	Sales	Profits
Consumer foods	81%	80%
Corn refining	19%	20%

International operations represented 57% of sales and 57% of profits in 1988.

Consumer foods include Hellman's and Best mayonnaise, Mazola corn oil and margarine, Skippy peanut butter, Arnold breads, Thomas' english muffins, Mueller's pasta, Karo and Golden Griddle syrups, Niagra and Argo laundry starches, and Knorr soups, bouillons and sauces. Products sold in foreign markets also include Knorr soups, sauces, gravies, desserts and prepared meals; seasonings, condiments and spices; corn starch; quick energy products; cheeses and dairy products; mayonnaise, margarine and corn oil. The company also operates a foodservice distribution unit, Caterplan.

Corn wet milling operations produce sweeteners, starches, animal feeds and corn oil for industrial uses.

Dividend Data

Dividends have been paid since 1920. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Dec. 20	Dec. 27	Jan. 3	Jan. 25'89
0.40	Mar. 21	Mar. 27	Mar. 31	Apr. 25'89
0.45	Jun. 20	Jun. 26	Jun. 30	Jul. 25'89
0.45	Sep. 19	Sep. 25	Sep. 29	Oct. 25'89

Next dividend meeting: late Dec. '89.

Capitalization

Long Term Debt: $582,200,000.

Minority Interest: $33,800,000.

Common Stock: 77,000,000 shs. ($0.25 par).
Institutions hold about 61%.
Shareholders of record: 38,300.

Office—International Plaza, Englewood Cliffs, N.J. 07632 **Tel**—(201) 894-4000 **Chrmn & CEO**—J. R. Eiszner **Pres**—C. R. Shoemate **Secy**—J. B. Meagher **Treas**—A. S. Abdela **VP-Investor Contact**—F. C. Meendson **Dirs**—I. A. Burns, J. P. Cobb, J. R. Eiszner, W. C. Ferguson, R. J. Gillespie, G. V. Grune, P. W. Joy, J. W. McKee, Jr., R. E. Mercer, D. E. Procknow, C. R. Shoemate, R. W. Siebrasse, J. M. Wilkowski **Registrars & Transfer Agents**—Harris Trust Co. of New York, Harris Trust & Savings Bank, Chicago, Bank of America, San Francisco, United Jersey Bank, Hackensack, N.J. **Incorporated** in Delaware in 1959. **Empl**—32,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

CSX Corp.

NYSE Symbol CSX Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
36⅜	38⅝-29¾	9	1.40	3.8%	B+	1.31

Summary

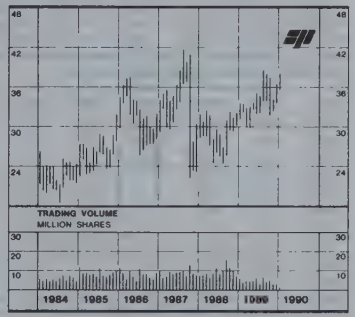
This diversified transportation firm has undertaken a major restructuring of operations. As part of the restructuring, CSX has repurchased 60 million common shares (39%) for $1.92 billion since late 1988. During 1989 CSX sold its resorts interests for $145 million, its gas pipeline unit for $577 million and a 50% stake in a telecommunications network for $183 million. While operating profits should improve moderately in 1990, earnings comparisons will be hurt by the absence of 1989's gains from asset sales.

Current Outlook

Earnings for 1990 are estimated at $4.00 a share, versus the $4.09 reported for 1989.

Dividends were lifted 13%, to $0.35 quarterly from $0.31, with the December, 1989 payment.

While rail traffic in 1990 will mirror the sluggish industrial sector, profits should recover, as costs related to the 1989 coal miners' strike and Hurricane Hugo are avoided and labor and equipment repair expenses are cut. A source of concern is fuel costs, which have risen sharply in early 1990. Further solid gains are anticipated for Sea-Land, reflecting a rebound for trans-Atlantic rates, continued good growth for westbound trans-Pacific and intra-Asian cargo and cost reduction measures. Firmer rates and growth for coal traffic should lift barge profits. While interest expense will decline, earnings comparisons will be penalized by the absence of 1989's gains from the sale of assets.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,844	1,743	1,893	1,689
Jun.	1,974	1,907	2,010	1,599
Sep.	1,893	1,894	2,009	1,453
Dec.	2,034	2,048	2,131	1,604
	7,745	7,592	8,043	6,345

Revenues for 1989 (preliminary) rose 2.0% from those of 1988. A $427 million profit from continuing operations contrasted with a $38 million loss (after a $467 million restructuring charge).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.28	0.55	0.56
Jun.	1.24	2.09	0.74	0.81
Sep.	0.91	0.71	0.67	0.50
Dec.	1.26	1.04	0.82	0.86
	4.09	[1]d0.33	2.78	2.73

Important Developments

Dec. '89— CSX reached an agreement with the United Transportation Union providing for the operation of reduced train crews over CSX's Chesapeake & Ohio lines. The agreement brings to 70% the area of CSX's rail system operating with reduced crews.

Nov. '89— CSX completed its 60 million common share buyback program (39% of its shares outstanding) for $1.92 billion ($32.03 a share). CSX bought 43.1 million of the shares for $32 each through a "Dutch Auction" self-tender in October, 1988, with the balance acquired through open-market transactions. The program was funded through a sweeping restructuring program that has included the sale of CSX's resorts unit in July, 1989 for $145 million; its 50% stake in a telecommunications network in April for $183 million; and various energy properties for $1.2 billion.

Next earnings report expected in early April.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[2]1986	1985	1984	[2]1983	[2]1982	1981	[2]1980
Tangible Bk. Val.	NA	30.39	31.26	31.64	30.15	32.82	31.00	26.83	25.31	23.44
Earnings[3]	**4.09**	d0.33	2.78	2.73	d0.78	3.15	2.07	2.70	2.97	2.38
Dividends	**1.28**	1.24	1.18	1.16	1.13	1.04	0.99⅜	0.94¾	0.90	NA
Payout Ratio	**31%**	NM	42%	42%	NM	34%	54%	36%	30%	NA
Prices—High	**38⅝**	32½	41¾	37⅛	31⅞	26¼	27½	19¾	20¼	16½
Low	**29¾**	24⅜	22⅛	25⅝	22⅜	18⅜	15⅜	12⅛	13¾	13¾
P/E Ratio—	**9-7**	NM	15-8	14-9	NM	8-6	13-7	7-4	7-5	7-6

Data as orig. reptd. (prior to 1981 combined Chessie System/Seaboard Coast Line Industries as shown in 1981 Annual Report) Adj. for stk div(s) of 200% Oct. 1983. 1. Does not add due to stk. buybacks. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +0.25 in 1989, +1.26 in 1988, bef. spec. item(s) of -1.90 in 1987. d-Deficit. NA-Not Available. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	7,592	1,376	18.1	1,151	467	358	d40	NM	d38	NM
1987	8,043	1,439	17.9	813	544	369	706	35.4%	432	5.4
[4]1986	6,345	1,298	20.5	806	427	303	757	41.1%	418	6.6
1985	7,320	1,290	17.6	1,069	409	251	d234	NM	d118	NM
1984	7,934	1,448	18.3	1,032	430	259	840	41.0%	465	5.9
[4]1983	5,787	941	16.3	552	[5]315	222	462	35.0%	[5]272	4.7
[4]1982	4,909	514	10.5	312	177	184	435	16.1%	338	6.9
1981	5,432	797	14.7	560	188	210	523	23.9%	368	6.8
[4]1980	4,841	683	14.1	557	175	[5]205	391	21.4%	282	5.8
1979	4,354	589	13.5	375	161	186	289	18.0%	237	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**625**	**2,435**	**3,061**	**0.8**	**13,026**	**NM**	**3,032**	**3,242**	**8,716**	**34.8**	**NM**
1987	921	2,390	1,898	1.3	13,231	3.3%	3,162	4,859	10,644	29.7	8.8%
1986	315	2,101	1,847	1.1	12,661	3.4%	3,285	4,873	10,299	31.9	8.8%
1985	187	2,050	1,952	1.1	11,494	NM	2,499	4,595	8,944	27.9	NM
1984	377	2,155	1,924	1.1	11,636	4.1%	2,302	4,909	9,369	24.6	9.7%
1983	265	1,949	1,777	1.1	10,835	2.7%	2,355	4,526	8,720	27.0	6.4%
1982	528	1,626	1,363	1.2	8,109	4.1%	1,866	3,398	6,368	29.3	10.2%
1981	457	1,717	1,418	1.2	8,067	4.7%	2,005	3,152	6,187	32.4	12.1%
1980	346	1,549	1,314	1.2	7,523	3.8%	2,068	2,873	5,770	35.8	10.2%
1979	318	1,455	1,298	1.1	7,082	3.4%	2,062	2,605	5,413	38.1	9.3%

Data as orig. reptd. (prior to 1981 combined Chessie System/Seaboard Coast Line Industries). 1. Includes equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, and spec. item(s) in 1987. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Contributions from continuing operations to CSX operating profits (in million $) by business segment in recent years:

	1988	1987	1986
Transportation	$12	$683	$620
Properties	173	101	159
Technology	-10	12	11

CSX operates a 19,800 mile rail network spanning 19 states and the Province of Ontario. CSX originated 174 million tons of coal 1988, generating 32% of rail revenues and accounting for 18% of U.S. coal production. In 1988 shipments of chemicals, forest products and intermodal cargo accounted for another 30% of rail revenues. Sea-Land Corp., the largest U.S.-flag containership operator, transported 874,000 container loads worldwide in 1988. American Commercial Lines, the nation's largest barge operator, derives 61% of its revenues from transporting coal and grain.

CSX Realty is active in the development of commercial, industrial and residential properties nationwide. CSX also operates the 700-room Greenbrier resort in West Virginia. In July, 1989 CSX sold its Rockresorts group, which primarily operates resorts in the U.S. Virgin Islands, for $145 million. The technology group consists primarily of LIGHTNET, a 4,500 mile fiber optic telecommunications venture with Southern New England Telecommunications which was sold in April, 1989.

In April, 1989 CSX sold its Texas Gas Transmission unit to Transco Energy Co., for $577 million. Texas Gas operates a 6,000-mile pipeline system spanning eight southern and midwestern states. In 1988 CSX sold its oil and gas operations for $612 million.

Dividend Data

A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31	Feb. 8	Feb. 17	Feb. 24	Mar 15'89
0.31	Apr. 20	May 19	May 25	Jun. 15'89
0.31	Jul. 12	Aug. 21	Aug. 25	Sep. 15'89
0.35	Nov. 8	Nov. 17	Nov 24	Dec. 15'89

Next dividend meeting: Feb. 14'90

Capitalization

Long Term Debt: $2,879,000,000

Minority Interests: $110,300,000.

Series C Adj. Pfd. Stk.: $150,000,000

Common Stock: 97,848,942 shs. ($1 par).
Institutions hold approximately 56%
Shareholders of record: 76,515

Office—One James Center, P O Box C 32222 Richmond, Va 23261 **Tel**—(804) 782 1400 **Chrmn**—H T Watkins **Pres & CEO**—J W Snow **VP-Secy**—P. Attoora **VP-Treas**—W. H Sparrow. **Investor Contact**—T E Hoppin **Dirs**—E L. Addison, E E Bailey, E. J. Boling, C K. Cross, F Deane Jr., B C Gottwald, C M Kirtland, Jr., J W McGlothlin, S. T Muller, W J Price, J W Snow, W B Sturgill, H T Watkins **Transfer Agent & Registrar**—Harris Trust Co, Chicago **Incorporated** in Virginia in 1978 **Empl**—53,968

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R Klein

C-TEC Corp.

3386K

NASDAQ Symbol CTEX (Incl. in Nat'l Market; marginable)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
24½	25½-15⅛	29	---	---	A-	0.83

Summary

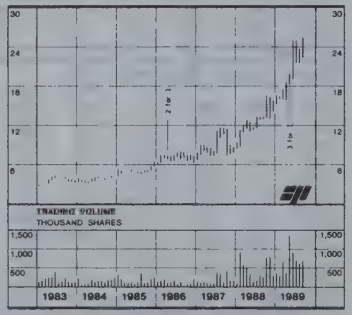
Originally formed as the holding company for Commonwealth Telephone Co. of Pennsylvania, C-TEC has diversified its operations to include information services, consulting, CATV and mobile services. In August 1989, the company acquired the Michigan cable television operations of Centel Cable Television Co. for $204 million, substantially increasing its subscriber base; cash dividends were suspended because of the financing needed to complete the acquisition.

Business Summary

C-TEC Corporation (formerly Commonwealth Telephone Enterprises, Inc.) was formed in 1979 as the holding company for Commonwealth Telephone Co., which provides telephone service in eastern Pennsylvania. The company also has cable television and communications operations.

Contributions in 1988 (profits in 000s) were:

	Revs.	Profits
Telephone	74%	$27,091
Cable television	15%	2,953
Communications services	7%	-977
Mobile services	3%	-1,793
Information services	1%	-4,681



Commonwealth supplies local exchange telephone service in 20 eastern Pennsylvania counties, with the vast majority of its more-than-165,000 customers served by single-party lines. The company is replacing electromechanical switching equipment with advanced digital technology, aiming to be fully digital by 1994. In 1988, Commonwealth spent more than $26 million to modernize its local exchange networks and, by year-end, 69% of all access lines were served digitally.

The company's state-of-the-art cable television network has grown rapidly following the 1986 acquisition of a controlling interest in Home Link Communications (Princeton, N.J.) and the acquisition in 1987's second quarter of a cable television facility in northeast Pennsylvania. At the end of 1988, cable television service was being provided to nearly 55,000 subscribers, up 10% from the year-earlier total.

The communications group provides information services, communications services and engineering and management consulting to clients throughout the U.S.; it also offers mobile services such as radio paging, voice mail and cellular mobile telephone service.

Important Developments

Sep. '89— The company offered to repurchase, until October 17, 1989, Class B common stock from shareholders (of record September 11) owning fewer than 100 shares.

Aug. '89— The company bought Centel Cable Television Co.'s Michigan cable television operations for about $204 million. The acquisition added approximately 108,800 customers. The company had suspended cash dividend payments on its common stock following the May 1989 payment, because of the need for significant financing required to complete the acquisition. In July 1989, the company said that it had agreed to purchase additional cable properties in Michigan for approximately $9 million.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[2]1987	1986	[2]1985	1984	1983	[3]1982	1981	1980	[2]1979
Tangible Bk. Val.	5.43	4.81	4.41	3.99	3.62	3.20	2.93	2.81	2.75	2.57
Earnings[4]	[5]0.88	0.92	0.55	0.67	0.62	0.53	0.47	0.27	0.36	0.33
Dividends	0.30⅝	0.30⅝	0.29⅝	0.26⅝	0.25	0.23⅜	0.21⅝	0.21⅝	0.21⅝	0.21¼
Payout Ratio	35%	33%	54%	40%	42%	44%	46%	81%	60%	64%
Prices—High	16⅝	11⅝	8	6½	4⅜	4½	3¼	3	3⅝	3⅝
Low	8⅜	6⅝	6	4⅛	3⅛	2⅝	2	2¼	2⅛	2⅜
P/E Ratio—	19-10	13-7	14-11	10-6	7-5	8-5	7-4	11-8	10-6	11-8

Data as orig. reptd. Adj. for stk. divs. of 200% May 1989, 100% Apr. 1986, 100% Oct. 1979. 1. See Dividend Data. 2. Refl. acctg. change. 3. Refl. merger or acq. 4. Bef. results of disc. ops. of (0.18) in 1987. 5. Ful. dil. 0.87.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	143	58.3	40.8	36.0	30.9	8.61	21.9	34.9%	14.6	10.2
[1,3]1987	134	63.7	47.6	37.2	29.2	9.10	26.1	43.2%	15.2	11.4
1986	119	47.8	40.0	39.8	20.3	8.35	17.7	47.9%	[1]9.2	7.7
[4]1985	109	42.8	39.5	35.5	18.8	7.92	19.9	44.3%	11.1	10.2
1984	108	41.1	38.1	29.0	17.4	7.30	19.7	51.9%	9.5	8.8
1983	97	39.0	40.1	20.8	16.4	7.78	16.4	51.2%	8.0	8.2
[4]1982	81	32.2	39.9	14.1	11.3	6.97	14.0	47.5%	7.2	8.9
1981	74	26.6	36.2	12.5	10.8	7.32	8.1	47.1%	4.1	5.5
1980	66	27.4	41.7	17.8	10.3	7.43	9.7	41.0%	5.5	8.3
[1]1979	43	23.9	55.6	17.1	9.3	7.06	8.5	37.4%	5.0	11.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	31.8	63.8	33.9	1.9	270	5.3	100	94.2	235	42.7	16.4
1987	46.2	78.7	53.6	1.5	282	5.5	103	83.4	227	45.6	19.2
1986	45.3	76.0	57.2	1.3	273	3.5	99	74.9	215	46.2	12.9
1985	37.9	75.5	52.5	1.4	258	4.4	98	69.0	205	47.9	16.7
1984	28.4	60.8	37.9	1.6	231	4.3	97	61.1	193	50.3	16.3
1983	18.6	39.2	21.2	1.9	202	4.0	96	52.8	180	53.0	15.8
1982	13.8	32.8	21.5	1.5	194	3.9	93	48.3	172	54.0	15.5
1981	7.9	26.1	25.1	1.0	175	2.4	79	44.1	150	52.8	9.3
1980	4.9	19.3	30.7	0.6	166	3.5	67	43.1	135	50.0	13.0
1979	2.3	10.0	29.9	0.3	145	3.6	52	40.8	115	45.4	12.6

Data as orig. reptd. 1. Refl. acctg. change. 2. Incl. equity in earns. of nonconsol. subs. 3. Excl. disc. ops. 4. Refl. merger or acq.

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	36.40	34.64	33.19	28.03
Jun.	38.14	34.83	32.98	29.05
Sep.		36.40	33.79	32.08
Dec.		37.13	33.81	31.57
		142.99	133.77	120.73

Total revenues for the six months ended June 30, 1989, rose 7.5%, year to year, primarily reflecting increases in the telephone, cable and mobile services groups. Results were adversely affected by the absence of gross receipts tax refunds of $975,000 (net) recorded in 1988 and expenses associated with the company's stock option and stock appreciation rights plan. After taxes, these expenses reduced income by $841,000 ($0.05 a share). Net income declined 9.6%, to $6,490,000 ($0.39 a share), from $7,180,000 ($0.43, as adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.16	0.22	0.14
Jun.	0.19	0.27	0.25	0.13
Sep.		0.20	0.18	0.23
Dec.		0.24	0.28	0.05
		0.88	0.92	0.55

Dividend Data

In April 1989, C-TEC suspended the payment of cash dividends on its common and Class B common stock following the May 1989 payment (see Important Developments). Cash had been paid each year since 1951.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Oct. 25	Nov. 3	Nov. 9	Nov. 25'88
0.23	Jan. 27	Feb. 3	Feb. 9	Feb. 24'89
0.23	Apr. 28	May 3	May 9	May 25'89
3-for-1	Apr. 28	May 26	May 9	May 25'89

Finances

In February 1989, C-TEC completed the acquisition of a cable system covering Peapack/Gladstone Borough, Mendham Borough, Mendham Township and Harding Township, N.J., from Consolidated Cable Services, Inc., for $5.6 million. The system serves some 2,100 subscribers.

Capitalization

Long Term Debt: $98,883,000 (6/89).

Subsidiary Pfd. Stk.: $368,000.

Minority Interest: $831,000.

Common Stock: 7,811,411 shs. ($1 par).

Cl. B Com. Stk.: 8,793,518 shs. ($1 par); ea. sh. has 15 votes.

Officers & directors own about 64%.
Shareholders: 4,369 (12/88).

Options: To buy 372,000 shs. (12/88).

Office—46 Public Square, P O Box 3000, Wilkes Barre, Pa 18703-3000 **Tel**—(717) 825 1100 **Chrmn & CEO**—A J Sordoni III **Pres**—C E Parente **VP, CFO & Treas**—J E Bogdan **SVP & Secy**—W J Umphred **Investor Contact**—Patricia McCarthy (717) 825-1173 **Dirs**—W S Boothby Jr., C J Fitze, F M Henry, W L Moyer, E H Owlett, C E Pancoast III, C E Parente, R L Pearsall, E Roth, A J Sordoni III, W B Sordoni **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Pennsylvania in 1901 **Empl**—1,189

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Shayne J. Malnak

CTS Corp.

NYSE Symbol CTS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
24	25⅝-22¼	NM	0.75	3.1%	B-	0.59

Summary

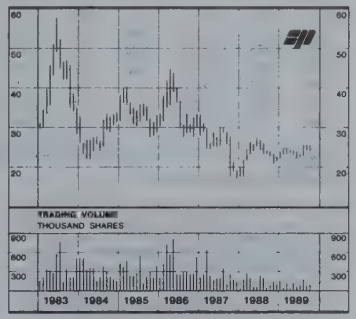
CTS Corp. produces a broad line of custom electronic components and subsystems for original equipment manufacturers in the electronic systems business. After a small loss incurred in 1988 due to a nonrecurring charge, substantial earnings are expected to be reported in 1989 despite a slowing of industry growth. However, a projected slowing of demand from the automotive industry in particular and only minimal growth in the electronics industry generally is likely to result in lower earnings in 1990. Dynamics Corp. of America owns about 30% of the stock. The dividend was recently raised 50%.

Current Outlook

Earnings for 1990 should decline to $2.40 a share from the $2.60 projected for 1989.

The dividend was raised 50%, to $0.18¾ quarterly from $0.12½, with the August, 1989 declaration.

Sales for 1990 are expected to decline somewhat due to lower sales to the automotive industry (25% of sales in 1988) in particular and only minimal growth in the electronics industry generally. The company's aggressive new product introduction program will be partially offsetting. Despite productivity improvements and aggressive cost reductions, margins are likely to narrow on the lower volume. Longer-term prospects are enhanced by new management and the company's increased product engineering and sales efforts.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	67.9	72.2	62.4	59.7
Jun.	70.7	71.4	65.1	58.3
Sep.	---	66.8	62.8	62.0
Dec.	---	65.1	70.8	65.5
	---	275.6	261.1	245.5

Sales for the six months ended July 2, 1989 declined 3.5%, year to year. Operating margins narrowed on the lower volume, and operating profit declined 13%. However, with net interest expense significantly lower and higher other income, pretax income was down only 2.2%. After taxes at 19.4%, versus 19.6%, net income decreased 2.3%, to $1.41 a share from $1.35. Results exclude a special charge of $0.11 in the 1988 interim.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.74	0.27	d0.01
Jun.	0.72	0.61	0.37	d0.48
Sep.	E0.55	0.50	0.62	0.07
Dec.	E0.63	d2.24	0.59	d4.29
	E2.60	d0.39	1.85	d4.71

Important Developments

Jul. '89— CTS said that the decrease in second quarter sales from a year earlier was primarily the result of the absence of a onetime order received in the second quarter of 1988, lower sales of hybrid microcircuits and resistor networks, and the sale of its modem business.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	[1]1983	[1]1982	[1]1981	1980	1979
Tangible Bk. Val.	19.41	20.50	18.79	20.97	20.35	21.80	22.14	24.33	24.10	22.17
Earnings[2]	d0.39	1.85	d4.71	1.38	4.35	1.61	2.05	2.95	2.33	2.40
Dividends	0.50	0.62½	1.10	1.00	1.00	1.00	1.00	0.97½	0.82½	0.80
Payout Ratio	NM	34%	NM	71%	23%	63%	48%	33%	35%	33%
Prices—High	27⅜	33¼	44¾	40¼	33¾	57¾	31⅞	31¼	27¼	28½
Low	17½	17	27½	27½	22	28¼	21⅞	22	13⅛	15¼
P/E Ratio—	NM	18-9	NM	29-20	8-5	36-18	16-11	11-7	12-6	12-6

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.20 in 1988, +1.27 in 1986, +0.26 in 1985, -4.80 in 1984; bef. spec. item(s) of -0.11 in 1988, +0.18 in 1987, +1.11 in 1986. NM-Not Meaningful. d-Deficit. E-Estimated.

October 25, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	276	43.2	15.7	10.0	26.4	2.82	0.8	NM	d2.2	NM
1987	261	31.1	11.9	13.4	14.0	3.30	14.4	27.3%	10.5	4.0
[2]1986	246	19.0	7.7	27.1	15.6	2.73	d23.2	NM	[3]d26.6	NM
[2]1985	262	26.5	10.1	34.2	14.5	2.77	11.7	32.1%	7.9	3.0
[2]1984	327	59.5	18.2	28.5	12.6	2.58	43.7	42.8%	25.0	7.6
[4]1983	306	31.1	10.1	16.7	14.8	3.20	12.9	29.1%	9.1	3.0
[4]1982	223	23.4	10.5	17.0	11.5	2.41	[5]14.5	39.1%	8.8	4.0
[4]1981	210	28.3	13.5	12.2	8.9	0.26	[5]23.8	44.9%	13.1	6.3
1980	188	26.8	14.2	10.2	9.7	0.17	[5]18.9	45.3%	10.3	5.5
1979	188	27.0	14.4	13.8	8.7	Nil	[5]20.1	45.3%	11.0	5.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23.4	106	47.4	2.2	188	NM	17.7	116	136	13.0	NM
1987	20.2	110	43.9	2.5	205	5.1%	29.8	126	157	18.9	8.7%
1986	16.1	113	52.9	2.1	208	NM	33.3	117	152	21.9	NM
1985	13.3	123	48.1	2.6	213	3.7%	26.8	136	165	16.2	5.9%
1984	11.4	145	61.1	2.4	225	11.2%	26.3	135	164	16.0	17.9%
1983	9.8	144	72.3	2.0	222	4.3%	3.6	144	149	2.4	6.2%
1982	6.5	84	32.0	2.6	151	6.2%	4.4	112	119	3.7	8.0%
1981	19.9	90	24.6	3.7	142	9.7%	1.5	116	118	1.3	11.7%
1980	15.8	83	19.1	4.4	127	8.3%	0.8	107	108	0.8	10.0%
1979	10.9	81	22.9	3.5	125	9.2%	Nil	103	103	Nil	11.1%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, and spec item(s) in 1988, 1987, 1986. 2. Excludes discontinued operations. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Incl. equity in earns. of nonconsol. subs. NM-Not Meaningful. d-Deficit.

Business Summary

CTS Corp. designs, manufactures and sells electronic components and subsystems for custom requirements of original equipment manufacturers in the electronic systems business.

Products sales classified by leading product categories in recent years as follows:

	1988	1987
Automotive control devices..	22%	16%
Resistor networks.....	20%	20%
Electronic connectors..... ...	13%	12%
Frequency control devices...	12%	13%
Variable resistors.....	10%	11%

Other products include hybrid microcircuits, programmable switches, selector switches, modems, loudspeakers, backpanels, memory subsytems and industrial electronics.

Sales are made to the following industries: automotive (25% of sales in 1988), data processing (22%), communications (17%), military (16%), instruments and equipment (10%), distributor (6%), consumer (3%) and nonelectronic (1%).

Foreign operations accounted for 19% of sales and 84% of operating profit in 1988.

Dividend Data

Dividends have been paid since 1930.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12½	Dec. 19	Dec. 23	Dec. 30	Feb. 6'89
0.12½	Feb. 28	Mar. 27	Mar. 31	May 5'89
0.12½	May 26	Jun. 26	Jun. 30	Aug. 5'89
0.18¾	Aug. 25	Sep. 25	Sep. 29	Nov. 5'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $23,528,000.

Common Stock: 5,446,946 shs. (no par)
Dynamics Corp. of America holds about 30%.
Institutions own 57%.
Shareholders of record: 1,679.

Office—905 N West Boulevard, Elkhart, Ind 46514 **Tel**—(219) 293-7511. **Chrmn, Pres & CEO**—J. P. Walker **Secy**—J. M. Davis **VP-Treas & Investor Contact**—David K. Sentman **Dirs**—J. DiGirolamo, G. H. Frieling, Jr., A. Lozyniak, E. J. Mooney, R. M. Ringoen, G. F. Sommer, J. P. Walker **Transfer Agents**—Chase Manhattan Bank, NYC; Midwest Commerce Banking Co., Elkhart, Ind **Registrars**—Chase Manhattan Bank, NYC; First National Bank, Elkhart, Ind **Incorporated** in Indiana in 1929 **Empl**—6,374

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H. Valentine, CFA

Cadbury Schweppes

3388E

NASDAQ Symbol CADBY (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21 '89	1989					
55⅜	80¼-52	11	[1]1.70	3.1%	NR	0.85

Summary

Following a two-year restructuring program, this major British food company is now engaged mainly in the manufacture and marketing of confectionery and soft drinks worldwide. During 1988, Cadbury completed an agreement to franchise its U.S. confectionery business to Hershey Foods Corp. for $270 million in cash and $30 million of debt. In 1989 it acquired Crush Int'l (soft drinks) for some $220 million.

Business Summary

Cadbury Schweppes plc is the holding company for a group of international firms engaged primarily in the manufacture and sale of confectionery and soft drinks, sold through wholesale and retail outlets of the confectionery, licensed, catering and grocery trades in more than 100 countries.

Sales and profit contributions by industry segment in 1988 were:

	Sales	Profits
Confectionery	43%	52%
Beverages	57%	48%

The sales and profit breakdown by geographic area for 1988 was:

	Sales	Profits
United Kingdom	44%	46%
Europe	17%	19%
North America	16%	9%
Rest of world	23%	26%

A broad range of chocolate and other confectionery items is produced and marketed internationally in the form of bars in various sizes and weights, bagged products, assortments and chocolate eggs. In August 1988, Cadbury franchised its U.S. confectionary business (1987 sales of $270 million) to Hershey Foods Corp. for $270 million cassh, assumption of $30 million in debt and license fees

Cadbury produces a wide range of soft drinks, sold in cans, glass bottles, plastic containers and, recently, aseptic packages. These products include the Schweppes and Canada Dry lines of carbonated and fruit-flavored beverages; Malvern Water (carbonated and still); Mott's Apple Juice and Apple Sauce; Rose's Lime Juice; nonalcoholic mixers and ingredients from Rose Holland House; Clamato juice; Grandma's Molasses; and a wide variety of other carbonated drinks, squashes and fruit juices developed for specific markets.

The most significant beverage and food business is that in Australia, which consists mainly of Cottee's General Foods Limited, engaged mainly in the processing and sale of coffee, fruit juices, cordials and jams.

Important Developments

Oct. '89— The company completed the acquisition of Procter & Gamble's Crush Int'l. (profits of $9 million on revenues of $71 million from soft drinks) for approximately $220 million. The acquisition was expected to raise Cadbury's beverage sales by 30%. Acquisition of Trebor (a leading U.K. sugar confectionary company with annual sales of £117.8 million) for £110.3 million is pending. Other significant European confectionary acquisitions in 1989 included Chocolat Poulain SA, Lion Confectionary Co. Ltd. and Bassett Foods.

Next earnings report expected in May.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[2]1987	[2]1986	[2]1985	[2]1984	1983
Tangible Bk. Val.	14.51	15.04	12.21	13.03	11.82	12.95
Earnings[3]	4.24	3.59	2.12	1.35	1.81	1.97
Dividends	2.02⅞	1.58⅝	1.26	1.09¼	0.08⅞	0.09⅞
Payout Ratio	48%	46%	62%	82%	5%	5%
Prices—High	77¼	47⅝	29½	26⅛	19⅞	NA
Low	41	27¾	20⅝	17¼	16¾	NA
P/E Ratio—	18-10	13-8	14-10	19-13	11-9	NA

Data as orig reptd. 1. Paid in past 12 mos; net of 15% British tax 2. Refl merger or acq 3. Bef spec items of +0.86 in 1988, +0.05 in 1987, +0.72 in 1986, 0.17 in 1985, -0.18 in 1984, -0.60 in 1983 NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,307	550	12.8	333	136	60.2	390	24.1%	254	5.9
[3]1987	3,846	460	12.0	357	119	47.5	332	30.3%	206	5.4
[3]1986	2,736	298	10.9	124	90	51.8	194	34.2%	113	4.1
[3]1985	2,715	250	9.2	169	87	61.7	135	40.0%	69	2.5
[3]1984	2,340	244	10.4	164	65	56.4	144	34.0%	84	3.6
1983	2,479	252	10.2	177	70	52.3	155	36.0%	88	3.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	438	1,682	1,404	1.2	2,808	9.3	226	873	1,296	17.4	28.6
1987	264	1,500	1,299	1.2	2,639	8.9	213	893	1,275	16.7	25.5
1986	263	1,073	796	1.3	1,897	6.0	275	682	1,073	25.7	16.0
1985	68	894	693	1.3	1,753	4.1	282	676	1,036	27.3	10.7
1984	42	823	615	1.3	1,550	4.9	230	597	887	25.9	13.4
1983	70	886	680	1.3	1,656	NA	273	576	914	29.8	NA

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef spec items. 3. Refl. merger or acq. NA-Not Available.

Review of Operations

Sales for the 26 weeks ended June 17, 1989 rose 11%, year to year, led by advances of 21% for European markets and 18% for U.K. operations, which reflected in part the acquisition of Bassett Foods in March. Margins continued to widen on an improved product mix and higher volume. Trading profits were up 8.7% in the U.K., reflecting a 60% increase for Coca-Cola and Schweppes beverages; 17% in Europe; 43% in North America, also on improved soft drink operations; and 13% in Australasia and other countries. Overall, trading profits advanced 14%. Combined with an 18% decrease in net interest expense, profits before taxation moved ahead 16%. After taxes at 29.9% versus 26.1% and sharply lower contributions from minority interest, net income rose 16% to £61.9 million from £53.5 million. Results for 1988 excluded £29.8 million from a special onetime credit for a change in accounting for advance corporation tax. On 6.2% more shares, earnings per share rose 19% to $6.34 from $5.31, as converted at the June 17 exchange rate of £1 = $1.54, before special credits of $0.51 in 1988.

Dividend Data

Cash has been paid since 1969.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
†1.2076	---	Mar. 23	Mar. 30	Jun. 14'89
†0.4823	---	Sep. 22	Sep. 28	Dec. 6'89

†U.S. funds, net after 15% British tax.

Finances

Cadbury's strategy in recent years has been to concentrate on high-volume products with the potential for sales worldwide, while at the same time improving productivity by consolidating and automating its production facilities. This has involved the restructuring and closing of a large number of facilities, resulting in extraordinary charges against net income of £3.5 million in 1986, £8.2 million in 1985 and £7.4 million in 1984.

In line with the strategy of concentrating on the core international businesses, a health and hygiene business, which operated only in the United Kingdom, was sold at the end of 1985, and the beverage and foods businesses in the United Kingdom, Ireland and France were sold in May 1986. In July 1986, Cadbury purchased the Canada Dry worldwide soft drinks business from RJR Nabisco Inc. This included certain rights to the Sunkist brand for carbonated soft drinks sold under that name in the U.S. Under a separate agreement, the Canada Dry bottling business in Canada was sold to Coca-Cola Co. in December 1986; the net consideration paid for the businesses retained was U.S. $140 million.

In August 1986 and January 1987, Cadbury acquired convertible preference shares in Dr Pepper Co. for U.S. $20.4 million. The restructuring of Dr Pepper and Seven-up Co. in 1988 led to a cash receipt by Cadbury of $90 million, and Cadbury retains an 8% interest in the new merged company.

Capitalization

Borrowings: $226,000,000 (12/88).

3½% Cum. Pref. Stock: 3,278,696 shs.

Ordinary Shares: 601,675,212 shs. (25p).
Ten ordinary shares are equivalent to one American Depositary Share.
General Cinema holds about 18%.
Shareholders: About 596 of record (6/88).

Office—1-4 Connaught Place, London W2 2EX **Tel**—01-262-1212 **Chrmn**—A. Cadbury **CEO**—N. D. Cadbury **Secy**—M. H Hayman **Dirs**—N. C. Bain, J. Blyth, A. Cadbury, N. D. Cadbury, G. Day, A. B. Gozzard, R. A. Henderson, R. P. Hornby, T. O. Hutchison, J. P. Schadt, F. J. Swan, G. H. Waddell, D. G. Wellings, D. R. Williams. **Registrar**—Lloyds Bank Plc **Formed** in 1969. **Empl**—28,874

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Caesars World

418M

NYSE Symbol CAW Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
29½	43¼-27	12	None	None	B	1.62

Summary

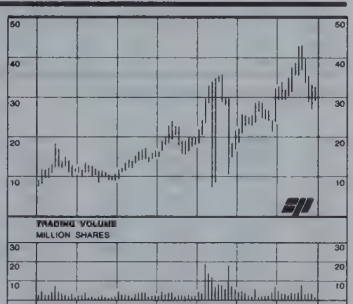
This major gaming company has three casino/hotels in Nevada and Atlantic City and four resort hotels in the Pocono Mountains. CAW is making a sizable investment in its Caesars Palace facility in Las Vegas, including a casino expansion which recently opened. However, in fiscal 1990 CAW is expected to be facing major, new competition in Las Vegas and Atlantic City.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are estimated at $2.65 a share, versus fiscal 1989's $2.72.

Payment of a cash dividend is not expected.

In fiscal 1990 CAW will face new competition from the expected opening of two new major casino/hotels in Las Vegas and one large new facility in Atlantic City. Capital investments, particularly at Caesars Palace in Las Vegas, are expected to help CAW face new and expanded competing facilities. Also, the recent purchase of substantially all of CAW's leased property in Atlantic City is expected to help profitability in fiscal 1990.



Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	225.7	230.8	223.6	195.5
Jan.	---	213.8	198.0	187.8
Apr.	---	221.8	195.0	194.8
Jul.	---	235.7	216.4	201.6
	---	902.0	833.0	779.7

Revenues for the three months ended October 31, 1989 declined 2.2%, year to year. Pretax income fell 22%, and after taxes at 38.0%, versus 37.5%, and minority interest, net income was down 23%, to $0.71 a share from $0.93.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	0.71	0.93	0.90	0.50
Jan.	E0.50	0.42	0.65	0.41
Apr.	E0.80	0.70	0.60	0.35
Jul.	E0.64	0.66	0.69	0.06
	E2.65	2.72	2.90	1.30

Important Developments

Nov. '89— A major new competitor, Golden Nugget's Mirage casino/hotel, opened near Caesars Palace on the Las Vegas Strip. In September the company had opened a 40,000-sq.-ft. casino expansion at Caesars Palace, increasing the casino's size to about 115,000 sq. ft. In addition, Caesars Palace is moving toward a greater emphasis on suites, and groundbreaking for a new shopping complex near the gaming facility is expected to occur in February, 1990. Another large new gaming facility, Circus Circus Enterprises' Excalibur, is expected to open in Las Vegas in 1990. In Atlantic City, competition is coming from Donald Trump's Taj Mahal, which is also expected to open in 1990. To increase its revenue from slot machines, CAW is building a new transportation center in Atlantic City.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	8.01	5.19	10.59	7.49	6.12	5.03	3.59	2.67	4.89	3.10
Earnings[1]	2.72	2.90	1.30	1.36	1.07	0.66	d0.40	0.40	1.33	1.29
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[2]	43¼	32⅜	35¾	24	17⅜	13⅝	18¼	10⅝	14⅞	18⅞
Low[2]	27	18⅜	10½	14¾	9⅛	8¼	7½	6⅜	6⅜	10
P/E Ratio—	16-10	11-6	28-8	18-11	16-9	21-13	NM	27-16	11-5	15-8

Data as orig. reptd. 1. Bef. results of disc. opers of -0.08 in 1983, -0.37 in 1982, bef. spec item(s) of -0.22 in 1987, -0.49 in 1983. 2. Cal. yr. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Jul. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	902	193	21.4	130	39.8	56.0	115	37.5%	66.9	7.4
1988	833	210	25.2	49	41.8	48.3	128	36.7%	77.0	9.2
1987	780	179	22.9	47	42.1	35.8	83	49.4%	40.4	5.2
1986	688	149	21.7	53	37.9	37.7	80	46.5%	41.0	6.0
1985	655	139	21.2	88	34.1	42.4	70	52.5%	31.8	4.9
1984	617	111	17.9	91	27.8	40.8	47	55.3%	18.8	3.2
1983	565	62	11.0	51	26.9	46.4	d8	NM	d8.6	NM
[3]1982	559	91	16.2	31	25.0	55.1	28	58.5%	9.5	1.7
1981	602	109	18.1	54	23.5	41.5	69	47.5%	35.0	5.8
1980	502	99	19.6	106	17.4	35.2	65	45.4%	33.8	6.7

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	164	267	167	1.6	901	7.7%	415	244	712	58.3	32.0%
1988	192	283	169	1.7	831	11.6%	431	172	649	66.4	33.2%
1987	86	162	149	1.1	712	5.0%	92	417	551	16.6	11.0%
1986	169	225	123	1.8	767	5.9%	332	270	639	51.9	16.4%
1985	46	103	130	0.8	619	5.1%	237	226	488	48.5	15.1%
1984	100	155	147	1.1	619	3.2%	255	193	470	54.2	10.7%
1983	24	96	150	0.6	497	NM	186	138	333	56.0	NM
1982	28	127	171	0.7	548	1.9%	254	106	375	67.7	7.4%
1981	26	136	141	1.0	576	6.2%	232	183	432	53.7	21.9%
1980	22	117	114	1.0	539	7.1%	264	135	410	64.4	28.8%

Data as orig. reptd. 1. Incl other inc. aft. 1982. 2. Bef. results of disc. opers. in 1983, 1982, and spec. item(s) in 1987, 1983. 3. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Caesars World operates two casino/hotels in Nevada and a casino/hotel in Atlantic City, N.J. In recent years CAW has had the leading casino, in terms of gaming revenues, in both Las Vegas and Atlantic City. CAW's non-casino interests include four resorts in Pennsylvania's Pocono Mountains. Business segment contributions in fiscal 1989:

	Revs.	Profits
Nevada casino/hotels	55%	67%
Caesars New Jersey	38%	39%
Pocono Resorts	5%	8%
Other, incl. corp. exp.	2%	-15%

Caesars Palace in Las Vegas has been the leading revenue-producing casino in Nevada. In September 1989, a 40,000-sq.-ft. expansion increased the casino's size to about 115,000 sq. ft. Also, was planning to create 75 new suites, which would reduce the total number of rooms and suites to 1,505. Caesars Palace also includes a showroom, a theatre, restaurants, bars, shops, meeting rooms, and athletic facilities. A shopping complex near the facility is planned. In fiscal 1989 Caesars Palace average hotel occupancy rate was 86.4%, with about 30.7% of the available rooms going to people who received complimentary lodging.

Caesars Tahoe has about 440 rooms and suites, and a 48,000-sq.-ft. casino, a showroom, convention space, and recreation facilities.

Caesars Atlantic City, which is operated by 86.6%-owned Caesars New Jersey, has 644 rooms and suites, a 60,000-sq.-ft. casino, a 1,000-seat showroom, shops, and other recreational facilities. The casino is among the leaders in gaming revenues in the 11-casino Atlantic City market.

CAW's four resort hotels in the Pocono Mountains are Cove Haven, Paradise Stream, Pocono Palace and Caesars Brookdale.

Dividend Data

No cash dividends have been paid since 1962. A "poison pill" stock purchase right was adopted in 1989.

Finances

In October, 1987 CAW purchased 11 million of its common shares for $327,245,000, including fees and expenses. In fiscal 1987's fourth quarter CAW issued 4.9 million common shares upon conversion (at $22.97 a share) of 6⅞% debentures.

Capitalization

Long Term Debt: $415,389,000 including $21,304,000 of capitalized leases (7/89).

Minority Interest: $25,112,000.

Common Stock: 24,847,300 shs. ($0.10 par). Institutions hold about 76%.
Shareholders of record: About 8,400.

Office—1801 Century Park East, Los Angeles, Calif 90067. **Tel**—(213) 552-2711. **Chrmn & CEO**—H. Gluck. **Pres & COO**—J. T. Lanni. **SVP-Secy**—P. L. Ball. **SVP-Fin & Investor Contact**—R. Lee **Dirs**—P. L. Ball, A. S. Bolsky, I. Buchalter, T. Burman, W. C. Chaikin, P. Echeverria, H. Gluck, J. T. Lanni, R. Lee, S. Sevilla **Transfer Agent & Registrar**—First Chicago Trust Co. of NY., NYC **Incorporated** in Florida in 1958. **Empl**—10,447

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

CalFed Inc.

NYSE Symbol CAL Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
23¾	28½-20¾	8	1.40	5.9%	NR	1.01

Summary

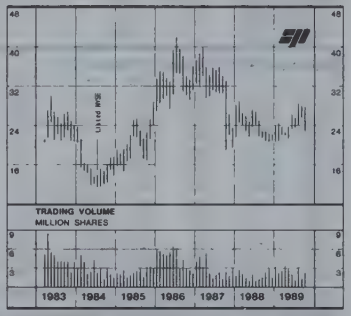
This holding company is the parent of California Federal Bank, FSB, the nation's fourth largest savings and loan based on assets of $26 billion at September 30, 1989. Other businesses include real estate and life insurance operations. CAL has substantially reduced its sensitivity to interest rate movements in recent years by emphasizing adjustable rate mortgages. A slight improvement in earnings is expected for 1990, resulting from a wider interest rate spread.

Current Outlook

Earnings for 1990 are estimated at $3.10 a share, up from the $3.00 likely for 1989.

Dividends at $0.35 quarterly are the minimum expectation.

Mortgage origination volume for 1990 is expected to be flat to moderately higher, primarily due to increased competition to issue ARMs in a rate environment in which consumers have historically expressed a preference for fixed rate products. Spreads should widen dramatically with projected lower interest rates because CAL funds itself with a greater proportion of short-term deposits than does the typical thrift. Credit quality has been good, but could weaken with a drop in home sales. General and administrative expenses should increase. A large balance of goodwill on the company's balance sheet is a permanent drag on earnings since goodwill is a nonearning asset the company must incur interest expense to fund.



Review of Operations

Net interest income for the nine months ended September 30, 1989 fell 8.2%, year to year, reflecting narrower interest rate spreads. The provision for loan losses decreased 9.0%, to $41.5 million, aided by the continued appreciation of home prices in California. Noninterest income rose 20%, helped by sharply higher insurance premiums and policyholder fees earned. Noninterest expenses were up 19%. Pretax income declined 45%. After taxes at 35.5%, versus 30.4%, net income fell 49%. Earnings per share were equal to $2.34 ($2.23 fully diluted), versus $4.59 ($4.20).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	1.44	1.78	1.62
Jun.	0.76	1.56	1.65	2.00
Sep.	0.88	1.69	2.02	2.05
Dec.	E0.66	0.70	1.22	1.39
	E3.00	5.39	6.67	7.03

Important Developments

Oct. '89— Reflecting the company's renewed emphasis on funding itself with retail deposits and the upward adjustment in the cost of funds index, CAL's interest rate spread widened to 2.05% at September 30, 1989, an increase of 51 basis points from the 1.54% reported at June 30, 1989.

Oct. '89— During the third quarter of 1989, CalFed took a number of actions to sharply reduce its direct investment in real estate, including the planned sale of interests in 28 properties and 80% of its interest in the general partner of a real estate management firm, the sale of a 50% stake in a Los Angeles office complex, and the replacement of CAL's own development unit with an independent outside firm to complete several residential projects.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	32.25	26.61	22 23	13.03	5.03	2.56
Earnings[1]	[2]5.39	[2]6.67	[2]7.03	[2]6.02	2.69	3.94
Dividends	1.45	1.05	0.57	0.44	0.24	Nil
Payout Ratio	27%	16%	8%	7%	9%	Nil
Prices—High	29	40	42	28⅞	23¾	30
Low	20⅝	19	26¾	14½	11⅜	19
P/E Ratio—	5-4	6-3	6-4	5-2	9-4	8-5

Data as orig reptd 1. Bef spec item(s) of +0.18 in 1984 2. Ful dil 4.97 in 1988, 6.06 in 1987, 6.02 in 1986, 5 42 in 1985. E-Estimated

November 10, 1989
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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1988	**2,026**	**219**	**2,816**	**1,664**	**93.3**	**188**	**28.4%**	**135**	**4.8**	**0.5**	**10.2**
1987	1,882	202	2,484	1,452	91.0	223	25.3%	167	6.7	0.7	14.0
1986	1,821	111	2,356	1,403	89.3	253	35.0%	164	7.0	0.8	14.5
1985	1,835	127	2,276	1,493	91.8	188	28.4%	135	5.9	0.7	12.9
1984	1,641	199	2,062	1,563	96.4	73	11.0%	65	3.2	0.4	6.6
1983	1,234	158	1,548	1,191	93.2	106	24.1%	81	5.2	0.7	15.4
1982	788	192	1,153	1,021	101.7	d19	NM	5	0.4	NM	0.7
1981	562	91	715	708	112.7	d91	NM	d56	NM	NM	NM
1980	529	65	648	566	99.4	4	10.9%	4	0.5	0.1	1.9
1979	454	67	567	437	89.0	62	35.4%	40	7.1	0.7	12.4

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Deposits	Cash & Secs.	Loans	Loans/ Equity	[3]Debt	[4]Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	**27,482**	**18,911**	**3,239**	**21,812**	**15.4-1**	**3,355**	**1,383**	**4,738**	**0.9-0.6**	
1987	24,583	16,090	3,508	18,693	15.1-1	3,336	1,259	4,641	1.5-0.7	
1986	21,553	15,487	2,295	17,428	15.2-1	3,349	1,169	4,563	1.9-1.2	
1985	19,005	13,135	1,421	15,905	15.8-1	3,215	1,022	4,284	2.2-1.1	
1984	17,699	14,284	1,513	14,541	15.7-1	832	905	1,783	4.7-2.3	
1983	14,329	11,116	1,401	11,297	18.2-1	1,367	743	2,154	12-7.4	
1982	10,415	7,635	1,244	7,809	21.1-1	2,081	346	2,427	NA	
1981	7,598	5,202	1,342	5,780	17.5-1	1,842	299	2,141	NA	
1980	6,482	4,679	NA	5,544	15.9-1	1,206	349	1,555	NA	
1979	6,284	4,559	NA	5,439	15.8-1	1,105	343	1,448	NA	

Data as orig. reptd., prior to 1983 data as reptd. in Offering Circular dated March 28, 1983. 1. Bef. spec. item(s) in 1982, 1981, 1980 2. Common; as reptd by co. prior to 1983 3. Incl. FHLB advances; incl. current portion. 4. Common. d-Deficit. NM-Not Meaningful NA-Not Available

Business Summary

This holding company is the parent of California Federal Bank, FSB, the nation's fourth largest savings and loan based on assets of $27.5 billion at December 31, 1988. The company operates some 187 offices in California, Florida, Georgia, Arizona, and Nevada. CAL is also involved in annuity, life insurance, and real estate development operations. Mortgage banking activities were discontinued in 1988.

Of net loans of $20.6 billion outstanding at year-end 1988, 82% were adjustable rate loans and 18% long-term fixed rate. The one-year gap (excess of liabilities maturing in one year over assets maturing in one year) was 7.5% at 1988 year-end. Nonperforming assets represented 1.31% of total assets at 1988 year-end, down from 1.35% a year ago.

Of total deposits of $17.31 billion at year-end 1988 (excluding brokered deposits of $1.6 billion), 5% were passbook, 14% money market and NOW accounts, 37% certificate accounts paying 6% to 7.99%, 43% certificate accounts paying 8% to 9.99%, and 1% other.

Beneficial Standard Life Insurance Co. sells tax-deferred annuity products and single premium life insurance products.

Dividend Data

Common dividends were initiated in mid-1984. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Jan. 19	Feb. 9	Feb. 15	Mar. 15'89
0.35	Apr. 27	May 9	May 15	Jun. 15'89
0.35	Jun. 22	Aug. 9	Aug. 15	Sep. 15'89
0.35	Oct. 19	Nov. 9	Nov. 15	Dec. 15'89

Next dividend meeting: mid-Jan. '90.

Capitalization

FHLB Advances: $2,843,000,000.

Other Borrowings: $1,030,400,000, incl. $125 million of 6½% debs. conv. into com. at $35¼ a sh.

Common Stock: 25,028,655 shs. ($1 par).
Institutions hold approximately 79%.
Shareholders of record: 5,400.

Office—5670 Wilshire Blvd., Los Angeles, Calif 90036 **Tel**—(213) 932-4200 **Chrmn**—A. W. Schmutz **Pres & COO**—J. A. St Dennis **VP-Secy**—S. D. Natcher **VP-Investor Contact**—James F. Hurley (213) 930-9750 **Dirs**—H. P. Allen, J. C. Argue, J. J. Bailes, E. M. Benson, W. L. Callender, L. E. Coppersmith, R. H. Green, Jr., W. C. Himstreet, M. H. Hutchinson, R. C. Lawton, F. Llewellyn, A. W. Schmutz, J. A. St. Dennis, W. H. Watson, Sr. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1983

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

. Paul L. Huberma

Campbell Soup

NYSE Symbol CPB Options on NYSE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 20'89	1989					
47⅞	60⅝-30½	NM	1.00	2.1%	A-	0.96

Summary

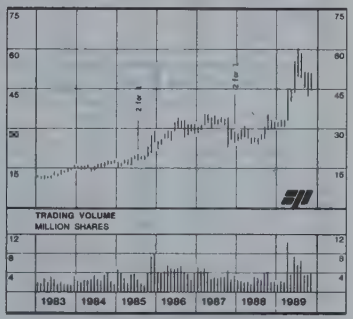
Campbell is the largest producer of canned soups and a leading factor in convenience foods with such lines as Swanson frozen prepared dinners, Prego Spaghetti sauce, and Pepperidge Farm bakery products. A $202 million onetime charge to consolidate and cut back excess capacity hurt fiscal 1989 earnings, but should cut some $150 million in costs through 1993. Price increases, aggressive marketing, and cost savings should fuel good earnings growth in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are expected to advance to $2.65 a share from fiscal 1989's $0.10, which included $2.02 in one-time charges to restructure operations.

The quarterly dividend has been raised 8.7%, to $0.25 from $0.23, with the payment in January, 1990.

Sales for fiscal 1990 should continue to rise, supported by strength in soups, frozen breakfast and dinner entrees, and expanding foodservice business. Higher ingredient costs and aggressive marketing programs, particularly for soups and product line extensions, may restrain margins, but plant closings and other cost-saving programs are expected to be somewhat offsetting. Currency translations will continue to be an important factor in earnings progress.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	1,524	1,333	1,179	1,115
Jan.	---	1,582	1,336	1,249
Apr.	---	1,455	1,207	1,128
Jul.	---	1,302	1,146	999
	---	5,672	4,869	4,490

Sales for the three months ended October 29, 1989 rose 14%, year to year. Higher volume in soups, pasta, V8 juice, Prego spaghetti sauce, Le Menu frozen meals, and food service products, along with selective price increases, helped widen margins. Operating earnings were up 23%. Following a favorable swing in unallocated corporate expenses and sharply higher interest costs, pretax earnings gained 24%. After taxes at 41.4%, against 39.1%, net income advanced 20%. Earnings were equal to $0.64 a share, compared with $0.54 in the first quarter of fiscal 1989.

Capital Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	0.64	0.54	0.48	0.45
Jan.	E0.80	0.73	0.65	0.54
Apr.	E0.40	0.34	0.17	0.37
Jul.	E0.81	d1.51	0.56	0.54
	E2.65	0.10	1.87	1.91

Important Developments

Nov.'89— CPB announced that executive vice presidents Herbert M. Baum and Edwin L. Harper would jointly be responsible for day-to-day operations of the company pending selection of a new CEO to replace R. Gordon McGovern, who resigned November 1..

Aug. '89— CPB provided a net $261 million ($2.02 a share) for plant consolidations and workforce reductions in fiscal 1989.

Next earnings report expected late November.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	[1]1983	1982	[2]1981	[2]1980
Tangible Bk. Val.	10.12	10.84	12.34	10.86	9.68	8.77	8.00	7.29	6.83	6.70
Earnings[3]	0.10	1.87	1.91	1.73	1.53	1.49	1.28	1.16	1.00	1.02
Dividends	0.90	0.81	0.70½	0.65⅛	0.61⅜	0.56⅞	0.54½	0.52½	0.51⅜	0.46¾
Payout Ratio	890%	43%	37%	38%	40%	38%	43%	45%	51%	46%
Prices—High[4]	60⅝	35¼	35⅜	34⅜	29⅛	18⅛	16⅛	12½	8½	8¼
Low[4]	30½	23⅞	22¾	22	15⅛	13⅜	10¾	7	6⅝	6⅜
P/E Ratio—	NM	19-13	19-12	20-13	19-10	12-9	13-8	11-6	8-7	8-6

Data as orig reptd. Adj. for stk. div(s) of 100% Dec 1987, 100% Aug 1985. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of +0.25 in 1988, -0.10 in 1980. 4. Cal. yr. NM-Not Meaningful. d-Deficit. E-Estimated.

November 30, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	5,672	711	12.5	284	176	97.6	[2]112	83.5%	13	0.2
1988	4,869	616	12.7	387	162	60.8	[2]395	37.2%	242	5.0
1987	4,490	558	12.4	334	139	58.9	[2]423	40.4%	247	5.5
1986	4,379	540	12.3	276	121	58.6	[2]391	41.9%	[2]223	5.1
1985	3,989	486	12.2	222	119	68.2	[2]337	40.4%	198	5.0
1984	3,657	463	12.7	202	101	52.2	335	42.2%	191	5.2
[3]1983	3,292	439	13.3	179	93	53.5	306	46.0%	165	5.0
1982	2,945	383	13.0	148	84	43.7	277	46.0%	[3]150	5.1
[4]1981	2,798	354	12.7	135	79	45.2	244	46.9%	130	4.6
[4]1980	2,561	337	13.2	156	70	[3]15.6	258	47.7%	135	5.3

Balance Sheet Data (Million $)

Jul. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	147	1,602	1,232	1.3	3,932	0.3%	629	1,778	2,680	23.5	0.7%
1988	121	1,363	863	1.6	3,610	7.2%	526	1,895	2,731	19.3	13.4%
1987	425	1,431	686	2.1	3,090	8.4%	380	1,736	2,388	15.9	15.1%
1986	394	1,335	626	2.1	2,763	8.6%	362	1,539	2,120	17.1	15.3%
1985	225	1,153	573	2.0	2,438	8.5%	297	1,382	1,851	16.1	15.0%
1984	146	1,063	522	2.0	2,210	9.1%	283	1,260	1,677	16.9	15.9%
1983	213	932	453	2.1	1,992	8.6%	267	1,149	1,530	17.5	15.0%
1982	202	922	487	1.9	1,866	8.3%	236	1,056	1,372	17.2	14.6%
1981	105	845	477	1.8	1,723	7.8%	151	1,001	1,227	12.3	13.4%
1980	123	862	456	1.9	1,628	9.1%	138	958	1,166	11.8	14.5%

Data as orig. reptd. 1. Bef. spec. items in 1988, 1980. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Reflects merger or acquisition.

Business Summary

Campbell Soup is the largest U.S. manufacturer of condensed and ready-to-serve soups, vegetable and tomato juices, pickles, and frozen prepared seafood and frozen dinners. Other major products include canned beans, canned pasta products, spaghetti sauces, frozen meat pies, frozen prepared chicken, bakery products and frozen sweet goods.

The Campbell U.S.A. division (58% of sales and 71% of operating earnings before nonrecurring charges in fiscal 1989) includes such products as Campbell 's soups, beans and juices; Franco-American canned spaghetti; Prego spaghetti sauce; Swanson frozen dinners and entrees; V-8 vegetable juice, Vlasic pickles and Mrs. Paul's frozen seafood products.

The Pepperidge Farm division (10% and 11%) produces bread, cakes and related products. Campbell Enterprises (6% and 5%) includes foodservice distribution business and Godiva chocolates. Campbell International (26% and 13%) consists of Campbell Soup Co. of Canada, Campbell Europe Food and Confectionary and Campbell's Australian operations.

Products are distributed to chain stores, wholesalers, and distributors servicing institutional and industrial customers, convenience and club stores and government agencies.

In September, 1987 members of the Dorrance family formed a 34.4-million-share voting trust.

Dividend Data

Dividends have been paid since 1902. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Mar. 29	Apr. 4	Apr. 10	Apr. 30'89
0.23	Jun. 22	Jun. 30	Jul. 7	Jul. 31'89
0.23	Sep. 28	Oct. 3	Oct. 10	Oct. 31'89
0.25	Nov. 17	Jan. 3	Jan. 9	Jan. 31'90

Next dividend meeting: late Mar.'90.

Capitalization

Long Term Debt: $640,000,000.

Minority Interest: $54,900,000.

Capital Stock: 129,636,719 shs. ($0.15 par). The Dorrance family controls some 58%. Shareholders: 43,700.

Office—Campbell Place, Camden, N.J. 08103-1799. **Tel**—(609) 342-4800. **Pres & CEO**—Vacancy **VP-Secy**—R. L. Baker **VP-Treas**—D. H. Springer **Investor Contact**—M. Atcheson. **Dirs**—R. J. Vlasic (Chrmn), A. A. App, R. A. Beck, W. S. Cashel, B. Dorrance, J. T. Dorrance III, T. W. Field, Jr., D. H. Hamilton, R. E. Harrison, P. E. Lippincott, C. B. Malone, R. A. Pfeiffer, Jr., G. Strawbridge, Jr. **Transfer Agent & Registrar**—Mellon Bank (East), Philadelphia. **Incorporated** in New Jersey in 1922. **Empl**—55,412.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Canadian Imperial Bank

3425K

Toronto S.E. Symbol CM Options on Vancouver (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
30	32¼-23⅝	7	[1]1.32	4.4%	B+	NA

Summary

Canadian Imperial Bank of Commerce (CIBC), one of North America's 10 largest banks, operates four strategic business units: the Individual Bank, the Corporate Bank, the Investment Bank and the Administrative Bank.

Business Summary

Formed through the 1961 merger of Canadian Bank of Commerce (which dated back to 1858) and Imperial Bank of Canada (founded in 1875), Canadian Imperial Bank of Commerce (CIBC) is Canada's second largest chartered bank, with total deposits of some $72.6 billion at October 31, 1988.

The bank maintains more than 1,600 branches, offices, agencies and subsidiaries throughout Canada and in 24 other countries worldwide. In 1986, CIBC effected a corporate restructuring, dividing the company into four global strategic business units: the Individual Bank, to provide financial services for individuals, independent businesses, automobile dealers and farm customers; the Corporate Bank, to serve corporate, government and other financial institution accounts; the Investment Bank, to market investment banking products to existing and prospective customers and to engage in direct dealing for CIBC's account; and the Administrative Bank, which provides highly specialized administrative support to the other three business units. Operations of the Investment Bank were significantly expanded by the June 1988 acquisition of a 62% interest in Wood Gundy Inc., a major Canadian investment dealer, for about $203 million in cash and stock.

At October 31, 1988, loans outstanding (net of the provision for losses) totaled $87.3 billion, up 5.8% from $63.6 billion a year earlier. Some 72% of the loans were in Canadian currency. Mortgages in Canada accounted for 26% of loans outstanding, personal loans to Canadians for 18% and business loans for 56%.

In fiscal 1988, the practice of charging the income statement with a provision for loan losses calculated by formula was discontinued. The bank is now required to charge all loss experience directly to income and establish and maintain an allowance for credit losses account. The provision for loan losses totaled $493 million in fiscal 1988, down from $546 million—excluding a special pretax provision of $850 million for loans to lesser-developed countries (LDCs)—in fiscal 1987.

At 1988 fiscal year-end, loans to lesser-developed countries totaled $1,958 million, while provisions against these loans increased to $880 million, or 45% of the exposure. Through various transactions, the company's net exposure to these loans was 27% of common equity, down from 53% a year earlier.

On a taxable-equivalent basis, the average yield on interest-earning assets was 10.19% in fiscal 1988 (9.45% the year before), while the average rate paid on interest-bearing liabilities was 7.29% (6.77%), for a net interest margin of 2.90% (2.68%).

Important Developments

Sep. '89— CIBC said that it had added $15 million to the general provision during the third quarter of fiscal 1989, primarily to safeguard against a worsening LDC debt situation. At July 31, 1989, the bank's net LDC exposure stood at $770 million (17% of common equity), after deduction of the 45% country risk provisions of $726 million and the general provision of $118 million.

Per Share Data (Can. $)

Yr. End Oct. 31	[2]1988	1987	1986	1985	1984	1983	[2]1982	1981	1980	1979
Book Value[3]	23.35	21.12	23.16	23.88	23.59	22.91	22.93	22.33	19.20	17.96
Earnings[4]	[5]3.34	[5]2.74	[5]2.05	[5]2.64	[5]2.02	[5]0.99	[5]3.03	[5]4.19	2.18	2.74
Dividends[6]	1.14	1.08	1.08	1.04	1.04	1.04	1.04	0.95	0.90	0.80
Payout Ratio	34%	40%	52%	39%	52%	105%	34%	23%	41%	29%
Prices[7]—High	25⅞	23⅝	21⅞	22	15¾	19⅞	16⅝	16⅛	14⅞	15⅝
Low	18¼	15¾	16¾	14⅜	11⅛	14⅝	8⅛	12⅞	10⅞	11½
P/E Ratio—	8-5	10-7	9-7	8-5	6-5	6-5	5-3	4-3	6-4	6-4

Adj. for stk. div. of 100% Jan. 1988. 1. In Can. funds, subject to 15% withholding tax on U.S. citizens. 2. Refl. acctg. change. 3. As reptd. by co. 4. Bef. spec. item of -3.22 in 1987. 5. Ful. dil. 3.32 in 1988, 2.67 in 1987, 1.99 in 1986, 2.41 in 1985, 1.90 in 1984, 0.99 in 1983, 1.86 in 1982, 3.86 in 1981. 6. Declared. 7. Cal. yr. NA-Not Available.

October 6, 1989
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Income Data (Million Can. $)

Year Ended Oct. 31	Net Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	% Return On Revs.	% Return On [2]Assets	% Return On [3]Equity
1988	2,533	493	88.8	1,027	42.5%	591	2.9	6.5	0.6	14.5
1987	2,164	546	91.1	717	39.7%	432	2.6	5.4	0.5	11.5
1986	2,011	697	94.8	410	24.0%	311	2.7	3.9	0.4	8.5
1985	1,888	550	93.8	484	31.0%	334	2.8	4.3	0.5	10.9
1984	1,648	499	95.7	329	24.7%	248	2.6	3.7	0.4	8.6
1983	1,694	722	98.1	138	cr4.0%	144	2.7	1.9	0.5	4.2
[3]1982	1,551	488	98.0	187	cr6.4%	199	2.6	2.0	0.4	8.4
1981	1,438	168	94.8	483	28.9%	343	2.7	3.7	0.5	19.4
1980	1,055	222	97.3	167	cr2.4%	171	2.4	2.8	0.4	11.3
1979	962	99	94.1	263	18.3%	215	2.7	4.8	0.5	15.4

Balance Sheet Data (Million Can. $)

Oct. 31	Total Assets	Principal Assets: Cash	Gov't Secs.	State & Munic.	Loans	Total Deposits	[2]Depos./ Capital Ratio	Long Term Debt	Common Equity	% Equity To [4]Assets	% Equity To [4]Loans
1988	94,688	6,695	4,035	738	67,287	72,587	11.4	1,767	4,008	4.2	6.0
1987	88,375	7,750	3,629	419	63,589	72,012	12.5	1,492	3,655	4.0	5.6
1986	80,841	9,140	2,920	282	57,166	67,516	12.8	1,632	3,114	3.6	4.9
1985	75,834	6,827	3,896	568	55,446	65,088	14.0	1,310	2,454	3.1	4.2
1984	66,118	6,606	2,597	353	51,078	59,330	15.6	891	2,010	2.8	3.9
1983	66,112	8,322	3,698	24	49,120	60,269	17.9	907	1,860	2.8	3.7
1982	68,436	5,331	2,338	27	53,580	60,270	18.4	901	1,920	2.8	3.7
1981	65,698	7,610	2,876	65	49,143	58,726	21.6	582	1,834	2.8	4.0
1980	54,168	9,386	2,572	79	36,545	48,485	24.1	462	1,551	3.4	5.1
1979	44,951	8,047	2,381	132	30,479	41,306	22.0	401	1,479	3.4	5.1

1. Bef. spec. item in 1987. 2. As reptd. by co. 3. Refl. acctg. change. 4. Common.

Review of Operations

For the nine months ended July 31, 1989, total interest income advanced 25%, year to year, reflecting greater consumer loan volume. With a 30% increase in interest expense, net interest income was up 14%. The provision for loan losses fell 17% and other income rose 25%, while other expense increased 20%. Pretax income expanded 31%. After taxes at 40.5%, versus 37.2%, net income rose 38%, to $577,000,000 ($3.10 a share), from $417,000,000 ($2.38).

Common Share Earnings (Can. $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	1.10	0.87	0.61	0.64
Apr.	0.96	0.73	0.46	0.48
Jul.	1.04	0.78	0.69	0.54
Oct.		0.96	0.66	0.65
		3.34	2.42	2.31

Dividend Data

Cash has been paid each year since 1868. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Dec. 1	Dec. 20	Dec. 28	Jan. 27'89
0.31	Mar. 2	Mar. 21	Mar. 28	Apr. 28'89
0.31	Jun. 2	Jun. 22	Jun. 28	Jul. 28'89
0.33	Sep. 7	Sep. 22	Sep. 28	Oct. 27'89

Finances

In June 1989, the bank announced that it was planning to offer $150 million of debentures due in 2000. In April, the bank agreed in principle to acquire a 20% interest in Toronto-based International Systems Group Inc., a supplier of computerized administration systems.

Capitalization

Long Term Debt: $1,509,000,000 (7/89).

Floating Rate Cl. A Pfd. Series 3: 3,000,000 shs.

Floating Rate Cl. A Pfd. Series 4: 1,500,000 shs.

Floating Rate Cl. A Pfd. Series 5: 6,000,000 shs.

Common Stock: 172,371,749 shs. (no par). Institutions hold about 11%.

Office—Commerce Court, Toronto, Ont. M5L 1A2 **Tel**—(416) 980-2211. **Chrmn & CEO**—R. D. Fullerton Sr. VP & Secy—G. W. Radford **Dirs**—S. R. Basford, D. G. Basset, C. M. Black, A. S. Cartwright, B. P. Collomb, W. P. Cooper, J. Coutu, E. H. Crawford, W. G. Davis, M. J. Drouin, R. F. Elliott, R. D. Fullerton, L. G. Greenwood, R. E. Harrison, R. F. Haskayne, W. M. Hatch, F. W. Hill, H. Hole, W. James, M. LeClair, J. D. Leitch, F. H. Logan, A. J. MacIntosh, P. McGonigal, W. D. McKeough, S. A. Milner, A. Monast, A. Nasmark, A. Powis, E. A. Pratt, P. Reichmann, W. Scott, Jr., C. R. Sharpe, N. M. Shaw, R. V. Smith, J. S. Walton, W. G. Weston, P. N. T. Widdrington **Transfer Agent & Registrar**:—The National Trust Company, Toronto **Empl**—36,194.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Shayne J. Malnek

Canadian Marconi

7445

ASE Symbol CMW Options on Montreal (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
21¼	16¼-12¼	[1]15	[2]0.28	[1]2.0%	A-	1.01

Summary

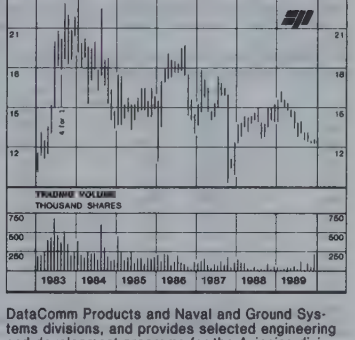
Earnings of this long-established manufacturer of communications and other electronics equipment, 51.6%-owned by The General Electric Co. plc (U.K.), were virtually unchanged, year to year, in the first half of 1989-90.

Business Summary

Canadian Marconi Co. (CMC) is a leading Canadian high technology firm and one of the oldest companies in the field of communications and electronics. It was founded in 1903 by inventor Guglielmo Marconi, who developed the world's first trans-oceanic wireless transmission. It is 51.6% owned by The General Electric Co. plc (U.K.). Exports accounted for about 66% of sales in 1989-9, the bulk of which were to the U.S.

CMC consists of seven product divisions. The Avionics division produces navigation systems, Microwave Landing System airborne receivers and control and display systems for rotary and fixed wing aircraft. The Commercial Communications division offers sales and service of electronic test equipment, land communications systems and marine electronics. The Components division supplies multi-layer printed circuit boards, hybrid microcircuits, power conversion systems, electronic components, precision machined parts, and illuminated panels. The DataComm Products division produces telex and low speed data switching systems. The Defence Communications division manufactures tactical communications systems, which include line-of-sight multi-channel radios, multiplexers, field switchboards and ancillary equipment, and sheltered communications systems. The Naval and Ground Systems Division produces surveillance and navigation radars for naval, submarine and helicopter applications. The company is the only Canadian supplier of a full line of ground-based navigational aids such as Microwave Landing Systems, Instrument Landing Systems, VHF Omni-directional range equipment, VOT, DME and RMMS. The Special Services division provides installation and maintenance, repair, overhaul and calibration of communications and electronics equipment.

The company's executive offices and main manufacturing plant are based in Montreal. A second plant, located in Kanata, Ontario, houses the DataComm Products and Naval and Ground Systems divisions, and provides selected engineering and development programs for the Avionics division. In 1988, a third facility was opened—in Cornwall, Ontario—for the manufacture of a line of tactical communications systems.



Canadian Marconi also has two U.S. subsidiaries—CMC Electronics, Inc., in Eatontown, New Jersey, and Cincinnati Electronics Corp. (CE), Cincinnati, Ohio. CE, which was acquired in 1988 for $39 million, designs and manufactures aerospace and tactical communications equipment. As a prime contractor for U.S. military communications systems, CE is a leading developer and producer of manpack transceivers, antennas and intercommunications sets. It is also the leading producer of range safety receivers for space launch vehicles; its receivers have been used on half of all U.S. spacecraft launch missions in the past five years.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	[3]1983	1982	1981	1980
Tangible Bk. Val.	8.45	7.91	7.00	5.90	5.44	4.32	3.38	2.93	2.49	2.11
Earnings[4]	0.82	0.75	0.85	0.80	1.60	1.24	0.75	0.67	0.48	0.43
Dividends	0.23	0.21	0.21	0.20[5]¼	0.20[5]¼	0.18[5]¼	0.17[5]⅛	0.16[5]¼	0.10[5]¾	0.09[5]⅛
Payout Ratio	28%	28%	25%	26%	13%	15%	23%	24%	22%	21%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	15¼	17⅞	19¾	17½	23½	22⅞	10¼	8⅛	5⅝	4½
Low	12¼	9¼	10⅞	13¼	13⅜	10	5⅜	4½	3⅜	1¾
P/E Ratio—	19-15	24-12	23-13	22-17	15-8	18-8	14-7	12-7	12-7	10-4

Data as orig. reptd., translated at historical rates. Adj. for 300% stk. div. in Sep. 1983. 1. Calc. on basis of $0.861 U.S. per Can. $. 2. In Can. $, adj. to 15% nonres. tax. 3. Reflects merger or acq. 4. Bef. spec. items of +0.03 in 1989, -0.03 in 1986 and -0.11 in 1983.

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	255	25.2	9.9	[3]20.4	12.30	0.41	21.7	10.2%	19.4	7.6
1988	168	17.8	10.6	[3]11.6	7.53	0.14	22.3	20.0%	17.9	10.6
1987	164	26.1	15.9	[3]11.7	6.81	0.14	29.6	30.4%	20.6	12.5
1986	151	21.8	14.5	7.2	6.60	0.25	26.3	27.6%	19.1	12.6
1985	219	49.0	22.4	9.5	6.37	0.30	52.6	27.6%	38.1	17.4
1984	195	42.6	21.9	5.4	5.52	0.36	42.6	31.0%	29.4	15.1
[2]1983	154	27.8	18.0	10.9	4.42	0.37	29.4	39.2%	17.9	11.6
1982	119	22.8	19.2	6.8	3.26	0.17	26.8	41.1%	15.8	13.3
1981	104	17.0	16.3	5.1	2.35	0.22	19.0	40.0%	11.4	10.9
1980	91	15.1	16.6	3.3	1.64	0.25	16.9	39.5%	10.2	11.2

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	54	204	77.9	2.6	297	7.1%	5.15	208	219	2.3	9.8%
1988	103	188	53.3	3.5	248	7.7%	0.80	188	195	0.4	10.1%
1987	128	189	43.0	4.4	214	10.3%	2.17	166	171	1.3	13.4%
1986	113	169	43.1	3.9	187	10.1%	2.04	140	144	1.4	14.1%
1985	92	170	56.5	3.0	191	22.1%	3.48	129	135	2.6	32.8%
1984	62	135	44.6	3.0	154	20.6%	4.36	103	109	4.0	32.1%
1983	53	112	44.0	2.5	132	14.7%	5.17	80	88	5.9	23.9%
1982	52	97	36.9	2.6	111	15.4%	2.63	70	74	3.5	24.6%
1981	44	83	30.1	2.8	94	13.3%	3.07	59	64	4.8	20.9%
1980	38	69	23.1	3.0	78	14.3%	3.57	50	55	6.5	21.9%

Data as orig. reptd., translated at historical rates. 1. Bef. spec. items. 2. Refl. merger or acq. 3. Net of current yr. retirement and disposals.

Total Revenues (Million Can. $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	81.5	56.1	52.2	48.2
Sep.	77.2	63.2	53.0	51.9
Dec.		87.7	44.2	58.9
Mar.		108.6	70.7	68.7
		315.6	220.2	227.7

Revenues for the six months ended September 30, 1989, climbed 33%, year to year, aided by the inclusion of operations of Cincinnati Electronics, which was acquired in September 1988. Operating costs and expenses rose more rapidly, and pretax income fell 5.1%. After taxes at 15.2%, versus 19.3%, net income slipped fractionally, to $9,958,000 ($0.42 a share), from $9,990,000 ($0.42).

Common Share Earns. (Can. $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.23	0.18	0.24	0.23
Sep.	0.19	0.24	0.22	0.27
Dec.		0.35	d0.01	0.33
Mar.		0.21	0.48	0.30
		0.98	0.93	1.13

d-Deficit.

Dividend Data

Cash payments (in Canadian funds), resumed in 1972 following a three-year interruption, are subject to a 15% nonresident tax.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	May 19	May 22	May 27	Jun. 19'89
0.14	Nov. 20	Nov. 21	Nov. 30	Dec. 18'89

Finances

Backlog at September 30, 1989, totaled $550,000,000, down from $580,000,000 at June 30, 1989.

Capitalization

Long Term Debt: $6,141,000 (3/89).

Common Stock: 23,772,768 shs. (no par).
Some 51.6% is owned by The General Electric Company plc of the United Kingdom.
Institutions hold about 6%.
Shareholders: 3,202 of record (7/88).

Office—2442 Trenton Ave., Montreal, Quebec H3P 1Y9. **Tel**—(514) 341-7830. **Chrmn**—J. F. Grandy. **Pres & CEO**—J. H. Simons. **VP-CFO & Investor Contact**—J. J. Kelly. **VP & Secy**—C. Filiatrault. **Treas**—G. Stuurop. **Dirs**—W. H. Alexander, R. O. Beauchemin, C. M. Black, T. S. Dobson, J. F. Grandy, R. H. Grierson, D. Powell, R. A. Robinson, J. H. Simons, I. D. Sinclair, W. I. M. Turner, Jr., P. E. Wheatley. **Transfer Agent & Registrar**—Montreal Trust Co. **Incorporated** in Canada in 1903. **Empl**—4,250.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Neeraj Vohra

Canadian Pacific

436

NYSE Symbol CP Options on Toronto (Feb-May-Aug-Nov) & Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
20⅝	24⅜-18	[1]12	[2]0.92	[1]3.8%	B	1.11

Summary

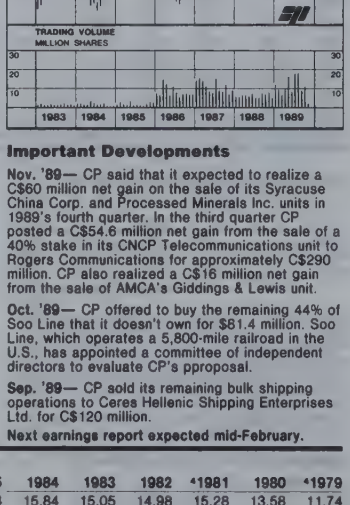
This Canadian-based conglomerate has restructured operations in recent years, redeploying assets from slow to faster growth industries. Corporate initiatives have included the purchase of a 22% stake in ADT Ltd., an electronic security services firm, for over C$390 million, the purchase of a 17.3% equity interest in Laidlaw Transportation for C$491 million plus 12 million new ordinary shares, and the sale of remaining tanker operations in September, 1989 for C$120 million. Dividends were recently raised 21%.

Current Outlook

Profits for 1990 are estimated at C$2.05 a share, versus the C$2.00 from continuing operations anticipated for 1989.

Dividends were raised 21%, to $0.23 quarterly from $0.19, with the October, 1989 payment.

Rail profits in 1990 will post a limited recovery from 1989's depressed levels. While grain traffic should rebound, reflecting a better wheat crop, little improvement is seen for shipments of forest products, containers or sulfur. Shipping profits will remain under pressure from intensifying competition on westbound movements as volumes flatten. PanCanadian should post a solid earnings gain as energy prices remain firm and production is buoyed by acquisitions. Coal profits will benefit from higher prices, productivity gains and ouput from a new steam coal mine in Alberta. Profits for forest products will remain under pressure as excess industry capacity, together with slackening demand and housing activity, check prices and volume growth. Hotel profits should advance on higher room and occupancy rates. Comparisons for telecommunications will be penalized by the absence of 1989's nonrecurring gain. AMCA International should have a stronger year in a better capital goods market.



Review of Operations

Revenues for 1989's first nine months fell 0.7%, year to year. Income from continuing operations declined 12%. Share earnings were $1.48, versus $1.73.

Ordinary Share Earns. (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	---	0.58	0.44	0.02
Jun.	[3]0.82	0.72	0.49	0.18
Sep.	0.66	0.65	0.52	0.13
Dec.	E0.52	0.47	0.66	0.30
	E2.00	2.42	2.11	0.63

Important Developments

Nov. '89— CP said that it expected to realize a C$60 million net gain on the sale of its Syracuse China Corp. and Processed Minerals Inc. units in 1989's fourth quarter. In the third quarter CP posted a C$54.6 million net gain from the sale of a 40% stake in its CNCP Telecommunications unit to Rogers Communications for approximately C$290 million. CP also realized a C$16 million net gain from the sale of AMCA's Giddings & Lewis unit.

Oct. '89— CP offered to buy the remaining 44% of Soo Line that it doesn't own for $81.4 million. Soo Line, which operates a 5,800-mile railroad in the U.S., has appointed a committee of independent directors to evaluate CP's proposal.

Sep. '89— CP sold its remaining bulk shipping operations to Ceres Hellenic Shipping Enterprises Ltd. for C$120 million.

Next earnings report expected mid-February.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	[4]1985	1984	1983	1982	[4]1981	1980	[4]1979
Tangible Bk. Val.	19.28	16.37	13.98	14.74	15.84	15.05	14.98	15.28	13.58	11.74
Earnings[5]	2.03	1.62	0.46	0.79	1.32	0.53	0.70	1.90	2.26	2.01
Dividends	0.57	0.41⅜	0.34¾	0.34⅛	0.35⅜	0.37⅛	0.44⅛	0.53⅛	0.52⅝	0.48¼
Payout Ratio	28%	26%	97%	43%	27%	71%	62%	28%	23%	24%
Prices—High	20⅛	22⅞	14⅝	15⅞	14⅜	14¼	11¾	14¾	15	11½
Low	15⅞	12¾	10	11⅝	9⅜	9½	6⅜	10⅜	9½	6⅝
P/E Ratio—	10-8	14-8	41-28	20-15	11-7	27-18	17-9	8-5	7-4	6-3

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1985 **1.** Based on current rate of exchange. **2.** In Canadian funds, subject to 15% nonresident tax **3.** Six mos. **4.** Reflects merger or acquisition **5.** Bef. results of discontinued operations of +0.06 in 1988, +0.01 in 1987, -0.09 in 1986, and spec. item(s) of +0.12 in 1988, -0.56 in 1986 E-Estimated

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	9,314	2,079	22.3	1,563	600	[4]348	1,166	37.3%	629	6.8
[3]1987	8,978	1,960	21.8	965	554	416	1,010	43.8%	489	5.4
[3]1986	9,058	1,549	17.1	1,298	592	575	352	64.2%	[5]136	1.5
[6]1985	10,754	1,776	16.5	1,356	654	558	535	56.3%	176	1.6
1984	11,079	1,957	17.7	1,017	616	558	813	48.2%	[6]285	2.6
1983	10,259	1,421	13.9	943	587	568	297	70.9%	115	1.1
1982	9,991	1,537	15.4	1,599	541	649	417	42.1%	153	1.5
[6]1981	10,400	2,149	20.7	2,764	469	507	1,221	41.6%	409	3.9
1980	8,357	1,990	23.8	1,611	399	320	1,290	36.2%	488	5.8
[6]1979	7,180	1,452	20.2	1,270	356	272	851	48.9%	435	6.1

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	486	2,832	2,392	1.2	14,798	4.3%	3,036	6,110	11,898	25.5	11.1
1987	897	3,344	2,749	1.2	13,844	3.6%	3,117	4,958	10,670	29.2	10.6
1986	126	2,792	2,407	1.2	12,851	1.0%	3,402	4,187	10,035	33.9	3.2
1985	234	3,460	3,130	1.1	15,334	1.0%	4,576	4,395	11,803	38.8	3.9
1984	366	3,442	2,708	1.3	14,229	2.0%	4,145	3,404	11,182	37.1	8.6
1983	493	3,425	2,792	1.2	14,152	0.8%	4,346	3,236	11,087	39.2	3.5
1982	420	3,447	2,627	1.3	14,043	1.1%	4,413	3,221	11,188	39.4	4.7
1981	815	4,080	2,906	1.4	13,786	3.3%	3,924	3,285	10,717	36.6	13.1
1980	1,137	3,652	2,477	1.5	10,913	4.8%	2,492	2,919	8,324	29.9	17.9
1979	1,040	3,068	2,169	1.4	9,418	5.1%	2,326	2,524	7,175	32.4	18.6

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1987, 1986, and spec. item(s) in 1988, 1987, 1986. **3.** Excludes discontinued operations **4.** Net of interest income **5.** Reflects accounting change. **6.** Reflects merger or acquisition.

Business Summary

Contributions to net income from continuing operations (in million Can. $) in recent years:

	1988	1987	1986
Transportation/waste	$247	$230	$93
Energy	123	158	55
Forest products	260	170	29
Real estate/ hotels	102	48	43
Manufacturing/other	20	31	-49

CP Rail operates a 14,635-mile system spanning eight Canadian provinces; Soo Line Corp. (55.8%-owned) operates a 5,800-mile rail network in 12 Midwestern states; CP Ships provides container shipping service between Canada and points in Europe. CP Trucks provides motor carrier services throughout North America. PanCanadian Petroleum (87.1%-owned) produces oil and gas from properties containing proved reserves at 1988 year-end of 151 million bbls. of oil and 2.3 trillion cubic feet of natural gas. Fording Coal produced 5.9 million tons of coal in 1988 from properties containing reserves of 1.6 billion tons of coal.

Canadian Pacific Forest Products Ltd. (79.7%-owned) is a major integrated forest products concern. CP also owns 27.3 million sq. feet of commercial, industrial and residential properties and owns or manages 25 hotels. CP owns a 17.3% equity stake in Laidlaw Transportation Ltd., 22.4% of ADT Ltd., and 55.4% of AMCA International Ltd.

Dividend Data

Dividends have been paid since 1944. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19 *	Dec. 12	Dec. 19	Dec. 23	Jan. 30'89
0.19 *	Mar. 13	Mar. 20	Mar. 27	Apr. 28'89
0.19 *	Jun. 12	Jun. 21	Jun. 27	Jul. 28'89
0.23 *	Sep. 11	Sep. 21	Sep. 27	Oct. 30'89

*In Can. funds, bef. 15% nonresident tax.

Capitalization (Can. $)

Long Term Debt: $3,596,400,000.

Minority Interest: $1,101,300,000.

4% Non-Cum. Pref. Stk.: $14,870,000 issued in £1 sterling and Canadian dollars.

Ordinary Stock: 317,582,839 shs. (no par).
Institutions hold 21%.
Shareholders: 71,558.

Office—910 Peel St., P.O. Box 8042, Station A, Montreal, Canada H3C 3E4 **Tel**—(514) 395-5151 **Chrmn & Pres**—W. W. Stinson **VP-Secy**—D. J. Deegan. **Treas**—W. R. Fatt. **VP-Investor Contact**—N. E. Wale **Dirs**—L. Berber, M. Belanger, R. W. Campbell, M. G. DeGroote, M. J. Fielding, T. M. Galt, A. S. Kingsmill, C. M. Leitch, The Hon. P. Lougheed, A. A. MacNaughton, S. A. Milner, W. D. Mulholland, P. L. Pare, C. Pratte, C. D. Reekie, T. G. Rust, I. B. Scott, F. H. Sherman, R. D. Southern, W. W. Stinson, R. A. Taylor, J. C. Wadds, The Rt. Hon. Viscount Weir **Transfer Agents**—Bank of Montreal Trust Co., NYC; Montreal Trust Co., Montreal **Incorporated** in Canada in 1881 **Empl**—76,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Canon Inc.

3430

NASDAQ Symbol CANNY (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
84⅞	69½-48⅞	33	¹0.362	0.6%	NR	0.37

Summary

While deriving the majority of its revenues from the sale of business machines, this Japanese company is also the world's largest manufacturer of 35mm compact cameras and a major producer of 35mm single-lens reflex cameras. Earnings for 1988 advanced sharply from those of the year before, on brisk sales of office equipment and optical products, as well as effective cost-cutting efforts. A 10% stock dividend was effected in mid-1989.

Business Summary

Founded in Japan in 1937, Canon Inc. designs and manufactures high-technology products in the photographic and office equipment fields.

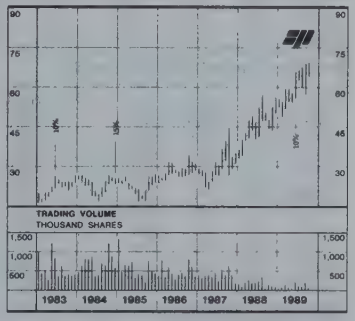
Sales by product line in recent years were:

	1988	1987
Cameras	14.4%	18.2%
Business machines:		
Copiers	39.5%	40.3%
Other business machines	39.3%	35.1%
Optical & other products	6.8%	6.4%

Canon is the world's largest manufacturer of 35mm compact cameras and a major producer of 35mm single-lens reflex cameras (SLRs). In 1987, Canon introduced its new EOS line, which features the most sophisticated technology available in SLR cameras; in 1988, Canon expanded the line with new and more affordable SLRs. During 1986, Canon became the first company to market Still Video cameras, which feature a complete electronic still-image recording system. The company also manufactures 8mm home video camera-recorders, VHS videocassette recorders and a line of OEM video camera lenses.

Copiers remain the company's principal business machine product. The Color Laser Copier, introduced in 1986, was one of the company's leading sellers in 1988. Canon also manufactures printers, facsimile transceivers, electronic typewriters, word processors, calculators, micrographic products and microcomputers.

Optical and other products include aligners, which are used in the production of semiconductors. In addition, the company manufactures a line of medical equipment, including x-ray products and ophthalmic equipment. Other products include broadcast and closed circuit optics and measuring instruments.



The company's products are marketed worldwide under the Canon brand name. During 1988, approximately 69% of consolidated net sales were generated outside of Japan, with sales in North America representing 30% of total sales, Europe 31% and other areas 8%.

Important Developments

Jul. '89— Drexler Technology Inc. reported that it had made a license sale for its optical memory cards and reader/writer devices with Canon Inc. in January 1989, but had agreed to keep Canon's name confidential until June 1989. Initial net proceeds to Drexler were $9 million. Estimated royalty payments were $10 million yearly to 1995, at which point Canon estimated its market share would be $230 million of a $1 billion market.

Next earnings report expected in March.

Per ADR Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	24.53	22.93	16.46	13.43	9.95	9.55	8.57	8.18	7.31	4.46
Earnings	2.04	0.80	0.52	1.34	²1.07	²1.00	²0.88	²0.83	²1.34	0.54
Dividends	0.33⅓	0.15¾	0.37⅝	0.13⅛	0.10	0.17⅞	0.17	0.16¼	0.16⅞	0.11⅞
Payout Ratio	16%	19%	72%	10%	9%	18%	21%	20%	12%	22%
Prices—High	56⅞	44½	34¼	27⅛	26⅞	26¾	18⅞	26⅜	14⅜	9⅛
Low	33	21	23¾	16⅝	16⅝	15⅞	8¼	12½	7⅜	7
P/E Ratio—	28-16	56-26	66-46	20-12	25-15	27-16	22-9	32-15	11-5	17-13

Data as orig reptd. Adj. for stk. divs. of 10% Jun. 1989, 15% Dec. 1984, 10% Jun. 1983, 10% Jun. 1982, 400% Jul. 1979. 1. Paid in past 12 mos., as adj. 2. Ful dil: 1.06 in 1984, 0.97 in 1983, 0.83 in 1982, 0.81 in 1981, 1.15 in 1980

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	8,778	1,179	13.4	555	481	228	681	51.1%	294	3.4
1987	7,941	856	10.8	516	479	195	327	62.7%	108	1.4
1986	5,523	540	9.8	505	353	133	172	64.6%	67	1.2
1985	4,779	697	14.6	459	253	116	424	53.4%	185	3.9
²1984	3,308	500	15.1	302	166	92	315	51.5%	140	4.2
1983	2,833	448	15.8	230	137	81	287	54.0%	123	4.3
1982	2,460	403	16.4	196	121	85	234	55.6%	²95	3.9
1981	2,137	311	14.6	248	108	90	194	58.9%	79	3.7
1980	2,047	360	17.6	224	78	92	259	53.4%	119	5.8
1979	1,312	210	16.0	106	52	56	69	49.4%	36	2.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	3,504	7,625	4,774	1.6	10,316	3.0	1,636	3,305	5,456	30.0	9.2
1987	3,306	6,731	3,898	1.7	9,219	1.4	1,811	3,018	5,232	34.6	4.2
1986	1,612	4,437	2,806	1.6	6,270	1.2	1,036	2,090	3,396	30.5	3.5
1985	1,469	3,652	2,390	1.5	5,005	4.2	672	1,666	2,559	26.2	12.8
1984	1,129	2,726	1,836	1.5	3,652	4.1	396	1,212	1,772	22.4	11.7
1983	1,017	2,341	1,576	1.5	3,132	4.3	261	1,141	1,509	17.3	11.3
1982	777	1,887	1,210	1.6	2,555	3.5	225	996	1,298	17.4	9.7
1981	546	1,673	1,223	1.4	2,300	3.4	179	783	1,027	17.4	10.7
1980	619	1,581	1,176	1.3	2,099	6.2	241	613	868	27.8	24.2
1979	395	1,096	841	1.3	1,421	2.7	222	300	533	41.7	11.5

Data as orig reptd. 1. Incl equity in earns of nonconsol subs 2. Refl acctg. change

Net Sales¹ (Million $)

Period:	1989	1988	1987	1986
6 Months: Jun.	4,359	3,922	3,114	2,717
12 Months: Dec.		8,778	7,941	5,523

Net sales for the six months ended June 30, 1989 advanced 20%, year to year, reflecting increased sales of office equipment, computers and peripherals. Following charges for liquidation of inventories, pretax income was up 3.1%. After taxes at 51.9%, versus 54.4%, and a 48% rise in minority interest, net income rose 3.4% to ¥16,538,000 from ¥15,995,000. As adjusted for the 10% stock dividend in 1989, earnings per ADR (based on the exchange rates prevailing at the ends of the years) were $0.77, versus $0.83.

ADR Earnings¹ ($)

Period:	1989	1988	1987	1986
6 Months: Jun.	0.77	0.82	0.24	0.45
12 Months: Dec.		2.04	0.80	0.52

Dividend Data

Some cash has been paid in each year since 1949. In the past 12 months, dividends paid per ADR (net of the 15% Japanese withholding tax to U.S. residents) were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.2013	---	Feb. 28	Dec. 30	Apr. 17'89
10.00 % Stk.	---	Jun. 23	Jun. 29	Sep. 5'89
0.1806 Apx.	---	Aug. 25	Jun. 29	Oct. 17'89

1. Results for each period calculated at historical exchange rates

Finances

In June 1989, the company announced that it had purchased a 16.7% interest in Next Inc., a computer concern formed by Steven Jobs, for $100 million. Canon also obtained the right to market Next's desktop computer in Asia.

In April 1989, Canon agreed to purchase, for $1.2 million, the technology of Rise Technology Inc.

In February 1989, Canon issued U.S. dollar notes with warrants due 1993 in the amount of $1 billion. The proceeds would be used mainly for capital expenditures for 1989.

R&D expenditures absorbed 5.9% of net sales for 1988, compared with 5.8% in the preceding year.

Capitalization

Long Term Debt: $1,635,579,000 (12/88).

Minority Interests: $514,714,000

Common Stock: 673,748,260 shs. (Y50 par). Each ADR represents five common shares.

Office—7-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo 163, Japan **Chrmn & Pres**—R. Kaku **Exec VP**—K. Yamaji **Dirs**—T. Endo, T. Enome, K. Fukuda, T. Goshima, R. Hirako, R. Kaku, G. Marushima, F. Mitarai, H. Mitarai, T. Mitarai, M. Murata, S. Nagashima, K. Naito, Y. Nasu, S. Nishioka, R. Shirahase, K. Sukegawa, H. Takemoto, H. Tanaka, M. Tanaka, K. Yamaji, T. Yamanaka **Depositary for ADRs**—Morgan Guaranty Trust Co., NYC **Incorporated** in Japan in 1937 **Empl**—40,740

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Shayna J. Malnak

Capital Cities/ABC

NYSE Symbol CCB Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
529	568-353	21	0.20	NM	A	0.97

Summary

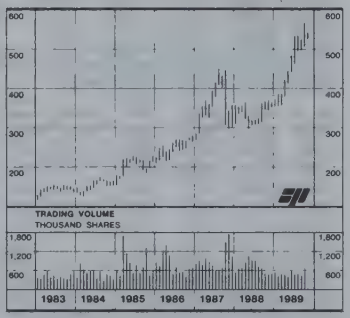
Capital Cities/ABC was formed by the January, 1986 merger of two major media companies. CCB operates a national TV network and six radio networks, owns TV and radio stations in major U.S. markets, is a major publisher of magazines and newspapers, and has equity interests in three cable TV channels. Berkshire Hathaway Inc. owns about 17% of the common stock.

Current Outlook

Earnings for 1990 are estimated at $29.00 a share, versus the $26.25 expected for 1989.

The quarterly dividend should continue at $0.05 over the near term.

Earnings for 1990 are expected to benefit from higher prices for advertising on the ABC television network. However, accounting adjustments related CCB's 1986 acquisition of the ABC network are expected to benefit earnings by only about $1.50 a share, compared with an expected boost of approximately $3.00 a share in 1989. An acquisition by CCB appears possible, but regulatory restrictions limit diversification prospects in the filmed entertainment/TV broadcasting area.



Net Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,120	1,289	959	912
Jun.	1,226	1,159	1,127	1,066
Sep.	1,101	1,010	946	959
Dec.	---	1,316	1,408	1,187
	---	4,773	4,440	4,124

Revenues for the six months ended October 1, 1989 declined 0.3%, year to year. However, pretax income increased 20%, aided by lower net interest expense. After taxes at 43.2%, versus 44.4%, net income was up 23%, to $16.97 a share (on 4.6% more shares), from $14.43.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	4.59	4.16	1.43	0.12
Jun.	7.83	6.78	5.88	4.15
Sep.	4.56	3.55	2.23	2.01
Dec.	E9.27	7.76	6.91	4.90
	E26.25	22.31	16.46	11.20

Important Developments

Oct. '89— In 1989's third quarter broadcasting revenues rose 11%, year to year, while publishing revenues increased 3%. Overall operating profit was up 8.3%. Reductions to fair market value of certain programming rights acquired by the ABC television network boosted the quarter's net earnings by about $0.50 a share, versus an approximate $0.65 benefit in the year-earlier period. In the new primetime TV season, ABC's ratings have been second to those of NBC, although the gap between the two networks closed, compared with the year-earlier period. Overall demand for TV network advertising appears to have been quite strong. However, low October ratings for ABC's earthquake-disrupted broadcast of baseball's World Series are likely to hurt fourth quarter earnings somewhat.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	**44.90**	d2.96	d24.26	31.37	19.97	19.39	13.77	6.75	7.13	4.37
Earnings[2]	**22.31**	16.46	11.20	10.87	10.40	8.53	7.25	6.12	5.38	4.68
Dividends	**0.20**	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Payout Ratio	**1%**	1%	2%	2%	2%	2%	3%	3%	4%	4%
Prices—High	**369 3/4**	450	279 3/4	229	174 1/2	157 1/2	136 3/4	80 1/2	72	49 7/8
Low	**297**	268	208 1/4	152 1/4	123 1/2	114 3/4	64 3/8	56 1/2	40	36 3/4
P/E Ratio—	**17-13**	27-16	25-19	21-14	17-12	18-13	19-9	13-9	13-7	11-8

Data as orig. reptd. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +16.35 in 1986, +0.58 in 1984, +0.18 in 1980. NM-Not Meaningful E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	4,773	976	20.4	154	160	193	[3]687	43.7%	387	8.1
[2]1987	4,440	904	20.4	119	158	199	[3]564	50.5%	279	6.3
[2]1986	4,124	761	18.5	1,232	159	197	[3]423	57.0%	[4]182	4.4
[2]1985	1,021	335	32.8	9	58	27	277	48.6%	142	13.9
[2]1984	940	319	34.0	65	52	28	269	49.7%	135	14.4
[2]1983	762	261	34.2	52	40	16	225	48.9%	115	15.0
[2]1982	664	224	33.7	60	34	10	185	48.0%	96	14.5
[2]1981	574	182	31.8	100	23	12	155	48.1%	81	14.0
[2]1980	472	152	32.3	31	15	[5]6	138	48.9%	71	15.0
1979	415	139	33.4	18	13	7	125	48.9%	64	15.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**1,134**	**2,371**	**866**	**2.7**	**6,089**	**6.4%**	**1,692**	**3,026**	**4,947**	**34.2**	**14.1%**
1987	334	1,546	905	1.7	5,378	5.3%	1,695	2,225	4,127	41.1	13.3%
1986	16	1,262	846	1.5	5,191	4.8%	1,820	1,949	3,963	45.9	11.9%
1985	769	1,006	175	5.7	1,885	9.2%	708	889	1,639	43.2	17.4%
1984	236	402	161	2.5	1,208	12.1%	215	734	990	21.7	20.1%
1983	272	403	137	2.9	1,053	12.6%	207	625	870	23.8	19.7%
1982	41	151	134	1.1	776	13.0%	31	544	602	5.1	19.4%
1981	10	118	113	1.0	698	13.2%	87	444	556	15.7	19.9%
1980	40	129	92	1.4	520	14.3%	39	361	409	9.4	21.5%
1979	43	123	87	1.4	473	14.1%	56	300	367	15.4	23.1%

Data as orig. reptd. 1. Bef. spec. item(s) in 1986, 1984, 1980. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change

Business Summary

Capital Cities/ABC, Inc. was formed in January 1986 by the merger of American Broadcasting Companies into a subsidiary of Capital Cities Communications.

The broadcast division includes the ABC television network with 222 primary affiliates; six radio networks with about 2,100 affiliates; eight owned TV stations; and 21 owned radio stations (11 AM and 10 FM). The TV stations are: WPVI-TV, Philadelphia; KTRK-TV, Houston; WTVD, Durham; KFSN-TV, Fresno; WABC-TV, New York; KABC-TV, Los Angeles; WLS-TV, Chicago; and KGO-TV, San Francisco. CCB's radio holdings include stations in New York (WABC), Los Angeles (KABC), Chicago (WLS); and San Francisco (KGO), where CCB also owns TV stations. In mid-1989, in relation to these holdings, CCB received a permanent waiver from the Federal Communications Commission relating to restrictions on dual (radio-TV) media property ownership.

The publishing division publishes nine daily newspapers in seven markets, weekly papers in five states and shopping guides in six states. Also, CCB owns Fairchild Publications, whose products included Women's Wear Daily, W, M, MIS Week, and Electronic News; ABC Publishing, whose products included consumer magazines COMPUTE!, Los Angeles Magazine, and McCall's Needlework & Crafts, and numerous trade and agricultural publications; Institutional Investor; Practical Homeowners; and two philatelic publications.

CCB also has equity interests in three cable television channels— ESPN (80%); Arts & Entertainment Network (38%); and Lifetime (33.3%).

Dividend Data

Dividends were initiated in 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Dec. 15	Dec. 27	Jan. 3	Jan. 23'89
0.05	Mar. 14	Mar. 28	Apr. 3	Apr. 24'89
0.05	Jun. 21	Jun. 27	Jul. 3	Jul. 24'89
0.05	Sep. 15	Sep. 26	Oct. 2	Oct. 23'89

Capitalization

Long Term Debt: $1,693,895,000.

Common Stock: 17,687,400 shs. ($1 par).
About 16.6% owned by Berkshire Hathaway Inc.
Institutions own about 89%.
Shareholders: About 6,270.

Office—77 W. 66th St., New York 10023 **Tel**—(212) 456-7777 **Chrmn & CEO**—T. S. Murphy **Pres**—D. B. Burke **Secy**—G. Dickler **Treas**—D. J. Vondrak **VP & Investor Contact**—J. M. Fitzgerald **Dirs**—R. P. Bauman, W. E. Buffet, D. B. Burke, F. T. Cary, J. B. Fairchild, L. H. Goldenson, G. P. Jenkins, F. S. Jones, A. D. Jordan, T. M. Macioce, J. H. Muller, Jr., T. S. Murphy, J. B. Sias, W. I. Spencer, M. C. Woodward, Jr. **Transfer Agent & Registrar**—Harris Trust of N.Y., NYC **Incorporated** in New York in 1946 **Empl**—19,720

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves CFA

Capital Holding

NYSE Symbol CPH In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
47½	52¼–31¼	9	1.08	2.3%	A+	1.11

Summary

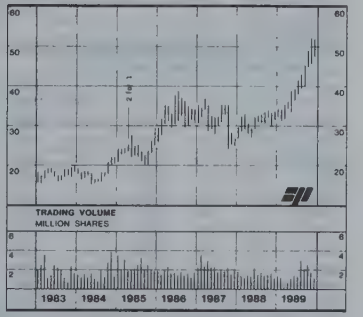
Capital Holding owns several life insurance companies which write a large volume of ordinary insurance primarily in the Southeast, operates a small property-casualty company, and has a 97% interest in a consumer finance unit. Marketing efforts are targeted on the middle income segment of the population. In September, 1989 CPH acquired, for $156 million in cash and stock, Southlife Holding Co., a Nashville, Tenn.-based life insurer with about $1.5 billion of insurance in force.

Current Outlook

Earnings for 1990 (excluding capital gains and losses) are estimated at $4.85 a share, versus the $4.20 a share anticipated for 1989.

The quarterly dividend was raised 8.0%, to $0.27 from $0.25, with the December, 1989 declaration.

Most segments should attain modest earnings growth in coming periods. Life operations will benefit from increased demand for annuities. Lower interest rates anticipated for 1990 will spur demand for other investment products. The resulting strong cash flow from these two segments will lead to strong advances in net investment income. Health profits have been impaired by an erosion in the direct response market, and this is likely to continue. P/C premium growth will slow, but new product introductions and an improved combined ratio will partially offset this. Advances from credit card operations should also aid earnings.



Review of Operations

Total revenues for the nine months ended September 30, 1989 rose 23%, year to year, as a 0.6% drop in premiums and other considerations was more than offset by a 32% advance in net investment income, sharply higher other income, and the inclusion of realized inivestment gains of $91.3 million versus losses of $3.1 million. With total benefits and expenses up 19%, pretax earnings advanced 60%. After taxes at 28.0%, versus 25.1%, net income was up 54%. Following preferred dividends, share earnings were $4.15 on fewer shares, compared with $2.64. Operating earnings were $3.15 a share, versus $2.72.

Important Developments

Nov. '89— CPH said the Agency Group's pretax income (before realized gains) for 1989's first nine months rose 1.8%, year to year, as a 6.3% increase in life profits offset a 14% decline in the health area. Direct Response Group profits advanced only 2.1%, reflecting lower life and health profits, compensated partly by improving p/c margins. Accumulation and Investment Products Group profits were up on higher average deposits, while the banking unit's profits more than tripled. Separately, the company reported that it had acquired Southlife Holding Co. for $156 million in cash ($37 million), CPH common stock (about 1.1 million shares), and the assumption of debt ($80 million). Southlife, with $1.5 billion of insurance in force, operates in Florida, Georgia, South Carolina, and Virginia.

Next earnings report expected in early February.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	1.01	0.75	0.61
Jun.	1.68	0.78	0.81	0.71
Sep.	1.68	0.85	0.86	0.76
Dec.		1.36	0.91	0.84
		4.00	3.33	2.92

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.52	21.02	21.31	17.19	14.71	13.46	12.20	10.69	12.11	11.20
Oper. Earnings	3.82	3.33	2.92	2.58	2.32	2.19	1.99	1.79	1.60	1.48
Earnings[2]	4.00	3.35	5.25	2.63	2.19	2.17	1.89	1.70	1.54	1.42
Dividends	0.94	0.88	0.82	0.77	0.74	0.70	0.66	0.60	0.54	0.46
Payout Ratio	24%	26%	16%	29%	34%	32%	35%	35%	35%	32%
Prices—High	34	36⅞	38¾	29⅜	22	19⅞	18⅞	12½	10⅞	12½
Low	26¾	24¼	25¾	20⅛	15⅛	15⅜	10¼	8⅞	8	9½
P/E Ratio—	9-7	11-7	13-9	11-8	10-7	9-7	9-5	7-5	7-5	8-6

Data as orig reptd. Adj. for stk. div(s) of 100% May 1985. 1. Oper. earns. prior to 1988. 2. Aft. gains/losses on securities trans.

December 29, 1989

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income Cas./ Prop.	Premium Income Life A & H	Net Invest. Inc.	Total Revs.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On Revs.	% Return On Assets	% Return On [1]Equity
1988	**44,295**	**809**	**158**	**1,109**	**2,046**	**259**	**182**	**190**	**9.3**	**1.6**	**16.3**
1987	44,502	2,358	163	765	3,351	229	171	172	5.1	1.8	14.3
1986	48,346	1,592	27	553	2,292	201	155	273	6.8	2.1	13.2
1985	43,894	1,652	27	467	2,163	176	140	143	6.5	2.3	13.6
1984	42,212	1,323	24	396	1,746	147	128	122	7.3	2.5	13.4
1983	38,078	1,256	17	307	1,581	147	124	122	7.8	2.8	13.8
1982	34,930	1,024	15	246	1,286	138	107	102	8.3	2.8	13.7
1981	33,277	780	14	207	1,003	131	99	95	9.9	3.2	13.8
1980	20,434	369	14	164	549	122	90	86	16.3	3.5	13.4
1979	19,176	354	14	147	516	120	85	82	16.4	3.5	13.4

Balance Sheet Data (Million $)

Dec. 31	[2]Cash & Equiv.	Notes Receiv.	Investment Assets [3]Bonds	Investment Assets Stocks	Investment Assets Loans	Investment Assets Total	[4]Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	**573**	**Nil**	**6,003**	**399**	**4,091**	**10,530**	**10.8**	**1,031**	**12,963**	**263**	**1,158**
1987	324	Nil	4,784	425	3,036	8,278	10.5	984	10,386	288	1,143
1986	276	Nil	3,955	262	1,667	5,992	10.2	886	7,925	193	1,222
1985	211	Nil	3,332	225	1,244	4,896	10.6	782	6,588	274	1,020
1984	103	Nil	2,814	245	1,005	4,095	11.0	680	5,520	277	897
1983	77	Nil	2,360	239	881	3,506	10.1	584	4,784	301	853
1982	62	Nil	1,945	127	807	2,893	9.5	510	4,064	291	803
1981	49	Nil	1,606	71	794	2,488	8.6	439	3,560	349	750
1980	55	Nil	1,190	124	763	2,100	8.1	325	2,605	Nil	689
1979	50	Nil	1,212	93	683	2,011	7.6	299	2,467	3	649

Data as orig. reptd. 1. Common. 2. Incl. short term invest. aft. 1984. 3. Incl redeemable pfd stk. incl short-term invest 1984-1981. 4. As reptd by co. prior to 1985.

Business Summary

Capital Holding Corp. ranks among the nation's 10 largest stock life insurance companies, providing life, annuity, accident and health, and property-casualty insurance through several affiliated companies. The company also owns a 97% interest in First Deposit Corp., which owns a consumer bank, a savings and loan association and a life insurance company. Contributions to pretax earnings (in million $) in recent years:

	1988	1987	1986
Agency Group	$129.7	$179.1	$169.6
Direct Response	78.6	73.7	78.3
Accumulation & Inv.	83.6	14.2	107.2
Banking	13.6	7.1	1.1
Corp.	-46.2	-22.2	-21.4

The Agency Group markets individual life and health products principally through home service agents. The direct response group markets life and health products using television, print media, direct mail, and also markets personal lines property-casualty insurance through Worldwide Insurance. The Accumulation and Investment group markets single premium life and annuity contracts, and IRA products to individuals via brokerage firms, banks and financial planners, and markets GIC's funding agreements and structured settlements to banks, pension funds and other financial institutions.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 22	May 25	Jun. 1	Jun. 15'89
0.25	May 10	Aug. 28	Sep. 1	Sep. 15'89
0.25	Aug. 9	Nov. 27	Dec. 1	Dec. 15'89
0.27	Dec. 5	Feb. 23	Mar. 1	Mar. 15'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $264,324,000

Adjustable Rate Preferred Stock: $100,000,000.

Auction Preferred Stock: $50,000,000.

Common Stock: 46,090,739 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 16,400

Office—680 Fourth Ave., Louisville, Ky 40202 **Tel**—(502) 560-2000 **Chrmn, Pres & CEO**—I. W. Bailey II **Treas**—B. Laski **Secy**—B. Hunter **VP-Controller & Investor Contact**—E. W. Baucom **Dirs**—I. W. Bailey II, J. Clendenin, V. C. Crawford, J. F. Decosimo, L. J. Everingham, J. D. Grissom, W. Hill, Jr., J. Izard, F. W. McFarlan, M. A. Miles, F. Skelly, J. L. Weinberg **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, NYC **Incorporated** in Delaware in 1969; Commonwealth Life Insurance incorporated in 1904 **Empl**—8,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Carlisle Companies

NYSE Symbol CSL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
34½	44⅜-33½	13	1.20	3.5%	B	1.04

Summary

Carlisle manufactures a diverse line of rubber, plastic and metal products, magnetic computer tape, computer peripheral equipment and automotive equipment. Rapid growth has been experienced for single-ply rubber roofing systems for commercial and industrial buildings, but competition in this field has intensified. In June, 1989 Carlisle announced an agreement to form a joint venture to manufacture rubber roofing products in the Soviet Union.

Business Summary

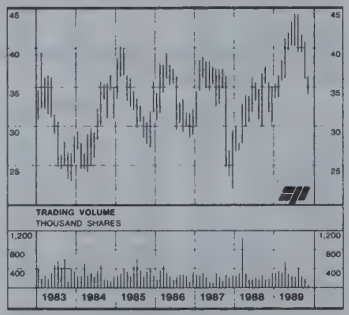
Carlisle Companies (formerly Carlisle Corp.) derived its sales and operating profits in 1988 from the following markets:

	Sales	Profits
Construction materials	29%	56%
Data communications/electronics	36%	4%
Automotive/industrial	35%	40%

Carlisle SynTec Systems makes elastomeric membranes (EPDM) and related products for roofing systems and water barrier applications. It is the largest U.S. producer in the single-ply segment of the roofing market. Re-roofing demand represents about two-thirds of the market for nonresidential roofing materials. Other construction materials consist of custom-manufactured rubber and plastic products.

Data communications/electronics products include half- and quarter-inch magnetic computer tape products; finely-drawn, plated and stranded wire conductor and high- and medium-temperature insulated wire and cable; quarter-inch cartridge, cassette and minicassette tape drives; computer hardware systems integration; and high-performance peripheral controllers. In 1988 CSL sold the International Wire Products Co. for $8.8 million.

Automotive/industrial products include heavy-duty brake linings for truck and trailer applications; custom rubber and plastic components for use in passenger cars, appliances and other purposes; and small pneumatic tires, tubes and wheels used by most major lawn and garden equipment manufacturers. Production of motorcycle tires was discontinued in late 1987. The company continues to market a line of imported bicycle tires.



Important Developments

Oct. '89— Carlisle said that its third quarter performance was adversely affected by continuing softness in the commercial roofing market and by severe price competition in the computer tape business. The company added that the automotive and industrial products groups turned in excellent results which should continue in the fourth quarter of 1989.

Jun. '89— Carlisle announced an agreement to form a joint venture company to manufacture EPDM single-ply roofing materials in the Soviet Union. CSL will contribute managerial and technical expertise, while an agency of a major Soviet construction ministry will build a large scale manufacturing facility that will duplicate CSL's latest manufacturing technology and methods.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.69	19.89	18.63	20.27	19.85	17.64	16.14	14.28	11.43	9.18
Earnings	2.16	2.25	2.16	2.61	3.51	2.45	2.90	3.76	2.78	2.04
Dividends	1.14	1.11	1.09	1.05	0.99	0.94	0.90	0.80	0.50½	0.42½
Payout Ratio	53%	48%	46%	40%	28%	38%	31%	21%	18%	21%
Prices—High	37⅝	38⅞	39⅜	40¼	36½	39½	34¾	54¾	42⅞	14⅞
Low	26¾	22	28½	27¼	24⅛	22⅞	18½	24¼	9½	6
P/E Ratio—	17-12	17-10	18-13	15-10	10-7	16-9	12-6	15-6	15-3	7-3

Data as orig. reptd. Adj. for stk. div(s) of 100% May 1981, 100% May 1979. 1. Reflects merger or acquisition.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	567	56.7	10.0	15.6	19.3	3.69	28.6	39.2%	17.4	3.1
[1]1987	543	55.1	10.1	21.3	21.0	4.27	31.9	41.0%	18.8	3.5
1986	466	53.7	11.5	17.5	18.4	4.25	34.6	43.2%	[2]19.7	4.2
1985	482	72.9	15.1	16.9	18.8	5.06	46.8	48.4%	24.1	5.0
1984	527	81.4	15.4	18.5	16.4	5.20	61.4	47.1%	32.5	6.2
1983	412	58.0	14.1	17.6	13.8	4.47	41.6	45.5%	22.7	5.5
1982	378	62.9	16.6	21.8	11.8	4.41	48.3	44.4%	26.9	7.1
1981	406	79.6	19.6	21.6	10.3	4.53	66.6	47.0%	35.3	8.7
1980	381	61.8	16.2	22.5	8.3	5.28	48.7	47.1%	25.8	6.8
1979	324	45.5	14.0	24.4	6.6	3.30	36.0	48.1%	18.7	5.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	32.3	200	83.4	2.4	325	5.5%	21.7	191	213	10.2	9.3%
1987	16.5	165	69.3	2.4	309	6.0%	28.1	186	214	13.1	10.4%
1986	21.3	173	79.1	2.2	322	6.5%	36.6	181	218	16.8	10.9%
1985	49.5	183	50.1	3.7	313	8.1%	42.8	197	240	17.8	12.7%
1984	16.4	162	52.2	3.1	287	11.9%	45.3	183	232	19.5	18.8%
1983	27.4	151	46.4	3.2	259	9.3%	46.3	162	210	22.1	14.6%
1982	18.3	125	47.0	2.7	228	11.9%	30.8	148	179	17.2	19.3%
1981	16.1	127	45.2	2.8	225	16.6%	40.4	132	173	23.4	29.6%
1980	10.3	107	45.6	2.3	196	14.5%	42.0	104	146	28.7	27.4%
1979	1.3	89	36.9	2.4	158	13.4%	36.8	83	119	30.8	24.9%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	143.1	139.1	127.5	118.4
Jun.	141.7	143.1	138.3	117.2
Sep.	136.5	144.1	141.8	115.4
Dec.		141.1	135.2	115.1
		567.4	542.8	466.1

Sales for the nine months ended September 30, 1989 declined 1.1%, year to year, reflecting soft commercial roofing sales and severe price competition in the computer tape business. Following an after-tax gain of $5.94 million ($0.74 a share) on the sale of CSL's majority interest in Graham Japan Ltd., versus a gain of $915,000 ($0.11) on the sale of International Wire Products a year earlier, net income was up 19%, to $2.76 a share from $2.32.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.76	0.61	0.47	0.50
Jun.	1.38	0.91	0.60	0.59
Sep.	0.62	0.80	0.64	0.54
Dec.		d0.16	0.54	0.53
		2.16	2.25	2.16

d Deficit

Dividend Data

Dividends have been paid since 1950.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Feb. 8	Feb. 14	Feb. 21	Mar. 1'89
0.29	May 2	May 9	May 15	Jun. 1'89
0.30	Aug. 2	Aug. 14	Aug. 18	Sep. 1'89
0.30	Nov. 1	Nov. 13	Nov. 17	Dec. 1'89

Next dividend meeting: early Feb.'90.

Finances

Capital expenditures for 1988 amounted to $15.6 million, compared with $19.8 million in 1987. Capital spending for 1989 is expected to be about $20 million. In 1988 CSL recognized a charge of $12.3 million ($0.93 a share after taxes) for the write-off of certain investments, inventories and other assets, and the relocation of a plant.

Capitalization

Long Term Debt: $18,672,000.

Common Stock: 8,062,835 shs. ($1 par).
Officers and directors control about 19%.
Institutions hold about 46%.
Shareholders of record: 3,011.

Office—101 South Salina Street, Suite 800, Syracuse, New York 13202-1330 **Tel**—(315) 474-2500 **Chrmn**—M. C. Myers, Jr **Pres & CEO**—S. P. Munn **Secy**—E. M. North **VP-Treas & Investor Contact**—J. H. Eichert **Dirs**—M. O. Bryant, D. G. Calder, V. P. Fleming, E. D. Kenna, S. P. Munn, M. C. Myers, G. L. Ohrstrom, R. R. Ohrstrom, E. R. Scocimara, E. M. White, Jr **Transfer Agent & Registrar**—Harris Trust Co., NYC **Incorporated** in Delaware in 1917 **Empl**—4,322

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Hel

Carolina Freight

NYSE Symbol CAO

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
23½	27¼-22	16	0.60	2.6%	A-	1.00

Summary

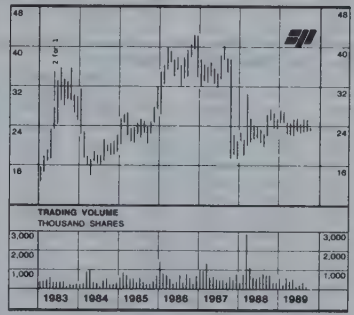
This company operates one of the nation's 10 largest general freight carriers as well as two regional truckers and a growing truckload hauler. In February, 1988 CAO terminated its Texas intrastate activities, citing a difficult competitive environment. While rate discounting pressure has hurt profits during the past three years, a partial recovery is anticipated in 1990 as CAO benefits from the restructuring of its terminal network and attracts greater volume through shortened transit times.

Current Outlook

Profits for 1990 could rebound to $1.75 a share from the $1.20 anticipated for 1989.

Dividends at $0.15 quarterly are unlikely to be increased during the next 12 months.

Profits for 1990 should rebound sharply, as Carolina Freight Carriers benefits from improved productivity following the completion of the restructuring of its terminal network, and moderate volume growth as shippers are attracted by the resulting shortened transit times. Aiding comparisons will be relatively rate stability and easing insurance and claims expenses. G.I. Trucking should remain in the black, stemming from improved platform productivity, better utilization rates for new long-haul routes and reduced administrative costs. Red Arrow should move closer to profitability following the downsizing of its operations.



Operating Revenues (Million $)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	149.5	145.7	132.9	123.0
12 Wks: Jun.	157.4	145.8	133.5	138.2
12 Wks: Sep.	152.1	151.5	136.5	138.8
16 Wks: Dec. ...	---	207.3	191.9	191.2
	---	650.2	594.9	591.3

Revenues for the 36 weeks ended September 9, 1989 rose 3.6%, year to year. Net income declined 11%, as higher operating profits were outweighed by the inclusion in the 1988 period of nonrecurring gains. Share earnings were $0.70, versus $0.73.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	0.23	0.07	0.39	0.37
12 Wks: Jun.	0.31	d0.05	0.44	0.76
12 Wks: Sep.	0.16	0.71	0.30	0.76
16 Wks: Dec. ...	E0.50	0.77	0.17	0.64
	E1.20	1.50	1.30	2.53

Important Developments

Sep. '89— Citing intense competitive pressures, management cut its 1989 revenue projection to $666 million from the $685 million seen in July and down from its original estimate of $720 million. The latest projection represents a 2.4% improvement over the $650.2 million in revenues generated in 1988. Separately, CAO anticipated a "substantial" operating cost reduction and improved transit times following the completion of the firm's newlinehaul/consolidation plan. As part of that program, CAO will spend $40.9 million in 1989 for land and structures, versus $14.1 million in 1988. CAO will add four terminals, including a $12.4 million, 230-door, break-bulk facility in Atlanta and a $4.3 million, 130-door terminal in Cincinnati. CAO also plans to spend $27.3 million in 1989 for revenue equipment, down from $34.2 million in 1988.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	[1]1983	1982	1981	1980	1979
Tangible Bk. Val.	20.11	19.15	18.30	16.12	12.70	10.87	8.07	7.04	5.72	4.67
Earnings[2]	1.50	1.30	[3]2.53	2.26	2.16	2.12	1.30	1.09	1.29	[3]0.91
Dividends	0.54	0.50	0.44	0.40	0.36	0.31	0.28	0.26	0.22	0.20
Payout Ratio	36%	38%	17%	18%	16%	15%	21%	24%	17%	22%
Prices—High	30⅝	40¼	42½	31⅞	31½	35¾	15⅜	8⅛	6⅜	4½
Low	18	17¼	26¼	20⅛	13⅞	12⅝	5⅛	5⅜	3⅛	3⅛
P/E Ratio—	20-12	31-13	17-10	14-9	15-6	17-6	12-4	8-5	5-2	5-3

(A) as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1983. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.55 in 1981, -1.05 in 1980, 3. Ful. dil. 2.45 in 1986, 0.89 in 1979. E-Estimated. d-Deficit

October 12, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	650	53.3	64.6	64.6	33.3	7.21	15.2	34.5%	10.0	1.5
1987	595	48.6	8.2	44.2	28.4	5.98	14.1	38.7%	8.6	1.4
1986	591	59.4	10.0	61.8	24.8	5.59	29.6	43.7%	16.6	2.8
1985	523	50.9	9.7	53.5	20.8	4.08	25.9	44.2%	14.4	2.8
[3]1984	469	43.4	9.2	56.4	16.9	5.03	21.5	43.7%	12.1	2.6
[3]1983	340	34.3	10.1	21.6	12.5	2.89	21.2	45.5%	11.6	3.4
1982	277	23.2	8.4	10.4	11.0	2.73	10.5	42.6%	6.0	2.2
1981	266	20.9	7.9	21.6	10.3	3.06	8.5	41.1%	5.0	1.9
1980	241	21.4	8.9	8.4	9.0	2.84	10.0	43.6%	5.7	2.4
1979	216	18.1	8.4	16.7	8.4	3.02	6.8	42.1%	3.9	1.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	16.7	114	93.5	1.2	347	3.0%	85.1	131	254	33.5	7.7%
1987	11.6	107	79.9	1.3	320	2.7%	82.2	125	240	34.2	7.0%
1986	28.2	110	81.0	1.4	310	5.9%	83.4	118	230	36.3	14.9%
1985	9.0	88	72.9	1.2	250	6.0%	50.5	103	177	28.5	15.5%
1984	8.8	72	65.7	1.1	201	6.6%	48.9	70	135	36.1	18.5%
1983	19.6	70	57.5	1.2	163	7.8%	33.2	59	106	31.4	22.4%
1982	11.0	45	37.1	1.2	112	5.6%	28.1	36	75	37.6	17.5%
1981	7.5	36	34.1	1.1	103	5.1%	27.6	31	69	40.2	17.3%
1980	10.1	36	28.9	1.3	93	6.2%	28.6	25	64	44.9	22.4%
1979	1.9	27	24.2	1.1	88	4.7%	29.3	24	64	45.7	16.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1981, 1980 3. Reflects merger or acquisition

Business Summary

Carolina Freight provides trucking services through a family of four motor carriers.

Contributions (in million $) to net income by carrier:

	1988	1987	1986
Carolina	$13.0	$12.5	$17.5
G.I. Trucking	-3.0	-0.2	Nil
Red Arrow	-0.9	-3.5	-1.6
Cardinal	0.2	Nil	0.3

CAO's Carolina Freight Carriers unit, one of the nation's 10 largest motor carriers, serves 32 eastern states through a network of 163 terminals and agents. Carolina moved 2.5 million tons of freight in 1988, versus 2.3 million tons in 1987. Carolina, whose average length of haul is 790 miles, generates 78% of its volumes and 89% of revenues from LTL shipments.

G.I. Trucking Co. serves nine western states and Hawaii through a network of 25 terminals. G.I., whose average haul is 473 miles, moved 430,125 tons of freight in 1988, versus 368,003 tons in 1987. LTL shipments accounted for 85% of total volume in 1987.

Red Arrow Freight Lines, which serves five western states, transported 191,000 tons of freight in 1988, versus 673,810 tons. Red Arrow's average length of haul is 631 miles. Intrastate Texas service (accounting for 63% of revenues) was discontinued in early 1988. Cardinal Freight Carriers, which provides truckload service in the eastern U.S., moved 335,032 tons of freight in 1988, compared with 267,887 tons in 1987.

Dividend Data

Dividends have been paid since 1963. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Jan. 9	Jan. 13	Jan. 20	Feb. 3'89
0.15	Apr. 5	Apr. 17	Apr. 21	May 5'89
0.15	Jul. 3	Jul. 17	Jul. 21	Aug. 4'89
0.15	Oct. 2	Oct. 16	Oct. 20	Nov. 30'89

Next dividend meeting: early Jan. '90.

Capitalization

Long Term Debt: $94,799,330, incl. $50 million of debs., conv. into com. at $47.50 a sh.

$4 Cum. Pfd. Stk.: 22,112 shs. ($100 par).

Common Stock: 6,543,846 shs. ($0.50 par). Institutions hold approximately 64%.

Shareholders of record: 2,421.

Office—North Carolina Highway 150 East, Cherryville, N.C. 28021 **Tel**—(704) 435-6811 **Chrmn**—J. F. Fraley **Pres & CEO**—K. E. Mayhew Jr. **VP-Secy & Investor Contact**—P. E. Huffstetler **Dirs**—L. G. Alexander, C. G. Beam, J. T. Broyhill, J. R. Eaton, J. L. Fraley, J. L. Frye, H. H. Haworth, C. Horn, Jr., P. E. Huffstetler, W. M. R. Mapel, K. E. Mayhew Jr., P. F. Richardson, K. G. Younger **Transfer Agent & Registrar** First Union National Bank, Charlotte, N.C. **Incorporated** in North Carolina in 1937; reincorporated in North Carolina in 1982 **Empl**—9,935

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Carolina Power & Light

NYSE Symbol CPL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
47⅝	48-35	12	2.84	6.0%	A-	0.41

Summary

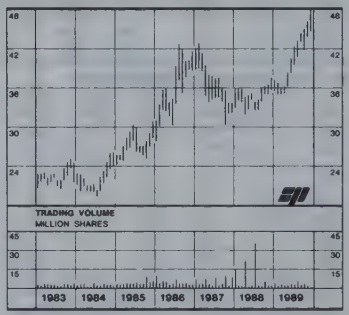
This electric utility, serving the robust regional economy of North and South Carolina, has completed its fuel diversification program into nuclear energy. The rate structure for the nuclear program was completed in 1988. In November, 1989 the North Carolina Supreme Court ordered the NCUC to reclassify up to an additional $389 million of CPL's plant costs from rate base to abandoned plant. Accordingly, the company could incur a write-off of about $60 million, or $0.75 a share, in the 1989 fourth quarter.

Current Outlook

Share earnings for 1990 are projected at $4.20, up from the $4.10 estimated for 1989, which excludes a write-off expected in the fourth quarter following the North Carolina Supreme Court's ruling ordering the reclassification of plant costs.

The $0.71 quarterly dividend may be raised some 3.0% with the February, 1990 payment.

Share earnings for 1990 will benefit from continued sales growth, and better controlled costs. The longer-term outlook is enhanced by the completed construction program and strong cash flow.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	604	564	515	528
Jun.	558	483	456	453
Sep.	712	666	604	577
Dec.	---	561	507	483
	---	2,273	2,082	2,041

Revenues for the nine months ended September 30, 1989 rose 9.5%, year to year, owing to higher rates and increased sales. Following a less rapid increase in fuel costs, offset in part by reduced deferred operating credits, operating income was up 20%. After $145.6 million in write-offs related to the Harris plant in the 1988 third quarter, net income more than doubled. Share earnings were $3.62, compared with $1.59.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.19	1.10	1.15	1.13
Jun.	0.81	0.69	0.61	0.77
Sep.	1.62	d0.20	1.36	1.26
Dec.	E0.48	0.44	0.71	0.80
	E4.10	2.04	3.83	3.96

Important Developments

Nov. '89— CPL reported that on November 9 the North Carolina Supreme Court issued its decision upholding the North Carolina Utilities Commission's (NCUC) decision permitting the company to recover abandoned plant costs over a 10-year period without a return on the unamortized plant balance. The NCUC's decision had been appealed to the Court. However, the Court ordered the Commission to reclassify up to an additional $389 million of plant costs from rate base to abandoned plant for portions of the facilities originally designed to serve four units but now serving only one. Accordingly, the company reported that it could incur a write-off of approximately $60 million, or $0.75 a share, in the 1989 fourth quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	28.08	29.32	28.31	27.04	26.03	25.10	24.57	24.04	23.83	24.98
Earnings	2.04	3.83	3.96	3.86	3.81	3.21	3.17	3.06	2.73	3.06
Dividends	2.76	2.76	2.68	2.60	2.54	2.43	2.40	2.28	2.16	2.02
Payout Ratio	135%	72%	68%	67%	67%	76%	76%	75%	79%	66%
Prices—High	37⅝	42⅞	42¾	30⅞	26⅛	25⅛	23	20¾	22	22½
Low	31⅞	30¼	27¾	24⅛	19¼	20⅜	18⅞	16¾	14⅞	17⅜
P/E Ratio—	18-16	11-8	11-7	8-6	7-5	8-6	7-6	7-5	8-5	7-6

Data as orig reptd E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	[2]Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	2,273	287	215	78.1%	1.88	8	36.9%	197	8.7	6.8	7.0
1987	2,082	293	190	79.7%	2.66	69	35.5%	343	16.5	8.7	13.1
1986	2,041	201	183	81.4%	3.30	171	41.7%	358	17.5	8.7	14.2
1985	1,935	194	180	80.2%	3.09	126	44.6%	331	17.1	9.2	14.4
1984	1,854	163	184	82.2%	2.99	110	42.9%	294	15.9	9.5	14.7
1983	1,647	148	137	82.4%	2.77	127	40.4%	239	14.5	8.7	12.8
1982	1,538	126	167	83.9%	---	142	37.6%	227	14.8	9.1	12.9
1981	1,344	110	126	82.3%	---	131	37.2%	204	15.2	9.3	12.6
1980	1,076	89	100	84.0%	---	147	31.4%	161	15.0	7.2	11.1
1979	926	88	79	81.6%	---	100	37.5%	153	16.6	7.7	12.3

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	8,484	340	6,642	7.4	6,700	2,668	49.8	379	7.1	2,305	43.1
1987	8,423	518	6,805	6.3	6,683	2,497	47.1	401	7.6	2,399	45.3
1986	7,933	838	6,564	6.1	6,453	2,499	47.5	456	8.7	2,306	43.8
1985	7,160	832	5,937	6.9	6,172	2,480	48.5	540	10.6	2,095	40.9
1984	6,384	828	5,232	8.7	5,290	2,127	48.1	545	12.3	1,755	39.6
1983	5,605	709	4,571	5.9	4,702	1,910	47.8	501	12.5	1,586	39.7
1982	5,256	655	4,333	5.8	4,521	1,894	49.1	501	13.0	1,462	37.9
1981	5,109	585	4,246	5.8	4,262	1,883	50.2	501	13.4	1,365	36.4
1980	4,709	675	3,975	4.7	3,797	1,674	49.7	461	13.7	1,233	36.6
1979	4,103	650	3,423	5.4	3,303	1,480	50.8	386	13.3	1,045	35.9

Data as orig reptd 1. Times int exp & pfd. divs. covered (pretax basis) 2. Reflects accounting change in 1981 3. Based on income before interest charges. 4. As reptd. by co. 5. Electric utility plant

Business Summary

Carolina Power & Light provides electric service to a population of over 3,000,000 in a service area consisting of about half of North Carolina and one-fourth of South Carolina. Revenues by class of customers in recent years:

Revenues	1988	1987	1986	1985
Residential	33%	33%	32%	31%
Commercial	20%	20%	20%	19%
Industrial	26%	27%	27%	28%
Other	21%	20%	21%	22%

Sources of generation in 1988 were coal 58%, nuclear 41% and 1% water and other. Peak demand in 1988 was 8,523 mw and capability totaled 9,529 mw for a capacity margin of 11%.

The Harris 1 nuclear plant, which went into commercial operation in May, 1987 completes CPL's base load construction program for the foreseeable future. The rate structure was completed in 1988, resulting in a $1.89 per share charge. In 1981 CPL abandoned Harris 3 & 4 and in 1983 abandoned Harris 2. The company is amortizing its investment in the three abandoned facilities over a ten-year period. The recovery of abandoned property was challenged in the North Carolina Supreme Court. In November, 1989 the N. C. Supreme Court upheld the allowance of recovery of abandoned plant costs. Auditors noted on their report of the company's 1988 financial statements uncertainties with the appeal of the rate order permitting recovery of abandoned property.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.71	Dec. 21	Jan. 4	Jan. 10	Feb. 1'89
0.71	Mar. 15	Apr. 4	Apr. 10	May 1'89
0.71	Jun. 21	Jul. 3	Jul. 10	Aug. 1'89
0.71	Sep. 20	Oct. 3	Oct. 10	Nov. 1'89

Next dividend meeting: late Dec. '89.

Capitalization

Long Term Debt: $2,523,326,000.

Red. Cum. Pfd. Stk.: $139,000,000.

Cum. Pfd. Stk.: $238,118,000.

Common Stock: 87,186,442 shs. (no par).
Institutions hold about 38%.
Shareholders of record: 85,655.

Office—411 Fayetteville St., Raleigh, N.C. 27601 **Tel**—(919) 546-6111 **Chrmn, Pres & CEO**—S. H. Smith, Jr. **Secy**—J. L. Lancaster, Jr. **Treas**—L. T. Quarles **Investor Contact**—R. F. Drennan, Jr. **Dirs**—E. B. Borden, D. D. Cameron, Sr., F. J. Capel, G. H. V. Cecil, C. W. Coker, L. W. Eury, W. E. Graham, Jr., K. G. Hudson, Jr., G. C. Hurlbert, J. R. B. Jackson, E. C. Lee, E. G. Lilly, Jr., S. H. Smith, Jr., J. T. Wilson **Transfer Agents & Registrars**—Wachovia Bank & Trust Co., Winston-Salem, N. C.; Mellon Securities Trust Co., NYC **Incorporated** in North Carolina in 1926 **Empl**—8,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillip

Carpenter Technology

NYSE Symbol CRS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
47 1/4	54 5/8-44 7/8	14	2.10	4.4%	B-	0.99

Summary

Carpenter Technology produces stainless and tool steels, high temperature and electronic alloys, and other special purpose metals. Major markets include the electronics and electrical equipment, transportation, general industrial machinery, aerospace, fabricated metal products, and power generation industries. Earnings for fiscal 1989 were restricted by a $1.50 a share onetime charge for a plant closing. In June, 1989 directors authorized the repurchase of 1.2 million common shares.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected at $5.10 a share, versus fiscal 1989's $3.16.

The $0.52½ quarterly dividend may be increased in fiscal 1990.

Sales are expected to rise less rapidly in fiscal 1990 as forecasted declines in volume begin to negate favorable pricing. Stable operating rates, probable declines in raw material costs and the shift to higher priced products will maintain margins. Aided further by lower interest expense, the absence of unusual charges, and share buybacks, share earnings should rise in fiscal 1990.

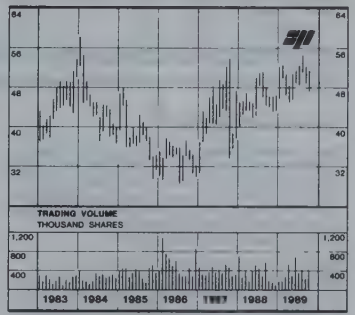
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	133.6	142.2	115.2	117.4
Dec	---	151.3	125.9	110.5
Mar.	---	169.6	147.5	125.4
Jun.	---	171.2	166.8	127.2
	---	634.3	555.5	480.5

Sales for the three months ended September 30, 1989 fell 6.0%, year to year, as a 17% decrease in unit volume shipments outweighed a higher valued sales mix. Margins benefited from improved efficiencies at the Reading plant along with the elimination of Bridgeport plant costs, and pretax income advanced 17%. After taxes at 38.7%, versus 40.0%, net income rose 20%. Share earnings were $0.86, versus $0.72.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.86	0.72	0.23	0.13
Dec.	E1.20	0.90	0.44	0.21
Mar.	E1.50	0.06	0.80	d0.09
Jun.	E1.54	1.48	1.20	0.25
	E5.10	3.16	2.67	0.50



Important Developments

Jun. '89— Directors authorized the repurchase of up to 1.2 million CRS common shares to be held as treasury stock for corporate purposes. The timing and amount of the purchases would depend on various factors, including market conditions and CRS's business and financial condition. CRS stated that substantially all the funds for the repurchase program would come from internal sources. CRS added that in light of the company's improving performance, the dividend policy would be reviewed in fiscal 1990.

May '89— In the third quarter 10-Q document CRS stated that fiscal 1989's third-quarter earnings were adversely affected by a $13.8 million after-tax ($1.50 a share) charge related to the closing of its Bridgeport, Conn. plant.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	34.68	33.61	33.00	34.62	35.85	35.10	33.30	33.48	32.29	29.10
Earnings[1]	3.16	2.67	0.50	1.10	2.77	3.84	1.86	3.85	5.20	5.03
Dividends	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.00	1.90
Payout Ratio	66%	79%	425%	193%	76%	55%	114%	55%	38%	38%
Prices—High[2]	54 5/8	51 1/4	53 7/8	37 3/4	48	58 1/4	53 3/4	46 1/4	51 5/8	53
Low[2]	44 7/8	40	30 5/8	28 1/2	29 3/8	36 5/8	37	28	37	26 1/4
P/E Ratio—	17-14	19-15	NM	34-26	17-11	15-10	29-20	12-7	10-7	11-5

Data as orig. reptd. 1. Bef. spec. item(s) of -0.24 in 1986. 2. Cal. yr. d-Deficit. E-Estimated. NM-Not Meaningful.

November 7, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	634	112	17.6	36.2	22.3	19.6	48.4	40.2%	29.0	4.6
1988	556	84.5	15.2	36.3	26.0	18.5	41.2	40.9%	24.3	4.4
1987	481	66.8	13.9	28.2	26.8	19.4	9.2	51.2%	[2]4.5	0.9
1986	517	45.1	8.7	64.4	21.5	20.6	10.7	8.3%	9.8	1.9
1985	557	80.6	14.5	70.1	18.6	18.0	42.3	42.1%	24.5	4.4
1984	529	79.5	15.0	49.0	17.0	12.6	59.7	44.0%	33.4	6.3
1983	397	38.3	9.6	71.9	14.6	8.0	21.6	25.7%	16.0	4.0
1982	488	68.0	13.9	62.1	13.1	2.2	56.1	40.8%	33.2	6.8
1981	571	96.4	16.9	32.1	11.8	[2]1.4	84.7	47.2%	44.7	7.8
1980	559	99.4	17.8	31.4	10.8	3.2	[3]85.0	49.3%	43.1	7.7

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	3.7	249	110	2.3	674	4.4%	130	319	558	23.3	9.2%
1988	6.7	228	94	2.4	635	3.9%	131	307	532	24.6	8.0%
1987	5.9	206	80	2.6	602	0.7%	130	300	514	25.3	1.5%
1986	7.8	247	123	2.0	646	1.5%	130	312	512	25.5	3.1%
1985	6.7	265	107	2.5	622	4.1%	126	319	505	24.9	7.8%
1984	9.6	257	80	3.2	563	6.5%	126	307	480	26.3	11.2%
1983	8.0	182	71	2.6	456	3.6%	61	289	383	15.9	5.5%
1982	28.5	214	69	3.1	435	8.1%	53	288	365	14.6	11.7%
1981	19.5	212	81	2.6	382	12.2%	5	278	300	1.5	16.9%
1980	7.7	204	83	2.5	353	12.7%	5	250	269	1.8	18.2%

Data as orig. reptd. 1. Bef. spec. item(s) in 1986. 2. Reflects acctg. change. 3. Incl. equity in earns. of nonconsol. subs.

Business Summary

CRS is a leading manufacturer, fabricator and international marketer of specialty steels and metals in a broad range of types, forms, and sizes for a variety of end-use markets. Revenues by product line in recent fiscal years:

	1989	1988	1987	1986
Stainless steel	58%	60%	58%	60%
Special alloys	35%	32%	34%	32%
Tool steel	7%	8%	8%	8%

In fiscal 1989 the transportation equipment market accounted for 16% of sales, aerospace 16%, metal producing and distribution 13%, electrical/electronic equipment 12%, general industrial equipment 10%, consumer durables 6%, metal working equipment 6%, chemical and petroleum processing 5%, power generation and distribution 5%, instruments and controls 4%, housing and construction 3%, and miscellaneous 4%.

Stainless steels include a broad range of corrosion resistant alloys, including conventional stainless steels and many proprietary grades for special applications.

Special alloys include those other than stainless steels that are used in critical components such as bearings and fasteners; heat resistant alloys such as those with a complex nickel or cobalt base; alloys for electronic/electrical applications; and zirconium base alloys for nuclear reactors.

Tool steels include extremely hard alloys used for tooling and other wear-resisting components in stamping, extrusion and machining operations.

Dividend Data

Dividends have been paid since 1907. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52½	Nov. 7	Nov. 15	Nov. 21	Dec. 1'88
0.52½	Feb. 9	Feb. 15	Feb. 22	Mar. 2'89
0.52½	May 11	May 18	May 24	Jun. 1'89
0.52½	Aug. 11	Aug. 17	Aug. 23	Sep. 7'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $130,234,000, incl. $75 million of 12⅞% debs. due 2014.

Common Stock: 9,110,874 shs. ($5 par). Institutions hold about 69%
Shareholders of record: 7,513.

Office—101 W. Bern St., Reading, Pa. 19603 **Tel**—(215) 371-2000 **Chrmn & CEO**—P. R. Roedel **Pres**—A. J. Lena. **VP-Secy**—D. K. Rothermel **Treas & Investor Contact**—J. A. Schuler **Dirs**—H. O. Beaver, Jr., T. Beaver, Jr., W. E. C. Dearden, C. R. Garr, A. E. Humphrey, J. L. Jones, E. W. Kay, F. C. Langenberg, A. J. Lena, M. Miller, Jr., P. R. Roedel, H. R. Sharbaugh, S. J. Spitz, Jr., H. W. Walker **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New Jersey in 1904; reincorporated in Delaware in 1968 **Empl**—3,542

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Carter Hawley Hale

456K

NYSE Symbol CHH Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
10⅞	14⅝-8	32	None	None	NR	1.42

Summary

Carter Hawley Hale operates 114 department stores in the Sunbelt region, consisting of The Broadway-Southern California, The Broadway Southwest, Emporium Capwell, Thalhimers and Weinstock's. The company transferred its specialty store operations to The Neiman Marcus Group in August, 1987. An improved outlook for women's apparel sales and streamlined costs should boost earnings in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are projected at $0.75 a share, versus the $0.34 of fiscal 1989.

Dividends are not in prospect.

Sales for fiscal 1990 should increase modestly, reflecting improved sales of women's apparel and the remodeling of stores. Gross margins should widen and expense ratios improve, aided by cost controls and operational consolidations.

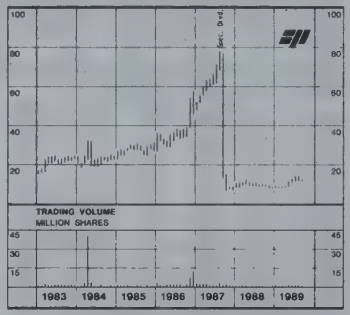
Sales (Million $)

13 Weeks:	1988-9	1987-8
Oct.	637	611
Jan.	931	866
Apr.	595	546
Jul.	624	595
	2,787	2,617

Sales for the fiscal year ended July 29, 1989 (preliminary) rose 6.5% from those of the preceding year. Gross margins remained level and SG&A expenses declined as a percentage of sales. Following nonrecurring costs of $6 million and much higher interest expense, pretax income decreased 20%. After taxes at 40.3%, versus 40.0%, net income declined 20%. Per-share earnings were $0.34, against $0.33. Results exclude special credits of $0.28 and $0.39 a share, respectively.

Common Share Earnings ($)

13 Weeks:	1988-9	1987-8
Oct.	d0.18	d0.06
Jan.	1.01	0.94
Apr.	d0.15	d0.20
Jul.	d0.35	d0.35
	0.34	0.33



Important Developments

Sep. '89— Comparable store sales for fiscal 1989 rose 5.6%. Operating earnings increased 14.3%, reflecting the improved sales trend, despite a $6 million pretax charge in the fourth quarter, which reflected the closing of the company's buying office. On a comparable store basis, sales for the fourth quarter rose 4.2% and operating earnings increased 25.9%. Earnings in fiscal 1989 of $7.4 million excluded a special charge of $9.3 million, primarily comprised of unamortized costs relating to the early retirement of debt, and a special credit of $15.3 million due to a change in accounting for income taxes. Separately, in order to reduce distribution costs and increase productivity, CHH is improving its distribution facilities; the program will take about two years to complete.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jul. 31[1]	1989	1988	1987	1986	1985
Tangible Bk. Val.	NA	d10.19	[2]d7.00	NA	NA
Earnings[3]	0.34	0.33	0.12	d0.60	d1.34
Dividends	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil
Prices[4]—High	14⅝	12½	NA	NA	NA
Low	8	7¾	NA	NA	NA
P/E Ratio—	43-24	38-23	NA	NA	NA

Data as orig. reptd., prior to 1988 pro forma data as reptd. in Proxy Statement/Prospectus dated Jul. 28, 1987. 1. Yrs. ended Jan. 31 prior to 1988. 2. As of May 2, 1987. 3. Excl. John Wanamaker in 1987, bef. results of disc. opers. of +1.52 in 1986, +4.09 in 1985, and spec. item(s) of +0.28 in 1989, +0.39 in 1988. 4. Cal. yrs. d-Deficit. NA-Not Available.

October 12, 1989

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Income Data (Million $)

Year Ended Jul. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[2]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	2,617	201	7.7	80	51.8	137	16.0	40%	9.3	0.4
[4]1987	2,563	NA	NA	NA	NA	139	d9.2	NM	2.8	0.1
1986	2,890	NA	NA	NA	NA	91	15.2	NM	18.2	0.6
1985	2,750	NA	NA	NA	NA	86	d19.3	NM	d3.4	NM

Balance Sheet Data (Million $)

Jul. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	24.6	1,075	502	2.1	1,672	0.5%	1,260	d230	1,108	NM	NM
[5]1987	20.5	807	430	1.9	1,441	NA	1,089	d157	931	117	NA

Data as orig. reptd., prior to 1988 pro forma data as reptd. in Proxy Statement/Prospectus dated Jul. 28, 1987. 1. Years end Jan. 31 prior to 1988. 2. Net. 3. Bef. results of disc. opers. in 1986-1985. 4. Excl. John Wanamaker. 5. As of May 2, 1987. NA-Not Available. d-Deficit. NM-Not Meaningful.

Business Summary

Carter Hawley Hale is one of the largest department store retailers in the U.S. At the end of fiscal 1988 the company operated 112 stores in the Sunbelt regions of the country through five department store divisions, catering to middle to upper-middle class customers ($40,000 to $80,000 family income), generally 25 to 45 years old.

Broadway-Southern California is the largest regional department store chain in southern California in terms of sales, with 43 department stores in 38 communities. Broadway-Southwest operates 11 department stores in Arizona, Colorado, Nevada and New Mexico.

Emporium Capwell operates 22 department stores located primarily in major shopping centers in the greater San Francisco area. Merchandise includes women's, men's and children's apparel, accessories and home furnishings.

Thalhimers emphasizes fashion in its 24 department stores located in 15 cities in Virginia, North Carolina, South Carolina and Tennessee.

Weinstock's, headquartered in Sacramento, Calif., operates 12 department stores in California, Utah and Nevada.

The company also operates two service divisions. Information services provides information management and systems support for the company. Market services is responsible for the development of private label merchandise and large scale purchasing programs.

During fiscal 1988 two Broadway-Southwest stores in Denver were sold. In addition, the company sold its interest in a shopping center in northern California while retaining its department store in the center. Proceeds from both transactions were used to reduce debt and for general corporate purposes.

The company entered into a three year agreement with The Neiman Marcus Group to provide information services for an annual fee of $14.2 million beginning in July, 1987. Neiman Marcus may extend the agreement for any period up to an additional two and a half years.

Dividend Data

Dividends were omitted in mid-1987 at the time of the corporate restructuring. Resumption of payments is not expected in the foreseeable future.

Finances

In August, 1987 the company effected a restructuring in which public shareholders received for each CHH share held one Neiman-Marcus Group common share and $17 in cash. (Shareholders could elect other combinations of CHH stock, NMG stock and cash). General Cinema Corp., which held 3,555,000 CHH common shares and 1,000,000 CHH preferred shares, received 16,292,073 NMG adjustable voting common shares and 1,000,000 shares of 6% adjustable voting preferred stock, convertible into 8,054,737 shares of adjustable voting common, plus some $124.6 million in cash. About $1.1 billion was required to finance payment of the distribution and other expenses through a combination of real estate financing, bank borrowings, and the sale in a public offering of subordinated notes and debentures.

Capitalization

Long Term Debt: $913,977,000, incl. capital lease obligations.

Common Stock: 22,966,863 shs. ($0.01 par).
Harris Associates owns some 8.9%.
Institutions hold approximately 30%.
Shareholders of record: 20,949.

Office—550 South Flower St., Los Angeles, Calif. 90071 **Tel**—(213) 820-0150 **Chrmn & CEO**—P. M. Hawley **Pres**—W. H. Burnside **VP-CFO**—J. M. Gailys **Secy**—J. L. Vandeburg **VP & Investor Contact**—E. H. Smith **Dirs**—C. L. Ahmanson, R. O. Anderson, N. Barker, Jr., W. H. Burnside, E. W. Carter, M. Du Bain, W. B. Gerken, P. C. Hale, H. Hawley, H. J. Haynes, D. B. Miller, D. C. Stanhill, W. B. Thalhimer, Jr. **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in California in 1897, reincorporated in Delaware in 1984 **Empl**—35,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sa

Carter-Wallace

NYSE Symbol CAR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
58⅜	58½-39⅛	18	0.82	1.4%	A+	1.23

Summary

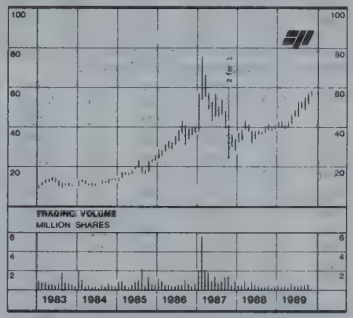
This company generally derives well over half its earnings from a broad range of ethical drugs, and is well established in the highly competitive consumer products market with its Arrid antiperspirant and numerous other lines. Its Trojan brand of condoms has over half of the U.S. retail market. Growth in major drug and consumer lines coupled with expected contributions from new products should lead to healthy earnings gains in the years ahead.

Current Outlook

Earnings for the fiscal year ending March 31, 1991 are estimated at about $3.70 a share (on the combined Class A and B shares), up from the $3.35 projected for fiscal 1989-90.

Dividends should continue at $0.20½ quarterly.

Sales for fiscal 1990-91 should show further growth, aided by gains in principal health care and consumer product lines. Contributions from new products should also contribute to the rise. Profitability is expected to benefit from the better volume, productivity improvements and other cost efficiencies.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	138.4	128.2	116.8	109.8
Sep.	137.6	132.6	126.0	117.1
Dec.	---	125.3	112.9	103.3
Mar.	---	129.3	127.4	121.0
	---	515.3	483.1	451.2

Sales for the six months ended September 30, 1989 increased 5.9%, year to year, aided by the acquisition of a condom business from Mentor Corp. Pretax income advanced 9.6%. After taxes at 34.0%, against 36.0%, net income was up 13%. Share earnings were $1.85, versus $1.64.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.89	0.77	0.60	0.51
Sep.	0.96	0.87	0.79	0.65
Dec.	E0.84	0.73	0.59	0.51
Mar.	E0.66	0.60	0.52	0.47
	E3.35	2.97	2.50	2.14

Important Developments

Oct. '89— The company introduced a line of condoms that are larger than standard latex condoms under the Magnum brand. Mentor and Magnum condom brands were purchased from Mentor Corp. in March, 1989 for about $4.2 million. An additional $1.5 million is to be paid upon completion by Mentor of certain product developmemnt and testing and up to $4 million more is payable based on future sales.

Mar. '89— New products introduced during fiscal 1988-9 included an Arrid non-whitening solid formula deodorant; a "No Offensive Odor" formula in the Nair depilatory line; Trojan extra-strength and Trojan-Enz with spermicidal lubricant; an Answer ovulation test; Rynatan-S antihistamine; Wampole One-Step hCG pregnancy test; three pet care products; and several new diagnostic tests.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	[1]1986	1985	[1]1984	1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	16.66	14.53	12.28	10.62	8.91	8.09	7.26	6.51	6.23	5.68
Earnings	2.97	2.50	2.14	1.82	1.33	1.19	1.06	0.78	0.75	0.53
Dividends	0.64½	0.50½	0.37½	0.29	0.24½	0.23	0.22	0.20	0.20	0.20
Payout Ratio	22%	20%	18%	16%	18%	19%	21%	26%	27%	38%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices---High	43¼	75½	43⅛	25¾	13⅞	14½	11	7⅞	6	4½
Low	31⅞	24	24	12½	9¾	8⅞	4½	4⅜	3	3⅜
P/E Ratio—	15-11	30-10	20-11	14-7	10-7	12-7	10-4	10-5	8-4	8-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Oct. 1987 (Class B com. stk.) 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	515	79.1	15.3	22.9	12.0	3.12	69.3	35.0%	45.1	8.7
1988	483	73.3	15.2	19.8	11.2	3.23	61.0	38.0%	37.8	7.8
1987	451	68.4	15.3	11.9	10.4	3.95	54.3	40.5%	32.3	7.2
[3]1986	400	59.5	14.9	9.1	7.4	3.37	46.0	40.0%	27.6	6.9
1985	349	44.9	12.9	7.8	4.7	2.30	36.3	42.9%	20.7	5.9
[3]1984	323	34.8	10.8	7.3	4.3	2.04	31.2	40.9%	18.4	5.7
1983	290	29.6	10.2	5.8	4.6	2.81	25.2	34.3%	16.5	5.7
1982	261	23.4	9.0	6.4	4.1	4.13	16.5	26.9%	[2]12.1	4.6
[3]1981	237	19.8	8.4	10.6	5.5	3.01	16.1	28.1%	11.6	4.9
[3]1980	208	17.1	8.3	13.4	5.3	2.83	12.2	33.8%	8.1	3.9

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	120	310	123	2.5	462	10.3%	21.3	301	322	6.6	15.9%
1988	90	276	108	2.6	409	9.7%	23.2	265	288	8.1	15.3%
1987	70	251	106	2.4	372	9.1%	24.8	231	256	9.7	14.9%
1986	44	206	91	2.3	335	9.1%	31.7	202	234	13.6	14.5%
1985	34	170	78	2.2	274	7.9%	10.2	179	189	5.4	12.0%
1984	18	149	62	2.4	254	7.7%	13.7	170	184	7.4	11.3%
1983	13	126	49	2.6	226	7.4%	12.8	157	170	7.5	10.9%
1982	11	122	55	2.2	222	5.5%	13.8	147	161	8.6	8.3%
1981	13	116	50	2.3	218	5.4%	18.6	145	163	11.4	8.2%
1980	23	110	48	2.3	208	4.3%	19.2	136	155	12.4	6.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition

Business Summary

Business segment contributions in fiscal 1988-9:

	Sales	Profits
Health care	48%	66%
Anti-perspirants and Deodorants	25%	14%
Other consumer	27%	20%

The U.S. accounted for about 75% of sales and 86% of operating profits in fiscal 1988-9; other North America for 11% and 7%, respectively; and other countries for 14% and 7%.

Health care products include tranquilizers, muscle relaxants, laxatives, antibiotics, expectorants/mucolytics, topical antibacterial and antifungal agents, drugs for rheumatoid arthritis, antihypertensives, xanthine bronchodilators, cough/cold products, throat lozenges, sedatives, analgesics, anti-ulcer drugs, antacids, anti-nauseant drugs, and toothbrushes. Also produced are tests for pregnancy, herpes, streptococcal infections, rheumatoid factor, mononucleosis, meningitis, rubella and other ailments.

The consumer products segment is heavily dependent upon the Arrid line of anti-perspirants and deodorants, which are available in sprays, roll-ons and creams. Other consumer products include Trojan condoms (which have over half of the U.S. retail market) and Pearl Drops tooth polish. Also produced are laxatives, depilatories, pregnancy tests, oral hygiene products, tapes and bandages, shampoos, hair lotion, and footcare and pet care items.

Dividend Data

Dividends have been paid since 1883.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Jan. 26	Feb. 3	Feb. 9	Mar. 1'89
0.17	Apr. 28	May 4	May 10	Jun. 1'89
0.20½	Jul. 19	Jul. 27	Aug. 2	Aug. 30'89
0.20½	Oct. 26	Nov. 3	Nov. 9	Nov. 29'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $20,670,000.

Common Stock: 10,086,855 shs. ($1 par).
Shareholders of record: 3,586.

Class B Common Stk.: 5,090,261 shs. ($1 par); 10 votes per sh.; transfer restricted; conv. sh.-for-sh. into com.

The Hoyt family owns 77% of the Class B and 39% of the common stock.

Office—767 Fifth Ave., NYC 10153 **Tel**—(212) 758-4500 **Chrmn & CEO**—H. H. Hoyt, Jr. **Pres**—D. J. Black **VP-Secy & Investor Contact**—R. Levine **VP-Treas**—J. L. Wagar **Dirs**—D. J. Black, R. L. Cruess, C. O. Hoyt, H. H. Hoyt, Jr., S. C. Hoyt, R. Levine, H. M. Rinaldi, H. S. Tierney, P. A. Veteri **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in Maryland in 1937, reincorporated in Delaware in 1968 **Empl**—4,040

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saffles

Caterpillar, Inc.

NYSE Symbol CAT Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
56⅛	69-52⅞	11	1.20	2.1%	B-	1.08

Summary

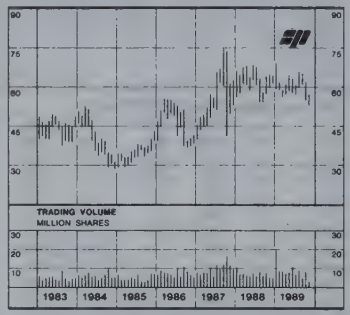
This company is the largest manufacturer of earthmoving machinery and equipment, and is a major producer of diesel and natural gas engines and turbines. Earnings for the first nine months of 1989 retreated somewhat from the year-earlier level, reflecting slower sales growth and higher costs. Both sales and earnings are expected to trend lower in 1990.

Current Outlook

Earnings for 1990 are projected at $5.25 a share, down from the $5.50 estimated for 1989.

Dividends should continue at $0.30 quarterly.

Sales for 1990 are expected to decline from the 1989 level, reflecting the slowing of certain sectors of the U.S. economy. Forecasted weakness in residential and nonresidential construction markets along with slower growth in the mining, farming and forest products industries will likely lead to a decrease in domestic demand and total sales. Sales outside the U.S. are expected to equal those of 1989 and prices should remain firm. The sales mix may improve as sales of higher margin large machines increase as a percent of total sales, but operating rates will likely trend lower. Assuming little change in materials costs and continued high spending levels for factory modernization, margins will likely contract.



Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.63	2.35	1.65	1.74
Jun.	2.98	2.56	2.04	1.99
Sep.	2.58	2.74	2.25	1.82
Dec.	---	2.61	2.24	1.78
	---	10.26	8.18	7.32

Sales for the nine months ended September 30, 1989 rose 7.1%, year to year. Margins narrowed, and operating profits fell 16%. With lower nonoperating income, pretax income was down 23%. After taxes at 27.9%, versus 32.9%, consolidatated net income fell 17%. Following higher profits from affiliates, net income was off 14%, to $3.85 a share from $4.46.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.39	1.16	d0.85	1.13
Jun.	1.39	1.44	1.20	1.41
Sep.	1.07	1.87	1.47	d0.26
Dec.	E1.65	1.61	1.37	d1.50
	E5.50	6.07	3.20	0.77

Important Developments

Oct. '89— CAT reported a 43% decline in share earnings on a 6.0% decrease in sales for 1989's third quarter. CAT attributed the decline in sales to lower volume which resulted from having eight fewer days in 1989's third quarter, versus the year earlier quarter. In addition to the adverse impact of lower sales volume, third quarter earnings decreased as a consequence of higher material, labor, new program and new product introduction costs, combined with an $11 million charge for bad debt related to certain Latin American receivables. CAT said that still expected sales for 1989 to improve over 1988, although sales growth would be less than originally expected. The company stated further that fourth quarter profit was expected to be somewhat higher than that of the third quarter, but profit for the year would be lower than levels attained in 1988.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	[2]1981	1980	1979
Tangible Bk. Val.	39.86	34.69	31.26	30.40	28.47	34.03	38.28	42.36	39.68	35.46
Earnings[3]	6.07	3.20	0.77	2.02	d4.47	d3.74	d2.04	6.64	6.53	5.69
Dividends	0.75	0.50	0.50	0.50	1.25	1.50	2.40	2.40	2.32½	2.10
Payout Ratio	12%	16%	65%	25%	NM	NM	NM	36%	36%	37%
Prices—High	68½	74¾	55⅝	43⅛	52¾	49½	55¼	73¼	64	62⅞
Low	53⅞	39⅞	36⅝	29	28⅜	37⅜	33⅛	49⅝	43½	49⅛
P/E Ratio—	11-9	23-12	72-48	21-14	NM	NM	NM	11-7	10-7	11-9

Data as orig. reptd. 1. Reflects merger or accquisition and accounting change 2. Reflects merger or acquisition 3. Bef. spec. item(s) of d0.31 in 1987. d-Deficit. E-Estimated. NM-Not Meaningful

November 21, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	10,435	1,434	13.7	793	434	340	878	29.8%	616	5.9
1987	8,180	885	10.8	467	403	209	435	26.7%	319	3.9
1986	7,321	685	9.4	294	436	197	99	23.2%	76	1.0
1985	6,725	778	11.6	229	476	234	225	12.0%	198	2.9
1984	6,576	379	5.8	204	492	265	d542	NM	d428	NM
1983	5,424	177	3.3	324	487	306	d608	NM	d345	NM
1982	6,469	222	3.4	534	475	334	d483	NM	d180	NM
[4]1981	9,154	1,336	14.6	836	433	225	803	27.9%	579	6.3
1980	8,598	1,201	14.0	749	370	173	797	29.1%	565	6.6
1979	7,613	1,143	15.0	676	312	139	726	32.2%	492	6.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	74	5,317	3,435	1.5	9,686	7.4%	1,953	4,113	6,251	31.2	16.0%
1987	103	3,813	2,392	1.6	6,866	4.8%	900	3,565	4,474	20.1	9.4%
1986	124	3,363	2,180	1.5	6,288	1.2%	963	3,149	4,108	23.4	2.4%
1985	282	2,982	1,742	1.7	6,016	3.2%	1,177	3,068	4,274	27.5	6.6%
1984	62	2,915	1,939	1.5	6,223	NM	1,384	2,852	4,284	32.3	NM
1983	71	3,383	1,576	2.1	6,968	NM	1,894	3,337	5,392	35.1	NM
1982	81	3,433	1,197	2.9	7,201	NM	2,389	3,496	6,004	39.8	NM
1981	81	3,544	2,370	1.5	7,285	8.6%	961	3,857	4,915	19.5	15.8%
1980	104	2,933	1,712	1.7	6,098	9.8%	932	3,432	4,387	21.2	17.4%
1979	147	2,607	1,386	1.9	5,403	9.4%	952	3,065	4,017	23.7	16.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1987. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Caterpillar, Inc. (formerly Caterpillar Tractor) is the largest manufacturer of earthmoving and construction machinery, and also produces diesel and natural gas engines and turbines. Business segment contributions in 1988:

	Sales	Profits
Machinery & equipment	80%	79%
Engines	20%	21%

Sales outside the U.S. were 50% and 48%, of consolidated sales in 1988 and 1987, respectively.

Machinery and equipment manufactured includes track-type tractors, bulldozers, rippers, track and wheel loaders, lift trucks, pipe layers, motor graders, wheel dozers, compactors, paving equipment, excavators, and off-highway trucks. These products have a variety of uses in construction, logging, mining, agricultural, and other industrial activities. Diesel and natural gas engines range from 42 to 7,300 hp, for use in earthmoving and construction machines, on-highway trucks and marine, petroleum, agricultural, industrial and other applications. CAT also makes electric power generation systems.

CAT has 17 plants in the U.S., consisting of 11 large plants (more than 500 people) and 6 smaller plants. Outside the United States, CAT has 10 large plants and five smaller plants. It also uses contract manufacturers in the U.S., Canada, Finland, France, Norway, South Korea, Sweden, the U.K., and West Germany.

Dividend Data

Dividends have been paid since 1914. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 14	Jan. 13	Jan. 20	Feb. 20'89
0.30	Apr. 12	Apr. 18	Apr. 24	May 20'89
0.30	Jun. 14	Jul. 14	Jul. 20	Aug. 19'89
0.30	Oct. 11	Oct. 17	Oct. 23	Nov. 20'89

Next dividend meeting: Dec. 23'89.

Capitalization

Long Term Debt: $2,178,000,000.

Common Stock: 101,413,037 shs. (no par).
Institutions hold approximately 68%.
Shareholders of record: 32,789.

Office—100 N E Adams St., Peoria, Ill 61629-7310 **Tel**—(309) 675-1000 **Chrmn & CEO**—G. A. Schaefer **Pres**—P. P. Donis **Secy**—R. R. Thornton **Treas & Investor Contact**—L. A. Kuchan **Dirs**—L. H. Affinito, P. P. Donis, D. V. Fites, J. W. Fondahl, L. V. Gerstner, Jr., R. E. Gilmore, W. H. Helmerich III, J. R. Junkins, C. F. Knight, L. L. Morgan, G. A. Schaefer, R. Warner, Jr., J. W. Wogsland **Transfer Agent**—Morgan Shareholder Services Trust Co. NYC **Incorporated** in California in 1925; reincorporated in Delaware in 1986 **Empl**—60,786

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Celanese Canada

3455

Toronto S.E. Symbol CCL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
30⅜	37¼-28¼	8	[1]1.00	3.3%	B	NA

Summary

Majority-owned by Hoechst Celanese Corp., this company is one of the largest Canadian producers of synthetic fibers, textiles and chemicals. In early 1989, Hoechst Celanese's $35 a share tender offer to acquire the remaining common shares of Celanese Canada was unsuccessful. Earnings have been in a strong uptrend in recent years, but results in the first half of 1989 have been restricted somewhat by lower chemical prices which are expected to affect earnings for the remainder of the year.

Business Summary

Celanese Canada Inc., one of the largest Canadian producers of synthetic fibers, textiles and chemicals, derived its 1988 sales and operating income as follows:

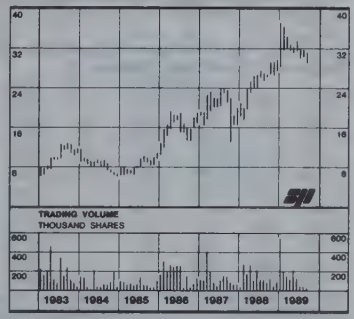
	Sales	Profits
Polyester	32%	16%
Cellulosic Fibers	13%	7%
Chemicals	34%	48%
Industrial Products	21%	29%

Foreign sales were 47% of the 1988 total.

Polyester "Fortrel" is made at Millhaven, Ontario, in the form of tire yarn, staple fiber and industrial filament yarn. Principal end-uses are wearing apparel, home furnishings, fiberfill, carpets, industrial coated fabrics, nonwoven fabrics, sewing thread, automotive tires, seat belts, conveyor belts and hoses.

The company manufactures cellulose acetate (cellulosic) fibers at its plant in Drummondville, Québec. In August 1987, Celanese sold its wholly owned Monterey Textiles, Inc. subsidiary, thereby withdrawing from the fabrics business. This will allow the company's textile group to concentrate on its fiber-manufacturing business, with Monterey remaining a major customer of the group.

Chemicals, produced at Edmonton, Alberta, include acetic acid, acetic anhydride, vinyl acetate monomer, solvents, methanol, formaldehyde and pentaerythritol. These are used to make resins, synthetic fibers, fine chemicals, pharmaceuticals, water-based paints, adhesives, paper and textile finishes, vinyl and nitrocellulose lacquers, de-icing solutions, plastics, explosives and synthetic lubricants. Methanol is being tested as an octane enhancer for gasoline and as an alternate fuel.



Also made at Edmonton are industrial products, primarily cellulose acetate flake and cigarette tow, used in textile and filter products, lacquer and specialty coatings and cigarette filters.

Important Developments

Jul. '89— The company said that earnings in the second half of 1989 are expected to be lower than those achieved in the first half, reflecting lower chemical prices, particularly methanol.

Feb. '89— Hoechst Celanese Corp., which holds a 56% stake in the company, announced that its $35 a share tender offer for the remaining Celanese Canada common stock was unsuccessful, as an insufficient number of shares were tendered. The offer was contingent upon acceptance by holders of at least two thirds of the shares not already controlled by Hoechst.

Next earnings report expected in early October.

Per Share Data (Can. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.52	10.99	10.27	9.71	9.04	8.84	8.28	8.92	7.86	6.67
Earnings[2]	3.53	2.02	1.32	0.87	0.52	0.61	d0.47	1.46	1.58	1.44
Dividends	2.00	1.30	0.76	0.20	0.20	0.05	0.15	0.40	0.40	0.20
Payout Ratio	57%	64%	58%	23%	39%	8%	NM	27%	25%	14%
Prices—High	29¾	24	19¼	10⅞	11⅝	12⅞	10½	14½	10⅝	6½
Low	17½	13	10⅜	6¼	6	6⅛	4⅜	9⅛	5	3⅝
P/E Ratio—	8-5	12-6	15-8	13-7	22-12	21-10	NM	10-6	7-3	5-3

Data as orig. reptd. Adj. for stk. div. of 1% in 1982. 1. In C$, subject to 15% withholding tax on nonresidents, deductible from U.S. taxes, excl. extra. 2. Bef. results of disc. ops. and spec. items of -0.12 in 1984, -0.01 in 1981, -0.14 in 1979. NA-Not Available. d-Deficit. NM-Not Meaningful.

October 6, 1989

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25 Broadway, NY, NY 10004

Income Data (Million Can. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	407	96.9	23.8	24.4	24.6	Nil	[2]77.4	36.8%	48.9	12.0
1987	351	65.0	18.5	20.9	25.7	0.2	[2]45.9	38.2%	28.4	8.1
1986	345	53.4	15.5	12.5	24.8	2.3	[2]29.1	35.5%	18.8	5.4
1985	372	42.6	11.5	15.9	24.1	6.2	16.8	25.3%	12.6	3.4
1984	387	40.4	10.4	13.3	26.6	8.9	[2]9.2	15.4%	7.8	2.0
1983	398	40.6	10.2	12.3	26.0	8.3	12.9	26.4%	9.0	2.3
1982	324	14.5	4.5	59.8	16.9	10.1	d8.4	NM	d5.6	NM
[3]1981	373	46.8	12.6	87.7	13.3	6.3	35.9	39.4%	20.4	5.5
1980	392	56.3	14.4	15.9	19.1	2.1	38.0	38.4%	22.0	5.6
1979	354	57.7	16.3	24.4	22.1	2.6	36.0	38.9%	20.0	5.7

Balance Sheet Data (Million Can. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	68.0	182	101.2	1.8	305	17.8	Nil	170	204	Nil	30.0
1987	32.8	136	74.2	1.8	258	11.2	Nil	149	184	Nil	19.0
1986	3.0	118	72.1	1.6	247	7.2	Nil	139	175	Nil	13.2
1985	1.8	128	71.4	1.8	271	4.5	25.0	132	194	12.9	9.3
1984	5.5	140	69.0	2.0	292	2.5	57.6	122	217	26.5	5.8
1983	Nil	137	67.7	2.0	320	2.8	88.0	120	247	35.7	7.1
1982	0.1	118	69.6	1.7	317	NM	85.8	112	242	35.5	NM
1981	3.3	125	48.9	2.6	279	8.1	54.4	120	225	24.2	17.5
1980	6.4	130	56.4	2.3	224	10.1	28.3	105	168	16.9	21.8
1979	23.2	141	62.7	2.3	212	10.0	31.5	89	150	21.1	23.5

Data as orig. reptd. 1. Bef. results of disc. ops. and spec. items. 2. Incl. equity in earns. of nonconsol. subs. 3. Excl. disc. ops. d-Deficit. NM-Not Meaningful

Net Sales (Million Can. $)

Quarter:	1989	1988	1987	1986
Mar.	101.6	96.9	80.7	84.1
Jun.	100.8	104.4	87.5	90.9
Sep.		92.6	81.5	78.4
Dec.		113.3	101.5	91.9
		407.2	351.2	345.2

For the six months ended June 30, 1989, net sales rose fractionally, year to year. Strength in the industrial products (increased capacity and higher prices) and cellulosics segments (increased capacity) outweighed lower chemical prices, particularly methanol; net income was up 5.3%, to C$25,600,000 ($1.85 a share, after preferred dividend requirements), from C$24,300,000 ($1.75).

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	0.98	0.85	0.41	0.39
Jun.	0.87	0.90	0.50	0.41
Sep.		0.88	0.47	0.15
Dec.		0.90	0.64	0.37
		3.53	2.02	1.32

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 9	Nov. 28	Dec. 2	Dec. 30'88
1.00 Ext.	Nov. 9	Nov. 28	Dec. 2	Jan. 3'89
0.25	Mar. 8	Mar. 14	Mar. 20	Mar. 31'89
0.25	May 11	May 29	Jun. 2	Jun. 30'89
0.25	Sep. 13	Sep. 19	Sep. 25	Sep. 29'89

Finances

At the company's annual meeting in May 1989, management said that the earnings outlook for the balance of the year was "generally good, but not exceptional."

Capitalization

Long Term Debt: None (3/89).

Cum. Pfd. Stk. (C$25 par): $2.16-395,000 shs., red. at $40; $1.24-99,500 shs., red. at $26.

Common Stock: 13,575,456 shs. (no par). Hoechst Celanese Corp. owns about 56% (see Important Developments).

Office—800 boul. René Lévesque O., Montréal, Québec H3B 1Z1. Tel—(514) 871-5511. Chrmn—P. Cote. Pres—G. Elden. VP, Treas & Contr—J. Binette. VP & Secy—J. S. Browning. Dirs—M. Belanger, H. R. Benz, I. T. Brownlie, P. Cote, G. P. Elden, J. A. Fennis, W. B. Harris, T. F. Kennedy, T. H. B. Symons, W. I. M. Turner, Jr., J. C. Wadds, P. H. Williams, D. ZurLoye. Transfer Agents—Montreal Trust Co., Montréal, Toronto, Edmonton, Vancouver (com. shs. and pfd.); Mellon Securities Trust Co., NYC (com. shs.). Registrars—Montreal Trust Co. (com. shs. and pfd.), Chase Manhattan Bank, N.A., NYC (com. shs.). Incorporated in Canada in 1926. Empl—2,102

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

John D. Coyle

Centel Corp.

NYSE Symbol CNT Options on ASE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
59¾	67½-32⅞	NM	[1]1.24	[1]2.1%	A	0.82

Summary

This company provides telephone service in nine states through the 11th largest telephone system in the nation. Following the October, 1988 acquisition of cellular and paging operations from United TeleSpectrum Inc. for $775 million, CNT became the second largest cellular service provider in terms of markets served. A special $1.00 a share dividend was paid in October, 1989.

Current Outlook

Earnings for 1990 are tentatively projected at $1.00 a share, versus 1989's estimated $0.25, which excludes a projected gain from sale of cable operations).

The $0.31 quarterly dividend is the minimum expectation; a $1.00 special dividend from the sale of cable TV properties was paid in October, 1989.

For 1990, earnings from telephone operations are expected to increase modestly, reflecting strong growth in access lines and demand for the company's network services, offset by rate cuts. Earnings from electric utilities could be off slightly. Losses from cellular operations should begin to decrease, reflecting a rapid growth in the customer base and revenues. Interest costs should fall. Share earnings should reflect fewer shares.

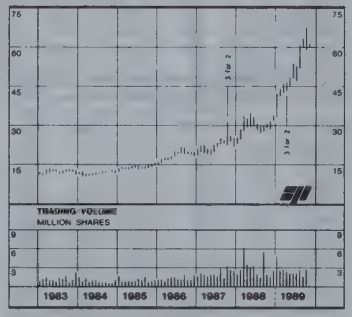
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	282	257	344	318
Jun.	298	267	363	341
Sep.	303	287	382	348
Dec.	---	284	387	364
	---	1,095	1,476	1,370

Revenues for the nine months ended September 30, 1989 rose 8.9%, year to year. Operating income fell 22%. After sharply higher interest expense, a pretax loss of $420,000 contrasted with income of $120.9 million. After tax items, net income was $2.4 million ($0.03 a share), versus $88.6 million ($1.37). Results for the 1989 interim exclude income related to discontinued operations of $3.65 a share and a special credit of $0.19.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.01	0.45	0.48	0.49
Jun.	0.07	0.41	0.54	0.57
Sep.	d0.05	0.51	0.59	0.61
Dec.	E0.23	0.35	0.77	0.07
	E0.25	1.73	2.39	1.73



Important Developments

Oct. '89— CNT announced that its cable television subsidiary had sold its CATV operations in Illinois to Jones Intercable Inc. for $340 million. Earlier, CNT sold its CATV properties in central Florida, Michigan and Ohio. CNT has definitive agreements to sell its CATV properties in Kentucky and southeastern Florida; the sale of those two CATV operations was expected to be completed in the fourth quarter of 1989. Earlier, CNT revised its estimate of the after-tax gain on the sale of its cable television operations to $440 million (previously estimated at $525 million) due to revisions in certain accounting estimates. In March, 1989 Centel reached a definitive agreements to sell its six cable operations for more than $1.4 billion. Net proceeds, after transaction costs and taxes, were expected to approximate $750 million.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[3]1986	1985	1984	1983	[3]1982	[2]1981	[3]1980	[3]1979
Tangible Bk. Val.	NA	11.34	10.14	12.24	11.54	10.64	10.18	9.60	9.02	9.03
Earnings[4]	1.73	2.39	1.73	2.05	1.97	1.83	1.76	1.73	1.56	1.49
Dividends	1.14[5]/8	1.12	1.08½	1.05⅞	1.03⅛	1.00½	0.98½	0.94½	0.90	0.83[6]/8
Payout Ratio	59%	47%	65%	52%	52%	56%	56%	55%	58%	57%
Prices—High	34⅞	33⅝	29	21	17⅛	17⅞	16¾	15⅞	12⅝	12¾
Low	22⅞	21⅞	20	16¼	13⅝	14⅝	12⅛	10⅜	9⅜	10½
P/E Ratio—	20-13	14-9	17-12	10-8	9-7	10-8	10-7	9-6	8-6	9-7

Data as orig. reptd. Adj. for stk. div(s). of 50% Apr 1989, 50% Nov. 1987. **1.** Excl. 1.00 special divd. in Oct. 1989 **2.** Reflects merger or acquisition and accounting change **3.** Reflects merger or acquisition. **4.** Bef. results of disc. opers. of +0.26 in 1988, bef. spec. item(s) of +0.14 in 1988 E-Estimated

November 13, 1989

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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	1,095	414	37.8	320	183	112.9	[5]151	27.2%	110	10.0
[6]1987	1,476	506	34.3	288	200	88.1	[6]251	37.5%	157	10.6
[3]1986	1,370	506	37.0	247	192	77.7	[5]212	48.5%	109	8.0
1985	1,326	465	35.1	257	176	75.2	[5]221	42.5%	[4]129	9.7
1984	1,375	471	34.2	220	193	81.7	212	41.8%	123	9.0
1983	1,272	421	33.1	235	164	82.5	190	40.3%	113	8.9
[3]1982	1,156	388	33.5	259	142	78.9	182	40.5%	108	9.4
[3,4]1981	1,020	365	35.7	251	132	69.1	178	41.4%	105	10.2
[3]1980	894	341	38.2	225	722	56.0	163	42.5%	93	10.4
[3]1979	751	306	40.8	203	112	50.4	146	42.1%	83	11.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	22.0	224	622	0.4	3,753	3.5%	1,606	NA	NA	NA	24.4%
1987	47.8	399	368	1.1	3,014	5.3%	883	1,029	2,594	33.9	15.6%
1986	41.9	384	432	0.9	2,888	3.9%	885	952	2,418	36.6	11.8%
1985	42.4	350	325	1.1	2,521	5.1%	769	846	2,166	35.5	15.6%
1984	84.0	417	378	1.1	2,478	5.1%	749	785	2,058	36.4	16.2%
1983	26.4	316	312	1.0	2,351	4.9%	797	727	2,015	39.6	16.0%
1982	30.5	273	258	1.1	2,199	5.1%	808	656	1,924	42.0	16.9%
1981	3.1	230	197	1.2	2,036	5.3%	802	607	1,832	43.8	17.6%
1980	38.2	219	195	1.1	1,890	5.1%	751	553	1,688	44.5	16.8%
1979	6.4	142	147	1.0	1,664	5.1%	662	502	1,509	43.9	16.8%

Data as orig. reptd. **1.** Incl. other inc. **2.** Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1988 **3.** Reflects merger or acquisition. **4.** Reflects accounting change. **5.** Incl. equity in earns. of nonconsol. subs. **6.** Excl. disc. opers. NA-Not Available.

Business Summary

This company (formerly Central Telephone & Utilities Corp.) operates the 11th largest telephone system in the U.S. The company is also one of the largest providers of cellular mobile telephone service in the U.S, and operates electric utilities. Segment contributions (operating profits in million $) in 1988:

	Revs.	Profits
Telephone	78%	$222.2
Cellular	5%	-8.3
Electric	15%	31.5
Other	2%	-14.0

At 1988 year-end the telephone companies served 1,503,192 customer lines, up 5.6% from a year earlier, in Florida, Illinois, Iowa, Minnesota, Nevada, North Carolina, Ohio, Texas and Virginia.

Centel Cellular Co. was significantly enlarged with the October, 1988 acquisition of cellular mobile communications and paging operations of United TeleSpectrum Inc. Following that acquisition, Centel had operating control in 40 markets with a total population of 13 million, making Centel second in total number of markets served.

Electric utilities operations in Colorado and Kansas served 135,886 customers at 1988 year-end, unchanged from the prior year.

Centel planned to sell its cable television and business systems operations; consequently, those operations were classified as discontinued as of 1988 year-end.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.46	Nov. 11	Jan. 3	Jan. 9	Jan. 31'89
3-for-2	Mar. 9	Apr. 28	Apr. 7	Apr. 27'89
0.31	Mar. 9	Apr. 3	Apr. 7	Apr. 29'89
0.31	Jun. 8	Jul. 3	Jul. 10	Jul. 31'89
1.00 Spl	Sep. 14	Sep. 19	Sep. 25	Oct. 6'89
0.31	Sep. 14	Oct. 2	Oct. 6	Oct. 31'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $1,440,279,000.

Minority Interest: $28,410,000.

Red. Preferred Stock: $18,149,000.

Cum. Preferred Stock: $14,894,000.

Common Stock: 56,197,000 shs. ($2.50 par).
Institutions hold about 57%.
Shareholders of record: 36,447.

Office—O'Hare Plaza, 8725 Higgins Rd., Chicago, Ill 60631 **Tel**—(312) 399-2500 **Chrmn & CEO**—J. P. Frazee, Jr **Pres**—J. S. Vanderwoude **SVP-Secy**—K Berolzheimer **Treas**—D. I Parker **Investor Contact**—Michael J Small **Dirs**—D Ausley, W H Beasley III, K J Douglas, J P Frazee, Jr., R E R Huntley, G N Hutton, D J Krumm, L K Lorimer, J A. Lovell, Jr., F E Reed, J S Vanderwoude, R H. Wellington, W D White **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co. NYC, First National Bank of Chicago **Incorporated** in Kansas in 1909 **Empl**—13,158.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed H. Terrence Riley III, CFA

Centerior Energy

NYSE Symbol CX Options on Pacific (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
19⅝	20¹/₈-13⅜	NM	1.60	8.2%	B	0.38

Summary

This northern Ohio utility holding company is emerging from an extensive nuclear construction program. In January, 1989 the Ohio PUC approved a rate settlement agreement resolving rate and prudency issues for the company's Perry 1 nuclear plant, the Beaver Valley 2 nuclear plant, and the Davis-Besse nuclear facility. Following the rate settlement, the $0.40 quarterly dividend (cut 38% in early 1988) is projected to be maintained. In their report on the company's 1988 financial statements, auditors noted uncertainties associated with the 58% completed Perry 2 nuclear plant.

Current Outlook

Share earnings for 1990 are projected at $2.30, up from the $2.15 estimated for 1989.

The quarterly dividend, cut 38% to $0.40 from $0.64 with the May, 1988 payment, is projected to be maintained at $0.40.

Share earnings for 1989 through 1991 will reflect increased rates due to the January, 1989 rate settlement, and are projected to approximate the earnings cap specified by the 1989 settlement. CX's earnings quality will be materially improved. The company's last remaining regulatory issue is the unfinished Perry 2 nuclear plant. CX may resume construction of the Perry 2 plant due to power requirements projected for the Midwest and East Coast.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	555	507	487	484
Jun.	577	483	484	443
Sep.	638	587	561	521
Dec.	---	461	413	470
	---	2,038	1,946	1,917

Revenues for the nine months ended September 30, 1989 rose 12%, year to year, owing primarily to higher rates. After a less rapid increase in operating expenses, operating income was up 50%. However, following a 38% decline in nonoperating income due mostly to a change in the accounting treatment of deferred operating costs and carrying charges, and substantially higher Federal income taxes in the current period, net income was held to a 13% gain. Share earnings were $1.81, versus $1.60. Earnings for the 1988 period exclude a $0.20 a share gain from the cumulative effect of an accounting change.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.48	0.41	0.79	0.79
Jun.	0.55	0.41	0.68	0.64
Sep.	0.78	0.79	0.92	0.91
Dec.	E0.34	d2.33	0.44	0.70
	E2.15	d0.73	2.82	3.04

Important Developments

Nov. '89— CX reported that for the 1989 third quarter total electric sales declined 5.9% from those in the year-earlier period. Residential electric sales decreased 7.9%, mostly owing to the reduced use of air conditioning due to more normal summer temperatures. Commercial sales increased 1.7%, while industrial sales fell 6.2%, and other electric sales were off 27%.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	19.68	22.10	22.13	21.53	20.67	20.30	19.45	19.37	19.46
Earnings²	d0.73	2.82	3.04	3.29	3.41	3.11	2.84	2.41	2.18
Dividends	1.84	2.56	2.60	2.20	2.29	2.19	2.09	2.00	1.92
Payout Ratio	NM	91%	86%	67%	67%	70%	74%	83%	88%
Prices—High	18	24⅞	27¾	NA	NA	NA	NA	NA	NA
Low	12¼	14⅞	22⅛	NA	NA	NA	NA	NA	NA
P/E Ratio—	NM	9-5	9-7	NA	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1985 pro forma data as reptd. in Joint Proxy Statement/Prospectus dated Oct 4, 1985. 1. Bef. spec. item(s) of +0.20 in 1988, +0.15 in 1981. NM-Not Meaningful E-Estimated d-Deficit. NA-Not Available

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470M

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	¹Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	²Net Inc.	% Return On ³Revs.	% Return On ³Invest. Capital	% Return On ³Com. Equity
1988	2,038	265	NA	84.7%	0.75	20	NM	d33	NM	3.9	NM
1987	1,946	214	NA	80.3%	1.97	423	NM	476	24.5	9.1	12.8
1986	1,918	141	NA	81.2%	2.13	413	6.2%	477	24.9	9.4	13.7
1985	1,847	NA	NA	NA	NA	358	NA	484	26.2	NA	NA
1984	1,764	NA	NA	78.2%	NA	86	NA	445	25.2	NA	16.4
1983	1,712	NA	NA	78.2%	NA	61	NA	374	21.8	NA	15.6
1982	1,590	NA	NA	78.7%	NA	50	NA	315	19.8	NA	14.7
1981	1,455	NA	NA	NA	NA	NA	NA	239	16.4	NA	NA
1980	1,296	NA	NA	NA	NA	NA	NA	192	14.8	NA	NA

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	⁴Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	9,963	319	8,394	3.6	8,873	3,552	50.3	731	10.4	2,772	39.3
1987	10,061	1,304	8,736	4.3	8,701	3,718	48.7	801	10.5	3,109	40.8
1986	10,545	1,206	9,177	4.2	8,496	3,792	49.4	891	11.6	2,991	¹39.0
1985	NA	NA	NA	NA	6,995	3,439	49.2	842	12.0	2,714	38.8
1984	8,029	NA	6,865	NA	6,196	2,994	48.3	795	12.8	2,407	38.9
1983	NA	NA	NA	NA	NA	2,504	47.0	756	14.2	2,071	38.8
1982	NA	NA	NA	NA	NA	2,318	47.9	682	14.1	1,844	38.0
1981	NA	NA	NA	NA	NA	2,090	48.5	666	15.5	1,552	36.0
1980	NA	NA	NA	NA	NA	1,920	49.4	573	14.8	1,392	35.8

Data as orig. reptd., prior to 1985 pro forma data as reptd. in Joint Proxy Statement/Prospectus dated Oct 4, 1985. 1. Times int. exp. & pfd divs. covered (pretax basis). 2. Bef. subsid. pfd. divds.; bef. spec. item(s) in 1981. 3. Based on income bef. interest charges. 4. Excl. nuclear fuel aft. 1987. NA-Not Available NM-Not Meaningful. d-Deficit.

Business Summary

Centerior Energy, formed in 1986 through the merger of Cleveland Electric Illuminating Co. and Toledo Edison Co., supplies electricity and to a lesser extent gas to some 2.6 million people in northern Ohio. In recent years the industrial economy in Ohio has experienced a turn-around, led primarily by the steel industry. Also, commercial construction has been strong. Electric revenues by customer class in past years (1985 pro forma):

Revenues	1988	1987	1986	1985
Residential	31%	33%	31%	31%
Commercial	26%	28%	27%	27%
Industrial	33%	36%	35%	37%
Other	10%	3%	7%	5%

Peak load in 1988 was 5,673 mw and capability at year-end 1988 totaled 6,677 mw for a capacity margin of 15%. Internal generation in 1988 was derived from coal 62%, nuclear 28% and other 10%. CX owns 51% of the Perry nuclear project, which entered commercial operation in November, 1987. CX has access to 44.4% of the Beaver Valley 2 nuclear station, which also entered commercial service in November, 1987. The company also owns the Davis-Besse nuclear plant. In January, 1989 the Ohio PUC approved a settlement agreement resolving rate and disallowance issues with the three nuclear plants. As a result of the settlement, CX wrote off some $534.4 million, pretax ($2.48 a share, net) of disallowed projects costs retroactive to 1988's fourth quarter.

Dividend Data

The merged company initiated common dividends in mid-1988. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 10	Jan. 13	Jan. 20	Feb. 15'89
0.40	Mar. 28	Apr. 17	Apr. 21	May 15'89
0.40	Jun. 27	Jul. 17	Jul. 21	Aug. 15'89
0.40	Sep. 26	Oct. 16	Oct. 20	Nov. 15'89

Next dividend meeting: early Jan. '90.

Finances

In their report on the company's 1988 financial statements auditors noted the existence of uncertainties associated with Perry 2 nuclear plant. The company has not decided whether to resume construction or to cancel the 58% completed project. CX had invested some $867.0 million in the plant, as of June 30, 1989.

Capitalization

Long Term Debt: $3,475,044,000.

Red. Cum. Pfd. & Pref. Stock: $283,238,000.

Cum. Preferred Stock: $427,334,000.

Common Stock: 140,114,491 shs. (no par).
Institutions hold about 22%.
Shareholders of record: 183,053.

Office—6200 Oak Tree Blvd., Independence, Ohio 44131 **Tel**—(216) 447-3100 **Chrmn & CEO**—R. A. Miller **Pres**—R. J. Farling **Secy**—E. L. Pepin. **VP-Fin & CFO**—E. H. Maugans. **Investor Contact**—T. R. Morsn. **Dirs**—R. P. Anderson, L. Carter, T. A. Commes, C. Devenow, E. D. Dodd, R. J. Farling, R. M. Ginn, R. H. Hoidt, G. H. Kaull, R. A. Miller, F. E. Moser, M. M. Reinhard, P. M. Smart, W. J. Williams **Transfer Agents**—Company's office; PNC Trust Co. of New York, NYC. **Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Ohio in 1985. **Empl**—9,103.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Centex Corp.

NYSE Symbol CTX In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
33⅞	41⅞-27¼	10	0.40	1.2%	B+	1.07

Summary

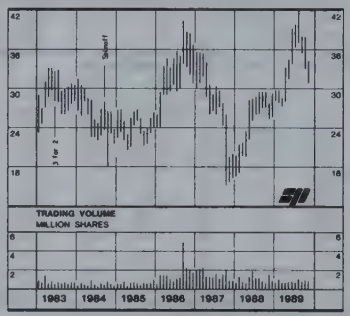
Centex is a major homebuilder, and has operations in construction products (cement, aggregates, readymix concrete and gypsum wallboard) and general construction. Sales and earnings are very sensitive to cyclical economic fluctuations, and especially to the level of mortgage interest rates.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 are estimated at $3.70 a share, compared with the $2.64 of fiscal 1988-9.

The $0.10 quarterly dividend will likely be raised in 1990.

Homebuilding revenues are expected to increase in fiscal 1989-90, reflecting a rising backlog and relatively moderate mortgage interest rates. The general construction segment should do well. Cement prices will continue to be hampered by import competition.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	465	439	368	347
Sep.	521	458	351	352
Dec.	---	462	354	302
Mar.	---	487	387	303
	---	1,845	1,460	1,304

Revenues for the six months ended September 30, 1989 rose 9.8%, year to year, reflecting strong gains in homebuilding. Revenues from the general construction and construction products segments were down. Margins widened, and pretax earnings increased 60%. After taxes at 25.1%, versus 33.9%, net income was up 81%. Earnings per share were $2.01, compared with $1.13.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	1.00	0.43	0.31	0.76
Sep.	1.01	0.70	0.46	0.79
Dec.	E0.89	0.64	0.40	0.54
Mar.	E0.80	0.87	0.33	0.39
	E3.70	2.64	1.50	2.47

Important Developments

Oct. '89— The company said that the backlog of homes sold but not closed as of September 30, 1989 was 3,012 units, up 29%, year to year. The backlog of uncompleted construction contracts was $1.0 billon, up 4%. There were 1,991 home closings in the fiscal second quarter, up 21%, year to year.

Feb. '89— The company announced the completion of a joint venture with Lone Star Industries to produce cement at Laramie, Wyo.

Dec. '88— CTX invested $26 million to acquire four insolvent savings and loan associations in Texas. The thrifts have total assets of approximately $675 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	[1]1989	[1]1988	1987	1986	[1]1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	26.56	24.25	20.45	18.34	16.28	20.55	18.27	16.46	15.22	10.24
Earnings[2]	2.64	1.50	2.47	2.62	2.01	2.55	1.84	1.41	3.44	1.93
Dividends	0.28¾	0.25	0.25	0.25	0.25	0.25	0.16⅝	0.16¾	0.16¾	0.16¾
Payout Ratio	10%	17%	10%	9%	12%	10%	9%	12%	5%	9%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	29½	35⅝	40½	26⅞	31½	33⅛	30⅛	28½	32	25½
Low	16½	15⅛	24	20½	18	23⅛	11⅝	13⅞	18½	11½
P/E Ratio—	11-6	24-10	16-10	10-8	16-9	13-9	16-6	20-10	9-5	13-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.19 in 1985 and spec. item(s) of +3.13 in 1988, +0.17 in 1983. E-Estimated

December 5, 1989
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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1989	1,845	107	5.8	28	11.3	51.1	58.7	31.9%	40.0	2.2
[4]1988	1,460	48	3.3	29	11.8	11.2	36.7	33.0%	24.1	1.6
1987	[5]1,304	91	6.9	32	12.5	7.8	78.1	42.3%	44.2	3.4
1986	[5]1,427	129	9.0	32	15.3	39.2	87.6	44.8%	47.6	3.3
[6]1985	1,215	103	8.5	59	13.0	38.4	70.9	44.1%	39.4	3.2
1984	[5]1,183	148	12.5	58	37.9	50.5	85.3	39.4%	50.8	4.3
1983	[5]1,002	115	11.5	101	32.1	45.5	66.8	39.8%	36.3	3.6
1982	[5]1,049	102	9.7	39	30.6	55.8	53.0	41.9%	27.9	2.7
[4]1981	1,057	113	10.7	75	23.7	[7]65.4	97.4	33.5%	62.4	5.9
1980	[5]1,057	123	11.7	128	15.2	84.5	56.9	41.0%	33.6	3.2

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	21.7	NA	NA	NA	1,801	2.9%	139	384	599	23.2	10.9%
1988	9.4	638	365	1.7	1,039	2.6%	169	365	674	25.1	7.2%
1987	16.3	565	278	2.0	994	4.6%	125	363	716	17.5	12.8%
1986	24.6	586	324	1.8	915	5.5%	58	328	591	9.8	15.4%
1985	19.7	586	319	1.8	846	4.3%	56	302	528	10.7	11.5%
1984	21.1	599	378	1.6	1,069	4.8%	68	411	691	9.8	13.1%
1983	25.4	587	403	1.5	1,029	3.7%	81	362	626	16.0	10.6%
1982	19.1	NA	334	NA	929	3.0%	121	325	595	20.2	8.9%
1981	24.9	553	361	1.5	918	6.5%	136	301	557	24.5	24.8%
1980	18.2	536	231	2.3	896	4.2%	387	178	665	58.2	20.6%

Data as orig. reptd.; mortgage co. and savings & loan subs. consol. after 1988. 1. Net of curr. yr. retirement and disposals. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1985, and spec. item(s) in 1983. 4. Reflects merger or acquisition. 5. Incl. other inc. 6. Excludes discontinued operations and reflects merger or acquisition; revs. incl. other income. 7. Reflects accounting change. NA-Not Available

Business Summary

Centex Corp. is one of the nation's largest homebuilders, and is also engaged in real estate, general building construction, and cement production. Oil and gas operations were spun off to shareholders in September, 1984. Business segment contributions in fiscal 1988-9:

	Revs.	Profits
Homebuilding	42%	66%
General construction	50%	18%
Construction products	7%	16%
Savings and loan	1%	---

CTX is among the largest multi-market onsite housing producers in the U.S. Single-family detached homes constitute the majority of housing sales, but the percentage of multi-family units is increasing. Closings in fiscal 1988-9 were 6,539 units, up from 5,296 the year before.

The general construction operations build a range of structures including office buildings, hospitals, hotels, airport terminals, condominiums, museums and commercial and industrial buildings.

The construction products division includes four cement plants in Texas, Nevada, Wyoming and Illinois, and other operations producing aggregates, readymix concrete and gypsum wallboard.

Dividend Data

Dividends were initiated in 1973. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Feb. 15	Mar. 13	Mar. 17	Apr. 6'89
0.10	May 18	Jun. 8	Jun. 14	Jul. 6'89
0.10	Aug. 17	Sep. 8	Sep. 14	Oct. 5'89
0.10	Nov. 20	Dec. 8	Dec. 14	Jan. 5'90

Next dividend meeting: mid-Feb.'90.

Finances

Revenue from single-family projects is recognized as homes are completed and title passes. Revenues from sales of condominium units and from long-term construction contracts are usually reported on a percentage of completion method.

Capitalization

Long Term Debt: $138,050,000.

Common Stock: 14,936,426 shs. ($0.25 par). Institutions hold approximately 71%. Shareholders of record: 1,336.

Office—3333 Lee Parkway, Dallas, Texas 75219. **Tel**—(214) 559-6500. **Chrmn**—P. R. Seegers. **Pres & CEO**—L. E. Hirsch. **VP-Secy**—J. G. Jones. **VP-Treas**—L. J. Restall. **Investor Contact**—Sheila Gallagher. **Dirs**—A. B. Coleman, F. M. Crossen, R. M. Ferry, W. J. Gillilan, D. H. Hamric, L. E. Hirsch, H. J. Leonhardt, C. W. Murchison III, C. H. Pistor, D. W. Quinn, P. R. Seegers, P. T. Stoffel. **Transfer Agent & Registrar**—First RepublicBank, Dallas. **Incorporated** in Nevada in 1968, predecessor organized in Texas in 1950. **Empl**—4,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

Central Ill. Public Service

NYSE Symbol CIP

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
23⅜	24-20⅛	10	1.80	7.7%	A-	0.44

Summary

This medium sized utility serves portions of central and southern Illinois, with the major portion of revenues derived from electric service and the balance natural gas. Almost all of the company's power generation is provided by coal-fired plants. No additional generating capacity is planned until the late 1990s. The company plans to reorganize as a holding company in order to achieve higher returns in unregulated businesses.

Current Outlook

Earnings for 1990 are estimated at $2.40 a share, up from the $2.35 likely for 1989.

The $0.45 quarterly dividend is the minimum expectation.

Earnings for 1990 are expected to increase slightly, principally reflecting greater electric kwh sales to industrial customers due a strong regional economy, and negligible increases in operating expenses as no plant outages are scheduled. One major uncertainty is whether regulators will allow CIP to retain the benefits of a lower Federal income tax rate for 1989. All of Central Illinois' capital requirements for 1989-1993 are expected to be met from internally generated funds.

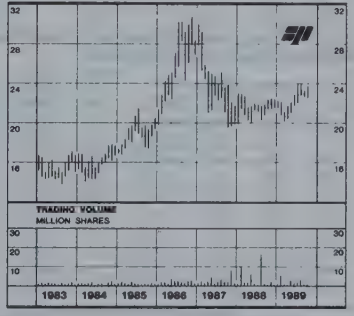
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	162.8	165.0	153.5	163.4
Jun.	133.1	131.6	135.3	140.1
Sep.	163.3	176.9	163.8	172.0
Dec.	---	142.7	138.2	150.8
	---	616.2	590.8	626.4

Operating revenues for the nine months ended September 30, 1989 declined 3.0%, year to year, reflecting lower gas sales. Aided by higher other income and well-controlled costs,, net income was up 1.1%. Share earnings were $2.08, compared with $2.06.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.46	0.43	0.28	0.29
Jun.	0.53	0.48	0.42	0.47
Sep.	1.09	1.15	0.89	0.89
Dec.	E0.27	0.29	0.29	0.30
	E2.35	2.35	1.88	1.96



Important Developments

Oct. '89— In its third quarter earnings release, CIP said that since January, 1988 revenues collected subject to refund total $41 million (excluding related interest). If the entire amount was refunded, including related interest expense, earnings for common stock would be reduced by $26.8 million ($0.78 a share).

Jul. '89— Central Illinois said that a contract agreement had been reached with the labor union which represents about 950 division operations and certain power station employees. The three year contract will remain in effect through June 30, 1992. Another contract, with a labor union which represents some 500 power station employees expired June 30, but both parties have agreed to extend the contract from meeting to meeting.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.32	16.71	16.46	16.25	15.95	14.95	14.23	13.94	13.80	13.99
Earnings[1]	2.35	1.88	1.96	1.92	1.99	2.33	1.81	1.73	1.54	1.80
Dividends	1.75	1.71	1.67	1.63	1.58	1.61	1.47	1.43	1.39	1.34
Payout Ratio	74%	91%	85%	85%	79%	69%	81%	83%	90%	74%
Prices—High	23	30	30¾	21½	17⅞	17⅛	15¾	12⅛	13⅝	14⅛
Low	19⅞	19½	19¾	16¾	14	13¾	10⅞	10	9⅞	11½
P/E Ratio—	10-8	16-10	16-10	11-9	9-7	7-6	9-6	7-6	9-6	8-6

Data as orig. reptd 1. Bef spec item(s) of +0.59 in 1984 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	[2]Eff. Tax Rate	[3]Net Inc.	% Return On [4]Invest. Capital	% Return On [5]Com. Equity
1988	616	62.8	56.8	81.2%	3.72	0.8	35.2%	86.2	14.0	8.2	13.7
1987	591	61.7	49.1	82.4%	3.45	0.6	42.0%	70.3	11.9	7.2	11.2
1986	626	60.5	47.1	83.2%	4.01	0.8	48.7%	73.7	11.8	7.4	11.9
1985	701	61.6	54.3	85.0%	3.74	1.8	47.6%	74.3	10.6	7.5	11.9
1984	722	60.3	58.5	85.1%	3.95	0.6	49.8%	76.1	10.5	7.9	12.8
1983	733	58.8	49.2	83.9%	4.27	0.6	49.8%	85.5	11.7	9.1	15.8
1982	587	48.1	45.5	86.5%	---	21.3	39.6%	66.3	11.3	7.8	12.7
1981	529	45.7	39.9	85.6%	---	19.4	40.5%	61.8	11.7	7.8	12.3
1980	502	43.5	42.1	85.4%	---	14.0	41.7%	51.9	10.3	7.4	10.8
1979	445	36.6	38.8	84.9%	---	16.6	39.5%	51.3	11.5	7.9	12.4

Balance Sheet Data (Million $)

Dec. 31	[6]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,018	55	1,282	9.0	1,550	496	42.0	91	7.7	594	50.3
1987	1,970	50	1,289	8.0	1,539	508	43.2	94	8.0	573	48.8
1986	1,931	48	1,300	8.1	1,520	523	44.1	95	8.0	567	47.9
1985	1,895	64	1,312	8.0	1,506	520	43.8	111	9.3	558	46.9
1984	1,841	59	1,308	8.2	1,489	520	43.8	119	10.1	547	46.1
1983	1,798	53	1,309	9.0	1,389	488	43.9	121	10.9	502	45.2
1982	1,750	98	1,315	6.2	1,328	493	45.8	123	11.4	462	42.8
1981	1,663	95	1,265	6.1	1,297	518	48.2	125	11.6	432	40.2
1980	1,576	109	1,215	6.2	1,257	528	49.5	130	12.2	409	38.3
1979	1,473	163	1,149	6.2	1,137	490	50.2	118	12.1	368	37.7

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Effective Federal and State income tax rate. 3. Bef spec. item(s) in 1984. 4. Based on income before interest charges 5. As reptd by co. 6. Utility Plant only.

Business Summary

Central Illinois Public Service supplies electricity and natural gas in rural central and southern Illinois. Wholesale power is furnished to rural electric cooperative and municipal systems.

Electric operations accounted for 81% of revenues and 96% of operating income in 1988, and gas 19% and 4%, respectively. Electric revenues by class of customer in recent years:

	1988	1987	1986
Residential	40%	39%	37%
Commercial & industrial (small)	17%	17%	17%
Commercial & industrial (large)	36%	36%	35%
Other	7%	8%	11%

Over 99% of electricity in 1988 was generated by CIP's five coal-fired plants. Gross peak load in 1988 was 2,108 mw, and capacity at time of peak was 2,680 mw, for a capacity margin of 21.3%. Electric sales in 1988 were 7,444 million kwh, up 2.1% from those of 1987.

CIP has no electric generating units under construction. Capacity is expected to meet customer demand into the 1990s.

Dividend Data

Dividends have been paid since 1947. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Feb. 7	Feb. 13	Feb. 17	Mar. 10'89
0.45	Apr. 26	May 12	May 18	Jun. 10'89
0.45	Aug. 1	Aug. 14	Aug. 18	Sep. 10'89
0.45	Oct. 3	Nov. 13	Nov. 17	Dec. 10'89

Next dividend meeting: early Feb. '90.

Finances

Total construction expenditures for the 1989-93 period were estimated at $424 million, $146 million above the amount expended in the five-year period 1984-1988.

Capitalization

Long Term Debt: $496,250,000.

Red. Cum. Preferred Stock: $25,500,000.

Cum. Preferred Stock: $65,000,000

Common Stock: 34,171,873 shs. (no par). Institutions hold approximately 29%. Shareholders of record: 48,930.

Office—607 East Adams St, Springfield, Ill 62739 **Tel**—(217) 523-3600 **Pres**—C. L. Greenwalt **SVP-Fin & Secy**—R. W. Jackson **Treas**—C. D. Nelson **Investor Contact**—Kent Sturhan **Dirs**—W. J. Alley, W. S. Black, R. S. Eckley, C. L. Greenwalt, J. L. Heath, R. W. Jackson, D. G. Raymer, G. Smith, D. J. Stavropoulos **Transfer Agents**—Illinois Stock Transfer Co., Chicago; Harris Trust & Savings Bank, Chicago **Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Illinois in 1902 **Empl**—2,587

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Central & South West

NYSE Symbol CSR In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
35⅝	36¾-29¾	12	2.60	7.3%	A	0.43

Summary

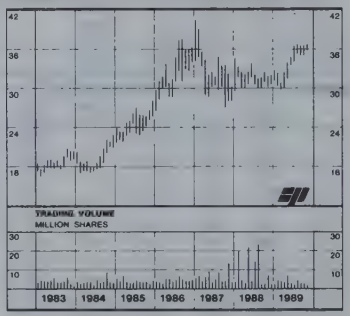
This Texas-based utility holding company has a 25.2% interest in the South Texas nuclear project. Unit 1 was placed in commercial operation in 1988's third quarter and unit 2 began commercial operation late in 1989's second quarter. Rate proceedings associated with the South Texas nuclear project are expected to be completed in mid-1990 and should be reasonably supportive.

Current Outlook

Share earnings for 1990 are projected at $3.50, up from the $3.13 estimated for 1989.

The $0.65 quarterly dividend may be increased some 4% with the February, 1990 payment.

Share earnings for 1990 will benefit from higher kwh sales and increased rates following the conclusion of the South Texas nuclear project rate case, expected to be completed by mid-year. The longer-term outlook is enhanced by the completed construction program and favorable regulatory prospects.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	576	559	542	587
Jun.	598	590	582	619
Sep.	764	794	748	800
Dec.	---	569	564	550
	---	2,512	2,436	2,555

Revenues for the nine months ended September 30, 1989 declined fractionally (0.3%), year to year. Despite increased production costs, deferred operating charges associated with the South Texas nuclear project led to a 2.7% gain in operating income. However, after lower AFUDC, net income fell 14%. Share earnings were $2.73, compared with $3.15.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.70	0.70	0.68
Jun.	0.75	0.84	0.88	0.79
Sep.	1.21	1.61	1.54	1.46
Dec.	E0.40	0.28	0.79	0.82
	E3.13	3.43	3.92	3.75

Important Developments

Nov. '89— CSR said that its Southwestern Electric Power subsidiary intends to purchase any and/or all of its $70.69 million outstanding 11.375% First Mortgage Bonds, due 2015. The offer would be funded, at least in part, by proceeds from the subsidiary's late October sale of $50 million of 9.125% First Mortgage Bonds, due 2019.

Sep. '89— On September 1 CSR began collecting $39 million annually, subject to refund, in interim rates on its South Texas nuclear project. Also, the company was proceeding with its South Texas rate case filed with the PUC of Texas in February, 1989. In July the PUC staff recommended a first-year increase of $106 million, as opposed to the $154 million first-year increase CSR requested. A final decision on permanent rates is expected from the Texas PUC in mid-1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	27.19	26.21	24.59	22.42	21.49	20.08	18.90	17.90	17.06	16.42
Earnings	3.43	3.92	3.75	3.61	3.43	3.02	2.82	2.54	2.45	2.27
Dividends	2.44	2.28	2.14	2.02	1.90	1.78	1.68	1.58	1.50	1.42
Payout Ratio	71%	58%	57%	56%	55%	59%	60%	62%	61%	63%
Prices—High	34⅝	40½	37½	28⅛	22⅞	20¾	18¾	15⅜	15¾	16½
Low	29½	27	26½	21⅝	16⅞	16½	13¼	12	11¼	12⅞
P/E Ratio—	10-9	10-7	10-7	8-6	7-5	7-5	7-5	6-5	6-5	7-6

Data as orig reptd E-Estimated

November 13, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	2,512	254	133	81.7%	2.70	158	23.9%	356	14.2	8.2	12.7
1987	2,436	248	124	82.1%	3.56	172	29.2%	402	16.5	8.6	15.3
1986	2,555	196	127	83.7%	3.91	194	35.7%	389	15.2	8.6	15.6
1985	2,711	179	122	84.4%	3.38	207	34.6%	376	13.9	9.4	16.0
1984	2,766	157	116	84.8%	3.58	159	36.4%	354	12.8	9.6	16.4
1983	2,613	147	97	84.9%	---	100	39.1%	295	11.3	9.4	15.2
1982	2,389	136	87	84.7%	---	74	38.7%	259	10.8	9.4	15.0
1981	2,055	119	71	85.3%	---	83	38.1%	230	11.2	8.9	14.4
1980	1,731	105	58	85.1%	---	78	38.4%	206	11.9	8.8	14.5
1979	1,409	95	51	86.5%	---	76	38.2%	167	11.9	7.8	13.7

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	9,370	463	7,151	6.5	7,196	2,514	45.7	396	7.2	2,594	47.1
1987	8,961	562	6,946	6.4	6,931	2,410	45.6	365	6.9	2,514	47.5
1986	8,380	676	6,563	6.5	6,600	2,294	45.0	442	8.7	2,360	46.3
1985	7,851	851	6,156	7.1	6,170	2,219	46.1	386	8.0	2,206	45.9
1984	7,300	910	5,762	7.8	5,741	2,115	46.2	428	9.4	2,030	44.4
1983	6,424	756	5,032	8.3	5,093	1,831	44.6	428	10.4	1,849	45.0
1982	5,697	661	4,446	8.7	4,556	1,701	46.3	315	8.5	1,659	45.2
1981	5,070	518	3,955	7.8	4,179	1,621	47.6	315	9.3	1,468	43.1
1980	4,778	589	3,797	7.2	3,803	1,473	46.7	315	10.0	1,366	43.3
1979	4,212	643	3,341	6.2	3,225	1,248	46.8	235	8.8	1,184	44.4

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. divs. of subs. 3. Based on income before interest charges.

Business Summary

Central & South West Corp. is an integrated holding company. Its subsidiaries, Central Power & Light, Public Service of Oklahoma, Southwestern Electric Power, and West Texas Utilities provide electricity to more than four million people in Texas, Oklahoma, Louisiana and Arkansas.

Revenues	1988	1987	1986	1985
Residential	36%	37%	36%	33%
Commercial	26%	27%	27%	25%
Industrial	22%	24%	26%	27%
Other	16%	12%	11%	15%

Gas accounted for some 45% of electric generation in 1988, coal and lignite 53%, and nuclear 2%. Peak demand in 1988 was 10,138 mw and system capability totaled 13,563 mw for a capacity margin of 25%.CSR owns about 25.2% of the two unit 2,500 mw South Texas nuclear project.

Much of CSR's regional economy is dependent on the soft oil and gas industry. Load from exploration and production customers remains depressed. Petrochemical production has been strong and refining has been improving. CSR projects system kwh sales to increase some 2.4% annually over the next 5 years.

The company has considered acquiring a fifth operating utility. In 1988 CSR held preliminary discussions with the City of San Antonio about buying the city's municipal utility system. The City of San Antonio has reported it does not anticipate acting on a possible sale before 1991.

Dividend Data

Dividends have been paid since 1947. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.65	Jan. 16	Feb. 2	Feb. 8	Feb. 28'89
0.65	Apr. 20	May 2	May 8	May 31'89
0.65	Jul. 20	Aug. 2	Aug. 8	Aug. 31'89
0.65	Oct. 19	Nov. 2	Nov. 8	Nov. 30'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $2,527,000,000.

Subsidiary Preferred: $396,000,000.

Common Stock: 94,130,430 shs. ($3.50 par).
Institutions hold about 52%.
Shareholders of record: 67,000.

Office—2121 San Jacinto St., Suite 2500, Dallas, Texas 75266-0164 **Tel**—(214) 754-1000. **Chrmn & Pres**—M. L. Borchelt **Secy**—P. I. McConnell **VP-Fin**—G. D. Rosiler **Treas & Investor Contact**—S. J. McDonnell **Dirs**—T. J. Barlow, G. Biggs, M. L. Borchelt, E. R. Brooke, D. Chalker, J. H. Foy, S. M. Hunt, J. M. Moroney, Jr., J. L. Powell, A. E. Rasmussen, J. C. Templeton, S. W. White, Jr., J. H. Williams. **Transfer Agent & Registrar**—Company's office. **Incorporated** in Delaware in 1925. **Empl**—8,478.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Champion International

NYSE Symbol CHA Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
30¾	37¾-29⅝	6	1.10	3.6%	B	1.23

Summary

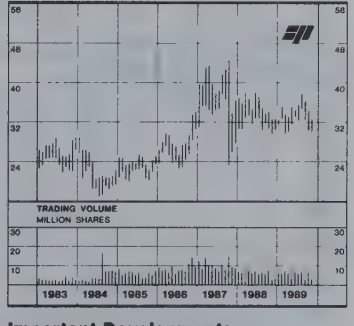
This company is one of the world's largest paper producers, with important positions in pulp, printing and writing papers, and newsprint. CHA is also a major producer of lumber, plywood and other building materials. Recent earnings have benefited from relatively high paper and wood products prices, and prospects for 1990 are generally favorable, although a slight decline in profits is expected.

Current Outlook

Earnings for 1990 are projected at $4.40 a share, compared with the $4.60 estimated for 1989.

The quarterly dividend should remain at $0.27½.

Paper sales should continue strong in 1990 as long as the general economy avoids a recession. Building products sales should be helped by strong prices stemming from an industry-wide shortage of timber caused by environmental lawsuits that have reduced the logging of Federal timber. Earnings should benefit from continuing cost reduction programs.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,289	1,266	1,097
Jun.	---	1,289	1,262	1,161
Sep.	---	1,318	1,286	1,199
Dec.	---	---	1,314	1,157
	---	---	5,129	4,615

Sales for the nine months ended September 30, 1989 rose 2.2%, year to year, reflecting gains in both the paper and wood products segments. Margins narrowed in paper, and pretax earnings declined 0.9%. After taxes at 41.2%, versus 40.5%, net income was down 2.1%. Per-share earnings were $3.48, compared with $3.54.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.10	1.19	1.07	0.59
Jun.	E1.10	1.20	1.18	1.64
Sep.	E1.10	1.09	1.29	0.94
Dec.	E1.10	E1.12	1.26	0.86
	E4.40	E4.60	4.80	4.03

Important Developments

Nov. '89— The company said that it had repurchased 2.8 million of its common shares under a 10 million share buyback program authorized in May.

Nov. '89— CHA estimated capital spending for 1990 and 1991 would be approximately $900 million per year, little changed from the capital spending level of 1989.

Oct. '89— The company said third quarter earnings had been hurt by production problems following the rebuild of a coated paper machine at the Bucksport, Me. paper mill.

May '89— CHA said that would close its plywood mill in Newberry, S. C. if a suitable buyer could not be found. The mill, which employs 339 persons, had been consistently unprofitable.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	35.06	30.82	27.52	26.08	25.01	29.21	28.41	28.72	28.60	27.60
Earnings[2]	4.80	4.03	2.08	1.59	d0.36	1.22	0.45	1.91	3.28	4.70
Dividends	0.95	0.72	0.52	0.46	0.40	0.40	0.67	1.48	1.44	1.32
Payout Ratio	20%	18%	25%	29%	NM	33%	151%	78%	44%	29%
Prices—High	38⅛	44⅝	34	25⅜	28⅞	28⅞	24⅞	30¼	28⅞	28½
Low	29½	23¼	22½	20	16⅞	21¾	11¾	17⅜	19⅜	20⅝
P/E Ratio—	8-6	11-6	16-11	16-13	NM	24-18	55-26	16-9	9-6	6-4

Data as orig reptd 1. Reflects merger or acquisition. 2. Bef. results of disc opers. of -0.33 in 1981, -0.34 in 1980, and spec item(s) of -0.31 in 1980. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**5,129**	**1,121**	**21.9**	**673**	**260**	**175**	**740**	**37.0%**	**456**	**8.9**
1987	4,615	850	18.4	402	252	178	631	37.6%	[3]382	8.3
1986	4,388	708	16.1	499	270	186	320	35.1%	[3]201	4.6
1985	5,770	627	10.9	486	263	235	248	33.2%	163	2.8
[4]1984	5,121	506	9.9	439	204	143	d11	NM	d6	NM
1983	4,264	342	8.0	233	187	95	132	36.0%	82	1.9
1982	3,737	229	6.1	256	167	105	34	NM	40	1.1
1981	4,004	358	8.9	377	169	97	157	22.9%	[3]120	3.0
[5]1980	3,753	398	10.6	355	148	77	228	18.2%	182	4.9
1979	3,751	514	13.7	450	132	66	361	29.2%	247	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**54**	**986**	**699**	**1.4**	**6,700**	**7.1%**	**1,909**	**3,345**	**5,776**	**33.0**	**14.5%**
1987	59	885	652	1.4	6,103	6.3%	1,803	2,936	5,200	34.7	13.7%
1986	24	802	730	1.1	6,026	3.3%	2,090	2,592	4,997	41.8	7.7%
1985	19	1,041	1,118	0.9	6,098	2.5%	1,723	2,423	4,647	37.1	6.2%
1984	118	1,681	1,904	0.9	6,815	NM	1,917	2,321	4,660	41.1	NM
1983	72	954	510	1.9	3,576	2.3%	982	1,606	2,968	33.1	4.2%
1982	57	842	439	1.9	3,472	1.1%	1,008	1,561	2,952	34.1	1.6%
1981	53	877	468	1.9	3,443	3.5%	925	1,576	2,937	31.5	6.6%
1980	67	927	478	1.9	3,340	5.7%	811	1,569	2,824	28.7	11.4%
1979	31	820	429	1.9	3,040	8.2%	816	1,482	2,574	31.7	17.4%

Data as orig reptd 1. Incl. equity in earns of nonconsol subs. 2. Bef. results of disc opers in 1981, 1980, and spec item(s) in 1980 3. Reflects accounting change. 4. Excludes discontinued operations and reflects merger or acquisition 5. Excludes discontinued operations. d-Deficit NM-Not Meaningful

Business Summary

Champion is one of the largest paper producers in the world and is also a significant producer of lumber and plywood. Business segment contributions:

1988	Sales	Profits
Wood products	22%	8%
Paper	78%	92%

Foreign operations, principally in Canada and Brazil, accounted for 19% of sales and 24% of operating income in 1988.

CHA manufactures a wide variety of building products in the U.S. and Canada. Major products include softwood plywood, lumber, hardwood plywood, fir specialties and particleboard.

Paper operations include the production of printing and writing papers, milk cartons, industrial products, envelopes and office products.

Most of CHA's packaging operations were sold to Stone Container Corp. in February, 1986.

The company owns or controls about 6.4 million acres of timberland in the U.S. and significant other timber resources in Canada and Brazil.

Dividend Data

Dividends have been paid since 1940. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Feb 16	Mar. 10	Mar. 16	Apr. 11'89
0.27½	May 18	Jun. 12	Jun. 16	Jul. 11'89
0.27½	Aug. 17	Sep. 11	Sep. 16	Oct. 11'89
0.27½	Nov. 16	Dec. 11	Dec. 16	Jan. 9'90

Next dividend meeting: mid-Feb. '90

Capitalization

Long Term Debt: $2,047,910,000.

Minority Interest: $51,579,000.

Common Stock: 93,722,000 shs. ($0.50 par)
Institutions hold about 70%.
Shareholders of record: 32,800.

Office—1 Champion Plaza, Stamford, Conn 06921 **Tel**—(203) 358-7000 **Chrmn & CEO**—A C Sigler **Pres**—L C Heist **VP-Secy**—P R O'Connell **VP-Treas**—F. Knesel **Dirs**—R. A. Charpie, L. C. Heist, H. W. Johnson, E. J. McCormack, S. C. Mobley, H. B. Morley, L. G. Rawl, W. V. Shipley, A. C. Sigler, E. O. Vetter, R. E. Walton, J. L. Weinberg **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in New York in 1937 **Empl**—30,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Charming Shoppes

3499G

NASDAQ Symbol CHRS (Incl. in Nat'l Market) Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
10½	18⅞-10⅛	12	0.12	1.1%	A+	2.01

Summary

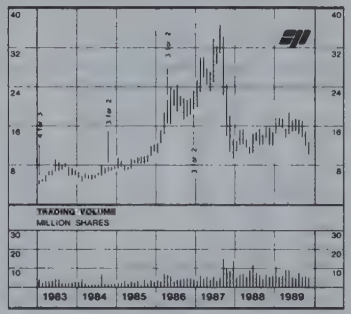
This retailer operates nearly 1,000 women's specialty stores featuring moderately priced apparel in junior, misses and women's sizes. Earnings growth, which was rapid in the mid-1980s as a result of an aggressive store opening program, has moderated. New store openings and cost controls should allow earnings to continue to improve in 1990-1.

Current Outlook

Earnings for the fiscal year ending February 2, 1991, are projected at $1.00 a share, versus the $0.82 estimated for 1989-90.

The quarterly dividend should remain at $0.03 a share.

Sales for 1990-1 should increase moderately, reflecting new stores and modest same-store gains. Gross margins should benefit from fewer markdowns and promotions, offset by higher buying and occupancy costs. Expense ratios should improve, reflecting a decline in advertising outlays. Acquisitions are a possibility.



Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	172.3	150.1	137.9	104.0
Jul.	201.0	178.5	156.2	121.4
Oct.	192.5	175.1	161.7	132.1
Jan.	---	221.5	182.9	163.8
	---	725.2	638.6	521.2

Sales for the 39 weeks ended October 28, 1989, rose 12%, year to year. Gross margins narrowed, but expense ratios improved. Pretax earnings increased 21%. After taxes at 32.6%, versus 33.2%, net income was up 22%, to $0.51 a share, from $0.42.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.14	0.07	0.21	0.14
Jul.	0.23	0.18	0.27	0.19
Oct.	0.14	0.17	0.22	0.20
Jan.	E0.31	0.34	0.15	0.28
	E0.82	0.76	0.85	0.81

Important Developments

Nov. '89— During the first 39 weeks of 1989-90, the company opened 80 new stores, bringing the total number in operation to 990; an additional 29 stores were expected to open by year-end, bringing the total to 1,012. In addition, the company will expand or remodel about 50 existing stores this year. Management said that operating results for the fourth quarter of 1988-9 were helped by changes in the company's merchandising strategies and the enhancement of its merchandise procurement system. During 1988, the company borrowed $30 million through a private placement at an annual interest rate of 9.3% for 10 years; however, the company expects to continue to finance its growth through internally generated funds.

Next earnings report expected in early March.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	4.58	3.86	3.07	2.32	1.82	1.43	1.16	0.97	0.81	0.65
Earnings	0.76	0.85	0.81	0.59	0.42	0.37	0.26	0.23	0.22	0.18
Dividends	0.12	0.12	0.10	0.08⅞	0.08	0.07½	0.06½	0.06⅛	0.04⅜	0.02¾
Payout Ratio	16%	14%	12%	15%	19%	21%	25%	27%	19%	15%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	15⅞	36¾	24⅜	12⅜	7⅞	9⅛	4½	3½	3	2
Low	10¼	9¼	10⅜	6⅞	4½	3⅞	2⅛	2⅛	1¼	1⅜
P/E Ratio—	21-13	43-11	30-13	21-12	19-11	25-11	17-8	15-9	14-5	11-7

Data as orig reptd Adj for stk dvs of 50% Dec. 1986, 50% Apr 1986, 50% Oct 1984, 33⅓% Jan 1983, 25% Jun 1981 1. Refl. merger or acq E Estimated

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Income Data (Million $)

Year Ended Jan. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	725	68.3	9.4	34.5	16.1	1.48	56.4	32.3%	38.2	5.3
1988	639	79.1	12.4	47.6	12.8	0.16	69.5	38.7%	42.6	6.7
1987	521	80.0	15.4	41.5	8.7	Nil	75.3	46.2%	40.5	7.8
1986	392	56.6	14.5	21.6	6.0	Nil	53.0	45.8%	28.7	7.3
1985	297	38.4	12.9	17.6	4.3	NA	36.0	43.9%	20.2	6.8
1984	238	32.8	13.8	12.3	4.0	NA	31.2	44.3%	17.3	7.3
1983	174	22.4	12.8	9.1	3.3	NA	21.1	42.5%	12.1	7.0
1982	144	18.0	12.5	6.9	1.7	NA	18.3	40.4%	10.9	7.6
1981	126	20.1	16.0	4.5	1.3	NA	18.9	45.3%	10.3	8.2
1980	104	17.0	16.3	3.2	1.0	NA	16.0	48.6%	8.2	7.9

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	114	248	123	2.0	407	11.0	32.2	229	284	11.3	18.1
1988	33	155	77	2.0	291	16.1	2.1	194	214	1.0	24.5
1987	54	135	68	2.0	237	19.2	2.1	154	170	1.3	30.0
1986	45	113	54	2.1	183	18.3	3.0	115	129	2.3	27.9
1985	2	74	30	2.5	129	16.9	3.4	89	99	3.4	25.3
1984	16	69	31	2.2	112	17.2	4.5	72	81	5.6	26.6
1983	13	51	24	2.1	86	16.3	3.7	56	62	5.9	23.8
1982	7	33	13	2.6	63	18.5	2.8	46	50	5.5	25.6
1981	10	30	12	2.5	54	20.6	3.3	38	42	7.9	30.2
1980	18	33	12	2.6	46	19.4	3.0	30	33	8.9	31.1

Data as orig. reptd. 1. Refl. merger or acq. NA-Not Available.

Business Summary

Charming Shoppes Inc. operates a chain of women's specialty stores under the tradenames Fashion Bug and Fashion Bug Plus. As of January 28, 1989, a total of 926 stores were in operation, located in 36 states throughout the East, South and Midwest. The greatest concentration of stores was in Pennsylvania, followed by Ohio, Maryland, New Jersey and Illinois. In 1988-9, 107 stores were opened and 21 were closed, following the addition of 176 locations (net) in 1987-8. The stores are located in both enclosed malls and strip shopping centers. Fashion Bug stores range in size from 6,000 sq. ft. to 9,000 sq. ft., while Fashion Bug Plus stores range from 3,000 sq. ft. to 4,500 sq. ft.

The company's Fashion Bug stores sell a wide variety of junior, misses and women's size apparel and accessories at moderate and popular prices. Some outlets are testing girls' and children's wear. Stores sell both brandname merchandise and specially manufactured garments under the company's private labels. The Fashion Bug Plus stores cater primarily to the large-size woman and often adjoin the Fashion Bug stores ("double front" stores with separate entrances).

Charming's wholly owned contracting and buying subsidiary is located in Hong Kong but conducts its operations throughout the world.

The company encourages sales through its own charge account (administered by two outside banks). At 1988-9 year-end, there were 3.2 million charge cards outstanding.

Dividend Data

Cash payments began in 1976. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Dec. 13	Dec. 19	Dec. 23	Jan. 16'89
0.03	Mar. 27	Mar. 31	Apr. 6	Apr. 17'89
0.03	Jun. 7	Jun. 13	Jun. 19	Jul. 17'89
0.03	Sep. 21	Sep. 26	Oct. 2	Oct. 16'89

Finances

It has been the company's practice to finance its capital program through internally generated funds.

Capitalization

Long Term Debt: $32,144,000 (7/89).

Common Stock: 49,964,626 shs. ($0.10 par).
Officers & directors own about 25%.
Institutions hold about 58%.
Shareholders: 5,419 of record.

Office—450 Winks Lane, Bensalem, Pa 19020 Tel—(215) 245-9100. Chrmn, CEO, Pres & Secy—D. V Wachs. Vice Chrmn—P Wachs Vice Chrmn—M Sidewater Vice Chrmn—S Sidewater VP-Treas & Investor Contact—Bernard Brodsky Dirs—A. Sidewater, M Sidewater, S Sidewater, M. H. Tanebaum, D. V Wachs, E Wachs, P Wachs. Transfer Agent & Registrar—Mellon Bank (East), Philadelphia Incorporated in Pennsylvania in 1969 Empl—11,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J Sack

Chase Manhattan

NYSE Symbol CMB Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
44¼	44⅜-28	5	2.36	5.3%	A-	1.25

Summary

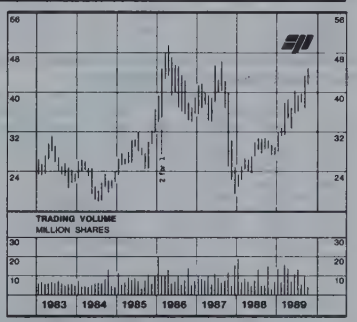
This bank holding company owns New York's second largest bank and the nation's third largest. Chase has an important position in the domestic and international credit markets. Extensive New York retail banking operations are augmented by smaller operations in other states. In September, 1989 CMB announced it would take a third quarter charge of $1.3 billion primarily related to increasing its LDC loan loss reserves. A large loss is expected for 1989. CMB plans to raise over $500 million via a 14 million common stock offering.

Current Outlook

Earnings for 1990 are expected to rebound to $7.50 a share, versus the estimated $8.00 a share loss of 1989.

Dividends should continue at $0.59 quarterly.

CMB's recent restructuring provisions will lead to a large loss in 1989, but earnings prospects for 1990 have been significantly enhanced. The $1.15 billion special provision for LDC debt brings reserves to 46% (from about 29%) of CMB's total $6.2 billion medium and long-term LDC portfolio. This should give CMB greater flexibility in dealing with this situation in the future. CMB had been adding $50 million quarterly to reserves. The provision for problem Arizona real estate assets and the exit from certain securities trading areas should aid future profitability as well. CMB expects to realized approximately $200 million in additional yearly earnings from these steps. Future earnings and book value will benefit from CMB's tax benefits which total about $580 million. CMB's plan to raise some $500 million via a common stock offering, while dilutive, provides additional financial muscle to expand.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.27	3.09	1.12	1.63
Jun.	1.31	2.45	d16.98	1.65
Sep.	E1.40	3.09	2.55	1.55
Dec.	E1.82	2.93	1.66	1.79
	E8.00	¹11.55	d11.56	6.63

Review of Operations

Net interest income for the six months ended June 30, 1989, advanced 5.3%, year to year, reflecting 3.4% growth of earning assets and cash collection of $97 million of interest payments by Brazil (virtually none received in the 1988 period). The net interest margin slipped to 2.02% from 2.33%. The provision for loan losses was flat, at $300 million, and included $100 million for LDC countries. The absence of $311 million from the sale of assets led to a 24% decline in noninterest income. With noninterest expense rising 3.5%, pretax earnings fell 41%. After taxes at 31.5%, versus 24.6% (reflecting higher tax credits), net income was off 47%, to $2.59 a share from $5.53.

Important Developments

Sep. '89— CMB said it would charge third quarter earnings $1.31 billion pretax, reflecting a $1.15 addition to reserves for LDC countrie, a $126 million charge at its Arizona banking unit, and a $38 million charge related to securities trading activities. CMB estimated it would incur a third quarter loss of $1.15 billion. CMB filed a prospectus to sell 14 million common shares.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	²1986	²1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	40.55	31.66	47.39	45.58	45.81	43.91	40.71	39.18	35.13	31.61
Earnings³	⁴11.55	d11.56	⁴6.63	⁴6.39	⁴4.51	⁴5.48	⁴3.87	⁴5.78	⁴5.08	⁴4.41
Dividends	2.16	2.16	2.05	1.90	1.82½	1.75	1.70	1.55	1.40	1.20
Payout Ratio	19%	NM	31%	30%	41%	32%	44%	27%	28%	27%
Prices—High	30¾	46¼	49½	36⅝	26½	31⅛	30¼	29	24⅜	22
Low	20⅞	19½	34	23¼	17⅞	20⅝	15⅝	20½	17	14⅜
P/E Ratio—	3-2	NM	7-5	6-4	6-4	6-4	8-4	5-4	5-3	5-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Feb. 1986. 1. Incl. tax credits and nonrecurr. gains of 4.62. 2. Reflects merger or acquisition. 3. Aft. gains/losses on secs. trans. of +0.22 in 1988, +0.41 in 1987, +1.06 in 1986, +0.65 in 1985, +0.11 in 1984, +0.17 in 1983, -0.37 in 1982, -0.48 in 1981, -0.16 in 1980, -0.13 in 1979. 4. Ful. dil.: 11.48 in 1988, 6.50 in 1986, 6.15 in 1985, 4.33 in 1984, 5.22 in 1983, 3.65 in 1982, -.37 in 1981, 4.66 in 1980, 4.04 in 1979. E-Estimated d-Deficit NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	3,262	152	2,221	750	60.9	1,333	20.6%	1,059	4.06	1.11	34.9
²1987	2,981	210	1,847	2,150	68.6	d718	d24.7%	d895	3.73	NM	NM
²1986	2,996	284	1,575	595	68.0	844	30.6%	585	4.25	0.65	15.8
²1985	2,749	245	1,218	435	64.9	898	37.1%	565	4.04	0.65	16.8
²1984	2,308	228	913	365	65.1	629	35.4%	406	3.51	0.48	12.5
1983	2,169	178	839	285	64.2	703	38.9%	430	3.54	0.54	16.0
1982	2,024	214	759	263	71.2	323	4.9%	307	3.37	0.40	11.9
1981	1,772	232	686	211	59.7	564	26.9%	412	3.25	0.55	19.1
1980	1,556	173	583	190	60.8	517	31.6%	354	3.17	0.52	18.2
1979	1,471	106	438	149	60.0	530	42.8%	303	3.33	0.51	17.4

Balance Sheet Data (Billion $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Earning Assets: Com'l Loans	Earning Assets: Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	97,455	8,364	6,948	15,746	55,060	3.94	15,829	48,228	108.7	7,702	4,147	3.0
1987	99,133	10,339	6,674	15,901	53,251	4.00	17,998	50,579	99.1	6,599	3,250	2.9
1986	94,765	9,706	5,710	15,421	51,745	1.61	18,280	47,722	100.3	4,458	4,280	3.7
1985	87,685	7,189	6,122	12,741	49,984	1.47	15,438	45,914	100.9	3,806	3,795	3.3
1984	86,883	7,002	5,245	14,217	48,454	1.23	12,572	47,107	103.9	3,198	3,359	3.0
1983	81,921	9,113	3,418	13,338	43,055	1.01	11,331	44,968	99.3	2,340	3,050	3.0
1982	80,862	9,456	4,129	14,461	41,490	0.99	9,588	47,269	97.7	1,784	2,761	2.8
1981	77,839	11,937	3,820	14,282	37,437	1.03	9,089	46,210	92.8	1,515	2,592	2.6
1980	76,189	9,364	4,737	15,017	32,523	0.97	14,656	42,189	83.2	1,551	2,282	2.6
1979	64,708	6,126	4,058	13,529	27,025	1.03	14,138	34,317	83.3	1,245	2,026	2.7

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

This company is the parent of Chase Manhattan Bank, the nation's third largest bank, which provides wholesale banking services, including investment banking, trust and capital markets trading, to large corporations worldwide. CMB also provides specialized lending, transaction processing and information services for corporations, governments, and financial institutions. Retail banking (34% of assets) services, including over 4 million credit card accounts, are increasingly important, and are provided through over 400 offices in New York State (including Chase Lincoln First Bank), Arizona, Delaware, Maryland, Ohio and Florida. International operations in 55 countries accounted for 36% of assets in 1988.

Average earning assets during 1988 of $84.1 billion (down 1.6% from 1987) were divided: domestic loans 48%, foreign loans 32%, investment securities 8%, and temporary investments 12%. Average sources of funds were interest-free deposits 15%, other domestic deposits 22%, foreign deposits 31%, short-term borrowings 17%, long-term debt 4%, equity 4% and other 7%.

At year-end 1988 nonperforming loans were $4.3 billion (6.2% of loans), including $2.8 billion of Latin American loans, down from $4.4 billion (6.4%) a year earlier. Net chargeoffs during 1988 were 1.06% of average loans, versus 0.71% in 1987.

Dividend Data

Dividends have been paid since 1848. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.54	Oct. 19	Oct. 25	Oct. 31	Nov. 15'88
0.59	Jan. 18	Jan. 26	Feb. 1	Feb. 15'89
0.59	Apr. 18	Apr. 25	May 1	May 15'89
0.59	Jul. 19	Jul. 26	Aug. 1	Aug. 15'89

Next dividend meeting: Oct. 18 '89.

Capitalization

Long Term Debt: $4,123,891,000.

Red. Preferred Stock: $56,858,000.

Cum. Preferred Stock: $741,987,000.

Common Stock: 90,160,444 shs. ($12.50 par). Institutions hold about 69%. Shareholders of record: 50,400.

Office—One Chase Manhattan Plaza, NYC. 10081. **Tel**—(212) 552-2222. **Chrmn & CEO**—W. C. Butcher. **Pres**—T. G. Labrecque. **Secy**—Vacancy. **Treas**—J. R. Zecher. **Investor Contact**—S. L. Croy. **Dirs**—R. J. Boyle, W. C. Butcher, W. T. Coleman, Jr., J. G. Cooney, R. R. Douglass, J. L. Ferguson, E. S. Finkelstein, R. E. Flowerree, H. L. Fuller, H. C. Kauffmann, D. T. Kearns, T. G. Labrecque, R. W. Lyman, J. Macomber, Jr., J. H. McArthur, D. T. McLaughlin, E. T. Pratt, Jr., A. R. Ryan, H. B. Schacht, A. A. Taubman, D. H. Trautlein, R. E. Ward, K. R. Whitmore. **Transfer Agent**—Chase Manhattan Bank, NYC. **Registrar**—United States Trust Co., NYC. **Incorporated** in Delaware in 1969, Bank formed in 1799. **Empl**—41,570.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

Chemical Banking

NYSE Symbol CHL Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
32³/₄	41⅛-30¼	NM	2.72	8.3%	A-	1.09

Summary

This money center bank, the nation's sixth largest, has traditionally provided worldwide wholesale banking services to large corporations. More recently it has been emphasizing retail banking and lending to smaller companies, augmenting its extensive New York operations with the acquisition of Texas Commerce in 1987 and Horizon Bancorp (New Jersey) in 1989. In the third quarter of 1989 CHL boosted its provision for loan losses by $900 million, resulting in a large loss. Earnings are expected to resume in 1990. In November CHL raised some $423 million through the sale of 14 million common shares.

Current Outlook

Earnings for 1990 could approximate the $5.60 a share, in contrast to the deficit of $8.50 a share projected for 1989.

Dividends should continue at $0.68 quarterly.

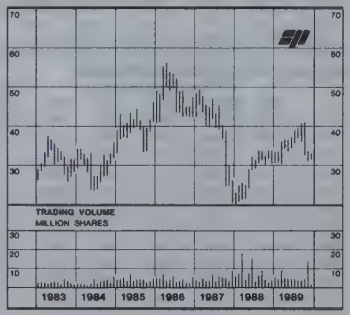
While a return to profitability is expected in 1990, the rebound could be tempered by additional reserve boosting. LDC loan reserves were increased by $600 million in 1989's third quarter to $1.84 billion (equal to 42% of CHL's medium/long-term LDC loans); however, economic and political considerations could mandate increases. Sluggish loan demand in New York and Texas should restrict loan growth in 1990. The recent sale of 14 million common shares strengthens the balance sheet, but is dilutive to earnings. CHL has approximately $500 million in tax benefits to shield future earnings.

Review of Operations

Net interest income for the nine months ended September 30, 1989 declined 4.0%, year to year, as average earning assets were 4.0% lower. The provision for loan losses was 3.8-fold higher, at $1.07 billion, reflecting higher reserves for LDC and Texas real estate loans. Noninterest income fell 3.9%. With noninterest expense up 8.5%, a pretax loss of $531 million was posted, against income of $602 million. After taxes of $47.2 million, versus taxes at 22.8%, the net loss was $578 million ($9.75 a share), versus net income of $465 million ($7.36).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.49	1.95	1.58	1.93
Jun.	1.65	1.98	d21.34	1.85
Sep.	d12.89	3.43	d1.12	1.87
Dec.	E1.25	4.66	3.83	1.92
	Ed8.50	12.02	d16.68	7.57



Important Developments

Nov. '89— CHL sold through underwriters 14 million common shares (excluding 2.1 million shares to cover over-allotments) at $31.25 a share. Proceeds to the company approximated $423 million.

Oct. '89— In releasing results for the third quarter, CHL said that the loss included a $600 million provision for loan losses to LDC countries, and a $300 million provision at its Texas Commerce Bancshares subsidiary. The net loss for the quarter was about $825 million, or $12.89 a share. At September 30, 1989 the adjusted additional retained deficit of Texas Commerce Bancshares was $608.3 million, or $17.62 per Class B common share. Management's nonbinding intent is to pay dividends on Class B shares of at least 28% of CHL's rate.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	1986	1985	[2]1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	47.07	41.14	50.90	45.53	40.81	41.97	39.57	36.67	33.23	29.85
Earnings[3]	12.02	d16.68	[4]7.57	[4]7.33	[4]6.48	[4]6.33	[4]5.61	[4]5.52	[4]4.91	[4]3.79
Dividends	2.72	2.72	2.60	2.48	2.36	2.16	1.92	1.70³/₄	1.54¾	1.40½
Payout Ratio	23%	NM	34%	34%	36%	34%	34%	31%	31%	37%
Prices—High	33⅞	49½	56¼	46¼	35⅞	37½	31½	28	19⅞	19⅞
Low	20	20¼	40¾	33⅛	23½	25¾	17¾	18¾	14¾	15⅛
P/E Ratio—	3-2	NM	7-5	6-5	6-4	6-4	5-3	5-3	4-3	5-4

Data as orig reptd Adj. for stk. div(s). of 50% Apr. 1984, 50% Apr. 1982. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Aft gains (losses on sec trans of +0.31 in 1988, +0.89 in 1988, +1.05 in 1987, +1.65 in 1986, 1.42 in 1985, +0.52 in 1984, +0.07 in 1983, -0.76 in 1982, -0.29 in 1981, -0.05 in 1980, -0.23 in 1979, and bef. spec. item(s) of +0.29 in 1981. 4. Ful dil: 7.42 in 1986, 7.15 in 1985, 6.26 in 1984, 6.02 in 1983, 5.12 in 1982, 4.87 in 1981, 4.27 in 1980, 3.35 in 1979. d-Deficit. E-Estimated. NM-Not Meaningful

December 12, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[3]1988	2,307	193	1,396	364	63.1	908	17.0%	754	3.72	0.99	28.8
[4]1987	2,011	237	1,186	1,492	72.1	d714	d19.6%	d854	3.47	NM	NM
1986	1,719	283	771	439	61.6	491	18.0%	402	4.00	0.70	14.2
1985	1,572	247	639	281	62.3	526	25.8%	390	3.82	0.70	15.1
[4]1984	1,372	343	505	165	61.6	387	12.0%	341	3.75	0.63	14.5
[3]1983	1,354	208	440	166	62.3	392	22.0%	306	3.86	0.64	15.1
1982	1,251	188	390	117	61.9	322	25.2%	241	3.86	0.53	13.8
[3]1981	1,014	138	333	97	63.3	288	28.8%	205	3.35	0.48	14.7
1980	929	102	245	63	61.4	322	46.2%	173	3.37	0.45	14.8
1979	754	100	175	60	64.5	187	27.8%	135	3.07	0.39	12.2

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	67,349	7,569	8,719	18,073	24,352	4.91	13,348	34,618	86.7	2,805	3,063	3.1
1987	78,189	10,433	9,930	19,674	30,981	4.15	12,377	43,132	89.7	2,077	2,299	3.5
1986	60,564	6,742	7,475	16,810	23,397	1.70	11,645	27,410	101.0	1,456	2,810	4.6
1985	56,990	4,102	5,424	17,325	22,455	1.45	10,491	24,015	113.3	1,622	2,504	4.2
1984	52,236	4,490	2,451	17,315	20,698	1.22	8,539	25,158	110.8	1,119	2,221	3.8
1983	51,165	4,569	4,547	15,583	18,821	1.10	8,378	24,074	103.8	707	1,976	3.7
1982	48,275	5,423	3,802	14,809	16,677	1.03	7,583	20,416	110.4	601	1,586	3.4
1981	44,917	4,510	2,911	14,612	15,169	0.92	7,570	21,859	99.1	525	1,420	3.1
1980	41,342	5,673	2,364	10,735	13,358	0.85	9,599	20,467	79.3	596	1,207	2.9
1979	39,375	4,992	3,692	9,659	12,249	0.86	9,608	19,379	74.9	676	1,090	3.1

Data as orig reptd 1. Incl. equity in earns of nonconsol. subs 2. Bef. results of disc. opers and/or spec. item(s) in 1981 3. Reflects accounting change. 4. Reflects merger or acquisition d-Deficit. NM-Not Meaningful.

Business Summary

This holding company (formerly Chemical New York Corp.) is the parent of Chemical Bank, the nation's sixth largest, with some 220 branches in the New York metropolitan area, Texas Commerce Bank (acquired in 1987), the second largest bank in Texas, and Chemical Bank New Jersey (acquired in 1989), with 128 branches. Foreign operations accounted for 19% of assets in 1988.

Average earning assets during 1988 of $67.2 billion were divided: commercial loans 29%, other domestic loans 24%, international loans 17%, investment securities 15%, money market assets 15%. Average sources of funds were demand deposits 16%, other domestic deposits 36%, foreign deposits 18%, short-term borrowings 18%, long-term debt 3%, equity 4%, and other 5%.

At year-end 1988 nonperforming assets were $3.5 billion (8.2% of loans and related assets), including $1,341 million of LDC loans, against $3.3 billion (6.6%) a year earlier. The reserve for loan losses was 4.91% of loans (62% of which was against LDC loans), versus 4.15%. Net chargeoffs during 1988 were 0.70% of average loans, versus 0.86% in 1987.

Dividend Data

Dividends have been paid since 1827. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.Common dividends in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.68	Feb. 9	Mar. 9	Mar. 15	Apr. 1'89
0.68	May 15	Jun. 9	Jun. 15	Jul. 1'89
0.68	Jul. 13	Sep. 11	Sep. 15	Oct. 1'89
0.68	Nov. 9	Dec. 11	Dec. 15	Jan. 1'90

Capitalization

Long Term Debt: $2,990,000,000.

Adj. Rate Cum. Pfd. Stk.: $904,000,000.

Common Stock: 78,619,573 shs. ($12 par).
Institutions hold about 63%.
Shareholders of record: 37,432.

Class B Common Stock: 33,796,037 shs. ($1 par); 0.19 Q. curr. divd.; conv. into 0.03-0.45 CHL com. in 1992 based on Texas Commerce Additional Retained Earnings at Dec. 31, 1991 (over $8.87 of sh. earns. needed for higher ratios).

Office—277 Park Ave., NYC 10172 Tel—(212) 310-6161 Chrmn & CEO—W V Shipley Pres—T S Johnson Secy—J B Wynne Investor Contact—Anne S Adler Dirs—W M Blumenthal, R W Bromery, R J Callander, C W Duncan, A P Funkhouser, R G Goelet, M R Goodes, G V Grune, H S Hook, E G Jefferson, T S Johnson, H L Kaplan, B F Love, W A Marquard, E Mosbacher, Jr., R R Pivirotto, L G Rawl, W. V. Shipley, A. C. Sigler, R. S. Simmons, M. I. Sovern, R. L. Tobias, R. Warner, Jr., G. Weissman, R. D. Wood. Transfer Agent—Harris Trust Co., NYC. Registrar—Morgan Shareholder Services Trust Co., NYC. Inc. in Delaware in 1968; bank started in 1824.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M Levine, CFA

Chemical Waste Management

504M

NYSE Symbol CHW Options on ASE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
44⅞	45⅛-24⅝	34	¹0.24	¹0.5%	NR	NA

Summary

This company, 81%-owned by Waste Management, is the largest provider of comprehensive hazardous waste management services in the U.S., including transportation, treatment, resource recovery and disposal services. Integrated site remediation services and low-level radioactive waste management services are also provided. Continued strong earnings growth is projected for the next several years, reflecting the favorable prospects for the company's services. A 2-for-1 stock split is pending.

Current Outlook

Earnings for 1990 may rise to $1.75 a share from the $1.45 estimated for 1989, unadjusted for the pending 2-for-1 stock split.

The dividend has been raised 20%, to the equivalent of $0.06 quarterly from $0.05, with the October, 1989 payment.

Revenues for 1990 are projected to continue to advance strongly, primarily reflecting continued strength in the base business of hazardous waste treatment, resource recovery and disposal services. The increase will stem from aggressive capacity expansion and from a growing number of wastes excluded from land disposal. Gains are also seen for the site remediation business as more Superfund contracts are awarded. Margins will benefit from higher prices. Long-term prospects are enhanced by the strong growth prospects seen for hazardous waste management services stemming from more stringent regulations, greater public awareness of environmental contamination, and expansion efforts into other high-growth areas such as asbestos control and abatement.

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	189.8	142.4	113.7	85.3
Jun.	221.8	155.1	135.2	99.3
Sep.	---	184.9	156.1	111.2
Dec.	---	217.8	153.6	122.3
	---	700.2	558.6	418.1

Revenues for the six months ended June 30, 1989 rose 38%, year to year, reflecting strength in the company's base hazardous waste treatment and disposal business and in the remediation projects division. Margins narrowed, and pretax income advanced 31%. After taxes at 38.9%, versus 38.7%, net income was up 30%, to $0.63 a share from $0.49.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.29	0.23	0.17	0.10
Jun.	0.34	0.26	0.22	0.15
Sep.	E0.41	0.33	0.24	0.15
Dec.	E0.41	0.35	0.24	0.16
	E1.45	1.17	0.87	0.56

Important Developments

Aug. '89— CHW reported that its Chem-Nuclear Systems subsidiary had signed contracts to design, build and operate low-level radioactive waste disposal facilities in Illinois and North Carolina and was selected as the preferred bidder for a similar project in Pennsylvania. The three states will be the host states serving the low-level radioactive waste disposal needs of a total of 14 states which constitute the three regional compacts in the U.S. producing the greatest volume of such waste.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985
Tangible Bk. Val.	3.84	3.00	2.17	NM
Earnings	1.17	0.87	0.56	0.33
Dividends	0.14	0.06	Nil	Nil
Payout Ratio	12%	7%	Nil	Nil
Prices—High	29	36⅝	25¾	NA
Low	20½	19½	17¼	NA
P/E Ratio—	25-18	42-22	46-31	NA

Data as orig. reptd., prior to 1986 data as reptd. in Prospectus dated Oct. 16, 1986. 1. Rate based on initial quarterly alt. 2-for-1 split NA-Not Available E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	700	225	32.1	159	39.6	¹5.4	²191	38.7%	117	16.7
1987	559	188	33.7	76	32.3	¹3.0	156	44.5%	87	15.5
1986	418	138	32.9	74	27.6	¹11.0	104	49.8%	52	12.5
1985	324	92	28.4	49	25.8	17.4	52	50.5%	³26	7.9
1984	246	65	26.6	53	18.4	15.5	34	49.8%	17	6.9
1983	195	49	25.4	33	13.5	7.2	29	49.3%	15	7.7
1982	116	NA	NA	NA	NA	NA	17	47.3%	9	7.6
1981	78	NA	NA	NA	NA	NA	21	46.9%	11	14.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	0.73	202	252	0.8	876	15.8%	3.97	556	591	0.7	23.2%
1987	0.33	140	102	1.4	604	15.1%	5.62	450	478	1.2	21.2%
1986	0.39	125	127	1.0	544	9.2%	6.25	369	398	1.6	21.8%
1985	Nil	116	350	0.3	475	5.7%	4.43	89	117	3.8	33.5%
1984	Nil	80	319	0.3	419	4.9%	4.76	64	91	5.2	30.7%

Data as orig. reptd.; prior to 1986 data as reptd. in Prospectus dated Oct. 16, 1986. 1. Net of interest income. 2. Incl.equity in earns. of noncons. subs. 3. Reflects acctg. change. NA-Not Available.

Business Summary

Chemical Waste Management (81%-owned by Waste Management, Inc.) is the largest provider of comprehensive hazardous waste management services in the U.S. Its hazardous waste services include transportation, treatment, resource recovery, and disposal. The company also provides integrated site remediation services through its Environmental Remedial Action (ENRAC) division and low-level radioactive waste management services. Contributions to revenues in recent years:

	1988	1987
Transportation	10%	11%
Treatment, resource recovery and disposal	63%	69%
Special services (including ENRAC)	27%	20%

Chemical wastes handled by CHW include industrial byproducts and residues that have been identified as hazardous, as well as other materials contaminated with a wide variety of chemical substances. The company operates chemical waste treatment, storage and disposal facilities in 15 states serving principally commercial and industrial customers, in addition to other waste management companies and governmental entities.

Chemical waste may be collected from customers and transported by CHW or delivered by customers to the company's facilities. CHW operates a fleet of some 275 tractors and 565 trailers from 20 transportation centers. The company also operates several facilities at which waste collected from or delivered by customers is analyzed and consolidated prior to further shipment.

Treatment and resource recovery operations involve processing chemcial wastes through thermal, physical, chemical or other treatment methods. CHW operates a rotary kiln incinerator in Chicago capable of PCB destruction. Four incinerators are operated in Sauget, Illinois, including one unit scheduled to be commercially available in the second half of 1989. The company has also begun construction of a rotary kiln incinerator at its Port Arthur, Texas, facility, and has under development proposals to construct incinerators at three of its other facilities. CHW also has eight secure land disposal facilities. In addition, the company holds a 49% interest in The Brand Companies, a leading provider of asbestos abatement services.

Dividend Data

Dividends were initiated in 1987. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04	Nov. 28	Dec. 15	Dec. 21	Jan. 5'89
0.04	Feb. 13	Mar. 16	Mar. 22	Apr. 6'89
0.05	May 19	Jun. 15	Jun. 21	Jul. 6'89
2-for-1	Aug. 21	Oct. 6	Sep. 20	Oct. 5'89
0.03	Aug. 21	Sep. 14	Sep. 20	Oct. 5'89

Next dividend meeting: Nov. '89.

Finances

CHW believes it will be faced, in the normal course of operating its business, with fines and penalties and the need to expend funds for remedial work and related activities at treatment, storage and disposal facilities.

Capitalization

Long Term Debt: $3,743,000.

Red. Preferred Stock: $5,000,000.

Common Stock: 100,062,798 shs. ($0.01 par).
Waste Management, Inc. owns 81%.
Institutions hold approximately 14%.
Stockholders of record: 2,836.

Office—3001 Butterfield Rd., Oak Brook, Ill. 60521 **Tel**—(312) 218-1500. **Pres & CEO**—J. E. Dempsey. **VP-CFO**—B. D. Tobecksen. **Secy**—T. A. Witt. **Investor Contact**—J. E. Koenig **Dirs**—D. L. Buntrock (Chrmn), J. E. Dempsey, J. B. Edwards, O. N. Emmons, D. F. Flynn, P. H Huizenga, P. Pedersen, P. B. Rooney. **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Delaware in 1978 **Empl**—3,870.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Michael V. Pizz

Chevron Corp.

NYSE Symbol CHV Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
64⅝	69⅜-45⅜	17	2.80	4.3%	A-	0.79

Summary

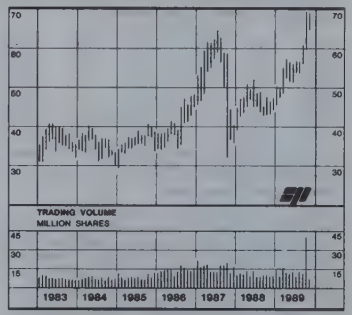
This worldwide oil and chemical concern is strengthening its U.S.-based integrated energy operations. In 1988's fourth quarter the company acquired substantial natural gas properties in the Gulf of Mexico, making CHV the largest gas producer in the U.S. The company is one of the largest leaseholders in the Gulf of Mexico and holds extensive acreage in California and Alaska. Financially, CHV has successfully pared its debt level from the 1984 acquisition of Gulf Corp. The company's expanding exploration and production potential coupled with its high refining and marketing profile enhances prospects.

Current Outlook

Share earnings for 1990 are estimated at $5.00, compared with the $4.50 projected for 1989.

The $0.70 quarterly dividend is the minimum expectation.

Revenues for 1990 should show some modest improvement, reflecting greater natural gas production and increased gas prices. Downstream margins are expected to firm as crude feedstock prices may give back some increases from 1989. Financing costs are projected to narrow.



Sales & Oper. Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	7.54	7.09	6.48	8.45
Jun.	8.02	6.98	6.89	6.48
Sep.	7.78	6.92	7.45	5.65
Dec.	---	6.73	7.28	5.67
	---	27.72	28.11	26.25

Revenues for the nine months ended September 30, 1989 rose 11%, year to year, reflecting higher crude oil prices and increased natural gas volumes. Due to a more rapid increase in production costs and absence of 1988's asset sales, pretax income declined 3.9%. After taxes at 52.1%, versus 35.2%, which included tax benefits from the asset sales, net income fell 29%. Share earnings were $3.31, compared with $4.66.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.91	1.91	0.58	1.10
Jun.	1.18	1.52	1.00	0.63
Sep.	1.22	1.23	0.72	0.61
Dec.	E1.19	0.51	0.64	d0.25
	E4.50	5.17	2.94	2.09

Important Developments

Nov. '89— U.S. exploration and production operating earnings in 1989's third quarter were improved over a year earlier due to higher crude oil prices, increased liquids production, and a sharp increase in natural gas production. Operating earnings from the U.S. refining and marketing business were restricted by higher feedstock costs, although benefiting from increased sales volumes. Earnings from operations in the international petroleum segment were aided by higher crude oil prices. In the chemical business, earnings from operations were limited by a reduction in prices for plastic resins. For the nine months ended September 30, 1989 overall earnings comparisons were limited by the absence of a year-earlier net nonrecurring gain of $343 million. The principal component of the gain was the sale of properties in Angola.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	43.23	46.13	45.29	45.47	43.15	41.23	38.72	37.13	32.38	27.15
Earnings	5.17	2.94	2.09	4.52	4.48	4.65	4.03	6.96	7.02	5.22
Dividends	2.55	2.40	2.40	2.40	2.40	2.40	2.40	2.20	1.80	1.45
Payout Ratio	49%	82%	115%	53%	54%	52%	60%	32%	26%	28%
Prices—High	52	64⅝	48⅛	40⅜	40¼	40⅞	42⅞	51¾	58¾	31⅛
Low	39	32	34	29¼	30	30⅞	23½	35⅛	26¾	22¼
P/E Ratio—	10-8	22-11	23-16	9-6	9-7	9-7	11-6	7-5	8-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1981. 1. Incl. excise taxes. E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	25,196	4,828	19.2	4,971	2,436	661	2,899	39.0%	1,768	7.0
1987	26,015	5,098	19.6	2,500	2,514	786	2,876	65.0%	1,007	3.9
1986	24,351	4,460	18.3	2,640	2,787	885	1,740	58.9%	[2]715	2.9
1985	41,742	7,502	18.0	2,657	2,915	1,312	4,808	67.8%	1,547	3.7
1984	26,798	3,526	13.2	1,984	1,388	1,037	2,554	39.9%	1,534	5.7
1983	27,342	3,530	12.9	2,194	1,294	174	2,932	45.8%	1,590	5.8
1982	34,362	3,033	8.8	3,134	1,137	171	2,554	46.1%	1,377	4.0
1981	44,224	3,692	8.3	3,947	909	197	3,996	40.4%	2,380	5.4
1980	40,479	3,857	9.5	2,331	767	158	4,298	44.1%	2,401	5.9
1979	29,948	2,982	10.0	1,459	707	156	2,935	39.2%	[2]1,785	6.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,815	7,941	7,003	1.1	33,968	5.2%	6,833	14,788	25,515	26.8	11.6%
1987	3,648	9,828	7,494	1.3	34,465	2.9%	6,255	15,780	25,497	24.5	6.4%
1986	3,131	9,050	6,485	1.4	34,583	1.9%	7,738	15,493	26,380	29.3	4.6%
1985	3,168	11,678	10,458	1.1	38,899	4.1%	7,550	15,554	26,135	28.9	10.2%
1984	1,392	5,581	5,494	1.0	36,358	5.1%	12,972	14,763	29,915	43.4	10.6%
1983	2,547	7,098	5,117	1.4	24,010	6.7%	1,896	14,106	17,962	10.6	11.6%
1982	1,873	7,147	5,434	1.3	23,490	5.8%	1,934	13,246	17,111	11.3	10.6%
1981	1,490	8,902	6,261	1.4	23,680	10.4%	2,035	12,703	16,513	12.3	20.0%
1980	3,042	10,707	6,985	1.5	22,162	11.9%	1,848	11,077	14,250	13.0	23.6%
1979	1,744	8,286	5,879	1.4	18,103	10.2%	2,057	9,284	11,936	17.2	20.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change.

Business Summary

Chevron (formerly Standard Oil of California) is one of the major integrated international oil companies.

Oper. Profits	1988	1987
U.S. expl. & prod.	1%	28%
U.S ref. & mkt.	30%	8%
Foreign expl. & prod.	34%	41%
Foreign ref. & mkt.	2%	4%
Chemicals	21%	18%
Minerals	12%	1%

In 1988 worldwide gross production of crude oil and natural gas liquids averaged 1,309,000 barrels a day, production of natural gas 2.7 billion cubic feet a day, refinery input 1,907,000 b/d, and petroleum product sales 2,410,000 b/d.

Net proved reserves at the 1988 year-end stood at 3,317 million barrels of crude, condensate, and natural gas liquids and 10,710 billion cubic feet of natural gas. CHV sold its 16% stake in AMAX, a hard minerals company, in May, 1988 and in October, 1988 CHV bought substantial crude oil and natural gas reserves from Tennneco Inc.

Finances

CHV restated earnings for 1987 and 1986 to conform with the provisions of SFAS 96. The change reduced retained earnings by $1.88 billion, to $11.88 billion. The restatement resulted in a $1.4 billion ($4.12 a share) net loss in 1986, but in an increase in 1987 net income to $1.25 billion ($3.65 a share). Changes are shown here from their January, 1988 effective date; prior years are not restated. The changes mainly reflect the recording of deferred taxes related to the company's 1984 $13.3 billion acquisition of Gulf Crop. The changes would not affect CHV's liquidity.

Dividend Data

Dividends have been paid since 1912. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.70	Jan. 25	Jan. 31	Feb. 6	Mar. 10'89
0.70	Apr. 26	May 2	May 8	Jun. 12'89
0.70	Jul. 26	Aug. 1	Aug. 7	Sep. 11'89
0.70	Oct. 25	Oct. 31	Nov. 6	Dec. 11'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $7,021,000,000.

Common Stock: 342,109,258 shs. ($3 par).
Institutions hold about 40%.
Shareholders of record: 189,000.

Office—225 Bush St., San Francisco, Calif. 94104. **Tel**—(415) 894-7700. **Chrmn & CEO**—K. T. Derr. **Vice Chrmn**—J. N. Sullivan, J. D. Bonney. **Secy**—M. J. McAuley. **VP-Treas**—C. M. Short. **Investor Contact**—S. A. McLennan. **Dirs**—S. H. Armacost, J. D. Bonney, W. E. Crain, K. T. Derr, S. L. Ginn, C. M. Pigott, C. B. Renfrew, G. P. Shultz, J. N. Sullivan, S. B. Smart, Jr., G. H. Weyerhaeuser, J. A. Young. **Transfer Agent**—Company's office **Registrar**—BT Trust Co., San Francisco **Incorporated** in Delaware in 1926 **Empl**—53,675

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Chicago Milwaukee

NYSE Symbol CHG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
146	147½-131	10	[1]---	[1]---	B	0.40

Summary

CHG is a closed-end, nondiversified management investment company. Its primary subsidiary, CMC Real Estate Corp. (formerly Chicago, Milwaukee, St. Paul, and Pacific Railroad Co.), emerged from bankruptcy in 1985. With some $300 million in cash and equivalents, CHG primarily invests in U.S. Government securities. In early 1989 a lawsuit was filed which alleged, among other things, that a special $20 per share dividend paid by CHG in December, 1988 and a plan to spin off CHG's real estate business were in violation of the liquidation preference afforded to preferred shareholders. CHG called the suit "totally without merit," and added that it still intends to spin off the real estate business.

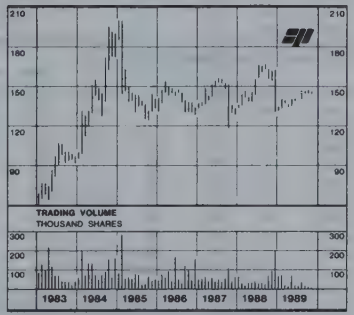
Business Summary

Chicago Milwaukee is a closed-end nondiversified management investment company, the principal subsidiary of which is CMC Real Estate Corp. (formerly Chicago, Milwaukee, St. Paul and Pacific Railroad Co.), which is engaged in the management, sale and development of former railroad property. Primarily through the sale of assets since 1981, CHG had $297.4 million in cash and equivalents at June 30, 1989, which it plans to continue investing primarily in U.S. Government securities. After reviewing an acquisition program, directors decided in mid-1988 that CHG would not actively seek acquisitions.

Revenues in 1988 consisted of interest and gains on investments (75%), property sales (14%), timber sales (6%) and rental income (5%).

At December 31, 1988 properties consisted of approximately 30,000 acres of scattered parcels in 12 states, including former rail yards, roundhouses, special purpose buildings, railroad right-of-way and track, vacant land in both rural and urban areas, several old railroad depots, and 910 acres of industrial sites located primarily in the state of Washington. The company also owned approximately 34,000 acres of timberland, most of which was also located in Washington (sold in January, 1989).

In 1977 CMC filed a petition for reorganization under Section 77 of the Bankruptcy Act. CMC emerged from bankruptcy in November, 1985 following the sale of certain timber and railroad properties for a total of $368.5 million in cash, and control of the remaining assets of the railroad was returned to shareholders. The company's food service equipment, food distribution, concrete paving, and metal fabricating businesses were classified as discontinued operations in 1985, and were subsequently sold for over $92 million.



Important Developments

Nov. '89— CHG said that once the period for a notice published by the SEC under the Investment Co. Act of 1940 concerning its application to spin off its real estate business expires, CHG will hold a meeting to allow shareholders to vote on the proposed spin off. When CHG announced its intention to spin off the real estate business in February, a suit alleged, among other things, that a special $20 a share dividend paid in December, 1988 and its spin off plan violated the liquidation preference afforded preferred shareholders. Separately, in February CHG said it will develop a $300 million complex in Milwaukee's Menomee Valley.

Mar. '89— CHG said that it had received 309,070 of its common shares (12.6% of those outstanding) in a modified "Dutch auction" for up to 400,000 shares at $139.50 each.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[2]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	126.44	136.06	112.88	88.32	d3.13	d3.77	d6.62	d9.40	d11.68	d13.33
Earnings[3]	7.00	12.70	5.87	d1.12	1.25	1.47	1.44	1.22	0.87	0.64
Dividends	[4]20.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	286%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	167	156¼	154	200	195¾	107	66⅜	78⅛	31½	19⅞
Low	130¼	118	128	124	94¾	60¼	40¼	29	10¼	8¼
P/E Ratio—	25-19	12-9	26-22	NM	NM	73-41	46-28	64-24	36-12	31-13

Data as orig reptd. 1. Paid 20.00 spec. divd. in Dec. 1988. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +7.18 in 1986, +0.86 in 1985, and spec. item(s) of: +3.40 in 1988, +7.51 in 1987, +11.51 in 1986, +90.29 in 1985, +1.20 in 1984, +1.39 in 1983, +1.34 in 1982, +1.06 in 1981, +0.78 in 1980, +0.59 in 1979. 4. Return of capital. d-Deficit. NM-Not Meaningful.

December 7, 1989

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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	10	d3.2	NM	3.23	0.26	0.04	27.7	34.1%	18.2	179.8
1987	80	31.3	39.2	Nil	2.41	0.05	51.1	39.1%	31.1	39.0
[2]1986	19	7.5	39.8	[3]0.08	2.32	3.06	27.5	47.6%	14.4	76.1
[2]1985	Nil	NA	NA	[3]1.32	NA	1.42	[4]d5.1	NM	d2.8	NM
[5]1984	159	10.0	6.3	4.15	2.30	1.40	[4]6.7	54.0%	3.1	1.9
1983	138	10.7	7.8	[3]1.75	2.40	0.80	7.6	52.7%	3.6	2.6
1982	132	10.8	8.1	3.79	1.70	1.80	7.4	52.1%	3.5	2.7
1981	122	9.6	7.9	1.24	1.30	3.20	6.0	50.4%	3.0	2.5
1980	111	8.1	7.3	2.49	1.20	3.40	4.0	47.5%	2.1	1.9
1979	106	7.1	6.7	1.13	1.40	3.20	3.0	48.0%	1.6	1.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	83	137	42	3.3	385	4.7%	Nil	310	342	Nil	5.2%
1987	289	329	32	10.3	399	8.2%	Nil	334	365	Nil	10.2%
1986	260	278	36	7.7	362	3.6%	Nil	277	325	Nil	5.8%
1985	160	339	150	2.3	427	NM	Nil	217	276	Nil	NM
1984	3	60	33	1.8	87	4.2%	9	d4	53	16.5	NM
1983	5	43	13	3.2	60	6.3%	7	d9	46	16.2	NM
1982	3	38	14	2.6	55	6.4%	8	d16	40	21.2	NM
1981	3	41	14	2.9	55	5.5%	16	d23	41	39.2	NM
1980	6	39	15	2.7	54	3.9%	19	d29	39	50.5	NM
1979	4	39	14	2.7	54	3.0%	24	d33	39	61.4	NM

Data as orig. reptd. 1. Bef. results of disc. opers. in 1986, 1985, and spec. item(s) in 1988, 1987, 1986, 1985, 1984, 1983, 1982, 1981, 1980, 1979. 2. Excludes discontinued operations. 3. Net of curr. yr. retirement and disposals. 4. Incl. equity in earns. of nonconsol. subs. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful. NA-Not Available.

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	32.6	10.9	8.4	8.4
Jun.	8.4	9.7	8.2	8.8
Sep.	8.6	8.1	77.1	8.1
Dec.		13.2	8.5	19.1
		41.9	102.1	44.2

Revenues for the nine months to September 30, 1989 advanced 73%, year to year, reflecting the sale of Milwaukee Land Co. timberland for $23.9 million in the first quarter. Boosted by a net gain of $22.7 million from the sale, net income rose to $26.2 million from $11.6 million. After preferred dividends, share earnings were $11.56, versus $4.33, before tax loss carryforward credits of $5.57 a share, versus $2.92.

Common Share Earnings ($)

Quarter:	[1]1989	1988	1987	1986
Mar.	7.80	1.82	1.29	0.60
Jun	1.61	1.33	1.34	1.04
Sep.	1.72	1.18	8.69	1.06
Dec.		2.67	1.38	3.17
		7.00	12.70	5.87

Finances

In January, 1989 CHG sold its 31,500 acres of timberland in Washington (with a book value of $768,000) to John Hancock Mutual Life Insurance Co. for $23.9 million.

At September 30, 1989 the reserve for claims and liabilities under CHG's Plan of Reorganization was $12 million; cash and marketable securities totaled $341.6 million at September 30, 1989.

In September, 1987 CHG sold its remaining 85 miles of commuter railroad line and related facilities to the Regional Transportation Authority of Illinois for $67.9 million.

Dividend Data

No regular common dividends had been paid since 1967. However, a special dividend of $20 per share, representing return of capital, was paid December 31, 1988 to holders of record December 27. Dividends on the $5 preferred were initiated in mid-1988.

Capitalization

Long Term Debt: None.

$5 Noncum. Prior Preferred Stock: 317,629 shs. (no par).

Common Stock: 2,142,438 shs. ($1 par).
About 48% closely held.
Officers and directors own about 17%.
Institutions hold approximately 35%.
Shareholders of record: 1,100.

1. Does not reconcile due to changes in com. shs. outstanding.

Office—547 West Jackson Blvd., Chicago, Ill. 60606 **Tel**—(312) 822-0400 **Pres & CEO**—E. Jacobson. **VP-Secy & Treas**—L. F. Fiorentino **Dirs**—C. G. Frame (Chrmn), R. S. Davis, E. Jacobson, J. Nash, R. C. Reed, P. J. Sharp, E. K. Zilkha **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Delaware in 1971; Railroad incorporated in Wisconsin in 1927. **Empl**—42

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Christopher J. Grant

Chris-Craft Industries

NYSE Symbol CCN Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
35	44 1/8-20 3/8	NM	---	---	B	1.11

Summary

Under an agreement reached in May, 1989, Warner Communications (WCI) will spin off its 40% interest in CCN's BHC unit to shareholders. In July CCN, which owned some 24% of WCI, received about $1.6 billion (a net gain of $454 million) in the first step of Time Inc.'s acquisition of WCI. CCN's remaining interest in WCI will be acquired by Time for a combination of securities, for a net gain of about $245 million. Chris-Craft is particularly interested in acquiring media, entertainment and communications assets with the proceeds.

Current Outlook

Earnings for 1990 are tentatively projected at roughly $3.00 a share, versus 1989's estimated $29.00, which includes about $28.00 in capital gains.

No cash dividends have been paid since 1969.

Revenues in 1990 are expected to show only modest improvement, with small gains in TV advertising. Profits for TV will be impaired by advances in programming costs. The substantial capital gains in 1989 will overshadow the strong investment income anticipated in 1990, leading to an unfavorable earnings comparison.

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	58.8	53.1	49.9	45.1
Jun.	71.1	67.5	64.6	59.6
Sep.	63.0	58.7	56.4	51.7
Dec.		71.6	70.6	67.6
		250.8	241.3	224.0

Revenues for the nine months ended September 30, 1989 rose 7.8%, year to year. Operating income plunged 65%, largely due to higher programming costs. After other items, including sharply higher income associated with the investment in WCI, net income advanced to $467,599,000 ($19.07 a share) from 10,343,000 ($0.42; restated).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.05	0.10	d0.16	d0.16
Jun.	0.14	0.35	0.24	0.06
Sep.	18.74	0.27	0.03	0.17
Dec.		0.15	0.31	0.52
		0.88	0.43	0.61

Important Developments

Aug. '89— CCN said that Warner Communications (WCI) will spin off WCI's 40% equity interest in CCN's BHC Inc. to shareholders under an agreement reached in May which settled a dispute over the interpretation of shareholder agreements between WCI and CCN. In July CCN received about $1.46 billion as part of the first step of Time Inc.'s $14 billion purchase of WCI. BHC also sold to WCI its 1,304,078 shares of WCI Series B preferred stock for $144.1 million. The two transactions resulted in a net gain of $1.3 billion and, accounted for about $454 million of CCN's third-quarter net income. CCN will record a fourth quarter net gain in the fourth quarter of about $245 million on its remaining WCI interests when Time completes its acquisition of WCI for a package of securities.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31[2]	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	1.88	0.72	d0.06	d0.80	d0.83	2.01	2.26	2.07	0.98	0.59
Earnings[3]	0.88	0.43	0.61	0.76	0.17	0.23	0.38	0.11	0.35	0.17
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	23 1/4	27 1/4	23 1/2	17 1/2	10 3/8	8 3/4	5 5/8	3 1/2	3 3/8	1 3/4
Low	16	9 7/8	15 1/4	10	7 1/8	5 1/2	2 3/4	2 3/8	1 1/4	7/8
P/E Ratio—	26-18	64-23	39-25	23-13	60-42	38-23	15-7	31-20	9-3	10-5

Data as orig. reptd. Adj. for stk. div(s). of 5% Mar. 1989, 3% Mar. 1988, 2% Mar. 1987, 200% Nov. 1986 (Cl. B com. shs.), 2% Apr. 1986, 2% Oct. 1984, 2% Nov. 1983, 200% Feb. 1983, 5% Nov. 1982, 5% Nov. 1981, 3% Nov. 1980. **1.** Paid 5% stk. Mar. 1989. **2.** Prior to 1985 fis. yr. ended Aug. **3.** Bef. results of disc. opers. of -0.74 in 1984, -0.09 in 1983, +0.01 in 1982, +1.40 in 1981, -0.80 in 1980. d-Deficit. NM-Not Meaningful.

December 14, 1989
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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	251	36.2	14.4	4.1	9.21	25.0	50.1	20.6%	21.4	8.5
1987	241	35.3	14.6	[4]4.8	9.96	26.5	32.9	17.6%	10.6	4.4
1986	224	38.1	17.0	[4]4.5	9.44	28.3	41.4	24.0%	[5]14.7	6.6
1985	190	35.7	18.8	[4]15.1	7.55	31.7	35.2	13.1%	18.3	9.6
[6]1984	166	40.1	24.1	6.0	6.65	25.8	20.4	48.7%	4.6	2.8
[6]1983	84	13.7	16.2	2.9	1.33	10.1	11.7	48.0%	6.1	7.2
[6]1982	77	14.8	19.3	8.8	1.28	11.0	18.9	43.9%	10.6	13.9
1981	65	11.4	17.6	1.5	1.10	11.2	7.3	34.4%	[5]4.8	7.4
[6]1980	55	11.3	20.6	1.8	0.92	10.3	15.8	15.5%	13.3	24.2
1979	105	13.2	12.5	4.3	1.06	6.0	12.6	37.2%	7.9	7.5

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	51	216	153	1.4	909	2.4%	211	97.2	658	32.1	24.8%
1987	49	188	141	1.3	862	1.2%	225	70.1	624	36.0	15.9%
1986	67	191	139	1.4	828	1.8%	237	53.4	620	38.2	30.3%
1985	64	168	133	1.3	805	2.4%	259	39.0	611	42.3	47.2%
1984	94	159	83	1.9	711	1.0%	256	36.2	596	43.0	9.3%
1983	72	103	51	2.0	204	3.1%	66	49.7	128	51.6	10.4%
1982	76	105	42	2.5	204	5.5%	67	59.1	141	47.8	17.6%
1981	109	145	45	3.2	215	2.8%	68	63.5	146	47.0	8.6%
1980	13	51	28	1.8	161	8.4%	73	39.0	126	57.6	29.8%
1979	16	59	32	1.8	153	6.6%	50	45.2	109	45.4	17.3%

Data as orig. reptd. **1.** Prior to 1985 fis. yr. ended Aug. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Bef. results of disc. opers in 1984, 1983, 1981, 1980 **4.** Net of curr. yr. retirement and disposals. **5.** Reflects accounting change. **6.** Excludes discontinued operations.

Business Summary

Chris-Craft Industries is primarily engaged in television broadcasting. CCN also produces plastics; its interest in Warner Communications, Inc. is being acquired by Time Inc. Industry segment contributions in 1988:

	Sales	Profits
Television	92%	94%
Industrial	8%	6%

BHC Inc. (57.5%-owned) operates VHF television stations in Los Angeles (KCOP) and Portland, Ore. (KPTV). United Television (UTV), which is 50.4%-owned by BHC, owns and operates three VHF and two UHF television stations: KMSP Minneapolis, KTVX Salt Lake City, KMOL San Antonio, KBHK San Francisco and KUTP Phoenix.

The industrial division manufactures plastic flexible films, water-disposable hospital laundry bags, nonwoven sound control and insulation padding, fiber carpet underlay, latex and plastic flexible foams and foam mattress cores.

Finances

In January, 1984 CCN transferred BHC preferred stock (convertible into 42.5% of BHC's common) to Warner Communications (WCI), and BHC received in return an equity interest in WCI, that through subsequent transactions grew to 23.7% by year-end 1988.In August, 1989 BHC was recapitalized, pursuant to which WCI's preferred stock holdings in BHC were converted into Cl. A stock, having a 40% equity and a 6% voting interest in BHC.

Dividend Data

No cash dividends have been paid on the common since 1969. The following stock dividend was paid on both the common and Class B:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
5% Stk.	Feb. 23	Mar. 27	Mar. 31	Apr. 14'89

Capitalization

Long Term Debt: $21,250,000 (9/30/89).

Minority Interest: $509,948,000.

$1 Cum. Prior Pfd. Stk.: 73,399 shs. (no par); red. at $25.

$1.40 Conv. Pfd. Stk.: 324,557 shs. (no par); red. at $40; ea. conv. into 24.72 com. shs.

Common Stock: 14,692,765 shs. ($0.50 par).

Class B Common Stock: 9,148,372 shs. (as of 9/30/89);

10 votes per sh.; limited transferability; conv. sh.-for-sh. into com.

Officers and directors hold some 47%; institutions hold about 33% of com. and Cl. B.

Shareholders of record: 3,767.

Office—600 Madison Ave., NYC 10022 **Tel**—(212) 421-0200. **Chrmn & Pres**—H. J. Siegel. **VP-Secy**—B. S. Greene **VP-Fin**—L. M. Kashdin **Treas**—J. K. Merkel **Dirs**—H. Arvey, L. R. Barnett, D. F. Linowes, N. Perlmutter, J. J. Rochlis, A. R. Rozelle, H. J. Siegel, E. C. Thompson **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1928 **Empl**—1,065.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Chrysler Corp.

NYSE Symbol C Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
20	29⅝-19¼	3	1.20	6.0%	B	1.65

Summary

Although Chrysler's share of the car and truck market declined moderately in the first nine months of 1989, earnings comparisons were boosted by the introduction of several new models to replace the K-car line, increased production of Jeeps and minivans, the absence of 1988's nonrecurring charge for plant closures, and a gain from the sale of Mitsubishi Motors stock. In June Chrysler acquired Thrifty Rent-A-Car System for $262 million, and in July Chrysler announced a $1.0 billion cost cutting program.

Current Outlook

Earnings for 1990 may decline to $5.50 a share from the $5.82 estimated for 1989.

The dividend should continue at $0.30 quarterly.

Industrywide car and truck sales are expected to decline moderately in 1990. However, a more favorable mix of new car models with higher margins, continued strong demand for Jeeps and minivans, a continued rise in export sales, and savings generated by Chrysler's $1.0 billion cost control program should boost operating profits. The absence of 1989's $1.32 a share gain from the sale of Mitsubishi Motors Corp. stock could result in lower net income.

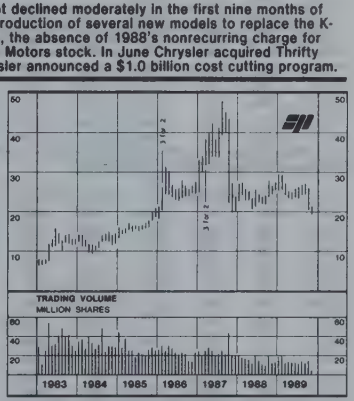
Revenues[1] ($Billion)

Quarter:	1989	1988	1987	1986
Mar.	9.95	8.56	6.03	5.78
Jun.	10.11	9.34	6.41	5.71
Sep.	7.88	7.88	6.17	5.17
Dec.	---	9.69	7.67	5.94
	---	35.47	26.28	22.59

Revenues (including Chrysler Financial) for the nine months ended September 30, 1989 increased 8.4%, year to year. Factory vehicle sales declined 1.4% on a 3.4% drop in North American sales. Following a $503 million pretax gain on the sale of Mitsubishi Motors Corp. stock ($309 million or $1.32 a share after taxes), and in the absence of 1988's $150 million pretax provision for plant closings ($93 million or $0.42 a share after taxes), pretax income advanced 67%. After taxes at 38.1%, against 37.9%, net income was up 66%, to $4.38 a share from $2.77.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.50	0.83	1.24	1.57
Jun.	1.46	1.45	1.98	2.19
Sep.	1.42	0.50	1.12	1.07
Dec.	E1.44	1.85	1.57	1.47
	E5.82	4.66	5.90	6.31



Important Developments

Oct. '89— Chrysler said that it may close one or two plants because of production overcapacity in the U.S. market.

Sep. '89— Chrysler sold 75 million shares of Mitsubishi Motors Corp. stock (45% of its holdings) for $598 million. An after tax gain of $309 million or $1.32 a share was reported for the third quarter of 1989. The sale cut Chrysler's holdings in Mitsubishi stock to 12.1% from 21.8%, but the company said that it would not affect their 18-year working partnership.

Jul. '89— Chrysler announced a $1.0 billion cost control program which would include an 8% (2,300 person) salaried work force reduction, purchased materials and manufacturing cost cuts, improved product design, and elimination of line and staff redundancies.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	1986	[3]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.00	19.74	24.67	18.51	12.10	4.17	d2.34	d3.65	d0.92	10.65
Earnings[4]	4.66	5.90	6.31	6.25	5.22	1.05	d0.57	d3.19	d11.55	d7.63
Dividends	1.00	1.00	0.80	0.44½	0.37⅞	Nil	Nil	Nil	Nil	0.08⅞
Payout Ratio	22%	17%	13%	7%	7%	Nil	Nil	Nil	Nil	NM
Prices—High	27⅞	48	31½	20⅞	15	15⅞	8⅜	3½	5⅛	5⅛
Low	20½	19⅝	18⅛	13¼	9⅜	6¼	1½	1⅜	1⅞	2½
P/E Ratio—	6-4	8-3	5-3	3-2	3-2	15-6	NM	NM	NM	NM

Data as orig. reptd. Adj. for stk. div(s). of 50% Apr. 1987, 50% Mar. 1986. **1.** Net sales prior to 1988 **2.** Reflects accounting change **3.** Reflects merger or acquisition **4.** Bef. results of disc. opers. of +1.00 in 1982, and spec. item(s) of +3.17 in 1984, +1.53 in 1983, +0.39 in 1982. E-Estimated d-Deficit NM-Not Meaningful

November 15, 1989
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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	35,473	5,367	15.1	2,016	1,156	2,592	1,692	37.9%	1,050	3.0
[4]1987	26,277	2,870	10.9	3,086	875	525	2,180	40.8%	[5]1,290	4.9
1986	22,586	2,338	10.4	2,061	544	436	2,325	39.6%	1,404	6.2
[4]1985	21,256	2,424	11.4	1,633	476	268	2,370	31.0%	[5]1,635	7.7
1984	19,573	2,790	14.3	1,247	554	184	2,430	38.4%	1,496	7.6
1983	13,240	1,356	10.2	1,057	457	267	704	57.1%	302	2.3
[6]1982	10,045	518	5.2	374	433	339	d68	NM	d69	NM
1981	10,822	250	2.3	456	[5]451	406	d460	NM	d476	NM
1980	9,225	d771	NM	835	567	[5]405	d1,670	NM	d1,710	NM
1979	12,002	d489	NM	749	401	275	d1,102	NM	d1,097	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,644	NA	21,409	NA	48,567	3.0%	14,877	7,582	24,694	60.2	14.5%
1987	2,410	6,171	6,638	0.9	19,945	7.4%	3,333	6,503	11,032	30.2	21.6%
1986	2,679	5,364	5,121	1.0	14,463	10.6%	2,334	5,345	8,391	27.8	30.0%
1985	2,798	5,313	4,729	1.1	12,605	16.2%	2,366	4,215	6,973	33.9	46.9%
1984	1,700	3,980	4,116	1.0	9,063	18.9%	760	3,306	4,088	18.6	65.5%
1983	1,069	2,754	3,454	0.8	6,772	3.7%	1,104	1,143	2,469	44.7	109.0%
1982	897	2,369	2,113	1.1	6,264	NM	2,189	d419	3,205	68.3	NM
1981	404	2,601	2,419	1.1	6,270	NM	2,059	d601	2,907	70.8	NM
1980	297	2,861	3,029	0.9	6,618	NM	2,483	d138	3,014	82.4	NM
1979	474	3,121	3,232	1.0	6,653	NM	992	1,599	2,938	33.8	NM

Data as orig. reptd. Reflects consolidation of finance subsid. after 1987. **1.** Incl. equity in earnings of nonconsol. subs. **2.** Bef. results of disc. opers. in 1982, and spec. item(s) in 1984, 1983, 1982. **3.** Reflects acctg. change; revs. incl. other income. **4.** Reflects merger or acquisition. **5.** Reflects acctg. change. **6.** Excludes disc. opers. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Chrysler, the third largest U.S. motor vehicle producer, expanded its automotive operations through the 1987 acquisition of American Motors Corp. and its Jeep/Eagle line of vehicles. The Chrysler Technologies division owns Gulfstream Aerospace, a producer of business jets, and Electrospace Systems, a supplier of electronic systems and services to military, government and commercial customers worldwide. Chrysler Financial provides vehicle and other financing and insurance. In June, 1989 Chrysler acquired Thrifty Rent-A-Car System for about $263 million. Contributions to revenues and net income in 1988:

	Revs.	Net Inc.
Automotive	86%	67%
Financial services	10%	25%
Aerospace	4%	4%
Other	Nil	4%

In 1988 pretax earnings were derived 79% in the U.S., 10% in Canada, and 11% elsewhere.

Various Chrysler, Plymouth, Dodge, and Eagle car models accounted for 11.3% of total domestic registrations (including foreign-built cars) in 1988. The comparable figure for trucks (including Jeeps) was 19.4%. Chrysler has about 5,324 dealers, including 1,263 Jeep/Eagle dealerships.

Of the 2,566,920 cars and trucks manufactured by Chrysler in 1988, 1,726,084 were built in the U.S., 493,531 in Canada, 195,670 in Japan (by 12.1%-owned Mitsubishi Motors), and 151,635 in Mexico and elsewhere.

Dividend Data

Following a four-year hiatus, dividends were resumed in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Dec. 1	Dec. 9	Dec. 15	Jan. 16'89
0.30	Mar. 2	Mar. 9	Mar. 15	Apr 17'89
0.30	Jun. 8	Jun. 13	Jun. 19	Jul. 17'89
0.30	Sep. 7	Sep. 12	Sep. 18	Oct. 16'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $16,885,000,000.

Minority Interest: $375,000,000.

Common Stock: 233,000,000 shs. ($1 par).
Institutions hold about 61%.
Shareholders of record: 205,807.

Office—12000 Chrysler Drive, Highland Park, Mich. 48288-1919. **Tel**—(313) 956-5252. **Chrmn & CEO**—L. A. Iacocca. **VP-Secy**—W. J. O'Brien. **VP-Treas**—F. W. Zuckerman. **Investor Contact**—E. M. Scranton. **Dirs**—L. H. Affinito, B. E. Bidwell, O. F. Bieber, A. J. A. Bryan, J. A. Califano, Jr., A. J. deGrandpre, G. Greenwald, R. H. Grierson, L. A. Iacocca, J. H. Johnson, J. M. Kreps, R. J. Lanigan, R. A. Lutz, P. A. Magowan, R. S. Miller, Jr., W. G. Milliken, A. E. Paulson, M. T. Stamper, J. P. Sticht. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1925. **Empl**—130,242.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Heran

Chubb Corp.

NYSE Symbol CB Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
82⅜	82½-57⅝	9	2.32	2.8%	B+	0.63

Summary

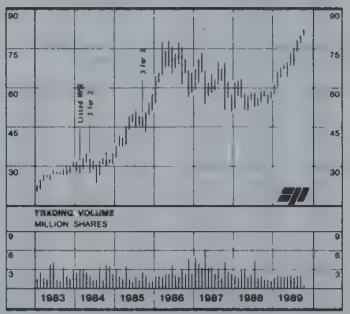
This company is a large, broadly based property-casualty insurance organization, with a better than average underwriting record; it also has interests in life and health insurance and real estate development. Despite an $0.84 a share charge for claims and expenses in connection with the rain insurance program, earnings increased in 1988. While increased competition will restrain profits, a further advance in earnings is expected for 1989 and 1990.

Current Outlook

Excluding "fresh start" tax benefits, net operating earnings for 1989 are estimated at $9.00 a share, compared with 1988's $8.85. Share earnings for 1990 could reach $10.20.

The $0.58 quarterly dividend is the minimum expected.

Intense industrywide competition is expected to continue through 1989, which will limit earnings growth. CB is somewhat insulated from this growing competition because its specialty coverages are expected to continue to attract both unit growth and price increases. While premiums in the aggregate will at best post only modest gains, CB's underwriting prowess should result in only a marginal drop in underwriting profits. Because of premium pressures, growth of cash flow will likely slow, and increases in investment income should moderate. P-C earnings comparisons will also benefit from the absence of 1988's rain insurance settlement, which cost CB $0.84 a share. An expected recovery in the group health area would benefit the life operations. Modest advances in real estate operations are expected. Earnings for 1990 should benefit from a likely firming of p-c insurance rates.



Review of Operations

Total revenues for the six months ended June 30, 1989 rose 6.0%, year to year (1988 restated), primarily reflecting marginally higher property-casualty premiums, a 9.1% rise in life insurance premiums, and a 17% increase in investment income. Total benefits and expenses were up 5.6%, and following realized capital gains of $17.6 million versus losses of $3.5 million, pretax income rose 18%. After taxes at 24.6%, versus 22.3%, net income advanced 14%. Share earnings were $5.02 (including $0.28 in realized capital gains), compared with $4.41 ($0.07 of losses).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.48	2.40	1.95	1.25
Jun.	2.54	2.08	2.18	1.42
Sep.		2.15	2.06	1.56
Dec.		2.22	2.10	1.38
		8.85	8.29	5.63

Important Developments

Apr. '89— CB reported that property-casualty premiums written in 1989's first half fell 1.9%, while premiums earned edged up less than 1%. The underwriting profit declined to $200,000 from $24.0 million. The combined ratio was 99.8%, versus 97.7%. Life and health profits advanced 57%, to $20.7 million from $13.2 million, while real estate profits increased 19%, to $19.4 million.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	53.50	46.13	39.52	28.89	26.99	28.12	26.18	23.94	23.06	20.05
Oper. Earnings[2]	8.85	8.29	5.63	0.03	2.35	3.04	2.68	3.74	3.79	3.50
Earnings[3]	8.55	7.95	7.05	1.92	2.84	2.87	2.64	3.75	2.96	3.21
Dividends	2.16	1.78	1.59	1.51⅜	1.44¾	1.36½	1.29⅞	1.19⅛	1.06¾	0.97⅛
Payout Ratio	25%	22%	23%	79%	51%	48%	49%	32%	36%	30%
Prices—High	63⅜	73½	78⅛	57⅝	35⅜	31⅞	27½	23⅜	20¾	20⅜
Low	51¼	50⅞	54	33⅛	23¼	20	13¼	16⅝	13¾	14
P/E Ratio—	7-6	9-6	14-10	30-17	15-10	10-7	10-5	6-4	5-4	7-4

Data as orig reptd. Adj. for stk. div(s). of 50% Oct. 1985, 50% May 1984 **1.** Oper. earns. prior to 1989. **2.** Bef. results of disc. ops. & spec. items **3.** Aft. gains/losses on securities trans.

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Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	—% Return On— Revs.	[2]Equity
1988	3,299	519	3,973	66.0	33.7	99.7	470	373	360	9.4	17.7
1987	3,163	401	3,707	66.4	31.0	97.4	421	345	330	9.3	19.5
1986	2,688	335	3,203	70.9	28.6	99.5	272	214	268	6.7	15.8
1985	1,905	288	2,388	75.0	31.3	106.3	d59	11	71	0.5	0.1
1984	1,661	234	2,029	80.6	34.9	115.5	17	69	83	3.4	8.2
1983	1,399	184	1,757	73.7	35.1	108.8	79	84	80	4.8	11.2
1982	1,270	167	1,504	74.8	35.5	110.3	47	74	73	4.9	10.7
1981	1,194	158	1,406	67.8	34.6	102.4	123	104	104	7.4	15.9
1980	1,107	138	1,289	65.4	33.9	99.3	130	105	82	8.2	17.6
1979	1,017	119	1,190	63.9	34.0	97.9	125	98	90	8.2	18.5

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	[3]Bonds	Investment Assets Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[4]Debt	Common Equity
1988	150	639	6,271	678	154	7,102	7.8	719	9,741	544	2,255
1987	126	620	5,493	526	158	6,177	7.2	650	8,609	525	1,953
1986	114	658	4,310	520	168	4,998	7.5	541	7,227	575	1,576
1985	90	532	3,221	506	195	3,921	8.4	454	5,763	514	1,102
1984	71	395	2,344	373	241	2,958	8.6	379	4,370	244	895
1983	56	323	1,793	520	160	2,473	7.7	302	3,540	138	782
1982	43	236	1,648	479	164	2,291	7.6	267	3,203	149	726
1981	43	235	1,522	455	165	2,142	7.5	247	2,912	78	663
1980	37	210	1,447	481	154	2,082	6.9	226	2,746	46	638
1979	34	191	1,325	430	143	1,897	6.6	206	2,490	39	561

Data as orig. reptd.; prior to 1981 data as reptd. from 1980 annual report. **1.** As reptd. by co. **2.** Common. **3.** Incl. short-term investments. **4.** Incl. short term debt. d-Deficit.

Business Summary

Through subsidiaries, Chubb Corp. is engaged primarily in property-casualty insurance domestically and abroad, life and health insurance and real estate.

In 1988 Chubb wrote $2.77 billion in property-casualty premiums, of which standard commercial lines accounted for 37%, specialty commercial lines 38% and personal lines 25%. Total written premiums in 1988 were divided: fidelity and surety 18%, commercial casualty 17%, commercial multi-peril 16%, ocean and inland marine 6%, commercial auto 3%, other specialty commercial lines 15%, homeowners 12%, personal auto 7%, and other personal lines 6%. The property-casualty group is represented by more than 3,000 independent agents and accepts business on a regular basis from some 370 insurance brokers.

The life and health insurance group is composed of Chubb Life Insurance Co. of America and its subsidiaries, The Colonial Life Insurance Co. of America, United Life and Accident Insurance Co., and Volunteer State Life Insurance Co. and Sovereign Life Insurance Co. of California (acquired 1987). Total life insurance in force at year-end 1988 amounted to $38.3 billion. The life group offers participating and non-participating individual life insurance, as well as group life and health insurance and individual health and annuity contracts on a non-participating basis only. Invested assets of the life and p-c companies totaled $7.1 billion at year-end 1988.

Bellemead Development Corp. is an industrial, commercial and residential real estate development company active in New Jersey and Central Florida. Real estate activities accounted for 4% of revenues in 1988.

Dividend Data

Dividends have been paid since 1902. A "poison pill" stock purchase right was adopted in 1989

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.54	Dec. 2	Dec. 12	Dec. 16	Jan. 4'89
0.58	Mar. 3	Mar. 13	Mar. 17	Apr. 4'89
0.58	Jun. 2	Jun. 12	Jun. 16	Jul. 5'89
0.58	Sep. 8	Sep. 18	Sep. 22	Oct. 10'89

Finances

In September, 1989 a newly-formed ESOP purchased 2 million new CB common shares with a $150 million loan from the company. CB intends to buy back a similar number of its shares.

Capitalization

Long Term Debt: $426,500,000.

Common Stock: 42,688,404 shs. ($1 par).
Institutions hold about 75%.
Shareholders of record: 9,300.

Office—15 Mountain View Road, Warren, N J 07061-1615 **Tel**—(201) 580 2000 **Chrmn & CEO**—D R O'Hare **Pres**—R D Smith **VP-Secy**—H G Gulick **Treas**—P J Sempier **Investor Contact**—Gail E Devlin (212) 612 4057 **Dirs**—J C Beck, P Chubb III, J J Cohen, H U Harder, W A Knowlton, R. V. Lindsay, T. C. MacAvoy, J. I. Merritt Jr., G. G. Michelson, E Mosbacher Jr., R J Munzer, D. R O'Hare, E. G. Procope, F. L. Rockefeller, L. M Small, R. D. Smith, R G. Stone Jr., W B Wriston. **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, NYC. **Incorporated** in New Jersey in 1967 **Empl**—9,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A Seifert

Chyron Corp.

532N

NYSE Symbol CHY

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
2⅞	4⅝-2⅞	NM	0.14	4.9%	B-	0.71

Summary

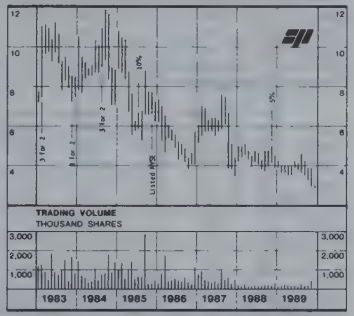
In November, 1989 CHY and Midwest Communications Corp. announced an agreement in principle to merge into a new holding company that would operate CHY and Midwest as separate entities. Pending execution of a definitive agreement, a shareholder vote on the proposal is expected in March, 1990. CHY produces digital electronic graphics equipment and videotape and film editing equipment.

Business Summary

Chyron Corp. manufactures high performance electronic digital titling and graphics equipment used by the television industry, video production and post-production studios, and by educational, training and communication facilities. It also produces computer-assisted videotape editing equipment for use principally by post-production facilities in support of broadcast operations. In 1987 the company developed an editor for the film industry. In 1988 the company formed CMX Laser Systems, Inc. (49%-owned), which rents editing equipment to the film industry. The company also manufactures digital video effects systems and electronic paint systems used in video production.

CHY's electronic digital character graphics equipment utilizes a digital computer and electronic storage to permit an operator to create images and use colors which can either be superimposed upon images being broadcast or be televised alone, and which can be manipulated to create numerous graphic effects. Digital video effects equipment includes systems designed to manipulate video through the twisting and curving of pictures, and to create such simulated effects as a page turning or a flat picture curving into a sphere. The company's digital compositing system creates special effects in digitalized format which allow the user to compose numerous images for overlay onto a video background.

CHY's videotape editing equipment includes large-scale systems designed to improve tape editing by enhancing creativity and improving user productivity. Two low-cost, medium scale editing systems are marketed to industrial and commercial markets for use in post-production of training and educational videotapes. During the latter part of fiscal 1987, the company introduced an editor for the film industry which is a random access type system using laser discs as media for editing purposes. This system is sold to the post production industry and, through 49%-owned CMX Laser Systems, is rented on a daily, weekly, monthly or seasonal basis to film producers.



The company's computer paint and animation systems provide full graphics-creation functions in two- and three-dimensional modeling / animation.

Important Developments

Nov. '89— CHY and Midwest Communications Corp., a distributor of CHY products, agreed in principle to form a new holding company that would operate the two companies as separate entities. Under the merger agreement, shares of the new holding company would be exchanged for CHY shares on a one-for-one basis and each Midwest share (some 3,000,000 outstanding) would be exchanged for 2.67 shares of the new concern. The holding company would have a 10-member board, with CHY and Midwest each naming five directors. CHY chairman Alfred O.P. Leubert would become chairman of the holding company and David K. Barnes, president of Midwest, would be its president and CEO. Midwest earned $1.0 million in fiscal 1989 on sales of $161.4 million.

Next earnings report expected in February.

Per Share Data ($)

Yr. End Jun. 30	[1]1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	2.06	2.64	2.62	2.45	2.31	2.39	1.95	1.58	1.28	0.43
Earnings[2]	d0.18	0.06	0.27	0.22	0.33	0.50	0.41	0.33	0.25	0.10
Dividends	0.13⅓	0.12⅓	0.10½	0.09¼	0.08⅝	0.05¼	0.03¾	0.02½	0.01⅝	Nil
Payout Ratio	NM	215%	40%	43%	25%	11%	10%	7%	9%	Nil
Prices[3]—High	4⅝	5⅛	7⅝	7⅜	10⅞	11⅞	11¼	8⅜	5¼	3⅛
Low	2⅞	3⅝	3½	3¾	5¼	7⅛	7⅛	3¾	2⅜	⅝
P/E Ratio—	NM	85-60	29-13	34-17	33-16	24-14	28-18	25-11	21-9	30-6

Data as orig reptd. Adj. for stk. divs. of 5% Nov. 1988, 10% Jul. 1985, 50% Aug. 1984, 50% Dec. 1983, 50% Feb. 1983, 2% Dec. 1981, 50% Feb. 1981, 33% Jan. 1980. 1. Reflects merger or acquisition. 2. Bef. spec. items of -0.03 in 1989, +0.05 in 1988, +0.01 in 1979. 3. Cal. yr. NM Not Meaningful. d-Deficit.

December 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

532N

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[4]1989	44.2	d1.15	NM	[5]1.33	1.34	3.38	[2]d4.30	NM	d1.92	NM
1988	46.0	1.80	3.9	1.48	1.14	1.77	[2]0.55	52.1%	[3]0.62	1.4
1987	42.2	5.75	13.6	1.69	1.16	0.80	5.10	37.1%	2.85	6.8
1986	35.6	3.42	9.6	1.89	1.23	0.61	3.95	38.0%	[3]2.33	6.5
[4]1985	29.4	4.23	14.4	1.90	0.78	0.21	5.35	39.2%	3.54	12.0
1984	22.0	7.34	33.4	0.72	0.31	Nil	8.91	41.5%	5.21	23.7
1983	16.9	6.07	35.8	0.42	0.21	Nil	7.58	43.5%	4.29	25.3
1982	12.8	4.60	36.0	0.30	0.14	Nil	6.50	45.2%	3.56	27.8
1981	9.7	3.49	36.2	0.19	0.10	Nil	3.81	49.0%	1.94	20.1
1980	6.5	1.44	22.2	0.11	0.07	Nil	1.52	48.7%	0.78	12.0

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	1.0	48.2	39.5	1.2	72.2	NM	0.1	30.5	30.6	0.4	NM
1988	1.5	38.1	11.5	3.3	70.4	1.0%	25.1	31.6	58.4	42.9	2.0%
1987	0.8	31.3	16.7	1.9	58.5	5.5%	7.8	31.5	41.8	18.8	9.3%
1986	8.5	31.1	14.0	2.2	44.9	5.5%	0.1	29.3	30.9	0.3	8.1%
1985	6.6	29.0	10.6	2.7	39.8	10.0%	0.3	28.0	29.2	1.2	13.2%
1984	13.6	26.3	5.6	4.7	30.9	18.8%	Nil	25.4	25.4	Nil	22.6%
1983	17.2	22.9	3.5	6.5	24.3	19.5%	Nil	20.8	20.8	Nil	22.7%
1982	15.0	18.6	2.7	7.0	19.6	20.1%	Nil	16.9	16.9	Nil	23.4%
1981	12.8	15.4	2.3	6.6	15.9	17.3%	Nil	13.6	13.6	Nil	21.4%
1980	2.2	4.2	1.3	3.2	4.5	20.2%	Nil	3.2	3.2	Nil	27.2%

Data as orig. reptd. 1. Bef. spec. item(s) in 1989, 1988. 2. Incl. equity in earns. of noncons. subs. 3. Reflects acctg. change. 4. Reflects merger or acquisition. 5. Net of curr. yr. retirement and disposals.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	10.67	8.82	10.75	9.08
Dec.		10.75	11.18	9.34
Mar.		11.94	12.15	10.61
Jun.		12.65	11.94	13.18
		44.16	46.01	42.20

Sales for the three months ended September 30, 1989 advanced 21%, year to year. Benefiting from a program to consolidate selected procurement, manufacturing, marketing, sales and administrative functions, operating income totaled $317,000, versus an operating loss of $756,000. Following higher interest expense, there was a net loss of $256,000 ($0.02 a share), against a loss of $645,000 ($0.06).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.02	d0.06	0.07	0.06
Dec.		0.02	0.05	0.07
Mar.		0.01	0.05	0.07
Jun.		d0.15	d0.11	0.08
		d0.18	0.06	0.27

Finances

Due principally to CHY's operating loss in fiscal 1989, it did not meet certain of its loan covenants under the company's loan agreements. As of June 30, 1989, the company's entire bank debt had been reclassified as a current liability. CHY and its banks were negotiating to enter into new agreements with revised loan covenant terms.

In January, 1989 the company acquired the 19.45% interest in CMX Corp. not already owned by it for 336,800 common shares.

d-Deficit.

Dividend Data

Cash dividends were initiated in 1981. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03½	Dec. 6	Feb. 1	Feb. 7	Feb. 27'89
0.03½	Mar. 7	May 3	May 9	May 30'89
0.03½	Jun. 6	Aug. 1	Aug. 7	Aug. 28'89
0.03½	Sep. 6	Oct. 27	Nov. 2	Nov. 27'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $109,000, excl. $27,976,000 bank debt classified as current at 6/30/89.

Common Stock: 11,340,086 shs. ($0.01 par). Officers and directors hold about 8%. Institutions hold approximately 25%. Shareholders of record: 7,600.

Office—265 Spagnoli Rd., Melville, N.Y. 11747. **Tel**—(516) 845-2000 **Chrmn & CEO**—A. O. P. Leubert **Pres**—I. Hersly **Secy**—S. I. Hendler **VP-Treas & Investor Contact**—J. A. Posenna **Dirs**—F. D. Brown, A. O. P. Leubert, R. E. Mulcahy, L. Weissman (Vice Chrmn). **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in New York in 1966 **Empl**—445

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard Spiegel

CIGNA Corp.

NYSE Symbol CI Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
59	66¾-45⅞	13	2.96	5.0%	B-	0.77

Summary

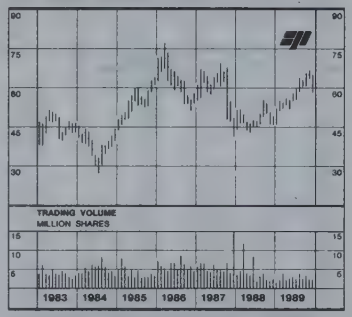
One of the largest insurance-based financial services organizations, CIGNA Corp. is a major participant in the property-casualty, group life/health insurance, annuity and financial services fields. As part of a plan to focus on commercial markets, CI sold its individual insurance products unit in late 1988 for $140 million. The Horace Mann subsidiary was sold in August, 1989 for about $484 million. The acquisition of a large group insurance and managed health care concern is being considered.

Current Outlook

Excluding "fresh start" tax benefits and realized investment gains or losses in both years, earnings of $4.25 a share are expected for 1990, compared with the $3.00 anticipated for 1989.

The $0.74 quarterly dividend is the minimum expected.

The higher income forecast for 1990 is predicated upon continued growth in earnings from the group health business that will more than offset flat property-casualty profits. A firming of p-c prices is expected by mid-1990, but this will not significantly benefit earnings until 1991. Until then, soft p-c pricing due to intense competition is expected to continue and, together with higher storm and earthquake related losses, will likely impair earnings for this segment. Sizable rate increases in both the traditional indemnity and HMO lines should aid earnings in coming periods. Group retirement profits should benefit from an increased asset base.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose 5.8%, year to year (1988 restated). A return to profitability in the group life and health area and increased contributions from individual financial services were offset by sharply lower p-c profits, and pretax earnings were down 7.3%. After taxes at 20.6%, versus 21.4%, net income declined 6.4%, to $3.22 a share (including $0.67 in realized investment gains) from $3.35 ($0.01). Results exclude income from discontinued operations of $1.32 a share, versus $0.53.

Common Share Earns.[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.87	0.55	1.30	0.80
Jun.	1.65	1.64	1.96	1.32
Sep	0.70	1.20	1.94	1.70
Dec.		1.50	2.06	2.43
		4.89	7.25	6.34

Important Developments

Nov. '89— CI said most segments other than p-c reported higher earnings for 1989's first nine months. P-C profits were restrained by competitive pricing pressures, and sharply higher catastrophe losses of $178 million (including $138 million from Hurricane Hugo), versus $37 million, exacerbated this situation. Also during the quarter CI repurchased about 85% of its preferred stock for $188 million; it acquired the balance in October for $32 million. CI said it was considering acquiring Equicor, a $2.4 billion (1988 revenues) group insurance and managed health care joint venture owned by The Equitable Life Assurance Society of the U.S. and Hospital Corp. of America.

Aug. '89— CI sold the Horace Mann Companies (excluding California p-c lines) to an investor group for about $484 million.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	53.08	49.19	45.17	37.41	42.34	53.14	49.39	41.74	54.06
Oper. Earnings[2]	4.89	7.25	6.34	d12.46	0.11	5.26	6.38	8.51	7.66
Earnings[2,3]	4.99	7.67	8.32	d10.77	0.99	7.03	6.73	8.88	8.01
Dividends	2.96	2.80	2.60	2.60	2.60	2.48	1.72½	NA	NA
Payout Ratio	59%	37%	31%	NM	263%	35%	26%	NA	NA
Prices—High	55⅜	69½	77¼	64¼	45½	51½	55⅜	NA	NA
Low	42¾	41¼	51⅛	43½	27	37⅝	31	NA	NA
P/E Ratio—	11-9	10-6	12-8	NM	NM	10-7	9-5	NA	NA

Data as orig reptd., pro forma data prior to 1982, reflects merger of INA Corp. and Connecticut General Corp. 1. Oper. earns. prior to 1989 2. Bef. results of disc. opers. of +0.69 in 1988, +0.86 in 1987, bef. spec. item(s) of +0.11 in 1987, +1.60 in 1986 3. Aft. gains/losses on securities trans. d-Deficit NA-Not Available NM-Not Meaningful

January 4, 1990

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Income Data (Billion $)

Year Ended Dec. 31	[1]Life Ins. In Force	Insur. Premiums	Other Oper. Revs.	Net Invest. Inc.	Total Revs.	Comb. Loss-Exp. Ratio	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	[3]Equity
1988	38.5	13.5	0.50	3.94	17.9	109.1	0.51	0.41	0.42	2.3	7.5
1987	32.7	12.9	0.58	3.46	16.9	105.1	0.76	0.62	0.65	3.6	11.9
1986	49.4	12.7	0.58	3.80	17.1	109.2	0.70	0.53	0.69	3.1	11.5
1985	47.7	11.4	1.34	3.49	16.2	149.4	d0.85	d0.85	d0.73	NM	NM
1984	43.3	10.6	1.09	3.06	14.8	128.3	d0.04	0.04	0.10	0.3	0.2
1983	42.1	9.0	0.93	2.62	12.6	121.3	0.24	0.40	0.54	3.2	8.4
1982	39.2	8.7	0.70	2.38	11.8	115.9	0.48	0.49	0.52	4.2	10.8
1981	37.9	8.1	0.64	2.08	10.8	107.6	0.78	0.66	0.69	6.3	NA
1980	33.4	7.8	0.52	1.74	10.0	NA	0.91	0.60	0.62	6.0	NA

Balance Sheet Data (Billion $)

Dec. 31	Cash & Equiv.	[4]Premiums Due	Investment Assets: [5]Bonds	Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[6]Debt	Common Equity
1988	1.07	3.27	22.2	1.01	10.2	34.0	12.0	0.90	55.8	0.64	5.24
1987	0.78	2.95	19.5	0.90	9.7	30.7	11.7	0.87	53.5	0.40	4.97
1986	0.92	3.03	21.0	1.11	9.5	32.2	12.5	1.01	50.0	0.51	4.63
1985	0.97	3.01	18.5	1.19	8.6	28.7	12.8	0.92	44.7	0.35	3.75
1984	0.71	2.47	17.0	1.00	7.5	26.0	12.1	0.83	39.0	0.34	4.53
1983	0.73	2.03	15.4	1.71	7.0	24.5	11.1	0.81	35.1	0.43	4.89
1982	0.58	1.90	14.3	1.55	6.3	22.7	10.9	0.85	31.4	0.36	4.61
1981	0.53	1.76	13.3	1.35	6.0	21.1	NA	0.68	28.7	0.28	4.18

Data as orig. reptd., pro forma data prior to 1982, reflects merger of INA Corp. and Connecticut General Corp. 1. Individual Financial Services 2. Bef. results of disc. opers. in 1988, 1987; bef. spec. item(s) in 1987, 1986. 3. Common. 4. Incl. accts. & notes receivable. 5. Incl. short-term invest. 6. Long term.; incl. curr. portion d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

CIGNA Corp., formed through the 1982 combination of Connecticut General Corp. and INA Corp., is one of the largest investor-owned insurance organizations in the U.S. Contributions (in million $) to pretax income in recent years:

	1988	1987
Group life & health	$31.1	$90.6
Group retirement & svgs.	203.8	160.1
Ind. fin'l services	92.7	90.9
Property-casualty	234.3	424.5
Other	-53.8	16.2

The property-casualty group ranks among the largest in the U.S. Earned premiums totaled $6.35 billion in 1988 ($6.16 billion in 1987), of which commercial lines accounted for 86%, personal lines 8%, and other 6%. The agency division markets a wide range of insurance products and services to businesses and individuals, primarily through agents. The broker division services large commercial accounts through brokers. The international division is a major source of insurance products and services in about 90 countries, and the reinsurance division provides reinsurance domestically and internationally.

The employee life and health benefits segment markets a full line of group life and health insurance products and conducts CI's health care delivery operations. The employee retirement and savings benfits segment provides pension, profit sharing and retirement savings programs to companies of all sizes. Individual financial services businesses market life insurance, disability coverages, investment products and financial planning to small businesses and individuals. CIGNA RE sells life and health reinsurance products.

The investment group provides investment management and related services for CI as well as outside clients. Consolidated assets under management at year-end 1988 totaled $47.6 billion. In 1988 CI sold its Individual Insurance Products division. The Horace Mann Companies were sold in August, 1989.

Dividend Data

Dividends were paid by Connecticut General since 1867 and by INA since 1874. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.74	Feb. 22	Mar. 7	Mar. 13	Apr. 10'89
0.74	May 24	Jun. 6	Jun. 12	Jul. 10'89
0.74	Jul. 26	Sep. 6	Sep. 12	Oct. 10'89
0.74	Oct. 25	Dec. 7	Dec. 13	Jan. 10'90

Capitalization

Long Term Debt: $624,000,000.

Common Stock: 78,154,618 shs. ($1 par).
Institutions hold about 86%.
Shareholders of record: 22,962.

Office—One Liberty Place, Philadelphia, Pa. 19101. **Tel**—(215) 523-4000 **Chrmn & Pres**—W. H. Taylor. **Secy**—T. J. Wagner. **Treas**—R. H. Rohrkemper. **Investor Contact**—G. R. Arton **Dirs**—E. Berezin, W. T. Coleman, Jr., A. C. DeCrane, Jr., J. F. English, Jr., S. R. Grady, F. S. Jones, M. S. Kellogg, R. D. Kilpatrick, G. D. Laubach, D. E. Meade, P. F. Oreffice, R. S. Saul, W. H. Taylor, R. F. Vancl, H. B. Waldron, E. K. Zilkha. **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, NYC. **Inc.** in Delaware in 1981. **Empl**—48,615.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Catherine A. Seifert

Cincinnati Bell

NYSE Symbol CSN

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
30¾	35-20	22	0.68	2.2%	A	0.62

Summary

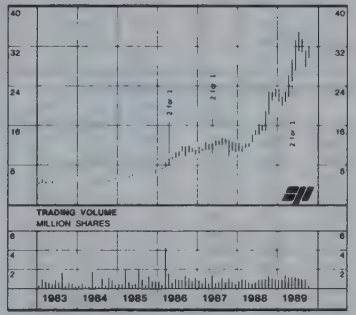
Cincinnati Bell provides telephone service in southwestern Ohio and parts of northern Kentucky and Indiana. The company also engages in unregulated telecommunications related businesses through nontelephone subsidiaries. CSN's prospects for earnings growth have been considerably enhanced by investments in businesses possessing proprietary software systems. The shares were split 2-for-1 in May, 1989.

Current Outlook

Earnings for 1989 are projected at $1.55 a share, versus the $1.32 reported for 1988, as adjusted for the 2-for-1 stock split in May, 1989. Earnings for 1990 are tentatively projected at $1.80 a share.

The quarterly dividend was raised 21%, to $0.17 from $0.14 (both adjusted), with the May, 1989 payment.

Revenues from telephone operations should increase moderately in 1989, reflecting growth in access lines and increased network usage, offset partly by rate cuts. Margins are expected to narrow, as the benefits of increased efficiencies and cost cutting efforts are more than offset by higher payroll and other operational expenses. Contributions from unregulated operations should rise significantly, aided by recent acquisitions and a major CBIS contract with NTT. Interest costs could be higher. Share earnings should reflect fewer average shares outstanding.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	222.5	172.4	143.8	124.1
Jun.	227.4	179.4	152.7	107.0
Sep.	---	191.4	162.1	129.7
Dec.	---	195.2	175.3	131.8
	---	738.4	633.8	492.6

Revenues for the six months ended June 30, 1989 increased 28%, year to year. Margins narrowed and operating income advanced 10%. After other income (net) of $805,000 versus other expense (net) of $821,000, and a 15% increase in interest expense, pretax income increased 12%. Following taxes at 29.2% versus 29.1%, net income advanced 12%. After $2.2 million of preferred dividends in the 1989 interim only, share earnings were $0.77 on 4.4% fewer shares, versus $0.69 (adjusted.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.39	0.32	0.25	0.23
Jun.	0.38	0.38	0.26	0.21
Sep.	E0.39	0.36	0.22	0.25
Dec.	E0.39	0.26	0.28	0.22
	E1.55	1.32	1.01	0.89

Important Developments

Jul. '89— CSN said 1989 second quarter revenue growth mostly reflected increased sales of its CBIS subsidiary, which benefited from a contract to supply Nippon Telegraph & Telephone Corp (NTT) of Japan with systems to automate telephone services. CBIS expected to recognize $88 million in revenue from its initial NTT contracts, most of which would be recognized in 1989 and 1990. A smaller portion of growth reflected the July, 1988 acquisition of Vanguard Technologies International.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	5.05	5.66	6.39	5.88	5.51	5.08	4.75	4.62	4.53	4.40
Earnings	1.32	1.01	0.89	0.78	0.72	0.67	0.54	0.52	0.54	0.65
Dividends	0.56	0.48	0.44	[1]0.39	0.37¼	0.35¼	0.34	0.32¾	0.31½	0.30¼
Payout Ratio	43%	48%	50%	50%	52%	53%	64%	64%	59%	47%
Prices—High	23½	13½	12	7⅛	5½	5¼	4⅜	3⅝	3¾	3⅞
Low	10⅝	9¾	6⅞	5⅜	4½	4⅛	3½	3⅛	3	3½
P/E Ratio—	18-8	13-10	13-8	9-7	7-6	8-6	8-6	7-6	7-5	6-5

Data as orig reptd. Adj. for stk div(s) of 100% May 1989, 100% May 1987, 100% May 1986 **1.** Excl 0.03¼ (adj.) special payment declared Nov 1985 E-Estimated

October 19, 1989

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Income Data (Million $)

Year Ended Dec. 31	[1]Oper. Revs.	Depr.	Maint.	Oper. Ratio	[2]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	**738**	**115**	**NA**	**84.8%**	**4.62**	**1.05**	**25.7%**	**84.3**	**11.4**	**11.1**	**17.7**
1987	634	98	104	85.8%	4.88	1.55	34.3%	64.4	10.2	9.9	14.8
1986	493	59	106	84.6%	6.29	1.90	40.3%	58.2	11.8	9.3	14.2
1985	467	70	100	86.1%	5.34	2.16	39.4%	51.6	11.1	9.0	13.4
1984	447	66	100	84.9%	4.69	0.62	39.0%	48.4	10.8	9.0	12.9
1983	428	65	88	83.8%	5.15	0.70	41.7%	49.6	11.6	9.1	13.4
1982	397	60	86	84.6%	---	1.26	37.4%	40.5	10.2	8.7	11.4
1981	357	49	77	83.6%	---	2.46	35.2%	37.3	10.4	9.1	11.2
1980	319	42	67	83.5%	---	1.97	37.4%	36.5	11.5	9.0	11.9
1979	300	38	61	81.7%	---	1.39	38.4%	41.9	14.0	9.9	15.2

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	**1,230**	**201**	**773**	**14.3**	**1,061**	**323**	**37.2**	**60.0**	**6.9**	**484**	**55.9**
1987	1,189	197	796	11.4	971	319	41.6	Nil	Nil	449	58.4
1986	1,115	112	776	9.9	846	210	33.2	Nil	Nil	423	66.8
1985	1,079	110	756	8.6	808	210	34.7	Nil	Nil	395	65.3
1984	1,028	67	742	9.1	777	211	36.1	Nil	Nil	374	63.9
1983	989	50	750	9.1	771	214	36.3	2.5	0.4	373	63.3
1982	967	78	772	8.0	749	210	36.0	13.5	2.3	359	61.7
1981	926	116	752	8.1	707	210	37.6	19.0	3.4	329	59.0
1980	853	103	689	8.0	623	171	34.3	24.5	4.9	302	60.8
1979	782	98	624	9.2	593	172	36.0	30.0	6.3	275	57.7

Data as orig reptd. **1.** Aft. prov. for uncollectable accts. **2.** Times int exp & pfd divs. covered (pretax basis) **3.** Based on income before interest charges. **4.** Telephone Plant. NA-Not Available

Business Summary

Cincinnati Bell provides telephone service in southwestern Ohio and parts of northern Kentucky and Indiana. At year-end 1988 there were 763,000 total network access lines in service, up 2.0% from a year earlier. The company has also entered a number of nonregulated communications related businesses. Revenues in the past three years were derived as follows:

	1988	1987	1986
Telephone operations ..	75%	85%	92%
Information systems telecom services.....	25%	15%	8%

Following its reorganization as a holding company in July, 1983 CSN established two new subsidiaries, Cincinnati Bell Information Systems (CBIS) and Cincinnati Bell Enterprises, to engage in unregulated businesses. Information Systems designs and markets software systems for billing, accounting and other operations for telephone companies and for other telecommunications applications. Enterprises consists of a number of units which engage in equipment supply, material recycling, business-to-consumer telemarketing, consulting, discounted long distance service, and cellular telephone service.

Dividend Data

Dividends have been paid since 1879. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Dec. 5	Dec. 28	Jan. 4	Feb. 1'89
0.34	Mar. 6	Mar. 30	Apr. 5	May 1'89
2-for-1	Mar. 6	May 23	May 5	May 22'89
0.17	Jun. 5	Jun. 28	Jul. 5	Aug. 1'89
0.17	Sep. 5	Sep. 28	Oct. 4	Nov. 1'89

Next dividend meeting: early Dec. '89.

Finances

In January, 1989 CSN purchased the remaining 2.17 million CSN common shares held by AT&T under an agreement that gave CSN an option to buy back that number of shares each January 31-1985 thru 1989-at $5 each (figures adjusted).

Capitalization

Long Term Debt: $321,678,000

Cum. Preferred Stk.: $60,000,000.

Common Stock: 59,680,744 shs. ($1 par).
Institutions hold 25%.
Shareholders of record: 18,500

Office—201 E. Fourth St., P O Box 2301, Cincinnati, Ohio 45201 **Tel**—(513) 397-9900 **Chrmn & CEO**—D H Hibbard **Pres**—J T LaMacchia **VP-CFO**—D J Sullivan, Jr **Investor Contact**—H F Anderson **Dirs**—P W Christensen, R R Clark, W A Friedlander, J P Harrington, D H Hibbard, R P Hummel, J D Kiggen, J T LaMacchia, D B Sharrock, D J Sullivan, Jr., B Van Wagner **Transfer Agent & Registrar**—AmeriTrust Co NA., Cincinnati, Ohio. **Incorporated** in Ohio in 1873; reincorporated in Ohio in 1983 **Empl**—10,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed H Terrence Riley III, CFA

Cincinnati Milacron

NYSE Symbol CMZ Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 8'89	1989					
20¼	25⅛-19½	21	0.72	3.6%	B-	1.48

Summary

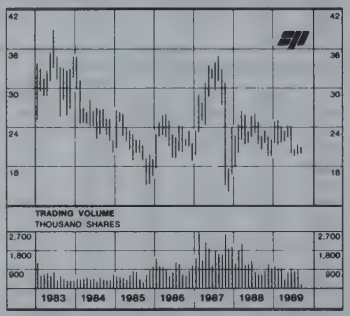
This company is one of the largest domestic manufacturers of machine tools and also produces plastics processing machinery, industrial robots, and semiconductor materials. Benefiting from higher sales, wider margins and the absence of reorganization charges, CMZ returned to profitability in 1988. Sales and earnings for the first half of 1989 were adversely affected by production delays and other difficulties connected to the implementation of CMZ's reorganization plan.

Current Outlook

Earnings for 1989 are projected at $0.90 a share, versus 1988's $1.02. Earnings for 1990 are projected at $1.20.

Dividends are likely to remain at $0.18 quarterly.

Sales for 1989 are expected to decline slightly as delays in shipments necessitated by the implementation of CMZ's reorganization offset the favorable impact of higher orders and backlog for the machine tool and plastics machinery units. Penalized further by related margin contraction and a higher tax rate, earnings will probably decline slightly from the 1988 level.



Net Sales (Million $)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	189.1	187.4	189.4	181.6
12 Wks: Jun.	193.5	198.4	192.4	208.1
16 Wks: Sep. ...	---	244.1	214.3	229.5
12 Wks: Dec. ...	---	227.9	231.9	230.9
	---	857.8	828.0	850.0

Sales for the six months ended June 17, 1989 fell 0.8%, year to year. Production delays caused gross margins to narrow, but higher other income and lower selling, general and administrative expenses led to a 6.2% increase in pretax income. After taxes at 51.6%, versus 42.4%, net income declined 11%. Share earnings were $0.39, versus $0.44. Results exclude extraordinary credits of $0.23 and $0.16 a share, respectively.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	0.23	0.20	0.19	0.22
12 Wks: Jun.	0.16	0.24	0.19	0.24
16 Wks: Sep. ...	E0.20	0.26	d0.17	0.21
12 Wks: Dec. ...	E0.31	0.32	d3.56	0.31
	E0.90	1.02	d3.35	0.98

Important Developments

Jul. '89— CMZ reported share earnings of $0.16 on a 2.5% decline in sales for 1989's second quarter, versus earnings of $0.24 a year earlier. CMZ attributed the decrease in sales and related margin contraction to production delays and other difficulties caused by the implementation of its reorganization plan. CMZ said that the plan to improve manufacturing processes during a period of strong demand caused a delay in certain shipments from machine tool focus factories which in turn depressed margins and restricted profitability. CMZ also noted that profits were hurt by currency translation losses. Orders at the end of 1989's second quarter stood at $402 million, down from $427 million a year earlier; backlog totaled $385 million, versus $356 million in the year-earlier period.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.14	8.66	12.00	11.19	13.10	13.04	14.53	15.17	13.57	10.85
Earnings[2]	1.02	d3.35	0.98	d1.92	0.80	d0.46	0.53	2.68	2.32	2.47
Dividends	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.64⅝	0.44⅛
Payout Ratio	70%	NM	74%	NM	91%	NM	135%	27%	28%	18%
Prices—High	26½	35	26	26⅝	34⅞	39	30⅜	46⅜	38	19¼
Low	17⅞	14	17⅝	15⅛	20	25⅛	19⅛	23¼	16¾	10
P/E Ratio—	26-16	NM	27-18	NM	44-25	NM	57-36	17-9	16-7	8-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Jan. 1981, 100% Jul. 1979. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +1.03 in 1980, and spec. item(s) of +0.50 in 1988. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	858	87	10.1	21.5	25.0	22.0	44	42.9%	25.0	2.9
1987	828	57	6.9	15.7	30.0	28.4	d74	NM	d80.0	NM
1986	850	79	9.2	29.3	28.3	30.0	33	29.6%	[4]23.3	2.7
1985	732	38	5.2	44.4	29.6	31.3	d82	NM	d44.8	NM
1984	661	56	8.5	45.4	25.9	22.8	16	NM	18.7	2.8
1983	559	3	0.5	26.2	23.1	15.0	d22	NM	d10.3	NM
1982	760	58	7.7	44.8	20.4	14.7	28	53.5%	12.2	1.6
1981	934	126	13.5	49.7	17.3	17.0	104	41.7%	[4]60.8	6.5
[5]1980	816	117	14.3	39.1	14.5	16.2	88	40.5%	52.4	6.4
1979	748	116	15.5	41.5	12.9	14.6	96	41.9%	55.4	7.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	17.9	528	259	2.0	721	3.5%	182	221	421	43.3	11.5%
1987	13.6	485	255	1.9	707	NM	176	209	402	43.7	NM
1986	13.4	480	236	2.0	726	3.3%	168	283	472	35.7	8.4%
1985	15.5	437	212	2.1	670	NM	169	262	442	38.3	NM
1984	8.1	399	185	2.2	654	2.9%	116	307	469	24.7	6.0%
1983	26.1	394	191	2.1	629	NM	97	296	438	22.0	NM
1982	49.4	426	198	2.2	661	1.8%	97	327	463	21.0	3.6%
1981	56.6	506	239	2.1	716	9.0%	105	343	477	22.0	18.5%
1980	21.6	446	192	2.3	627	8.7%	101	311	434	23.2	18.7%
1979	15.7	399	193	2.1	571	10.5%	109	248	378	28.8	24.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1980, and spec. item(s) in 1988. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Cincinnati Milacron is the largest machine tool manufacturer in the U.S. and a producer of plastics processing machinery. Business segment contributions in 1988:

	Sales	Profits
Machine tools	42%	28%
Plastics machinery	31%	45%
Industrial products	27%	27%

Foreign operations accounted for 19% of sales in 1988 and $1.6 million of operating income.

Machine tool products include machining centers and a variety of machines for milling, grinding and turning. CMZ is a leading manufacturer of numerically controlled machine tools, cells and systems, and produces its own conventional or computerized controls and software for the machines. Major customers include the automotive, aircraft and bearings industries.

Equipment for the plastics processing industry includes injection molding, blow molding, thermoforming and extrusion machines for the packaging, automotive, medical, construction and other markets.

Industrial products include robots, grinding wheels and metalworking fluids. It also includes coordinate measuring machines used for manufacturing quality control and industrial laser systems.

Dividend Data

Dividends have been paid since 1923. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Nov. 8	Nov. 18	Nov. 25	Dec. 12'88
0.18	Feb. 14	Feb. 17	Feb. 24	Mar. 12'89
0.18	Apr. 24	May 15	May 19	Jun. 12'89
0.18	Jul. 18	Aug. 21	Aug. 25	Sep. 12'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $166,345,000.

$4 Cum. Pfd. Stk.: 60,000 shs. ($1 par).

Common Stock: 24,323,295 shs. ($1 par).
Officers & directors own about 9.25%.
Institutions hold approximately 59%.
Shareholders of record: 8,400.

Office—4701 Marburg Ave., Cincinnati, Ohio 45209 **Tel**—(513) 841-8100 **Chrmn & CEO**—J. A. D. Geier. **Pres**—D. J. Meyer **VP-Secy**—W. F. Taylor **Treas**—W. E. Buchholz **Investor Contact**—A. Beaupre **Dirs**—N. A. Armstrong, E. W. Asplin, T. D. Bell, Jr., C. Daugherty, L. J. Everingham, D. N. Frey, J. A. D. Geier, M. L. Good, G. G. McCurdy, D. J. Meyer, J. A. Steger. **Transfer Agent & Registrar**—Mellon Bank, N. A., Pittsburgh, Pa. **Incorporated** in Ohio in 1922, reincorporated in Delaware in 1983. **Empl**—8,371

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Cineplex Odeon

NYSE Symbol CPX Options on Toronto (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
7½	16⅜-6⅜	NM	None	None	NR	NA

Summary

This Canadian entertainment company is the second largest theatre operator in North America. It also distributes films, operates a motion picture studio, and creates, produces and distributes television programs. In December, 1989, after abandoning efforts to be acquired, the company sold its live theater division to its former chairman and vice chairman for about C$87 million.

Business Summary

Cineplex Odeon is a rapidly growing entertainment company primarily engaged in operating motion picture theatres in 20 states, the District of Columbia, six Canadian provinces, and the United Kingdom. As of August, 1989 CPX was operating 1,870 screens in 500 theaters (including theatres under management). CPX also distributes films in the U.S. and Canada; operates a motion picture studio in Canada; and creates, produces and distributes television programs and live theatrical productions. Contributions to revenue:

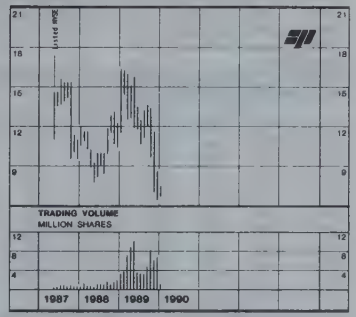
	1988	1987	1986
Admissions	51%	62%	64%
Concessions	17%	19%	20%
Distribution & other	22%	12%	9%
Property sales	10%	7%	7%

Canada accounted for 40% of revenues and 67% of income on 1988 and the U.S 60% and 33%.

CPX provides its movie-going audience with a high quality sound and projection display of first run movies in a comfortable theatre environment complete with concession stands. Most of CPX's theatres are multi-screen units. During 1988 CPX expended $114 million and opened 229 screens and refurbished 85 others as part of its ongoing theatre construction and renovation program. A total of 159 non-strategic screens were sold during 1988.

Cineplex Odeon Films distributes films in the U.S. and Canada and licenses films for broadcast on network, syndicated and pay television and for home viewing on VCRs. CPX licenses its motion picture studio, Toronto International Studios, to movie makers and others for film and television production. Other divisions create, produce and distribute television programs and live theatrical productions, and sell in foreign territories film rights acquired by the company.

In April, 1989 CPX sold its 50% interest in Universal Studios Florida to a unit of The Rank Organisation PLC of London for U.S.$150 million. CPX was developing the Orlando-based motion picture studio complex under a joint venture with MCA Inc.



Important Developments

Jan. '89— CPX announced that the repurchase of 56 theaters with 153 screens from affiliates and clients of Carena Developments Ltd. for C$55.3 million had been deferred until January 31, 1990, primarily to allow new CPX management time to arrange satisfactory financing. CPX originally agreed to buy back the theaters in August, 1989.

Dec. '89— CPX sold its live theater division, including the Pantages Theatre in Toronto, to Garth H. Drabinsky and Myron I. Gottlieb for C$65 million in cash and the assumption of C$22 million in liabilities. The sale followed the abandonment of attempts to sell the company to a third party, including Messrs. Drabinsky and Gottlieb, who in November, advised the company that they were unable to finance an all cash takeover bid for the entire company at a price of C$16.40 per share. CPX did not disclose plans for use of the proceeds from the sale.

Next earnings report expected in early March.

Per Share Data (U.S. $)

Yr. End Dec. 31	1989	[1]1988	[1]1987	1986	1985	1984	1983
Tangible Bk. Val.	NA	6.75	5.86	11.06	1.63	1.04	0.45
Earnings[2]	NA	0.85	0.81	0.75	0.55	0.23	d0.38
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	16⅜	13⅛	22¾	NA	NA	NA	NA
Low	6⅜	7¾	9½	NA	NA	NA	NA
P/E Ratio—	NA	15-9	28-12	NA	NA	NA	NA

Data as orig reptd. Conv. to US $ at year-end exch. rates. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.09 in 1985, +0.40 in 1984, +0.48 in 1983. NM-Not Meaningful. NA-Not Available. d-Deficit.

January 17, 1990

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	696	120.0	17.3	191	36.8	58.7	44.1	8.4%	40.4	5.8
[2]1987	520	89.9	17.2	[3]137	24.0	33.8	38.8	11.0%	34.6	6.6
1986	338	34.0	10.1	38	14.5	16.4	27.9	23.0%	22.9	6.8
1985	116	14.0	12.1	13	3.6	3.9	12.9	38.4%	8.9	7.7
1984	63	12.1	19.2	8	2.1	2.4	5.7	37.8%	3.5	5.5
1983	24	5.4	22.3	1	1.0	1.3	d0.7	NM	d3.0	NM

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	Nil	227	168	1.4	1,263	3.7%	679	375	1,089	62.3	11.5%
1987	Nil	100	106	0.9	926	3.9%	464	338	815	56.9	11.0%
1986	3.97	61	60	1.0	641	6.1%	336	217	577	58.2	18.1%
1985	2.07	20	20	1.0	102	10.2%	41	24	82	50.0	40.7%
1984	0.30	12	12	1.0	79	7.1%	36	15	67	53.7	30.5%
1983	0.34	6	7	0.9	20	NM	7	6	14	55.0	NM

Data as orig. reptd. Conv. to US $ at year-end exch. rates. 1. Bef. spec. item(s) in 1985-1983. 2. Reflects merger or acquisition. 3. Net of current yr. retirement and disposals. d-Deficit. NM-Not Meaningful.

Revenues[1] (Million U.S. $)

Quarter:	1989	1988	1987	[2]1986
Mar.	135.0	133.3	110.8	74.8
Jun.	147.6	145.6	115.1	72.0
Sep.	186.2	171.4	140.4	94.3
Dec.		176.4	118.9	96.9
		626.6	485.2	338.0

Revenues for the nine months to September 30, 1989 increased 4.1%, year to year, reflecting higher ticket prices at theaters. Costs generally rose as a result of an ongoing theater building and renovation program. After sharply lower net proceeds from the sale of certain theater properties, a $10.7 million net loss on investments, a $47.5 million gain on the sale of the Universal Studios Florida joint venture, expenses of $12.7 million related to various other activities, higher interest expense and minority interest, there was a net loss of $35.2 million ($0.74 a share), versus net income of $29.8 million ($0.63).

Common Share Earnings (U.S. $)

Quarter:	1989	1988	1987	[2]1986
Mar.	0.23	0.17	0.16	0.11
Jun.	d0.81	0.15	0.21	0.20
Sep.	d0.15	0.31	0.29	0.17
Dec.		0.22	0.14	0.24
		0.85	0.81	0.75

Dividend Data

CPX has not paid any dividends on its common or subordinated restricted voting shares. Because of its emphasis on growth and development, CPX does not intend to pay dividends on these shares in the near future. Also, terms of current financing arrangements restrict the payment of dividends.

Finances

In 1988 CPX repurchased over 1.4 million of its shares at a cost of $15.5 million, completing a 2 million share repurchase plan.

In December, 1988 CPX sold the operating assets and business of wholly owned The Film House Group Inc. to a partnership 49% owned by The Rank Organisation PLC (TRO) and 51% owned by CPX. Cash proceeds from the sale of $73.7 million resulted in a gain of $47.7 million (both subject to adjustment). CPX also granted TRO an option to purchase its 51% interest for $76.5 million. CPX will continue to manage Film House's film processing and post production facilities.

In its May, 1987 initial public offering in the U.S., CPX sold 1,750,000 common shares at $14.81 a share. Concurrently, MCA Inc. purchased 1 million CPX subordinated restricted voting shares to maintain its equity position in CPX.

Capitalization

Long Term Debt: U.S. $594,259,000, incl. $13.7 million of capital lease obligations.

Minority Interest: $25,033,000.

Subord. Restricted Voting Stk.: 23,611,794 shs.; MCA Inc. owns 100%.

Common Stock: 24,078,551 shs. (no par).
G. H. Drabinsky and M. I. Gottlieb and affiliates own or control about 8%. C. R. Bronfman and affiliates own some 30%.
Institutions hold approximately 10%.
Shareholders of record: 1,330.

1. Excl. property sales aft. 1986. 2. Conv. into U.S. $ at year-end exchange rates. d-Deficit.

Office—1303 Yonge St., Toronto, Ontario M4T 2Y9 Canada. **Tel**—(416) 323-6600. **Chrmn**—E. L. Kolber. **Pres**—A. Karp. **VP-CFO**—E. Jacob. **VP-Secy**—J. M. Banks. **VP-Treas**—C. Bruner. **Dirs**—J. M. Banks, R. P. Bratty, J. H. Daniels, H. M. Haas, A. Karp, E. L. Kolber, S. D. Kolber, S. Newman, C. S. Paul, T. Pedas, E. Pertsch, R. Rabinovich, J. D. Raymond, J. Richer, S. J. Shenberg, N. A. Taylor. **Transfer Agent & Registrar**—Manufacturers Hanover Trust, NYC; Central Guaranty Trust Co., Ontario. **Incorporated** in Ontario in 1977. **Empl**—7,724.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark S. Basham

Cipher Data Products

3533Q

NASDAQ Symbol CIFR (Incl. in Nat'l Market; marginable)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
4⅞	11–4	NM	None	None	B	1.43

Summary

Cipher Data designs and manufactures a broad line of removable data storage hardware and subsystems for sale primarily to original equipment manufacturers. In April 1989, it acquired Irwin Magnetic Systems, a producer of minicartridge tape drives. Depressed conditions in the mid-range computer systems market severely penalized results for the first quarter of fiscal 1990, and the company announced a restructuring of operations.

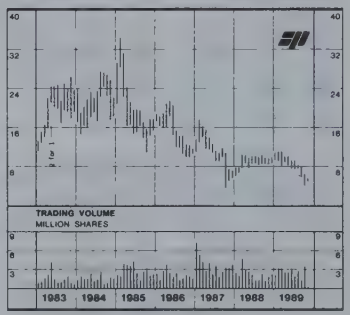
Business Summary

Cipher Data Products, Inc. designs and manufactures computer memory peripheral products. The company markets its broad range of magnetic tape and optical disk drive products worldwide, primarily through original equipment manufacturers, which incorporate them into mainframe, minicomputer, microcomputer, workstation and personal computer systems. The company also markets through value-added resellers and through more than 3,000 retail outlets throughout the world.

Cipher is the leading maker of ½-inch streaming tape drives. These drives offer a low-cost means for users to transfer large blocks of data rapidly between Winchester disks and magnetic tape. Major products include the Microstreamer, which is used as a backup for eight-inch and 14-inch Winchester drives. For higher-performance markets, Cipher offers CacheTape and GCR Cachetape, which are aimed at moving the company into the superminicomputer and mainframe computer markets.

Cipher also makes ¼-inch streaming tape drives that serve as backups for lower-capacity 5¼-inch and eight-inch Winchester disk drives. The company's 5¼-inch drives supply the markets for departmental business systems/office networks, engineering workstations and high-end PC systems. Other products include conventional start-stop tape drives, plus a line of controllers that came with the 1984 acquisition of Spectra Logic Corp. The Optimem subsidiary is a leading supplier of write-once optical disk drives.

In April 1989, Cipher acquired Irwin Magnetic Systems (see Finances). Irwin produces a 3½-inch form factor ½-inch tape series of drives, which accounts for a large share of the rapidly-growing minicartridge markets.



In fiscal 1989, Cipher spent $19.6 million (9.0% of revenues) on engineering, research and development, compared with $17.4 million (9.4%) the year before. Foreign subsidiaries contributed 38% of revenues and 83% of pretax income in fiscal 1989.

Important Developments

Oct. '89— The company said that it was restructuring and downsizing its operations because of adverse business conditions in the mid-range computer systems market that severely penalized Cipher Data's earnings for the fiscal 1990 first quarter. The restructuring involves a series of internal financial and operational strategies, as well as a 24% reduction in the workforce, affecting about 525 jobs and eliminating the position of president and chief operating officer.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	1986	[1]1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	7.30	10.04	9.59	9.27	8.75	7.87	7.05	2.44	1.21	1.20
Earnings[2]	0.83	0.72	0.30	0.50	1.03	0.85	0.50	0.30	0.02	0.20
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	11	10⅜	17⅝	21¾	34½	27½	26½	13½	7⅛	NA
Low	4	6	3½	9¾	10¾	14½	11⅛	5	4⅞	NA
P/E Ratio—	NM	14–8	59–12	44–20	33–10	32–17	53–22	45–17	NM	NA

Data as orig. reptd. Adj. for stk. dvs. of 100% May 1983, 100% Aug. 1981. **1.** Refl. merger or acq. **2.** Bef. results of disc. ops. of +0.02 in 1980. **3.** Cal. yr. NA-Not Available NM-Not Meaningful

November 17, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	**218**	**14.3**	**6.5**	**5.7**	**7.39**	**1.57**	**13.8**	**11.7%**	**12.2**	**5.6**
1988	185	12.5	6.7	4.6	6.10	0.37	12.7	21.5%	10.4	5.6
[2]1987	178	5.8	3.2	5.8	6.12	0.41	0.2	NM	4.3	2.4
1986	163	13.0	8.0	6.4	4.09	Nil	10.6	31.9%	7.2	4.4
[2]1985	169	26.5	15.7	9.6	3.09	Nil	25.8	43.0%	14.7	8.7
1984	116	18.7	16.1	5.3	2.29	Nil	21.2	45.9%	11.5	9.9
1983	76	11.9	15.5	2.3	1.61	[3]0.82	9.4	45.3%	5.2	6.8
[2]1982	55	6.3	11.4	2.4	1.00	1.61	3.7	39.0%	2.2	4.1
1981	23	1.0	4.4	1.1	0.35	0.58	0.1	Nil	0.1	0.4
1980	22	1.8	8.4	1.4	0.19	0.44	1.2	24.6%	0.9	4.1

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	**58.2**	**165**	**83.9**	**2.0**	**246**	**5.7**	**Nil**	**162**	**162**	**Nil**	**7.8**
1988	55.8	157	29.6	5.3	181	6.1	2.5	149	152	1.6	7.3
1987	28.6	127	20.8	6.1	163	2.7	2.5	138	142	1.7	3.2
1986	24.3	132	26.3	5.0	162	4.7	Nil	133	135	Nil	5.6
1985	16.4	117	18.4	6.4	145	10.6	Nil	124	126	Nil	12.5
1984	42.1	107	20.6	5.2	126	9.9	Nil	105	106	Nil	11.5
1983	45.0	87	11.6	7.5	105	5.5	Nil	92	93	Nil	8.3
1982	0.9	33	10.5	3.1	50	6.8	19.9	19	40	50.2	17.2
1981	0.3	13	4.3	3.1	15	0.5	4.5	7	11	40.3	1.3
1980	0.1	11	5.6	2.1	13	7.6	0.5	6	7	7.2	22.1

Data as orig. reptd. **1.** Bef. results of disc. ops. in 1980 **2.** Refl. merger or acq. **3.** Net of int. inc. NM-Not Meaningful.

Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	41.35	51.97	39.30	44.77
Dec.		53.88	45.44	45.23
Mar.		51.20	44.74	45.96
Jun.		60.72	55.89	42.24
		217.78	185.37	178.19

Revenues for the three months ended September 30, 1989, declined 20%, year to year, reflected adverse business conditions in the mid-range computer systems market. Margins narrowed on the reduced sales, and results were further penalized by a $3,803,000 charge for a restructuring of operations (see Important Developments) and the absence of a year-earlier $2,000,000 gain from settlement of litigation. A pretax loss of $13,875,000 contrasted with income of $5,135,000. After taxes of $298,000, versus $1,292,000, the net loss was $14,173,000 ($0.97 a share), against net income of $3,843,000 ($0.27).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.97	0.27	0.05	0.07
Dec.		0.22	0.15	0.07
Mar.		0.20	0.17	0.09
Jun.		0.15	0.35	0.07
		0.83	0.72	0.30

d-Deficit.

Dividend Data

No cash has been paid.

Finances

In April 1989, the company announced that it had completed the acquisition of Irwin Magnetic Systems through a $13-a-share cash tender offer, at a cost of about $67.3 million. The tender offer was financed by drawing $38 million against a bank line of credit and the remaining $29.3 million from available operating cash. Financial results of Irwin (which earned $1.47 million on sales of $49.2 million in fiscal 1988) were integrated with Cipher's in the fourth quarter of fiscal 1989.

In fiscal 1988's fourth quarter, Cipher recorded royalty income of $3,397,000, representing past royalties due in connection with a settlement agreement with a division of Rexon Inc., which resulted from a successful patent infringement lawsuit brought by Cipher. The agreement also provided for certain future payments.

In August 1988, Cipher introduced its family of 3000i ½-inch cartridge tape drives, which offer a new-generation technology for high-capacity backup and data interchange.

Capitalization

Long Term Debt: None (6/89).

Common Stock: 14,559,401 shs. ($0.001 par). Institutions hold about 82%.
Shareholders: 1,433 of record (6/89).

Office—9715 Businesspark Ave., San Diego, Calif. 92131-1642. P.O. Box 85170, San Diego, Calif. 92138-9198 **Tel**—(619) 578-9100 **Chrmn & CEO**—G. E. Liebl **VP & Secy.**—E. S. Gudmundson **VP, CFO & Investor Contact**—Thomas R. Anderson **Dirs**—N. W. Buoymaster, W. C. Gallaway, E. S. Gudmundson, R. A. Kleist, G. E. Liebl **Transfer Agent & Registrar**—Bank of America, Los Angeles **Incorporated** in California in 1976, reincorporated in Delaware in 1986 **Empl**—2,331

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Sylvia B. Pinal

Circle K

536M

NYSE Symbol CKP Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan 9'90	1989-90					
3⅝	16⅝-3¼	NM	[1]---	[1]---	B+	0.97

Summary

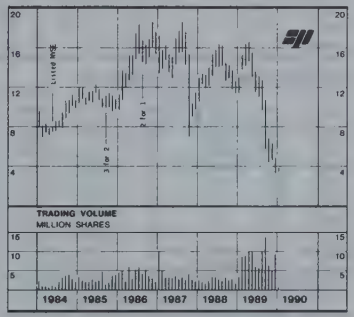
Circle K is the second largest operator of convenience stores in the U.S. On December 26, 1989 the company entered into a $60 million secured 100-day credit facility with its lenders. During this 100-day period, Circle K expected to complete a plan for financial restructuring. The dramatic expansion of the company's store base in recent years and the resulting debt, depreciation and amortization expenses as well as heightened competition have hurt earnings severely .

Current Outlook

Earnings for the fiscal year ending April 30, 1990 are projected at $0.10 a share, versus 1988-9's $0.21.

The $0.07 quarterly dividend was eliminated in September, 1989.

Revenues for fiscal 1989-90 should grow moderately, reflecting new stores and some growth in comparable store sales. Gasoline margins should improve modestly and merchandise margins widen, due to increased purchasing power and higher pricing. Interest expense and depreciation and amortization charges will be much higher.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	1,007	803	679	585
Oct.	923	838	675	560
Jan.		881	602	547
Apr.		920	657	597
		3,441	2,614	2,289

Sales for the six months ended October 31, 1989 rose 18%, year to year. With much higher depreciation and amortization and interest charges and in the absence of a $10.5 million gain from the sale of assets, pretax income fell 84%. After taxes at 61.3%, versus 39.2%, net income declined 90%. Following preferred dividends, a per-share loss of $0.03 on 4.8% fewer shares, contrasted with earnings of $0.51.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.13	0.25	0.32	0.38
Oct.	d0.16	0.26	0.25	0.24
Jan.		0.24	0.17	0.13
Apr.		d0.57	0.29	0.19
		0.21	1.04	0.93

Important Developments

Dec. 26'89— CKP entered into a new $60 million secured short-term credit facility with existing lenders and American Financial Corp., the company's largest shareholder; borrowings under the new facility will mature in 100 days. During this time, CKP expects to complete a plan for financial restructuring. The new facility is expected to provide adequate liquidity during the 100-day period. If additional cash is needed during that period, then, based upon discussions with its lending banks, CKP believes that additional bank borrowings would be available. Separately, the company agreed to sell 350 Circle K stores in the Pacific Northwest to PC Ventures Ltd. and 25 of its Hawaiian stores and related properties to an investor group for about $29.5 million.

Next earnings report expected mid-March.

Per Share Data ($)

Yr. End Apr. 30	1990	1989	1988	1987	[2]1986	[2]1985	[2]1984	1983	1982	[3]1981
Book Value[4]	NA	d2.88	0.84	1.50	0.59	0.38	2.64	2.06	1.85	2.38
Earnings[5]	NA	0.21	1.04	0.93	0.87	0.81	0.60	0.46	d0.50	0.49
Dividends	NA	0.28	0.28	0.28	0.24⅞	0.24¾	0.24¾	0.24¾	0.24¼	0.22¾
Payout Ratio	NA	129%	24%	31%	30%	30%	42%	54%	NM	47%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	16⅝	16⅜	18⅝	18⅝	12⅜	11⅜	9⅛	5⅝	5⅞	5½
Low	3¼	10½	7	9⅝	9⅝	8⅞	4½	2¾	3⅝	3⅛
P/E Ratio—	NA	78-50	18-7	20-10	14-11	14-9	15-8	12-6	NM	11-6

Data as orig reptd Adj for stk divs of 100% Sep 1986, 50% Oct 1985, 100% Jan 1980. **1.** Dirs omitted divd Sep 13, 1989 **2.** Reflects merger or acquisition **3.** Reflects acctg change **4.** Excl intangibles aft 1984 **5.** Bef spec item(s) of +0.11 in 1988 NM-Not Meaningful NA-Not Available d-Deficit

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Income Data (Million $)

Year Ended Apr. 30	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	3,493	169	4.8	434	78.6	102.1	[3]26.8	42.4%	15.4	0.4
1988	2,657	195	7.3	358	58.7	63.8	[3]87.7	37.4%	54.9	2.1
1987	2,289	147	6.4	185	44.5	47.7	94.3	47.6%	49.4	2.2
[4]1986	2,111	129	6.1	147	35.5	40.9	70.6	43.7%	39.8	1.9
[4]1985	1,682	91	5.4	95	24.6	23.9	59.1	43.4%	33.4	2.0
[4]1984	1,029	56	5.4	219	14.0	8.0	40.4	46.4%	21.7	2.1
1983	748	35	4.7	19	10.9	5.6	20.5	26.0%	15.2	2.0
1982	727	38	5.2	21	10.3	7.5	[3]d2.5	NM	d15.3	NM
1981	644	39	6.1	16	9.7	6.8	[3]26.7	46.3%	14.4	2.2
1980	533	41	7.7	19	8.6	4.3	31.7	46.5%	16.8	3.2

Balance Sheet Data (Million $)

Apr. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	38.5	409	350	1.2	2,045	0.9%	1,104	280	1,575	70.1	3.3%
1988	44.2	380	281	1.4	1,536	4.4%	844	284	1,213	69.6	18.5%
1987	24.8	359	169	2.1	1,137	4.7%	537	310	935	57.4	16.8%
1986	19.9	274	185	1.5	853	5.2%	383	198	660	58.0	20.8%
1985	22.3	176	115	1.5	580	6.6%	269	123	460	58.5	27.0%
1984	16.5	120	100	1.2	412	7.3%	157	92	312	50.3	24.9%
1983	12.3	74	54	1.4	175	9.0%	41	69	120	33.8	23.4%
1982	11.8	66	43	1.6	163	NM	56	61	120	46.2	NM
1981	13.6	69	51	1.4	186	8.5%	64	70	135	47.2	21.6%
1980	8.1	63	35	1.8	152	11.6%	54	63	117	46.2	29.7%

Data as orig reptd. **1.** Incl. other inc. **2.** Bef. spec. item(s) in 1988. **3.** Incl. equity in earns. of nonconsol subs **4.** Reflects merger or acquisition. d-Deficit NM-Not Meaningful.

Business Summary

Circle K is the second largest operator of convenience stores in the U.S., with 4,685 units in operation in 32 states, predominantly in the Sunbelt region, at year-end fiscal 1988-9. In addition, as of year-end 1988-9 CKP was operating 245 stores in the U.K. in a joint venture. A licensee operates 647 stores in Japan.; other licensing agreements include seven stores in Indonesia, 15 stores in Taiwan and agreements for store operations in Aruba and South Korea. Operations have expanded significantly in recent years through acquisitions, as well as internal growth.

The stores sell fast food and beverages, tobacco products, groceries, magazines, and health and beauty aids, and provide movie rentals and money order sales. Over 70% of the outlets sell gasoline through self service equipment.

The sales breakdown in recent fiscal years:

	1988-9	1987-8	1986-7	1985-6
Food	38%	43%	47%	46%
Non-food	20%	20%	21%	19%
Gasoline	42%	37%	32%	35%

Items carried are primarily nationally advertised brands. Beer, wine, and liquor are sold where permitted by law. CKP also produces certain beverages, ice, and fast food products, which it sells in its own stores and to a lesser extent to third parties for resale. Despite charging higher prices for certain items than supermarkets, CKP believes it is competitive because its stores are open longer hours, are conveniently located, and provide relatively faster customer service.

Dividend Data

Prior to elimination in September 1989, dividends had been paid since 1963.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Feb. 23	Mar. 6	Mar. 10	Mar. 24'89
0.07	May 22	Jun. 5	Jun. 9	Jun. 23'89

Capitalization

Long Term Debt: $1,111,341,000 incl. $155 million of 7¼% debs. conv. into com. at $22.50 a sh., and $100 million of 8¼% debs. conv. into com. at $13.36 a sh.

$7.50 Cum. Conv. Ser. B Pfd. Stk.: 500,000 shs.; conv. into com. at $15.00 a share.

Common Stock: 43,584,272 shs. ($1 par).
About 22% closely held.
Institutions hold about 59% incl. some closely held shs.
Shareholders of record: 4,700.

Office—1601 North 7th St., Phoenix, Ariz. 85006 **Tel**—(602) 253-9600 **Chrmn & CEO**—K Eller **Pres**—R M Reade **Secy**—J Sterrett **VP-CFO**—L J Zine **Dirs**—K Eller, H R Fenstermacher, W A Franke, D Guerin, J P Harbin, C Lindner, K Lindner, R M Reade **Transfer Agents & Registrar**—Texas Commerce Bank, El Paso, Texas **Incorporated** in Texas in 1951 **Empl**—27,264

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen Sack

Circuit City Stores

NYSE Symbol CC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
24	27-17¾	15	0.08	0.3%	A-	1.53

Summary

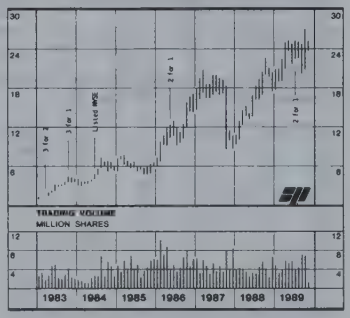
This company is a leading retailer of brand name consumer electronics with operations in over 100 locations in California, Nevada and 11 other states from Maryland to Florida. Sales and earnings are expected to continue in their uptrend through fiscal 1990-91, aided by expanded Superstore operations.

Current Outlook

Earnings for the fiscal year ending February 28, 1991 are projected at $1.95 a share, versus the $1.65 estimated for fiscal 1989-90.

The dividend should remain at $0.02 quarterly.

Revenues through fiscal 1990-91 should continue to show strong growth, reflecting ongoing expansion of Superstore operations as well as modest gains in comparable store sales. While margins in the second half of fiscal 1989-90 should continue to be restrained by expansion-related costs, profitability in fiscal 1990-91 is expected to be bolstered by volume efficiencies.



Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	408	328	246	170
Aug.	472	396	289	217
Nov.	---	434	354	267
Feb.	---	563	461	357
	---	1,721	1,350	1,011

Sales for the six months ended August 31, 1989 rose 22%, year to year, reflecting more stores in operation and a 3% gain in comparable store sales. Wider gross margins, owing to a more favorable product mix, were outweighed by higher SG&A expenses related to the store expansion program and improved staffing levels, and pretax income was up 7.8%. After taxes at 39.3% in each period, net income also rose 7.8%, to $0.60 a share from $0.56 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	0.24	0.20	0.16	0.09
Aug.	0.37	0.37	0.24	0.16
Nov	E0.33	0.30	0.20	0.16
Feb	E0.71	0.66	0.53	0.39
	E1.65	1.53	1.13	0.80

Important Developments

Nov. '89— CC reported that sales for the month of October rose 21%, year to year, with same store sales up 2%. In September the company said that growth in the consumer electronics and major appliance retail segment had slowed and that CC's comparable store sales could be lower than the 5% growth originally anticipated.

Sep. '89— The company said that during the first half of fiscal 1989-90 it opened five new Superstores in Miami, four in Tampa and two in San Diego, bringing the total number of units open at August 31 to 107 Superstores and 23 conventional stores. Circuit City planned to open about 20 more Superstores in the second half of fiscal 1989-90 including entrances into the Philadelphia and Phoenix markets.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End Feb. 28	1989	[1]1988	1987	1986	1985	1984	[1]1983	1982	1981	1980
Tangible Bk. Val.	6.05	4.50	3.37	2.54	2.04	1.22	0.72	0.59	0.59	0.49
Earnings	1.53	1.13	0.80	0.50	0.49	0.31	0.12	0.06	0.10	0.09
Dividends	0.05½	0.03¾	0.02⅞	0.02⅝	0.02	0.01	0.00¾	0.00¾	0.00⅝	0.00¾
Payout Ratio	4%	3%	4%	5%	4%	3%	5%	11%	5%	6%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	22⅝	20⅞	17⅛	7¾	7½	4½	1⅛	¾	½	½
Low	9⅜	8½	5⅞	4¾	3	⅞	½	⅜	¼	¼
P/E Ratio—	15-6	19-8	22-7	16-9	15-6	15-3	9-3	12-6	4-3	4-3

Data as orig reptd Adj for stk div. of 100% in Jul 1989, 100% May 1986, 200% Nov 1983, 50% Mar. 1983, 100% Jul. 1981 1. Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,721	140	8.1	82	17.0	10.0	115	39.3%	69.5	4.0
[2]1988	1,350	112	8.3	75	14.0	11.5	89	43.5%	50.4	3.7
1987	1,011	86	8.5	109	9.4	6.4	72	50.6%	35.3	3.5
1986	705	48	6.8	55	5.9	2.8	40	45.0%	22.0	3.1
1985	519	43	8.2	28	3.3	1.9	38	46.8%	20.2	3.9
1984	357	26	7.3	13	2.4	1.5	22	46.2%	12.0	3.4
1983	246	12	4.7	7	1.8	1.8	8	46.2%	4.3	1.8
[2]1982	176	7	3.9	6	1.3	2.3	3	43.5%	1.9	1.1
1981	132	6	4.7	2	1.0	1.3	4	33.1%	2.7	2.0
1980	120	6	4.8	3	0.8	0.7	4	45.5%	2.3	1.9

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	46.1	367	192	1.9	587	13.6%	95	274	368	25.7	29.1%
1988	43.9	265	116	2.3	433	12.6%	97	201	298	32.4	28.6%
1987	33.7	195	98	2.0	362	11.6%	101	149	252	40.2	26.9%
1986	5.1	136	79	1.7	244	10.1%	40	111	152	26.4	21.9%
1985	45.2	131	60	2.2	191	13.0%	28	89	117	23.8	28.5%
1984	21.8	79	33	2.4	110	12.5%	15	48	64	23.8	31.2%
1983	13.5	51	28	1.8	70	7.0%	13	24	38	34.8	19.1%
1982	4.0	33	16	2.0	52	3.9%	14	19	34	40.1	9.6%
1981	2.2	27	13	2.1	38	7.9%	7	15	23	32.4	19.1%
1980	2.3	24	11	2.2	30	8.2%	5	13	18	26.1	19.0%

Data as orig. reptd. 1. Net of interest income after 1984. 2. Reflects merger or acquisition.

Business Summary

Circuit City Stores (formerly Wards Co.) is the nation's largest specialty retailer of brand name consumer electronics. As of fiscal 1988-9 year-end the company was operating 122 stores, including 23 conventional stores, 96 Superstores and 3 Impulse units. Products include audio and video equipment, other consumer electronics products, microwave ovens and major appliances. Revenue sources in recent years:

	1988-9	1987-8	1986-7
Television	24%	25%	25%
VCR	23%	25%	27%
Audio	22%	22%	21%
Other electronics	11%	10%	9%
Appliances	20%	18%	18%

Conventional stores, which generally range in size from 4,000 to 9,000 sq. ft., offer a full line of consumer electronic merchandise. Superstores, ranging in size from 15,000 to 47,000 sq. ft., offer a wider selection of substantially the same consumer electronic products, as well as major appliances such as washers, dryers, refrigerators and ranges. Impulse units, a store format CC is testing, range from 2,000 to 3,000 sq. ft., are located in shopping malls and carry smaller consumer electronics products.

CC's stores and Superstores operate exclusively under the Circuit City, Circuit City Superstore and Impulse names in California, Nevada and in 11 Mid-Atlantic and Southeastern states from Maryland to Florida. Future expansion is planned around present markets. The company completed a significant restructuring in early 1986 and closed its marginally profitable businesses on the West Coast and in New York City.

Dividend Data

Dividends were initiated in 1979. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Dec. 15	Dec. 22	Dec. 29	Jan. 16'89
0.03	Mar. 15	Mar. 22	Mar. 29	Apr. 15'89
0.04	Jun. 15	Jun. 23	Jun. 29	Jul. 14'89
2-for-1	Jun. 15	Jul. 17	Jun. 29	Jul. 14'89
0.02	Sep. 19	Sep. 25	Sep. 29	Oct. 16'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $93,204,000.

Common Stock: 45,478,501 shs. ($1 par).
Institutions hold about 77%.
Shareholders of record: 4,000.

Office—2040 Thalbro St., Richmond, Va. 23230. **Tel**—(804) 257-4292. **Chrmn**—A. L. Wurtzel **Pres & CEO**—R. L. Sharp **Secy**—G. M. Gibson **Treas & Investor Contact**—L. A. Wilson. **Dirs**—R. N. Cooper, C. B. Davis III, F. Deane, Jr., D. D. Drysdale, S. R. Khion, H. Meyers, T. Nierenberg, N. Ricken, W. D. Rivas, R. L. Sharp, E. Villaneuve, A. L. Wurtzel **Transfer Agent & Registrar**—Crestar Bank, Richmond **Incorporated** in Virginia in 1949 **Empl**—10,481

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Citicorp

NYSE Symbol CCI Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 16'89	1989					
32½	35½–24⅝	6	1.62	5.0%	A–	1.21

Summary

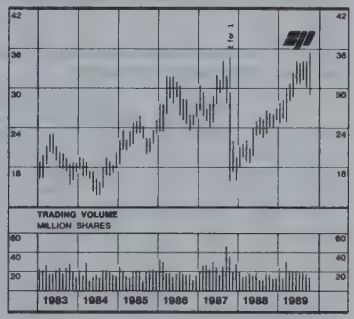
The parent of Citibank, which is the largest bank in the nation, this company has a substantial worldwide corporate and retail banking presence, along with growing investment banking services. CCI reported a huge loss for 1987 after increasing reserves against LDC loans, but since then has returned to profitability due to improving domestic loan quality, and cost cutting efforts in the investment bank. Future profits could benefit from expansion of retail banking businesses.

Current Outlook

Earnings for 1990 could approximate $5.15 a share, versus the $4.65 estimated for 1989.

Dividends should continue at $0.40½ quarterly.

Loan growth will likely be restrained through 1990 as the company sells loans to limit balance sheet growth in an effort to build equity capital ratios. Net interest income and the incremental earnings could vary substantially, reflecting the timing of interest payments by LDC countries. CCI has $8.9 billion of medium and long-term LDC loans, reserved at approximately 29%. While CCI stated in September 1989 that it was comfortable with the current reserve level, if reserves were boosted to 40%-45% (the level to which many of CCI's money center banks have moved), pretax earnings could be charged between $850 million and $1.25 billion (excluded from our estimate). CCI's intension to grow in Europe should aid longer-term profitability. Solid gains are expected from the expanding consumer business, reflecting growth in the high-margined domestic credit card business.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.0%, year to year, reflecting growth of earning assets, $154 million of Brazilian interest payments (none in this year's third quarter and virtually none in the 1988 period), and a widening of the net interest spread to 3.93% from 3.81%. The provision for loan losses was 20% higher, at $1.09 billion. Despite lower trading and foreign exchange income, higher fees amd commissions and gains from the sales of loan and assets led to a 16% rise in noninterest income. With noninterest expense up 7.1%, pretax earnings rose 19%. After taxes at 40.8%, versus 38.9%, net income was up 15%. Following preferred dividends, share earnings were $3.62, compared with $3.17.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.52	1.01	0.86	0.94
Jun.	1.11	1.03	d9.44	0.80
Sep.	0.99	1.13	1.82	0.82
Dec.	E1.03	1.70	1.89	1.02
	E4.65	4.87	d4.26	3.57

Important Developments

Oct. '89— CCI said that earnings for the first nine months reflected strength in the global consumer business and local currency business in emerging economies, and relatively flat corporate finance and trading results in a very competitive OECD (major world economies) market. CCI said that expansion of its relatively underdeveloped European position was a high priority.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	[2]1985	[2]1984	[2]1983	[2]1982	[2]1981	1980	[1]1979
Tangible Bk. Val.	22.54	19.26	24.41	25.31	22.91	21.00	18.92	17.08	15.86	14.52
Earnings[3]	4.87	d4.26	3.57	3.56	3.23	3.24	2.80	2.10	2.01	2.17
Dividends[4]	1.44¾	1.32	1.20½	1.10½	1.00⅞	0.92	0.84	0.76⅝	0.69½	0.63⅜
Payout Ratio	30%	NM	34%	31%	31%	28%	30%	36%	35%	29%
Prices—High	27	34⅛	31⅞	25⅞	20¼	23⅛	20	15¼	13⅛	13⅜
Low	18	15⅞	23½	18½	13¾	15¼	10¾	10½	8½	10⅛
P/E Ratio—	6–4	NM	9–7	7–5	6–4	7–5	7–4	7–5	7–4	6–5

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1987. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. After gains/losses on securities trans. of +0.37 in 1987, +0.58 in 1986, +0.16 in 1985, +0.06 in 1984, +0.03 in 1983, -0.09 in 1982, -0.03 in 1980, -0.01 in 1979, bef. special item(s) of +0.49 in 1988; fully diluted 3.56 in 1986, 3.55 in 1985, 3.18 in 1984. 4. Payment date. E-Estimated. d-Deficit. NM-Not Meaningful

October 24, 1989
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537M Citicorp

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	[1]Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	7,605	92	5,305	1,330	69.1	2,707	37.3%	1,698	4.14	0.82	21.5
1987	6,466	140	5,799	4,410	66.8	d240	NM	d1,138	3.75	NM	NM
[3]1986	6,128	209	4,058	1,825	66.1	1,700	37.8%	1,058	3.95	0.58	13.9
[3]1985	5,446	153	2,971	1,243	64.4	1,716	41.8%	998	3.98	0.62	15.3
[3]1984	4,319	162	2,284	619	65.9	1,544	42.4%	890	3.61	0.62	14.9
[3]1983	4,043	82	1,829	520	63.1	1,606	46.5%	860	3.74	0.67	16.2
[3]1982	3,526	102	1,641	473	64.5	1,250	42.2%	723	3.49	0.60	15.8
[3]1981	2,479	94	1,617	305	70.1	812	34.6%	531	2.60	0.46	13.1
1980	2,545	77	1,171	298	67.9	830	39.9%	499	2.88	0.47	13.4
[2]1979	2,509	78	807	233	65.2	866	37.5%	541	3.22	0.57	16.0

Balance Sheet Data (Billion $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	207.7	21.07	15.22	21.22	131.2	2.82	16.3	107.8	120.3	24.0	8.27	3.6
1987	203.6	27.85	15.40	18.41	124.0	3.34	15.2	104.3	115.5	24.3	7.22	3.4
1986	196.1	30.28	12.88	21.52	114.0	1.30	16.5	98.2	114.1	23.3	7.70	3.8
1985	173.6	25.44	9.65	17.68	103.7	1.06	14.2	90.7	111.0	18.2	6.55	3.8
1984	150.6	21.04	6.52	19.20	89.4	0.89	10.9	79.4	114.7	14.6	5.77	3.9
1983	134.7	18.65	5.83	19.07	76.4	0.85	10.3	69.5	114.1	10.2	5.23	4.0
1982	130.0	17.00	4.77	23.10	69.9	0.77	7.2	69.4	115.5	8.1	4.82	3.7
1981	119.2	16.71	6.52	19.61	64.2	0.72	7.8	64.6	110.4	7.3	4.28	3.5
1980	114.9	18.77	6.70	17.82	57.9	0.70	10.1	61.7	100.7	5.1	3.89	3.5
1979	106.4	22.24	4.82	16.16	51.1	0.71	8.8	61.5	91.8	4.5	3.60	3.6

Data as orig. reptd.; 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects acctg. change. 3. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Citicorp is the parent of Citibank, the nation's largest bank. It provides a broad range of financial services for individual and institutional clients through offices in 40 states and 89 foreign countries. Individual banking services are provided to consumers through about 600 domestic commercial and savings and loan branches in New York (275), Florida, California, Illinois, Arizona and Washington D.C. as well as about 200 mortage banking ($32 billion of loans serviced) and consumer finance offices. CCI also has 1,100 foreign branches. Credit card operations (23 million cardholders) are also important. Citicorp also provides institutions with corporate finance services (including full-scale investment banking abroad), transaction processing, foreign exchange and securities trading, brokerage and trust services. Information services include Quotron. Foreign operations accounted for 42% of assets in 1988. Contributions by segment in 1988 were:

Banking	Revs. (Mil. $)	Net Inc. (Mil. $)	Assets (Bil. $)
Individual	$6,899	$626	$97
Institutional & Investment	5,514	1,329	112
Information	305	-105	Nil

At year-end 1988 nonperforming assets were $6.6 billion (4.4% of loans), up from $6.4 billion (4.6%) a year earlier, including increases in LDC loans. The reserve for loan losses was 2.82% of loans, versus 3.35%. Net chargeoffs during 1988 were 1.23% of average loans, versus 1.13% in 1987.

Dividend Data

Dividends have been paid since 1813. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Jan. 17	Jan. 23	Jan. 27	Feb. 10'89
0.40½	Apr. 18	Apr. 24	Apr. 28	May 10'89
0.40½	Jul. 18	Jul. 24	Jul. 28	Aug. 10'89
0.40½	Oct. 17	Oct. 23	Oct. 27	Nov. 10'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $23,619,000,000.

Red. Preferred Stock: $40,000,000.

Adj. Rate Preferred Stock: $1,840,000,000.

Common Stock: 321,840,399 shs. ($1 par).
Institutions hold about 71%.
Shareholders of record: 50,000.

Office—399 Park Ave., NYC 10043 **Tel**—(212) 559-1000. **Chrmn & CEO**—J. S. Reed. **VP-Secy**—C. E. Long. **VP-Treas**—N. S. Newcomb. **Investor Contact**—F.A. Roesch. **Dirs**—H. H. Angermueller, R. S. Braddock, M. A. Callen, D. W. Calloway, C. H. Chandler, P. J. Collins, K. T. Derr, J. M. Deutch, J. D. Farley, L. E. Fouraker, C. G. Garvin, Jr., J. W. Hanley, H. J. Haynes, C. P. McColough, J. S. Reed, D. V. Seibert, F. Shrontz, M. H. Simonsen, L. M. Small, R. B. Smith, F. A. Thomas, E. S. Woolard, Jr. **Transfer Agents & Registrars**—Citibank, NYC; First Interstate Bank of California, Los Angeles; First National Bank of Chicago. **Incorporated** in Delaware in 1968. Bank founded in 1812. **Empl**—89,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Citizens & Southern

NYSE Symbol CTZ Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
33¼	36-24⅜	10	1.40	4.2%	A	0.84

Summary

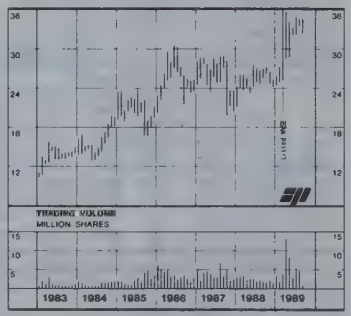
This Southeastern superregional bank holding company, headquartered in Georgia and owning the largest bank in that state, has acquired banks in South Carolina and Florida in the wake of enabling interstate banking legislation in 1985. Good loan quality and increased focus on improving profitability in Florida could help lift future profits. In April, 1989 CTZ fended off an unsolicited bid by NCNB Corp., the largest bank holding company in the southeast, to acquire CTZ.

Current Outlook

Earnings for 1989 could approximate $3.70 a share, up from the $3.25 a share reported for 1988. A further rise to $4.15 a share is projected for 1990.

The quarterly dividend was boosted 13%, to $0.35 from $0.31, with the September, 1989 payment.

Loan growth could reach 10% in 1989 and again in 1990, reflecting continued economic growth in the southeast and strong consumer spending. The net interest margin could narrow slightly due to higher funding costs of customer deposits. However, these relatively stable funds will enable CTZ to expand its loan portfolio. Loan quality should remain good as the company's exposure to commercial real estate development is small and diversified. With reserves exceeding problem loans, with a coverage ratio of 2.24X at June 30, the provision for loan losses could remain low. The integration of recent acquisitions is now fairly complete, resulting in some cost savings. Focus on cost controls is expected to continue, aiding results. CTZ's goal of increasing fee income growth will also enhance profitability.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.90	0.77	0.69	0.64
Jun.	0.91	0.79	[1]0.29	0.64
Sep.	E0.94	0.84	0.75	0.67
Dec.	E0.95	0.85	0.79	0.68
	E3.70	3.25	2.52	2.63

Review of Operations

Net interest income for the six months ended June 30, 1989 advanced 10%, year to year, reflecting a 7.1% increase in average earning assets, the effect of rising interest rates, and a slightly wider net interest margin (4.76% versus 4.70%). The provision for loan losses was 0.3% lower, at $41 million. Increased fee income aided noninterest income to advance 7.7%. With noninterest expenses up 7.2%, pretax income rose 17%. After taxes at 20.5%, versus 21.3%, net income increased 18%. Share earnings amounted to $1.81, compared with $1.56.

Important Developments

Jul. '89— CTZ established an Employee Stock Ownership Plan (ESOP) that purchased for $125.3 million 2.95 million shares of newly-issued $3.30 convertible preferred stock, which if converted into CTZ common would represent about 5% of CTZ common shares outstanding. In this regard, the board approved the repurchase of $125 million in CTZ common stock.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	[2]1987	[2]1986	[2]1985	[2]1984	[3]1983	[3]1982	[2]1981	1980	1979
Tangible Bk. Val.	15.69	13.10	11.91	12.83	12.19	10.59	9.39	9.67	8.70	7.67
Earnings[4]	3.25	2.52	2.63	2.38	2.26	1.89	1.67	1.46	1.23	0.79
Dividends	1.15	1.03	0.91	0.79	0.67	0.58	0.50	0.42	0.32	0.06
Payout Ratio	35%	41%	35%	33%	30%	31%	30%	29%	26%	8%
Prices—High	27⅝	29	30½	23⅞	19¾	15⅞	12½	9½	9	7⅜
Low	21⅛	19¾	20⅛	16⅝	12⅞	10¼	7⅜	7⅛	5	4¾
P/E Ratio—	9-7	12-8	12-8	10-7	9-6	8-5	7-4	7-5	7-4	9-6

Data as orig. reptd 1. Incl .0 43 of unusual charges 2. Reflects merger or acquisition 3. Reflects merger or acquisition and acctg change 4. Bef results of disc opers and/or spec. items of +0 13 in 1979, aft gains/losses on sec trans of +0 05 in 1988, +0 10 in 1987, +0 25 in 1986, +0 18 in 1985, -0 02 in 1984, +0 03 in 1983, -0 05 in 1982, -0 05 in 1981, -0 06 in 1979 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	Net Int. Margin	—% Return On— Assets	Equity
1988	800	78	283	103	64.2	239	13.8%	206	4.86	1.00	17.4
[2]1987	705	107	304	88	67.0	184	14.1%	158	4.99	0.84	15.0
[2]1986	626	138	246	77	64.3	170	8.4%	156	5.36	0.95	16.8
[2]1985	509	69	195	57	64.5	163	22.8%	125	5.55	1.03	18.8
[2]1984	288	44	112	20	66.4	83	12.4%	72	5.53	0.98	17.8
[3]1983	240	34	100	18	68.1	69	16.4%	58	5.33	0.93	16.5
[3]1982	215	30	88	15	68.6	57	12.8%	50	5.92	0.96	16.4
[2]1981	186	25	74	14	68.1	48	10.1%	44	5.81	0.92	16.3
1980	179	14	65	14	66.3	56	35.4%	36	6.13	0.83	15.1
1979	166	8	58	26	68.4	36	36.0%	23	6.05	0.60	10.9

Balance Sheet Data (Million $)

Dec. 31	Total Assets	—Earning Assets— Mon. Mkt. Assets	Inv. Secs.	% Net Asset Distribution Bonds	Earning Assets Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	Depos./ Loans	Long Term Debt	Common Equity	% Equity To Assets
1988	21,098	360	3,978	4,797	9,421	1.48	4,230	11,852	87.7	452	1,229	5.54
1987	20,444	541	4,085	4,156	8,985	1.35	4,307	10,667	86.8	437	1,077	5.37
1986	18,757	412	3,835	3,214	8,674	1.30	4,592	9,434	83.6	463	966	5.50
1985	13,591	765	2,458	2,605	6,013	1.23	2,993	6,659	87.4	376	743	5.46
1984	8,030	342	1,124	2,030	3,137	1.25	2,138	3,590	88.4	125	441	5.53
1983	6,934	529	1,130	1,541	2,486	1.29	1,700	2,860	84.9	135	376	5.64
1982	6,005	509	1,127	1,719	1,967	1.30	1,759	2,527	81.5	121	330	5.85
1981	4,915	384	672	1,391	1,669	1.53	1,611	1,954	80.8	50	289	5.67
1980	4,341	186	756	1,167	1,334	1.79	1,721	1,574	72.0	21	251	5.49
1979	4,060	384	610	961	1,279	2.10	1,860	1,380	65.7	26	221	5.47

Data as orig. reptd 1. Bef. results of disc. opers. and/or spec. items in 1979. 2. Reflects merger or acquisition. 3. Reflects merger or acquisition and acctg change

Business Summary

Citizens & Southern is the fifth largest banking organization in the Southeast, with 196 branches in Georgia, 132 branches in South Carolina and 149 branches in Florida. The company's traditional emphasis has been on retail and small business banking services, from which it derived 56% of earnings in 1988. Corporate banking services, including cash management, contributed 14%. Asset-based finance, led by factoring operations which are the third largest in the nation, contributed 9%, and other businesses, including trust, mortgage lending, insurance and discount brokerage, contributed 21%.

Average earning assets during 1988 of $17.4 billion were divided: commercial loans 24%, real estate loans 26%, consumer loans 25%, investment securities 23% and temporary investments 2%. Average sources of funds were: noninterest-bearing deposits 19%, savings and money-market deposits 26%, time deposits 28% (total deposits averaged $15.0 billion), short-term borrowings 14%, long-term debt 2%, equity 6% and other 5%.

At year-end 1988, nonperforming assets were $121 million (0.85% of loans), versus $112 million (0.86%) a year earlier. The reserve for loan losses was 1.48% of loans, against 1.35%. Net charge-offs in 1988 were 0.51% of average loans, versus 0.62% in 1987.

Dividend Data

Dividends have been paid since 1905 except for seven quarterly omissions in 1978-79. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31	Oct. 19	Nov. 18	Nov. 25	Dec. 15'88
0.31	Jan. 17	Feb. 17	Feb. 24	Mar. 15'89
0.31	Apr. 19	May 22	May 26	Jun. 15'89
0.35	Jul. 18	Aug. 21	Aug. 25	Sep. 15'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $477,594,000.

Preferred Stock: $125,000,000.

ESOP Conv. Preferred Stock: $125,000,000.

Common Stock: 62,030,727 shs. ($2.50 par).
Institutions hold about 56%.
Shareholders: 38,698.

Office—35 Broad St., Atlanta, Ga. 30303 **Tel**—(404) 581-2121. **Chrmn & CEO**—B. A. Brown **Pres**—H. M. Chapman **SEVP & CFO**—J. D. Dixon **Secy**—E. Prow **VP & Investor Contact**—Sherry Winn Hubler **Dirs**—R. W. Allen, B. A. Brown, R. E. Cartledge, H. M. Chapman, J. D. Comer, R. R. Fisher, E. L. Frye, L. L. Gellerstedt, Jr., A. H. Hines, Jr., J. W. McIntyre, B. Mickel, B. F. Skinner, W. W. Sprague, Jr., B. J. Tarbutton, Jr., J. J. Tuohy, E. C. Wall, Jr. **Transfer Agent & Registrar**—Citizens & Southern National Bank **Incorporated** in Georgia in 1887 **Empl**—13,871

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Clark Equipment

548

NYSE Symbol CKL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
39⅛	44-30⅛	11	None	None	C	0.97

Summary

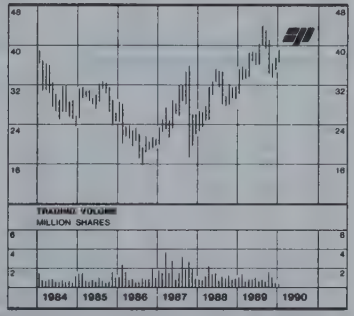
This major producer of materials handling equipment also makes axles and transmissions for use in its lift trucks and for sale to others. After incurring losses for three consecutive years as a result of extremely competitive markets and restructuring charges, CKL returned to profitability in 1988. Earnings during 1989 benefited from rising sales, improved margins, a sharply higher contribution from the VME joint venture and a lower tax rate. Further earnings growth is projected for 1990.

Current Outlook

Earnings for 1990 are projected at $4.10 a share, versus the $3.60 estimated for 1989.

Early resumption of dividends is unlikely.

Sales for 1990 are expected to rise less rapidly than in 1989, reflecting slower growth in the material handling unit and flat sales in axles and transmissions. Margins should improve as a result of continued cost cutting, lower material costs and the benefits of increased capital investment. Aided further by solid contribution from the VME joint venture and lower taxes, earnings should rise.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	314	282	240	234
Jun.	356	325	281	253
Sep.	345	325	241	231
Dec.	---	346	286	236
	---	1,278	1,048	954

Sales for the nine months ended September 30, 1989 rose 8.8%, year to year, primarily reflecting gains in the material handling equipment and vehicles segment. Margins widened, and operating income increased 32%. A large drop in other income and higher interest expense offset equity in sharply higher net income of affiliates, and the gain in pretax income was pared to 23%. After taxes at 45.1%, versus 57.4%, income from continuing operations increased 58%. Share earnings were $2.74, versus $1.74.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	0.41	d0.18	d1.00
Jun.	0.97	0.64	d0.28	d0.72
Sep.	0.98	0.69	d0.49	d0.88
Dec.	E0.86	0.84	d0.22	d1.12
	E3.60	2.58	d1.08	d3.72

Important Developments

Oct. '89— CKL reported share earnings from continuing operations of $0.98 for 1989's third quarter on a 6.1% rise in sales , versus $0.69 in the year-earlier quarter. CKL said that three out of four of its businesses reported sales gains while its Automotive Products sales declined slightly due to the slowdown in the medium-duty truck market. Third quarter gross margins decreased slightly, due to changes in sales and product mix while gross margins for the first nine months of 1989 exceeded comparable 1988 margins, due to cost reduction efforts, improved operating efficiencies and business conditions. At September 30 backlog stood at $400.2 million, versus $420.7 million and $379.4 million at June 30, 1989 and December 31, 1988, respectively.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[1]1987	1986	[1]1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	23.85	24.18	20.91	22.95	32.40	32.12	33.41	48.24	48.68
Earnings[3]	NA	2.58	d1.08	d3.72	d5.16	1.28	0.86	d12.10	2.35	4.18
Dividends	Nil	Nil	Nil	Nil	1.10	1.10	1.10	1.92½	2.20	2.20
Payout Ratio	Nil	Nil	Nil	Nil	NM	86%	131%	NM	94%	52%
Prices—High	44	35⅛	35⅞	28⅝	32¾	39	39⅛	31⅛	38⅞	40
Low	30⅛	22⅝	17¼	15¾	23¾	23⅝	26	18	26	29⅜
P/E Ratio—	NA	14-9	NM	NM	NM	30-18	45-30	NM	17-11	10-7

Data as orig reptd 1. Reflects accounting change. 2. Reflects merger or acquisition 3. Bef results of disc. opers of -0.39 in 1988, +0.33 in 1986, and spec item(s) of +0.51 in 1988, +0.13 in 1987, +0.16 in 1986, +0.31 in 1984 d-Deficit E-Estimated NM-Not Meaningful NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,278	106	8.3	46.3	31.7	28.0	93	52.4%	[3]44	3.5
[3]1987	1,048	28	2.7	30.2	35.1	29.0	d7	NM	d19	NM
[4]1986	954	8	0.8	43.3	35.2	24.9	d61	NM	d70	NM
[3]1985	964	36	3.7	34.8	33.8	24.5	d80	NM	d85	NM
[5]1984	1,238	50	4.0	39.3	45.0	25.9	40	49.8%	20	1.6
1983	862	31	3.6	29.9	43.0	18.1	16	22.0%	12	1.4
1982	1,021	d18	NM	42.3	[3]47.3	21.3	d235	NM	d155	NM
1981	1,360	50	3.7	61.8	48.4	36.4	59	49.0%	[3]30	2.2
1980	1,534	98	6.4	79.5	45.2	[3]25.2	92	42.0%	54	3.5
1979	1,732	180	10.4	59.6	42.6	22.6	190	44.0%	106	6.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	169	505	257	2.0	952	4.8%	179	407	589	30.5	11.5%
1987	116	392	231	1.7	884	NM	196	360	557	35.1	NM
1986	59	471	211	2.2	897	NM	222	393	617	36.1	NM
1985	84	296	194	1.5	888	NM	222	429	651	34.0	NM
1984	36	368	272	1.4	938	2.2%	133	511	645	20.7	4.0%
1983	33	329	220	1.5	846	1.3%	132	477	609	21.7	2.6%
1982	20	381	338	1.1	936	NM	138	428	566	24.4	NM
1981	54	497	232	2.1	1,036	2.9%	139	614	794	17.5	4.9%
1980	70	516	226	2.3	1,042	5.1%	146	619	805	18.2	8.8%
1979	52	572	265	2.2	1,063	10.7%	138	603	786	17.5	18.9%

Data as orig reptd. 1. Incl equity in earns. of nonconsol. subs 2. Bef. results of discontinued operations in 1988, 1986, and spec. item(s) in 1988, 1987, 1986, 1984. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Reflects merger or acquisition. d-Deficit NM-Not Meaningful.

Business Summary

Clark Equipment is an integrated producer of material handling equipment and axles and transmissions. Sales and operating profits in 1988:

	Sales	Profits
Material handling equip.	69%	60%
Axles/transmissions	31%	40%

Sales outside North America were about 35% of the total in 1988.

Materials handling equipment includes industrial forklift trucks, skid steer loaders, towing tractors, attachments and related accessories, and automatic storage and retrieval systems. These products are manufactured for sale, principally under the Clark, Clarklift, Melroe, Bobcat, Clarktor and Powrworker, to a wide variety of users requiring material handling equipment and vehicles.

The products of the axles and transmissions segment are manufactured by Clark for sale to the motor truck, motor bus, agricultural and industrial equipment, road building and construction machinery industries, and for Clark's forklift operations.

CKL's products are manufactured by Clark and its subsidiaries in the U. S., Belgium, Brazil and West Germany. CKL's products are also manufactured by licensees in Australia, Brazil, South Korea, Japan and Venezuela.

In April, 1985 CKL and AB Volvo of Sweden formed a 50-50 joint venture, VME Group N.V., to combine their construction machinery operations.

Clark Equipment Overseas Finance Corp. (CLEO), CKL's domestic based holding company for overseas finance operations, has subsidiaries in France and the Netherlands which assist in the financing of the sales of manufacturing subsidiaries in those countries.

Clark Equipment Credit Corp. was sold in early 1987.

Dividend Data

Dividends were omitted in early 1986 after having been paid since 1933. The most recent distribution was $0.27½ on December 11, 1985. A "poison pill" stock purchase right was adopted in 1987.

Capitalization

Long Term Debt: $159,614,000.

Common Stock: 17,171,242 shs. ($7.50 par). Institutions hold approximately 58%. Shareholders of record: 5,017.

Office—100 North Michigan St., P.O. Box 7008, South Bend, Ind. 46634. **Tel**—(219) 239-0100. **Pres & CEO**—L. J. McKernan. **VP-Secy**—T. C. Clarke. **SVP-Investor Contract**—F. M. Sims. **Dirs**—T. D. Bell, Jr., N. Frey, J. A. D. Geier, H. T. Hjorth, G. N. Kelly, L. J. McKernan, R. B. Mundt, F. M. Sims, P. G. Stern, D. H. Simmes. **Transfer Agent & Registrar**—Harris Trust and Savings Bank, Chicago. **Incorporated** in Michigan in 1916; reincorporated in Delaware in 1968. **Empl**—9,043.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Cleveland-Cliffs

549P

NYSE Symbol CLF

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
30³/₄	34-25³/₄	6	0.80	2.6%	B-	0.75

Summary

Cleveland-Cliffs is the largest independent manager, processor, and lessor of iron ore reserves in North America. Through a self-tender offer that expired in April, 1988, CLF repurchased 5,125,000 of its common shares and 2,335,987 (93%) of its preferred shares; at 1988 year-end CLF redeemed the remaining 139,239 preferred shares. Earnings for the first nine months of 1989 benefited from higher revenues and a $7.8 million gain on sale of assets. A forecasted drop in sales and the likely absence of a gain on asset sales will result in lower earnings in 1990.

Current Outlook

Earnings for 1990 are projected at $3.80 a share, versus earnings of $5.05 estimated for 1989.

Dividends, omitted in late 1986, were reinstated at $0.20 quarterly in July, 1989.

Revenues for 1990 are expected to decline as reduced steel industry demand results in a decline in volume. The projected decrease in volume is expected to lead to a drop in operating rates and will pressure margins. Assuming that CLF does not recover its bankruptcy claims against LTV or Wheeling-Pittsburgh and assuming absence of a gain on sale of assets, earnings will decline in 1990.

Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	77.1	69.6	73.2
Jun.	[4]177.2	113.1	112.4	70.6
Sep.	95.0	105.8	106.9	71.8
Dec.	---	117.9	146.1	80.8
	---	413.9	435.0	296.4

Revenues from continuing operations for the nine months ended September 30, 1989 rose 19%, year to year (1988 restated), reflecting increased iron ore sales volume and prices and higher royalty income. Margins widened, and aided by a $7.8 million after-tax gain on sale of assets, net income from continuing operations advanced 44%. Share earnings were $4.16 on 15% fewer shares, versus $2.34.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.11	0.29	d0.58	0.40
Jun.	1.55	1.10	d0.42	d0.35
Sep.	1.51	1.22	d0.06	d1.03
Dec	E0.88	0.83	2.36	d2.78
	E5.05	[3]3.28	1.91	d3.76

Important Developments

Nov. '89— CLF announced that it had completed the sale of its metallurgical sales segment and that it expected to realize $23.0 million of cash when associated assets were sold. CLF stated that there was no material gain or loss on the sale and added that approximately $5 million of net proceeds would be used to repay long-term debt. Metallurgical sales revenues were $60.0 million and $68.0 million for the first nine months of 1989 and 1988, respectively.

Jan. '89— A bankruptcy court approved an agreement between CLF and Wheeling-Pittsburgh Steel (WHX) which, among other things, allowed CLF a claim of $100 million for damages resulting from WHX's rejection of certain ore purchase contracts and its interest in the Tilden Mine.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.53	21.02	22.16	25.74	25.78	24.70	26.05	30.11	28.16	25.56
Earnings[3]	3.28	1.91	d3.76	1.46	2.30	d3.70	d2.45	3.68	4.12	3.85
Dividends	Nil	Nil	0.35	1.00	1.00	1.00	1.60	1.70	1.50	1.40
Payout Ratio	Nil	Nil	NM	69%	43%	NM	NM	46%	36%	36%
Prices—High	28³/₈	21⅜	19³/₈	22¼	26	25¼	32	46¼	37⅜	37¼
Low	14¼	9¼	6	16⅝	17	18⅛	16	28½	25⅞	26¼
P/E Ratio—	9-4	11-5	NM	15-11	11-7	NM	NM	13-8	9-6	10-7

Data as orig reptd. 1. Does not reconcile with full yr. total due to change in no. of shs. 2. Reflects merger or acquisition. 3. Bef. results of disc opers of -0.42 in 1988, -1.34 in 1987, bef. spec. item(s) of +3.92 in 1983. 4. Six months. d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	393	76.5	19.5	1.5	4.5	12.7	64.3	30.5%	44.7	11.4
[3]1987	363	15.1	4.2	Nil	2.7	12.2	48.9	37.4%	[4]30.6	8.4
[5]1986	267	d34.2	NM	7.0	17.2	7.3	d55.9	NM	[4]d41.7	NM
1985	326	38.5	11.8	6.0	18.1	7.5	22.0	8.6%	20.1	6.2
1984	389	58.6	15.1	14.0	20.6	10.1	37.5	23.7%	28.6	7.4
1983	311	8.4	2.7	9.0	21.2	13.0	d75.2	NM	[4]d45.8	NM
1982	269	0.4	0.2	43.0	19.8	14.1	d48.3	NM	d30.2	NM
1981	401	93.4	23.3	91.0	14.6	8.6	63.0	28.3%	45.2	11.3
1980	377	75.3	20.0	28.0	13.9	7.8	72.8	31.0%	50.2	13.3
1979	337	76.3	22.7	36.0	14.6	15.6	66.3	28.9%	47.1	14.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	52	154	79	1.9	390	10.5%	94	169	285	32.9	20.9%
1987	109	320	84	3.8	657	4.3%	122	345	539	22.7	7.2%
1986	87	229	99	2.3	585	NM	80	276	447	17.9	NM
1985	48	184	68	2.7	560	3.6%	37	320	464	7.9	5.7%
1984	35	163	83	2.0	549	5.2%	48	320	425	11.2	9.1%
1983	10	159	76	2.1	542	NM	61	306	419	14.7	NM
1982	13	174	108	1.6	640	NM	76	321	515	14.8	NM
1981	13	169	100	1.7	636	7.3%	36	371	526	6.8	12.6%
1980	18	212	116	1.8	595	9.0%	29	343	472	6.1	15.3%
1979	13	145	91	1.6	520	9.5%	29	312	423	6.9	15.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1983. 3. Excludes discontinued operations. 4. Reflects acctg. change. 5. Reflects merger or acquisition. d-Deficit NM-Not Meaningful

Business Summary

Cleveland-Cliffs is the largest independent manager and lessor of iron ore reserves in North America. The energy and forest products segments were discontinued in late 1987. Sales and operating profits in 1988 were:

	Sales	Profits
Iron ore	71%	95%
Metallurgical	22%	3%
Other	7%	2%

CLF manages seven active iron ore mines in North America and one in Australia with a total annual capacity of 43.7 million tons and owns equity interests in six of the mines with annual capacity of 6.5 million tons. Iron ore production from properties managed by CLF in 1988 totaled 39 million tons (36.3 million tons in 1987). Mines produced at an average of 95% of capacity (83% in 1987).

The metallurgical segment includes the sale of pig iron, coke, ferroalloys and silicon metal.

Through Pickens Mather, CLF manages metallurgical and steam coal mines. During 1988, CLF managed two active mines and four inactive mines. Following the sale of two inactive mines, the closure of another and the termination of a management agreement with the other inactive mine, CLF owns one active mine and manages another.

In July, 1988 CLF spun off its oil and gas unit to shareholders. In April, 1988 CLF sold most of its forest products unit and retained over 300,000 acres of timberland for possible future sale.

Dividend Data

Common dividends, omitted in November, 1986, were resumed in July, 1989. A revised "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Jul. 11	Aug. 21	Aug. 25	Sep. 11'89
0.20	Nov. 14	Dec. 11	Dec. 15	Dec. 28'89

Finances

Through a self-tender that expired in April, 1988 CLF repurchased 5,125,000 of its common shares and 2,335,987 (93%) of its preferred shares; at year-end 1988 CLF redeemed the remaining 139,239 preferred shares.

Capitalization

Long Term Debt: $51,000,000.

Common Stock: 11,668,005shs. ($1 par).
Institutions hold about 74%.
Shareholders of record: 4,117.

Office—1100 Superior Ave., 18th Floor, Cleveland, Ohio 44114-2589. **Tel**—(216) 694-5700. **Chrmn & CEO**—M. T. Moore. **Secy**—M. E. Jackson. **SVP-CFO**—J. S. Bronzo. **Investor Contact**—F. Rice. **Dirs**—H. J. Bolwell, E. M. deWindt, R. J. Flynn, J. D. Ireland III, E. B. Jones, R. McInnes, M. T. Moore, D. C. Platten, D. V. Ragone, S. K. Scovil, R. S. Sheetz, J. H. Wade, A. W. Whitehouse, Jr. **Transfer & Registrar**—AmeriTrust Co., Cleveland. **Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Ohio in 1947; reincorporated in Ohio in 1985. **Empl**—7,638.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Clorox Co.

NYSE Symbol CLX Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
40⅞	44½-30⅛	15	1.24	3.0%	A+	1.09

Summary

This company, widely known for its Clorox bleach, is a diversified producer of household grocery products, specialty products for the food service industry, and restaurant equipment. Longer-term growth is expected to come primarily from new product activity, including line extensions, and acquisitions. Unit volume gains, sale of underperforming paint and stains units, and a 5-million-share repurchase program should accelerate share earnings growth in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 may improve to $2.85 a share from fiscal 1988's $2.63 from continuing operations.

The dividend, which was raised 19% in May, 1989, should remain at $0.31 quarterly.

Sales for fiscal 1990 are expected to continue in a good uptrend on growing market penetration in established household products and expansion of markets for salad dressings and foodservice products. Unit volume comparisons should remain strong, with increased efficiencies likely to widen margins. Continued rollout of Clorox Detergent across the country and addition of other new products should accelerate profit growth. Share buybacks would enhance per share gains.

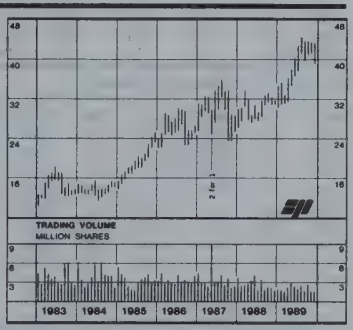
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	367	330	302	274
Dec.	---	272	243	215
Mar.	---	340	326	296
Jun.	---	414	388	342
	---	1,356	1,260	1,126

Sales for the three months ended September 30, 1989 rose 11%, year to year, reflecting higher volume and prices. An 18% increase in advertising costs to support new products limited growth in pretax income to 4.1%. After taxes at 37.3% versus 38.3%, net income from continuing operations expanded 5.8%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.83	0.79	0.73	0.54
Dec.	E0.50	0.46	0.40	0.30
Mar.	E0.70	0.64	0.65	0.53
Jun.	E0.82	0.74	0.68	0.59
	E2.85	2.63	2.46	1.96



Important Developments

Nov. '89— The company announced plans to break ground for a new household products plant in the Northeast. It added that a new $30 million food plant was being built near Reno, Nev. Capital outlays for new plant and equipment were expected to average $110 million over fiscal 1989 and fiscal 1990.

Nov. '89— The company said that heavy spending to introduce Clorox detergent and Control cat litter, which had limited earnings progress in the first quarter, would restrain earnings gains for the fiscal 1990 first half.

Oct. '89— CL sold its Olympic and Lucite architectural coatings businesses for $130 million. Proceeds would be used to buy back up to 5 million CLX common shares, or 9% of the total outstanding, through periodic open-market and block transactions.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	12.39	9.50	8.43	7.28	6.08	4.98	4.21	3.27	4.35	3.92
Earnings[2]	2.63	2.46	1.96	1.80	1.64	1.55	1.36	0.95	0.83	0.72
Dividends	1.09	0.92	0.79	0.70	0.62	0.54	0.47½	0.43	0.40½	0.38½
Payout Ratio	41%	38%	40%	39%	38%	36%	35%	46%	49%	53%
Prices—High[3]	44½	33¾	36	30¼	25⅜	15½	18⅜	14	7⅛	5⅞
Low[3]	30⅛	26⅛	23½	22	13⅞	11⅜	10⅜	5⅛	4⅞	3⅞
P/E Ratio—	17-11	14-11	18-12	17-12	15-8	10-7	13-8	15-6	9-6	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of -0.39 in 1989 **3.** Cal yr. E-Estimated

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[1]1989	1,356	248	18.3	88	41.3	[2]7.2	230	36.6%	146	10.7
1988	1,260	244	19.4	170	36.6	4.1	212	37.4%	133	10.5
1987	1,126	205	18.2	56	31.4	5.4	187	43.8%	105	9.3
1986	1,089	201	18.5	65	27.1	4.8	175	45.5%	[5]96	8.8
1985	1,055	178	16.9	41	24.5	7.1	155	44.5%	86	8.2
1984	975	161	16.6	37	22.0	9.5	144	44.7%	80	8.2
1983	914	148	16.2	30	20.5	12.7	124	47.0%	66	7.2
[6]1982	867	113	13.0	38	17.1	13.7	81	44.1%	45	5.2
1981	714	80	11.2	33	12.9	5.0	69	45.0%	38	5.3
1980	637	68	10.6	27	10.5	4.3	62	46.8%	33	5.2

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	233	615	331	1.9	1,213	12.1%	7	786	882	0.8	19.2%
1988	259	504	314	1.6	1,156	12.6%	29	713	842	3.5	19.9%
1987	246	452	194	2.3	933	11.7%	27	616	739	3.6	18.0%
1986	205	417	177	2.4	849	11.7%	38	550	672	5.7	18.4%
1985	178	398	195	2.0	778	11.6%	39	486	583	6.7	18.7%
1984	117	333	188	1.8	701	11.7%	43	431	513	8.4	20.3%
1983	109	292	175	1.7	604	11.4%	73	326	429	16.9	21.5%
1982	66	234	135	1.7	540	9.3%	100	281	404	24.8	16.6%
1981	62	225	109	2.1	416	9.6%	38	250	307	12.5	15.8%
1980	65	201	92	2.2	374	9.3%	37	231	282	13.2	14.8%
1979	48	176	73	2.4	335	8.6%	37	214	259	14.2	14.5%

Data as orig. reptd. **1.** Excl. disc. opers. **2.** Net of interest income. **3.** Incl. equity in earns. of nonconsol. subs. aft. 1981 **4.** Bef. results of disc. opers in 1989, 1979 **5.** Reflects accounting change **6.** Reflects merger or acquisition.

Business Summary

Clorox Co. produces household grocery products, including products for the food service industry. The company sold its unprofitable Olympic and Lucite Homecase product subsidiaries to PPG Industries for $130 million in September, 1989.

Household grocery products consist of Clorox liquid bleach, Clorox 2, Clorox Pre-Wash, and a new product, Clorox Detergent. Brand names also include Formula 409, Soft Scrub, Tackle, Tilex, Liquid-plumr, Twice as Fresh, Litter Green and Fresh Step cat litter, and Kingsford and Match Light barbecue products. Specialty food products consist of Hidden Valley Ranch bottled and dry salad dressings and dip mixes, Kitchen Bouquet sauces, and Salad Crispins seasoned croutons. CLX also markets Deer Park Spring Water (acquired in 1987).

Food service products operations market specialty food and cleaning products to the food service industry, including restaurants, hotels, and schools. Prince Castel manufactures specialty equipment for fast food restaurants.

An R&D and marketing agreement with Henkel of West Germany was modified in 1981 to intensify their joint research efforts and the exchange of R&D knowledge. Henkel was permitted to expand its interest in CLX to 30% in early 1987, and in August, 1988 it converted its $9 million subordinated note into 1.2 million CLX common shares at a conversion rate of $7.50 a share. The conversion increased Henkel's ownership of CLX to 26.5%.

Dividend Data

Dividends have been paid since 1968. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Jan. 18	Jan. 23	Jan. 27	Feb. 15'89
0.31	Apr. 20	Apr. 24	Apr. 28	May 15'89
0.31	Jul. 19	Jul. 24	Jul. 28	Aug. 15'89
0.31	Oct. 20	Oct. 24	Oct. 30	Nov. 15'89

Next dividend meeting: mid-Jan '90.

Capitalization

Long Term Debt: $7,037,000.

Common Stock: 55,473,594 shs. ($1 par).
Henkel KGaA, West Germany, owns 27.3%.
Institutions hold about 46%.
Shareholders of record: 13,422.

Office—1221 Broadway, Oakland, Calif. 94612. **Tel**—(415) 271-7000. **Chrmn & CEO**—C. R. Weaver. **VP-Secy**—E. A. Cutter. **VP-Treas**—L. L. Hoover. **Investor Contact**—W. Osterland. **Dirs**—W. F. Ausfahl, A. W. Bowers, U. Fairchild, C. S. Hatch, S. N. Lewis, J. Manchot, R. M. Oster, E. L. Scarff, L. R. Scott, F. N. Shumway, J. A. Vohs, C. R. Weaver, H-D. Winkhaus. **Transfer Agent & Registrar**—First Chicago Trust Co of New York, N. Y. **Incorporated** in Ohio in 1957; reincorporated in Delaware in 1986. **Empl**—5,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Coastal Corp.

560K

NYSE Symbol CGP Options on ASE & CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
33 1/8	33 3/8-22	17	0.40	1.2%	B+	1.02

Summary

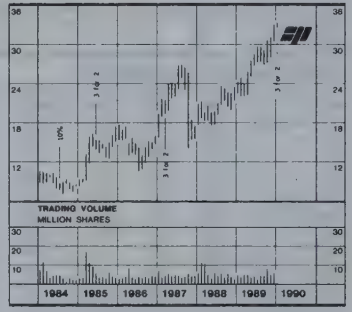
This company operates one of the nation's largest natural gas pipeline systems, covering the central half of the U.S. and with access to nearly all major U.S. gas producing areas. Other activities include gas and oil exploration and production, oil refining, coal, and chemicals. In the 1989 fourth quarter CGP entered into an agreement to sell its trucking operations, split its stock 3-for-2, and sold publicly 13.8 million shares at $28.583 each (adjusted) and $200 million in long-term debt.

Current Outlook

Share earnings for 1990 are projected at $2.20, up from an estimated $2.05 for 1989.

The former $0.10 quarterly dividend was maintained following a 3-for-2 stock split in December, 1989, in effect raising the payment 50%.

Gas pipeline profits for 1990 should increase slightly on a small increase in throughput, reflecting expansion of service. Refining and marketing profits are expected to continue to grow on improved margins and higher sales volumes. Exploration and production earnings should rise on higher average energy prices. Share earnings growth will be restricted by more shares outstanding.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,373	2,360	1,933	1,917
Jun.	2,099	1,862	1,683	1,473
Sep.	1,991	1,903	1,756	1,424
Dec.	---	2,062	2,057	1,855
	---	8,187	7,429	6,668

Revenues for the nine months ended September 30, 1989 rose 5.5%, year to year. Benefiting from sharply higher profits from refining and marketing operations, and higher nonoperating income, net income advanced 14%. After preferred dividends, share earnings (adjusted) were $1.09 on 13% more shares, versus $0.96.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.67	0.58	0.57	d0.90
Jun.	0.39	0.33	0.27	0.30
Sep.	0.03	0.08	0.11	0.25
Dec.	E0.96	0.81	0.45	0.89
	E2.05	1.80	1.40	0.56

Important Developments

Dec. '89— CGP entered into a letter of intent under which Transcon Inc. would acquire CGP's ANR Freight Systems and Transport USA Inc. units. In November, directors declared a 3-for-2 stock split and maintained the former $0.10 quarterly dividend on the split shares, effectively raising the dividend 50%.

Oct. '89— CGP publicly sold 13.8 million common shares at $28.583 each (adjusted for December, 1989 3-for-2 stock split) and $200 million of long-term debt; proceeds were used to retire debt with an average cost of 11%. Separately, CGP filed with FERC for approval of three alternative routes that are in addition to the one already authorized by FERC for CGP's natural gas pipeline from Wyoming to California.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	13.53	10.52	9.68	9.43	7.20	6.26	5.36	4.73	6.05
Earnings[2]	NA	1.800	1.40	0.56	1.61	1.33	1.08	0.71	d0.367	1.25
Dividends	0.30	0.26 5/8	0.24 3/8	0.17 3/4	0.16 3/8	0.22 1/8	0.10 7/8	0.10 7/8	0.10 7/8	0.13 1/2
Payout Ratio	NA	16%	17%	32%	10%	17%	10%	15%	NM	11%
Prices—High	33 1/8	23 5/8	26 7/8	17 3/4	17 3/8	10 5/8	9 3/4	10	16 1/8	14 1/8
Low	22	17 5/8	14	10 3/8	8 1/8	7	5	3 7/8	6 7/8	3 7/8
P/E Ratio—	NA	13-10	19-10	32-19	11-5	8-5	9-5	14-5	NM	11-3

Data as orig. reptd. Adj. for stk. divs. of 50% Jan. 1990, 50% Mar. 1987, 50% Jun. 1985, 10% Jul. 1984. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.95 in 1981. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	8,186	968	11.8	197	312	452	255	38.2%	157	1.9
1987	7,429	898	12.1	172	320	489	198	42.8%	113	1.5
1986	6,668	938	14.1	234	325	490	176	59.3%	72	1.1
[3]1985	7,275	916	12.6	3,787	284	403	274	48.1%	142	2.0
1984	6,260	423	6.8	154	147	159	172	40.9%	102	1.6
1983	5,963	395	6.6	114	149	129	177	47.1%	94	1.6
1982	5,799	371	6.4	406	147	150	111	38.3%	66	1.1
1981	5,910	244	4.1	272	131	174	d34	NM	d20	NM
1980	5,115	445	8.7	317	112	153	193	41.7%	110	2.1
[4]1979	4,287	398	9.3	206	108	110	186	44.4%	100	2.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	10.8	2,479	2,533	1.0	7,865	1.7%	3,100	1,256	5,080	61.0	13.5%
1987	21.7	2,520	2,675	0.9	7,989	1.4%	3,509	713	5,060	69.3	14.4%
1986	45.8	2,285	2,264	1.0	7,777	0.9%	3,784	658	5,242	72.2	5.9%
1985	59.5	2,635	2,574	1.0	8,294	2.5%	3,924	637	5,506	71.3	18.7%
1984	29.2	1,456	1,203	1.2	3,296	3.2%	1,107	548	2,090	53.0	19.0%
1983	66.5	1,519	1,524	1.0	3,338	2.9%	815	540	1,809	45.0	17.1%
1982	66.6	1,381	1,340	1.0	3,226	2.1%	983	490	1,880	52.3	12.4%
1981	77.3	1,514	1,506	1.0	3,183	NM	829	442	1,673	49.6	NM
1980	51.6	2,449	1,991	1.2	4,113	2.8%	1,106	547	2,098	52.7	19.9%
1979	94.2	2,405	1,952	1.2	3,776	2.7%	978	459	1,823	53.7	18.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1979, and spec. item(s) in 1981. 3. Reflects merger or acquisition. 4. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Coastal Corp. is a broadly based energy supply company.

Oper. Profits	1988	1987	1986
Natural gas systems	64%	78%	88%
Refining & mktg.	23%	6%	NM
Expl. & prod.	5%	7%	5%
Coal	9%	10%	7%
Trucking	-1%	-1%	NM

CGP owns and operates major natural gas pipeline systems with about 19,000 miles of pipeline (including ANR Pipeline Co., acquired in 1985 for $2.5 billion, Great Lakes Gas Transmission, and Colorado Interstate Gas) that service markets from the Rocky Mountains to the Midwest and Upper Great Lakes areas. Total gas throughput for all systems aggregated 4,248 MMcf of gas per day in 1988.

CGP operates six domestic refineries that produce a full range of petroleum products. Refinery throughput averaged 266,000 barrels per day in 1988. CGP also markets crude and petroleum products worldwide.

CGP conducts gas and oil exploration and production operations in most of the productive areas of the contiguous U.S. At year-end 1988 proved reserves were estimated at 25.5 million barrels of oil and 1.0 trillion cubic feet of gas. Other CGP units conduct coal, chemicals and trucking.

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Feb. 9	Feb. 22	Feb. 28	Apr. 1'89
0.10	May 4	May 24	May 31	Jul. 1'89
0.10	Aug. 3	Aug. 25	Aug. 31	Oct. 1'89
3-for-2	Nov. 7	Jan. 2	Nov. 30	Dec. 29'89
0.10	Nov. 7	Nov. 24	Nov. 30	Jan. 1'90

Next dividend meeting: early Feb. '90

Capitalization

Long Term Debt: $3,064,100,000 (9/30/89).

Red. Preferred Stock: $79,701,000.

Class A Common Stock: 509,174 shs. ($0.33 1/3 par); nontransferable; conv. sh.-for-sh. into com.; pays no divd.; each sh. entitled to 100 votes.

Common Stock: 102,748,345 shs. ($0.33 1/3 par). O. S. Wyatt, Jr. owns about 5.5%. Institutions hold approximately 56%. Shareholders of record: 12,736.

Office—Nine Greenway Plaza, Houston, Texas 77046-0995 **Tel**—(713) 877-1400 **Chrmn**—O. S. Wyatt, Jr. **Pres & CEO**—J. R. Paul **VP-Treas**—J. A. Connelly **VP-Secy**—A. M. O'Toole **Investor Contact**—Stirling D. Pack **Dirs**—D. A. Arledge, M. L. Beatty, J. M. Bissell, H. L. Blomquist, Jr., G. L. Brundrett, Jr., E. O. Buck, H. Burrow, R. D. Chapin, Jr., J. B. Connally, J. F. Cordes, R. L. Gates, K. O. Johnson, C. F. Jones, J. S. Katzin, J. H. Marshall II, E. J. Mosher, J. R. Paul, O. S. Wyatt, Jr. **Transfer Agents & Registrars**—Bank of New York, NYC, Co.'s office, Houston **Incorporated** in Delaware in 1972 **Empl**—19,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Matthe

Coca-Cola

NYSE Symbol KO Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
70 3/8	71 1/4-43 3/8	21	1.36	1.9%	A+	0.82

Summary

Coca-Cola is the world's largest soft drink company and has a sizable fruit juice business. Its bottling interests include close to a 49% interest in publicly owned Coca-Cola Enterprises. Also, KO is expected to have net proceeds of about $1.1 billion from the pending sale of its interest in Columbia Pictures Entertainment, and directors recently authorized the repurchase of up to 20 million KO common shares.

Current Outlook

Earnings for 1990 are estimated at $3.90, up from the $3.45 expected for 1989.

The quarterly dividend of $0.34 is likely to be raised.

In 1990, international volume growth for soft drinks is expected to continue exceeding advances in the U.S. Increased investments by KO in overseas soft drink bottling operations could be somewhat dilutive to near-term earnings, but KO's greater involvement is likely to help boost long-term results. KO's overall profitability is expected to remain strong, and stock buybacks are expected to help share earnings.

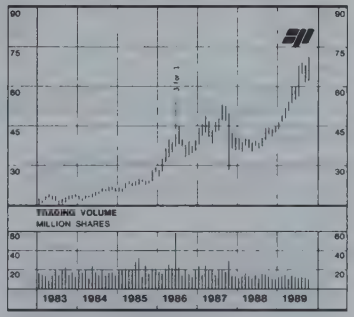
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,985	1,869	1,548	1,735
Jun.	2,429	2,314	2,104	2,245
Sep.	2,303	2,128	2,014	2,534
Dec.	---	2,027	1,992	2,155
	---	8,338	7,658	8,669

Operating revenues for the nine months ended September 30, 1989 increased 6.4%, year to year. Net income advanced 19%. After preferred stock dividends, share earnings were $2.73 (on 5.1% fewer shares), versus $2.20.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.72	0.57	0.49	0.42
Jun.	0.98	0.82	0.70	0.58
Sep.	1.03	0.81	0.72	0.60
Dec.	E0.72	0.65	0.52	0.82
	E3.45	2.85	2.43	2.42



Important Developments

Oct. '89— KO was expecting to have a gain of $530 million, or $1.53 a share, from the sale of its ownership interest in filmed entertainment company Columbia Pictures Entertainment to Sony Corp. KO's net proceeds were expected to be about $1.1 billion. Also, KO's board of directors authorized the repurchase of up to 20 million KO shares, or about 6% of the number outstanding. KO has been a substantial repurchaser of shares in recent years; a 40-million-share repurchase program started in 1987 has been substantially completed. Meanwhile, in 1989's third quarter, KO's international volume of soft drink syrups and concentrates rose 14%, year to year, but U.S. volume was down 2%. Also, the quarter included a $0.10 a share gain from the sale of KO's bottled water business.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	8.42	8.46	7.42	5.98	5.51	5.67	5.27	5.77	5.22	4.80
Earnings[3]	2.85	2.43	2.42	1.72	1.59	1.37	1.32	1.21	1.14	1.13
Dividends	1.20	1.12	1.04	0.98 3/4	0.92	0.89 3/8	0.82 3/4	0.77 3/8	0.72	0.65 3/8
Payout Ratio	41%	46%	43%	56%	57%	65%	66%	64%	63%	58%
Prices—High	45 1/4	53 1/8	44 7/8	29 1/2	22	19 1/4	17 7/8	13 1/2	12 7/8	15 1/2
Low	35	28	25 5/8	19 7/8	16 3/8	15 1/4	9 7/8	10 1/4	9 5/8	10 1/2
P/E Ratio—	16-12	22-12	19-11	17-12	14-10	14-11	14-8	11-8	11-8	14-9

Data as orig reptd Adj for stk div(s) of 200% Jul 1986 1. Reflects accounting change 2. Reflects merger or acquisition 3. Bef results of disc opers of +0.11 in 1985, +0.09 in 1981 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	8,338	1,768	21.2	387	170	239	[2]1,582	34.0%	1,045	12.5
[3]1987	7,658	1,514	19.8	300	153	285	[2]1,410	35.0%	916	12.0
[3]1986	8,669	1,755	20.2	373	430	208	[2]1,511	38.2%	934	10.8
[4]1985	7,904	1,380	17.5	497	335	203	[2]1,093	38.0%	678	8.6
1984	7,364	1,227	16.7	396	170	150	[2]1,068	41.1%	629	8.5
[4]1983	6,829	1,149	16.8	389	156	91	[2]1,000	44.2%	558	8.2
[5]1982	6,250	1,045	16.7	400	151	89	932	45.0%	512	8.2
[4]1981	5,889	943	16.0	330	145	46	807	44.6%	447	7.6
1980	5,913	906	15.3	298	138	[3]41	764	44.8%	422	7.1
1979	4,961	836	16.9	409	117	11	742	43.4%	420	8.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,231	3,245	2,869	1.1	7,451	13.6%	761	3,045	4,376	17.4	33.9%
1987	1,468	4,136	4,119	1.0	8,356	11.1%	803	3,224	4,237	19.0	27.7%
1986	888	3,739	2,755	1.4	8,373	12.3%	1,011	3,515	4,908	20.6	28.8%
1985	865	2,970	2,004	1.5	6,898	10.6%	889	2,979	4,189	21.2	23.7%
1984	782	2,636	2,023	1.3	5,958	11.5%	740	2,778	3,760	19.7	22.5%
1983	611	2,330	1,391	1.7	5,228	11.0%	513	2,921	3,611	14.2	19.5%
1982	261	2,077	1,327	1.6	4,923	11.6%	462	2,779	3,406	13.6	19.4%
1981	340	1,636	1,006	1.6	3,565	12.8%	137	2,271	2,558	5.4	20.6%
1980	231	1,622	1,062	1.5	3,406	13.3%	133	2,075	2,344	5.7	21.1%
1979	149	1,306	884	1.5	2,938	15.2%	31	1,919	2,054	1.5	23.0%

Data as orig reptd; finance subs consol. after 1987 1. Bef results of disc opers in 1985, 1981 2. Incl equity in earns of nonconsol subs 3. Reflects accounting change 4. Excl disc opers 5. Reflects merger or acquisition

Business Summary

Coca-Cola is the world's largest soft drink company and is a major producer of orange juice. Also, KO has more than a 40% interest in both Coca-Cola Enterprises, its largest bottler, and in Columbia Pictures Entertainment (see Important Developments). Segment operating results for 1988 (excluding Coca-Cola Enterprises and Columbia Pictures):

	Revs.	Profits
Soft drinks	82%	95%
Foods	18%	5%

In 1988, 56% of net operating revenues and 76% of operating profit came from foreign operations.

The company makes soft drink syrups and concentrates, which are sold to independent (and company owned) bottlers and fountain wholesalers. Brand Coca-Cola (best-selling soft drink in the world, including Coca-Cola classic) and diet Coke currently rank number-one and -three, respectively, in domestic unit volume. Other brands include Tab, Sprite, Diet Sprite, Fanta, Fresca, Cherry Coke, and Minute Maid soda. KO owns close to 49% of Coca-Cola Enterprises, its largest bottler.

The food segment includes fruit juices, beverages, mixers and snacks that are sold under the Minute Maid, Hi-C and Bacardi labels.

In December, 1987 various KO entertainment businesses were combined with those of Tri-Star Pictures; the combined entity is now known as Columbia Pictures Entertainment. KO received about 74 million Columbia common shares, and distributed about 34 million Columbia shares to KO shareholders as a special dividend.

Dividend Data

Dividends have been paid since 1893. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Feb. 16	Mar. 9	Mar. 15	Apr. 1'89
0.34	Apr. 20	Jun. 9	Jun. 15	Jul. 1'89
0.34	Jul. 20	Sep. 11	Sep. 15	Oct. 1'89
0.34	Oct. 19	Nov. 27	Dec. 1	Dec. 15'89

Capitalization

Long Term Debt: $713,065,000.

Preferred Stock: 3,000 shs. ($1 par).

Common Stock: 345,045,275 shs. ($1 par) (7/89).
Berkshire Hathaway (Warren Buffet) controls about 6.8%
Institutions hold about 56%.
Shareholders of record: 102,143.

Office—310 North Ave., N.W., Atlanta, Ga 30313 **Tel**—(404) 676-2121 **Chrmn & CEO**—R C Goizueta **Pres**—D R Keough **Secy**—D R Greene **Treas**—P J Carswell, Jr **Investor Contact**—Melody Justice & J Johnson **Dirs**—H A Allen, A C Chambers, C W Duncan, Jr, R J Flamson III, R C Goizueta, D R Keough, J T Laney, D F McHenry, P F Oreffice, J D Robinson III, J M Sibley, W B Turner, P V Ueberroth, J B Williams **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co NYC **Incorporated** in Delaware in 1919

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves CFA

Coca-Cola Enterprises

562E

NYSE Symbol CCE Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
16	18 3/4 - 14 3/4	20	0.05	0.3%	NR	NA

Summary

This company, which is the world's largest bottler of Coca-Cola soft drinks, was spun off from The Coca-Cola Co. in 1986. CCE's prices recently increased about 3% after several years of flat-to-lower levels; however, lower volume growth and higher marketing expenses appear to be contributing to an earnings decline in 1989. Also, the company is in the midst of repurchasing up to 25 million (18%) of its common shares. Coca-Cola owns about 48% of CCE's common stock.

Current Outlook

Earnings for 1990 are estimated at $0.65 a share, versus the $0.40 expected for 1989.

Dividends at $0.01¼ quarterly are the minimum expected.

In 1990, CCE's volume and prices are each expected to increase 2% to 3%. CCE's operating margins are expected to widen, but not to 1988 levels, due to a higher level of marketing costs. Earnings will also likely be boosted by a lower tax rate in 1990. CCE will continue to have sizable non-cash depreciation and amortization expense; in 1989 this is expected to total about $225 million.

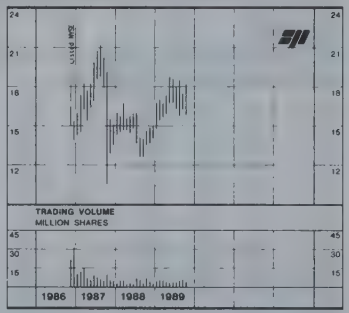
Net Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	860	856	745	329
Jun.	1,088	1,099	929	436
Sep.	1,022	1,025	877	401
Dec.	---	895	778	784
	---	3,874	3,329	1,951

Net operating revenues for the nine months ended September 30, 1989 declined 0.3%, year to year. Pretax income was down 24%. After taxes at 48.0%, versus 43.0%, net income fell 31%. Following increased preferred dividend requirements, earnings declined to $0.39 a share (on 5.7% fewer shares) from $0.63.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.07	0.09	0.05	0.03
Jun.	0.26	0.28	0.25	0.16
Sep	0.06	0.26	0.23	0.23
Dec	E0.01	0.40	0.10	d0.01
	E0.40	1.03	0.63	0.36



Important Developments

Oct. '89— In 1989's third quarter CCE's volume declined about 3%, year to year, reflecting the sale of a bottling business in the fourth quarter of 1988. Excluding this business, volume would have been up about 1% in the third quarter and 4% in 1989's first nine months. Also, in the quarter CCE's prices were up about 3% from the year-earlier period, after being down somewhat in the first half of 1989. Although higher prices appeared to more than offset higher material costs, CCE's operating profit in the quarter fell 32%. With prices higher, disproportionately greater marketing expenditures may have been needed to generate volume. Meanwhile, CCE repurchased about 1.2 million of its common shares in the third quarter. This brought the total shares purchased under a 25-million-share buyback program to 9.7 million.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	1985	1984	1983	1982
Tangible Bk. Val.	d10.36	d8.33	d7.24	NA	NA	NA	NA
Earnings	1.03	0.63	0.36	0.52	0.36	0.28	0.26
Dividends	0.05	0.05	Nil	NA	NA	NA	NA
Payout Ratio	5%	8%	Nil	NA	NA	NA	NA
Prices—High	16 3/4	21 1/4	16 1/2	NA	NA	NA	NA
Low	12 5/8	10 1/2	13 7/8	NA	NA	NA	NA
P/E Ratio—	16-12	34-17	46-39	NA	NA	NA	NA

Data as orig reptd., prior to 1986 data as reptd. in preliminary prospectus dated Oct. 10, 1986 & 1986 Annual Report. 1. Reflects merger or acquisition NA Not Available E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	3,874	607	15.7	273	226	[2]211	[3]268	43.0%	153.0	3.9
1987	3,329	532	16.0	206	194	[2]171	[3]173	48.9%	[4]88.0	2.7
[1]1986	1,951	260	13.3	136	92	83	85	67.2%	28.0	1.4
1985	1,272	140	11.0	79	55	32	64	43.6%	36.0	2.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	0.2	488	550	0.9	4,669	3.5%	2,062	1,558	4,092	50.4	9.5%
1987	11.3	452	474	1.0	4,250	2.2%	2,091	1,526	3,770	55.5	5.9%
1986	7.6	423	523	0.8	3,811	1.0%	1,780	1,448	3,288	54.1	2.4%
1985	20.7	205	137	1.5	780	NA	195	403	643	30.4	NA

Data as orig reptd., prior to 1986 data as reptd. in preliminary prospectus dated Oct. 10, 1986. 1. Reflects merger or acquisition 2. Net of interest income 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change NA-Not Available

Business Summary

Coca Cola Enterprises is the world's largest bottler of Coca-Cola soft drinks. Approximately 48% of CCE's common stock is owned by The Coca-Cola Co.

CCE's bottling territories as of early 1989 included portions of 28 states, the District of Columbia, and the U.S. Virgin Islands. These territories included about 98 million people, or about 40% of the U.S. population. In 1988 about 75% of CCE's equivalent case sales represented products bearing the "Coca-Cola" or "Coke" trademarks, approximately 15% were of other soft drinks of The Coca-Cola Co., and about 10% represented products of other soft drink firms.

The company conducts its business primarily under bottle contracts with The Coca-Cola Co., whereby CCE receives the exclusive right to produce and market Coca-Cola soft drinks in authorized containers in specified territories. As of early 1989 CCE was operating 43 soft drink production facilities, 30 of which were combined production/distribution facilities. In addition, CCE had 201 other distribution facilities.

CCE estimates that excluding several businesses sold recently, its net dollar sales in 1988 would have been about $3.7 billion, or approximately 14% of the total 1988 dollar sales of soft drink products by all bottlers and fountain wholesalers in the U.S.

The company has been involved in a number of acquisitions and sales of soft drink businesses. On September 23, 1986 CCE acquired the soft drink bottlers previously owned by BCI Holdings Corp. (the Beatrice Bottlers) for about $1 billion. On September 29, 1986 CCE acquired the soft drink bottlers previously owned by John T. Lupton, members of his family, and other investors (the JTL bottlers) for about $1.2 billion, plus the assumption of about $200 million in indebtedness. In addition, during 1987 and 1988 CCE made additional acquisitions costing (including debt, if applicable) more than $800 million.

In December, 1988 CCE sold its Coca-Cola Bottling Co. of Mid-America unit for about $280 million. Several other businesses were sold in 1988 and 1989 for a total of about $35 million.

Dividend Data

Dividends were initiated in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.01¼	Feb. 15	Mar. 15	Mar. 21	Apr. 3'89
0.01¼	Apr. 14	Jun. 15	Jun. 21	Jul. 3'89
0.01¼	Jul. 18	Sep. 14	Sep. 20	Oct. 2'89
0.01¼	Oct. 17	Dec. 13	Dec. 19	Jan. 2'90

Finances

In CCE's November 1986 initial public stock offering, 71,400,000 common shares were sold at $16.50 each. Lead underwriters were Allen & Co., The First Boston Corp., Salomon Brothers, and Shearson Lehman Brothers. The offering provided CCE with net proceeds of some $1.12 billion, which was targeted for debt reduction. Following the offering, The Coca-Cola Co. (KO) had a 49% interest in CCE. In September, 1986 CCE entered into new bottle contracts with KO, which, among other things, enable KO to set prices for concentrates and syrups and determine marketing support levels at its discretion.

Capitalization

Long Term Debt: $1,959,474,000.

Preferred Stock: 2,500 shs. ($1 par).

Common Stock: About 131,000,000 shs. ($1 par). The Coca-Cola Co. owns about 48%. Shareholders of record: 13,963.

Office—One Coca-Cola Plaza, N.W., Atlanta, Ga. 30313 **Tel**—(404) 676-2100 **Chrmn**—D. R. Keough **Pres & CEO**—B. G. Dyson **COO**—J. M. Stevens **EVP-CFO**—L. R. Cowart **VP-Secy**—T. D. Sherman **Treas**—D. A. Scovanner **Investor Contact**—G. D. Lindsey **Dirs**—J. L. Clendenin, L. R. Cowart, B. G. Dyson, A. B. Giamatti, T. M. Hahn, Jr., C. M. Halle, M. D. Ivester, J. E. Jacob, R. A. Keller, D. R. Keough, W. D. Looney, F. A. Tarkenton, F. T. Vincent, Jr., J. R. Wells, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1944 **Empl**—22,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Colgate-Palmolive

NYSE Symbol CL Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19 '89	1989					
61½	64⅞-44⅛	20	1.80	2.9%	B	0.84

Summary

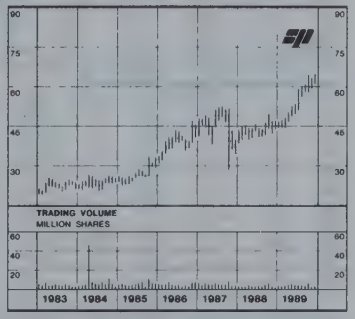
This company, a global producer and marketer of household and personal care products, is more than halfway through an 8-year program to improve operations by which it has expanded abroad, added new products, and cut production costs. The sale of Kendall health care ($1 billion in 1987 sales) for some $900 million in cash has provided funds to reduce debt and to spur growth through acquisitions.

Current Outlook

Earnings from continuing operations for 1990 should increase nicely to $4.50 a share from the $4.00 estimated for 1989.

The quarterly dividend was increased 21.6%, to $0.45 from $0.37, with the November, 1989 payment.

Profits for 1990 are expected to increase 15% on continued growth in oral care products and in markets abroad. Margins should continue to widen on price increases, volume-based gains in manufacturing efficiencies and aggressive marketing programs. Expansion abroad should also boost earnings growth, given favorable currency exchange rates. Share repurchases should also aid earnings per share growth. Acquisition of Vipont Pharmaceutical (anti-plaque toothpaste) should enhance the future.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,204	1,142	1,313
Jun.	---	1,290	1,187	1,437
Sep.	---	1,260	1,194	1,432
Dec.	---	---	1,212	1,465
	---	---	4,734	5,647

Sales for the nine months ended September 30, 1989 advanced 6.6%, year to year, reflecting higher unit volume in offshore markets and higher prices. Margins widened on cost savings from the 1987 restructuring as well. After 50% lower interest expense, and taxes at 35.9%, versus 38.4%, income from continuing operations rose 44%. After preferred dividends, share earnings rose to $3.09 from $2.20, which was before income from discontinued operations of $0.59.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar	E1.08	0.98	0.76	0.81
Jun.	E1.19	1.06	0.76	0.82
Sep	E1.20	1.06	0.69	d1.42
Dec	E1.03	E0.90	0.02	0.56
	E4.50	E4.00	2.22	0.78

Important Developments

Dec. '89— CL extended its early November tender offer for each common share of Vipont Pharmaceutical at $14 a share. For its fiscal year ended September 30, 1988, Vipont earned $4.5 million on $33.5 million of revenues from anti-plaque dental products.

Nov. '89— In 1989, through September 30, CL had repurchased 2,608,337 million shares for $149 million, under authorization to purchase up to $410 million of stock to fund its leveraged Employee's Stock Ownership Plan.

Jun. '89— CL acquired the Veterinary Services division of McKesson Corp. The division is one of the largest distributors of Hill's Pet Products, and expands Hill's distribution in the eastern U.S. Pet products volume grew 23% in the 1989 second quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.47	13.54	13.81	15.39	14.69	16.21	15.71	15.25	14.87	13.81
Earnings[2]	2.22	0.78	2.52	2.13	0.64	2.42	2.41	2.55	2.40	2.29
Dividends	1.48	1.39	1.36	1.30	1.28	1.26	1.20	1.14	1.09	1.08
Payout Ratio	67%	178%	54%	45%	200%	52%	50%	45%	46%	47%
Prices—High	49½	52⅝	47	33⅜	26½	25⅜	22⅝	18⅜	17⅝	19⅝
Low	38½	28	30⅜	22⅝	20½	19	1[illegible]	13⅞	11	13¾
P/E Ratio—	22-17	67-36	19-12	16-11	41-32	10-8	9-7	7-5	7-5	9-6

Data as orig reptd 1. Reflects merger or acquisition 2. Bef results of disc. opers. of +2.42 in 1988, -0.74 in 1985, +0.22 in 1984, -0.28 in 1980, -0.90 in 1979 E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	4,734	441	9.3	239	77.8	116.0	[3]250	39.0%	153	3.2
[2]1987	5,647	480	8.5	286	96.2	81.0	[3]123	56.0%	[4]1	0.0
1986	4,985	422	8.5	221	89.3	84.0	[3]297	40.2%	177	3.6
[5]1985	4,524	348	7.7	209	71.1	64.9	[3]275	39.1%	168	3.7
1984	4,910	360	7.3	244	65.0	70.5	115	53.6%	54	1.1
1983	4,865	396	8.1	183	61.7	59.5	350	43.6%	198	4.1
1982	4,888	433	8.9	139	66.0	54.6	378	47.9%	197	4.0
1981	5,261	487	9.3	107	68.6	70.9	395	47.2%	[4]208	4.0
[2]1980	5,130	478	9.3	117	68.8	69.2	367	46.5%	196	3.8
[2]1979	4,494	422	9.4	138	64.0	53.8	319	41.3%	187	4.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**366**	**1,783**	**1,072**	**1.7**	**3,218**	**4.7%**	**674**	**1,138**	**2,008**	**33.6**	**14.7%**
1987	57	1,716	1,277	1.3	3,228	1.8%	694	929	1,762	39.4	5.7%
1986	165	1,484	1,056	1.4	2,846	6.3%	522	967	1,642	31.8	19.1%
1985	259	1,654	1,136	1.5	2,814	7.3%	529	894	1,541	34.3	19.1%
1984	352	1,623	816	2.0	2,568	2.0%	282	1,219	1,595	17.7	4.1%
1983	526	1,804	827	2.2	2,664	7.6%	293	1,329	1,749	16.7	15.0%
1982	573	1,783	801	2.2	2,574	7.6%	256	1,309	1,666	15.4	15.1%
1981	445	1,821	826	2.2	2,631	8.0%	303	1,285	1,687	18.0	16.3%
1980	339	1,746	810	2.2	2,578	7.8%	303	1,261	1,660	18.3	16.1%
1979	197	1,626	751	2.2	2,429	7.8%	310	1,178	1,572	19.7	16.0%

Data as orig reptd 1. Before results of disc opers in 1988, 1987, 1985, 1984, 1980, 1979. 2. Excludes discontinued operations 3. Incl equity inearns. of nonconsol. subs 4. Reflects accounting change 5. Excludes discontinued operations and reflects merger or acquisition

Business Summary

Colgate-Palmolive is an international manufacturer and distributor of consumer and industrial products. The health care segment was sold in October, 1988. Contributions in 1988:

	Sales	Profits
United States	36%	20%
Europe	32%	30%
Western Hemisphere	19%	34%
Far East and Africa	13%	16%

Household and personal care products consist of laundry and dishwashing detergents, fabric softeners, cleaners and cleansers, toothpastes, toothbrushes, bar soaps, hair care and shave products, consumer first aid products and other items. Laundry and dishwashing detergents accounted for 38% of sales in 1988 (40% in 1987) Oral care products comprised 21% of sales in 1988 (21%).

Specialty marketing consists of Hill's pet food and care products, Princess House fine crystal and decorative accessories, and CPL Industries, a supplier of cleaning products, Sterno and other cooking fuel and related equipment to institutions. The health care unit, The Kendall Co., which made supplies for physicians, health care facilities and households, was sold in late 1988 for $900 million.

Dividend Data

Dividends have been paid since 1895. A dividend reinvestment plan is available. A "poison pill" stock purchase right adopted in 1984 was amended in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Jan. 12	Jan. 19	Jan. 25	Feb. 15'89
0.37	Mar. 9	Apr. 19	Apr. 25	May 15'89
0.37	Jul. 13	Jul. 19	Jul. 25	Aug. 15'89
0.45	Oct. 12	Oct. 19	Oct. 25	Nov. 15'89

Next dividend meeting: Jan. 11'90.

Capitalization

Long Term Debt: $1,051,844,000.

$4.25 Cum. Preferred Stock: 125,000 shs. (no par); red. at $100.

$3 Conv. Preferred Stock: 316 shs. (no par); ea sh. conv. into 9.45 com.

Common Stock: 66,049,002 shs. ($1 par).
Institutions hold about 52%.
Shareholders: 33,200.

Office—300 Park Ave., NYC 10022 **Tel**—(212) 310-2000 **Chrmn, Pres & CEO**—R. Mark **VP-Secy**—H. Obstler **VP-Treas**—B. J. Heidtke **Investor Contact**—Anne Crawford **Dirs**—V. R. Alden, H. W. Blauvelt, J. B. Carter, A. V. Casey, J. K. Conway, K. Crane, R. E. Ferguson, E. M. Hancock, J. P. Kendall, R. Mark, H. B. Wentz, Jr., T. R. Wilcox **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1923 **Empl**—24,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Collins Foods International

NYSE Symbol CF

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
20½	22¾-16¼	16	0.20	1.0%	A-	1.39

Summary

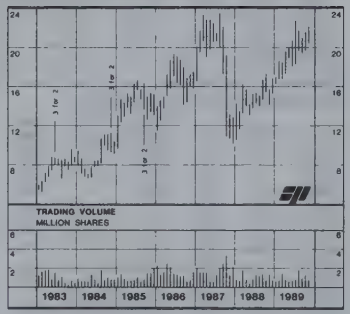
This company owns about 65% of Sizzler Restaurants International, a publicly owned business, and is also a major franchisee of Kentucky Fried Chicken units. In total, CF operates close to 400 restaurants, and its Sizzler business has more than 400 franchised units. CF's share earnings have risen in seven of the past eight fiscal years. Chairman James A. Collins owns about 20% of the common stock.

Current Outlook

Earnings for the fiscal year ending April 30, 1991 are estimated at $1.55 a share, up from the $1.39 projected for fiscal 1989-90.

The dividend has been raised 25%, to $0.05 quarterly from $0.04, with the January, 1990 payment.

More favorable comparisons from CF's Kentucky Fried Chicken (KFC) business, plus further growth from the Sizzler chain, are expected to help earnings in fiscal 1990-91. CF's development of new restaurants is likely to largely focus on the Sizzler business, with rapid expansion expected particularly in Australia. Also, with CF's cash position currently exceeding total debt by about $20 million, CF could make an acquisition or attract takeover interest itself.



Revenues[1] (Million $)

Period:	1989-90	1988-9	1987-8	1986-7
12 Wks. Jul.	130.9	129.2	138.9	129.7
12 Wks. Oct.	130.2	127.3	142.0	127.4
16 Wks. Jan.	---	160.3	172.1	122.9
12 Wks. Apr.	---	124.8	113.5	142.1
	---	541.7	566.5	522.0

Revenues for the 24 weeks ended October 15, 1989 increased 1.8%, year to year, paced by higher systemwide sales of Sizzler. Net income was up 8.7%, to $0.69 a share from $0.64.

Common Share Earnings[1] ($)

Period:	1989-90	1988-9	1987-8	1986-7
12 Wks. Jul.	0.35	0.34	0.30	0.53
12 Wks. Oct.	0.34	0.30	0.25	0.14
16 Wks. Jan.	E0.33	0.30	0.22	0.18
12 Wks. Apr.	E0.37	0.33	0.34	0.15
	E1.39	1.27	1.10	1.00

Important Developments

Nov. '89— Excluding businesses that have been sold, CF's revenue in fiscal 1989-90's second quarter was up 6.8%, year to year. A pretax gain of about about $900,000 from the sale of CF's 60% interest in restaurant company Ed Debevic's, Inc. was largely offset by the absence of profits from businesses that have been sold. In June CF had sold its Gino's East of Chicago restaurant. CF's 65%-owned Sizzler business accounted for 60% of CF's second quarter revenues. Sizzler's revenues and net income were up 8.3% and 12%, respectively, from the year-earlier period. Profit from CF's domestic Kentucky Fried Chicken business was lower, but the decline was less than it had been in CF's first quarter. Results in the second half of fiscal 1989-90 may benefit from lower chicken prices and new menu items.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	1987	[2]1986	[2]1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	9.20	8.93	7.78	5.98	5.74	5.09	3.87	3.17	2.87	2.222
Earnings[3]	1.27	1.10	1.00	0.33	0.92	0.79	0.65	0.51	0.36	0.37
Dividends	0.16	0.15	0.12	0.11⅝	0.10¼	0.08⅞	0.06¾	0.05⅜	0.05⅜	0.05¼
Payout Ratio	13%	13%	12%	35%	11%	11%	10%	10%	13%	13%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	17⅜	23½	19⅜	16⅝	11¼	9⅝	6¾	3⅜	2½	3⅛
Low	10½	10⅛	11½	9⅝	6½	5⅛	2½	1¾	1⅛	1⅞
P/E Ratio—	14-8	21-9	19-12	50-29	12-7	12-7	10-4	7-3	7-3	8-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Sep. 1985, 50% Nov. 1984, 50% Jul. 1983, 33⅓% Jul. 1982, 33⅓% Oct. 1981. **1.** Quarters ended Jul. 31, Oct. 31, Jan. 3, Apr. 30 prior to 1987-8. **2.** Reflects merger or acquisition. **3.** Bef. results of disc. opers. of +0.32 in 1987, bef. spec. item(s) of -0.11 in 1987, +0.16 in 1984. E-Estimated.

December 5, 1989

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Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	541	87.6	16.2	58	26.2	4.0	60.7	40.1%	28.5	5.3
1988	567	84.3	14.9	77	26.2	11.4	53.5	39.9%	25.2	4.4
[2]1987	522	75.7	14.5	66	23.4	16.0	54.0	52.5%	20.9	4.0
[3]1986	536	54.0	10.1	133	13.3	10.2	[4]17.1	40.9%	6.7	1.2
[3]1985	468	50.6	10.8	45	11.9	7.9	[4]37.1	42.7%	18.3	3.9
[3]1984	396	45.0	11.4	51	12.7	5.5	[4]31.7	43.9%	15.4	3.9
1983	325	33.7	10.4	17	9.0	4.2	[4]24.0	45.0%	12.4	3.8
1982	299	28.7	9.6	14	8.8	4.4	17.5	45.0%	[5]9.6	3.2
1981	265	25.0	9.4	12	8.2	4.9	13.6	45.0%	7.5	2.8
1980	237	24.2	10.2	24	7.2	5.0	14.2	43.0%	8.1	3.4

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	31.8	62	54.0	1.2	401	7.2%	29	227	336	8.7	13.3%
1988	36.5	62	55.2	1.1	394	5.9%	45	200	331	13.5	13.5%
1987	45.1	102	71.3	1.4	461	4.5%	133	177	383	34.8	13.4%
1986	27.0	70	72.9	1.0	412	2.0%	183	119	333	54.8	5.7%
1985	43.7	79	46.7	1.7	265	7.2%	62	113	211	29.5	17.1%
1984	51.8	87	40.8	2.1	240	7.3%	63	100	191	33.2	17.6%
1983	39.0	66	36.2	1.8	174	7.7%	35	73	131	26.5	18.7%
1982	15.1	39	28.7	1.3	144	7.0%	41	59	110	37.3	17.2%
1981	9.5	29	20.9	1.4	132	6.2%	44	54	106	41.6	14.9%
1980	6.6	25	17.9	1.4	124	6.7%	46	52	102	45.3	16.6%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1987, and spec. item(s) in 1987, 1984. **2.** Excl. disc. opers. **3.** Reflects merger or acquisition. **4.** Incl. equity in earns. of nonconsol. subs. **5.** Reflects acctg. change.

Business Summary

Collins Foods International is a major operator of restaurants, including 65%-owned Sizzler Restaurants International and more than 200 Kentucky Fried Chicken franchises. In the fourth quarter of fiscal 1987-8 CF sold its Naugles Mexican-American fast-food chain, and in April, 1987 it sold its wholesale foodservice business.

The Sizzler Restaurants chain serves moderately-priced meals which feature steak, seafood, salad, and related food items. At April 30, 1989 Sizzler had 192 company-operated and 436 franchised units in 35 states, two U.S. territories, Australia, Canada and Saudi Arabia. In fiscal 1988-9 Sizzler had revenues of $311 million and net income of $21.2 million, up 7.1% and 14%, respectively, from a year-earlier. In fiscal 1988-9 10 company-operated 31 franchise units were opened. Sizzler's results, which are consolidated with those of CF, accounted for 58% of CF's total revenues in fiscal 1988-9. Sizzler's stock is traded over-the-counter (symbol SIZZ).

CF also operated 209 Kentucky Fried Chicken (KFC) franchises in the U.S. (principally in California) and 60 KFC units in Australia. The parent company of the KFC chain is PepsiCo, Inc.

Finances

As a Kentucky Fried Chicken franchisee, CF pays royalties which range from 2 1/2% to 4% of restaurants' gross sales. Conversely, CF is a recipient of royalties (4 1/2% of gross sales in standard single-unit franchise agreements) through its 65% ownership of the Sizzler chain.

Dividend Data

Dividends were initiated in 1976. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04	Mar. 7	Mar. 27	Mar. 31	Apr. 17'89
0.04	Jun. 14	Jun. 21	Jun. 27	Jul. 17'89
0.04	Aug. 24	Sep. 20	Sep. 26	Oct. 12'89
0.05	Nov. 17	Dec. 18	Dec. 22	Jan. 12'90

Next dividend meeting: early Mar.'90.

Capitalization

Long Term Debt: $20,791,000, incl. $9,513,000 million of capital lease obligations.

Minority Interest: $49,884,000.

Common Stock: 22,655,292 shs. ($0.10 par). James A. Collins owns about 18%. Institutions hold approximately 60%. Shareholders of record: About 2,449.

Office—12655 West Jefferson Blvd. Los Angeles Calif. 90066 **Tel**—(213) 827 2300 **Chrmn**—J. A. Collins **Pres & CEO**—R. P. Bermingham **Secy**—M. D. Weisberger **VP-CFO & Investor Contact**—C. R. Thomas **Dirs**—R. O. Backer, R. P. Bermingham, J. A. Collins, W. S. Hansen, W. G. Kees, H. W. Merryman, R. K. Montgomery, D. L. Tilton. **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles. **Incorporated** in California in 1968; reincorporated in Delaware in 1980.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Columbia Gas System

NYSE Symbol CG Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
45	50-33¾	18	2.00	4.4%	B+	0.64

Summary

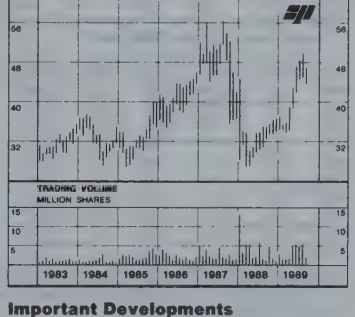
This natural gas wholesaler and retailer serves a number of mid-Atlantic and Midwestern states. Other operations involve oil and gas exploration and production, propane, coal leasing, and gas storage. Earnings for the 1989 first half fell, reflecting a higher tax rate. In June, 1989 CG filed with FERC a comprehensive agreement reached with its customers which would settle numerous regulatory proceedings and court appeals and enhance the competitiveness of CG's transmission unit.

Current Outlook

Share earnings for 1989 are estimated at $2.50, up from 1988's $2.46. An increase in share earnings to $2.75 is projected for 1990.

Dividends should continue at $0.50 quarterly.

Profits in 1989 from gas transmission operations should rise on higher rates and a slight increase in throughput. Gas distribution profits are expected to decline as warm weather in the 1989 first quarter is likely to more than offset benefits from customer growth. Oil and gas exploration and production profits are likely to be higher on increased average oil and gas prices and absence of a writedown. Share earnings growth will be aided by the absence of preferred dividend requirements. Earnings for 1990 should benefit from higher gas prices and gas sales and transmission volumes.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,121	1,321	1,087	1,486
Jun.	398	464	446	523
Sep.	---	454	353	454
Dec.	---	891	912	907
	---	3,130	2,798	3,370

Revenues for the six months ended June 30, 1989 declined 15%, year to year, reflecting warmer weather conditions. Benefiting from higher oil and gas production profits, pretax income rose 3.1%. After taxes at 36.3%, versus 31.0%, net income was down 4.9%. After preferred dividends in the 1988 period only, share earnings were $1.77, against $1.76.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.69	1.83	1.71	0.71
Jun.	0.08	d0.06	Nil	0.19
Sep.	Ed0.12	d0.46	d0.14	0.37
Dec.	E0.85	1.17	0.75	0.84
	E2.50	2.46	2.30	2.12

Important Developments

Aug. '89— CG said it was beginning to form an Employee Stock Option Plan which would purchase CG common shares in the open market.

Jun. '89— Columbia filed with FERC an agreement that had been reached with its customers which would settle more than 30 outstanding regulatory proceedings and 23 related court appeals; the company expected the settlement to enhance the competitiveness of its transmission unit. CG said that assuming FERC approval of the settlement as of November 1, 1989, earnings through September 30, 1989 were expected to be improved by no more than $15 million, compared to a non-settlement outcome.

Mar. '89— CG called for redemption on June 1 the remaining $24.8 million principal amount of its 15.375% debentures due 1997.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	34.04	33.95	33.92	34.96	41.06	40.98	40.50	38.28	35.60	33.22
Earnings[1]	2.46	2.30	2.12	d2.67	4.22	4.87	5.10	5.50	5.02	4.39
Dividends	2.29½	3.18	3.18	3.18	3.18	3.02	2.86	2.70	2.56	2.44
Payout Ratio	93%	138%	150%	NM	75%	62%	56%	49%	51%	56%
Prices—High	44¾	56½	46	40	37½	35½	33⅞	41½	47	40¾
Low	26⅞	35½	34¾	26¾	27	27⅞	26⅞	27⅞	33¾	25¼
P/E Ratio—	18-11	25-15	22-16	NM	9-6	7-6	7-5	8-5	9-7	9-6

Data as orig. reptd. 1. Bef. results of disc. opers. of -0.69 in 1984 and spec. item(s) of -0.30 in 1986, -0.46 in 1983. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	3,129	213	826.0	91.5%	1.90	4.3	29.8%	119	3.8	7.3	7.2
1987	2,798	220	82.9	90.7%	1.86	4.8	36.9%	111	4.0	7.4	6.8
1986	3,370	260	85.7	91.7%	1.83	4.2	47.5%	99	3.0	7.7	6.1
1985	4,053	268	78.0	100.6%	d0.04	6.5	NM	d94	NM	NM	NM
1984	4,593	251	78.4	94.2%	3.01	7.2	43.9%	180	3.9	8.5	10.2
1983	5,078	203	79.3	93.4%	2.98	4.4	48.0%	191	3.8	9.8	11.9
1982	5,071	217	84.7	94.7%	---	20.1	32.0%	185	3.6	10.0	12.8
1981	4,426	248	75.6	93.9%	---	12.1	33.9%	195	4.4	11.1	14.8
1980	3,637	210	67.4	93.2%	---	10.6	39.4%	171	4.7	10.3	14.4
1979	2,852	172	60.2	92.2%	---	4.6	42.4%	153	5.4	10.0	13.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	6,285	298	3,264	8.2	3,900	1,338	46.3	Nil	Nil	1,553	53.7
1987	6,184	299	3,251	8.1	4,105	1,438	46.8	110	3.6	1,524	49.6
1986	5,988	232	3,180	8.7	3,808	1,379	46.9	115	3.9	1,449	49.2
1985	5,915	220	3,218	NM	3,936	1,660	51.8	120	3.7	1,423	44.5
1984	5,773	272	3,286	8.0	3,772	1,348	43.4	125	4.0	1,634	52.6
1983	5,680	211	3,391	9.7	3,775	1,420	45.1	130	4.1	1,599	50.8
1982	5,777	584	3,482	8.1	3,520	1,469	49.6	35	1.2	1,458	49.2
1981	5,310	592	3,176	8.9	3,174	1,324	48.9	40	1.5	1,344	49.6
1980	4,736	443	2,828	9.1	2,835	1,202	49.3	45	1.8	1,191	48.9
1979	4,335	369	2,619	8.7	2,681	1,175	50.6	50	2.1	1,098	47.3

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (aft. taxes). 2. Bef. results of disc. opers. in 1984, bef. spec. item(s) in 1986, 1983. 3. Based on income before interest charges. 4. As reptd. by co. aft. 1980. d-Deficit. NM-Not Meaningful.

Business Summary

Columbia Gas System is a holding company for subsidiaries principally engaged in the production, transmission, and distribution of natural gas at wholesale and retail. Other operations are related to the sale of propane and coal. Industry segment contributions in 1988:

	Revs.	Profits
Gas transmission	50%	45%
Gas distribution	43%	43%
Oil & gas production	4%	11%
Other	3%	1%

The company's four transmission subsidiaries operate over 18,800 miles of pipeline serving 11 mid-Atlantic and Midwestern states, and Washington, D.C. Gas storage facilities have a capacity of 698 Bcf.

CG's seven gas distribution units serve more than 1.8 million residential, commercial, and industrial customers in Ohio, Pennsylvania, Maryland, Virginia, Kentucky and New York.

Total gas sales volume for the system in 1988 amounted to 551 Bcf, versus 511 Bcf in 1987. Gas transported for others totaled 779 Bcf, up from 746 Bcf transported the year before.

At year-end 1988 proved reserves were estimated at 897.8 Bcf of gas and 14.9 million barrels of oil and other liquids.

Auditors noted in their report on the company's 1988 financial statements that there were uncertainties related to CG's ability to recover certain purchased gas costs from customers.

Dividend Data

Dividends have been paid since 1943. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Oct. 19	Oct. 21	Oct. 27	Nov. 15'88
0.50	Jan. 18	Jan. 20	Jan. 26	Feb. 15'89
0.50	Mar. 15	Apr. 21	Apr. 27	May 15'89
0.50	Jun. 21	Jul. 21	Jul. 27	Aug. 15'89

Next dividend meeting: Oct. 18'89.

Capitalization

Long Term Debt: $1,589,600,000.

Common Stock: 45,467,865 shs. ($10 par).
Institutions hold about 54%.
Shareholders of record: 90,086.

Exec Office—20 Montchanin Rd., Wilmington, Del. 19807 **Tel**—(302) 429-5000 **Chrmn & Pres**—J. F. Croom **Treas**—L. J. Bainter **Secy**—D. L. Bell, Jr. **Investor Contact**—D. W. McFarland **Dirs**—T. S. Blair, J. H. Croom, F. J. Durzo, S. L. Fawcett, J. R. Fletcher, R. H. Hillenmeyer, M. T. Hopkins, W. F. Lard, W. E. Lavery, G. P. MacNichol III, R. A. Oswald, E. G. Procope, A. A. Sproul, W. R. Wilson **Transfer Agent & Registrar**—Harris Trust Co. of New York, NYC **Incorporated** in Delaware in 1926. **Empl**—10,757

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Matthe

Combustion Engineering

NYSE Symbol CSP Options on Pacific (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
39¼	39⅜-24¼	NM	---	---	B-	1.18

Summary

In November, 1989 directors of this supplier of equipment and services to the power, process and other industries and to municipalities and government agencies approved a definitive agreement for the company to be acquired for $40 a share in cash by ABB Asea Brown Boveri Ltd. Accordingly, ABB Asea began a $40 a share tender offer for all the outstanding CSP shares. The offer was scheduled to expire December 14, 1989 unless extended and was conditioned upon, among other things, at least 80% of the outstanding CSP common shares on a fully diluted basis being tendered.

Current Outlook

In view of the pending acquisition of CSP, there is no earnings estimate for 1990. Earnings for 1989 (for the company as a separate entity) are estimated at $1.70 a share.

Dividends should remain at $0.25 quarterly.

Sales for 1989 are expected to rise, reflecting forecasted gains in the process industries and power generation units. The process industry segment should provide the bulk of the increase in operating income. Interest expense may rise modestly, but the absence of nonrecurring charges should permit CSP to return to profitability.

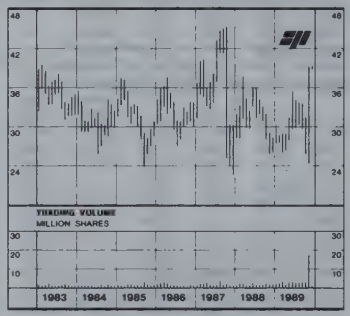
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	866	756	639	536
Jun.	1,009	908	717	669
Sep.	884	897	791	608
Dec.	---	923	895	738
	---	3,484	3,042	2,551

Sales for the nine months ended September 30, 1989 rose 7.8%, year to year, reflecting gains in the power generation and process industries units. In the absence of $165 million in charges, and aided by increased equity earnings and higher gains on asset sales, there was pretax income of $88.1 million, versus a pretax loss of $78.9 million. After taxes at 44.0%, against tax credits of $16 million, net income totaled $49.3 million, versus a net loss of $62.9 million. Share earnings were $1.25, versus a share loss of 1.65, before a special credit of $0.43 in the 1989 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.30	0.36	0.33	0.41
Jun.	0.52	0.40	0.34	0.44
Sep.	0.43	d2.39	0.40	0.38
Dec.	E0.45	d4.72	0.46	0.46
	E1.70	d6.40	1.54	1.69



Acquisition Agreement

Nov. '89— The company's directors approved a definitive agreement for CSP to be acquired by ABB Asea Brown Boveri Ltd. at $40 a share or about $1.6 billion on fully diluted basis. Accordingly, ABB Asea commenced a tender offer to purchase all of the outstanding CSP common shares at $40 a share in cash. The offer and withdrawal rights would expire at midnight Eastern Standard Time on December 14, 1989, unless extended. Upon completion of the offer, each CSP common still outstanding would be converted into the right to receive $40 a share in cash. The offer was conditioned upon, among other things, there being validly tendered and not withdrawn, an amount of CSP common shares representing at least 80% of the outstanding CSP common shares on a fully diluted basis.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	1986	1985	1984	1983	1982	[2]1981	[2]1980	[2]1979
Tangible Bk. Val.	9.60	16.05	19.20	18.50	21.11	21.80	24.46	20.58	17.45	15.16
Earnings[3]	d6.40	1.54	1.69	d0.04	3.00	d0.61	4.77	4.45	3.56	2.98
Dividends	1.00	1.00	1.00	1.63	1.84	1.84	1.72	1.55	1.30	1.05
Payout Ratio	NM	65%	59%	NM	61%	NM	36%	35%	37%	35%
Prices—High	37¾	45⅜	37⅝	37½	35⅝	39½	37¼	49⅞	54¾	29⅞
Low	25¾	22⅝	27	23¾	25¼	31	20½	32¼	23⅝	16¼
P/E Ratio—	NM	29-15	22-16	NM	12-9	NM	8-4	11-7	15-7	10-5

Data as orig reptd. Adj for stk div(s) of 100% Nov 1980. **1.** Reflects accounting change. **2.** Reflects merger or acquisition. **3.** Bef results of disc opers of -0.16 in 1986, 2.83 in 1985, and spec item(s) of +0.77 in 1982. **4.** See Acquisition Agreement. NM-Not Meaningful. E-Estimated. d-Deficit.

December 13, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,484	d123	NM	89	110.1	61.4	d239	NM	d245	NM
[4]1987	3,042	226	7.4	84	92.8	44.6	100	43.7%	57	1.9
1986	2,551	174	6.8	97	67.5	23.1	98	42.8%	56	2.2
[5]1985	2,408	140	5.8	83	74.8	12.2	d20	NM	d1	NM
1984	3,058	173	5.7	150	97.9	18.1	105	5.4%	100	3.3
1983	3,092	155	5.0	130	87.2	17.5	d67	NM	d20	NM
1982	3,570	304	8.5	185	85.2	21.4	272	42.0%	158	4.4
[4]1981	3,810	335	8.8	180	98.8	23.3	270	45.5%	147	3.9
[4]1980	3,146	269	8.6	232	82.3	17.5	220	47.0%	117	3.7
[4]1979	2,758	237	8.6	147	66.1	16.7	187	47.7%	98	3.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	158	1,331	1,602	0.8	2,546	NM	326	593	939	34.6	NM
1987	151	1,396	1,354	1.0	2,704	2.2%	308	862	1,345	22.9	6.9%
1986	144	1,175	1,240	0.9	2,161	2.6%	96	687	921	10.4	8.3%
1985	186	1,482	1,385	1.1	2,161	NM	89	664	776	11.4	NM
1984	343	1,575	1,446	1.1	2,508	3.9%	94	796	1,063	8.9	12.7%
1983	568	1,752	1,512	1.2	2,585	NM	97	769	1,074	9.1	NM
1982	649	1,947	1,567	1.2	2,824	5.8%	123	858	1,257	9.8	19.9%
1981	412	1,871	1,530	1.2	2,666	5.8%	142	733	1,137	12.5	21.5%
1980	415	1,619	1,376	1.2	2,393	5.2%	139	636	1,017	13.7	19.4%
1979	446	1,429	1,144	1.2	2,083	5.0%	144	560	939	15.4	18.4%

Data as orig reptd. **1.** Incl equity in earns of nonconsol subs. **2.** Bef results of disc opers in 1986, 1985, and spec item(s) in 1982. **3.** Reflects accounting change. **4.** Reflects merger or acquisition. **5.** Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Combustion Engineering's sales and operating profits by business segment in 1988 (profits in million $):

	Sales	Profits
Power generation	48%	-$89.9
Process industries	44%	55.1
Public sector, environmental	8%	-113.6

Foreign operations contributed 23% of total sales in 1988, and a $20.5 million profit.

Power generation supplies central electric generating stations to electric utilities and independent power projects and supplies application software and engineering and management services principally to the power industry. The unit also offers construction and project management services and supplies cogeneration equipment, fluid bed combustors, hydropower equipment and instrumentation and control systems to independent power projects.

Process industries supplies instrumentation and control systems, industrial minerals and equipment to the pulp and paper markets, chemical and refining markets.

Public sector serves resource recovery and environmental services markets and offers management services to municipalities, government agencies, and the process and power industries.

Dividend Data

Dividends have been paid since 1911. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 23	Apr. 10	Apr. 14	Apr. 28'89
0.25	May 25	Jul. 11	Jul. 17	Jul. 31'89
0.25	Sep. 28	Oct. 11	Oct. 17	Oct. 31'89
0.25	Nov. 13	Jan. 10	Jan. 17	Jan. 31'90

Finances

At December 31, 1988 the company had $27 million and $12 million of foreign and investment tax credit carryforwards, respectively, for income tax reporting purposes, and domestic and foreign net operating loss carryforwards of $50 million and $52 million, respectively.

Capitalization

Long Term Debt: $223,269,000.

Common Stock: 39,047,818 shs. ($1 par).
Institutions hold about 66%
Shareholders of record: 25,369.

Office—900 Long Ridge Rd., P.O. Box 9308, Stamford, Conn. 06904. **Tel**—(203) 329-8771. **Chmn & CEO**—C. E. Hugel. **Pres**—G. S. Kimmel. **Secy**—B. J. Garry. **Treas**—F. R. Jones. **Investor Contact**—W. J. Connolly. **Dirs**—L. W. Benson, W. E. Butler, W. H. Heinemann III, C. E. Hugel, R. M. Jenney, G. S. Kimmel, P. W. MacAvoy, V. A. Pelson, S. L. Probasco, Jr., A. J. Santry, Jr., R. C. Seamens, Jr., R. G. Stone, Jr., K. J. Whalen, D. R. Whitwam. **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC; Connecticut Bank & Trust Co., Hartford. **Incorporated** in Delaware in 1912. **Empl**—28,832.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Comcast Corp.

3571

NASDAQ Symbol CMCSA (Incl. in Nat'l Market; marginable) Options on Phila In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Aug. 29'89	1989					
28¼	28¾-16⅜	NM	0.16	0.6%	B	1.07

Summary

This company has grown rapidly through acquisitions in recent years to become the third largest cable television system operator in the U.S. Comcast also provides sound communications services (Muzak) and, with the 1988 purchase of American Cellular Network Corp. (AMCELL), provides cellular telephone services. A number of recent acquisitions will substantially boost noncash charges and debt levels in the periods ahead, but cash flow should continue to advance.

Current Outlook

The loss for 1989 is expected to widen to about $2.00 a share from the $0.71 loss of 1988.

The quarterly dividend was recently raised to $0.04, from $0.03.

Revenues should advance in 1989, mainly reflecting acquisitions, but also because of subscriber growth and higher monthly charges. The greater revenue, combined with a sharp increase in book charges, will significantly boost operating cash flow. The book charges and a surge in interest expense, however, will lead to much larger reported losses. Substantial losses will continue in 1990.

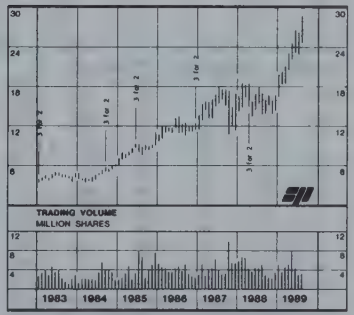
Service Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	128.72	98.24	70.87	30.94
Jun.	134.96	113.19	74.19	32.57
Sep.		116.11	80.00	33.38
Dec.		122.37	84.20	33.97
		449.91	309.25	130.85

Service income for the 1989 first half advanced 25%, year to year, boosted by acquisitions. Cash flow advanced 27%. After other items, including a 156% increase in interest costs (net) and sharply higher noncash charges, and taxes, the net loss widened to $71.7 million ($1.05 a share), from $9.6 million ($0.14).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.61	d0.03	d0.08	0.08
Jun.	d0.44	d0.12	d0.05	0.09
Sep.	Ed0.39	d0.14	d0.01	d0.01
Dec.	Ed0.56	d0.43	NM	d0.13
	Ed2.00	d0.71	d0.15	0.02



Important Developments

Mar. '89— The company sold publicly $150 million of 11⅞% debentures due 2004.

Jan. '89— Comcast agreed to acquire a 40% interest in NYT Cable TV, a 168,000-subscriber cable system, for $168 million as part of a joint-venture purchasing group.

Dec. '88— The company acquired a 19.9% interest in Heritage Communications (HCI) from Tele-Communications Inc. for $80 million. HCI operates cable systems serving one million subscribers.

Nov. '88— In a 50/50 joint venture, Comcast and Tele-Communications acquired the cable assets of SCI Holdings Inc., the nation's fourth largest cable system operator, for about $1.55 billion and the assumption of $1.4 billion (net) of debt.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[1]1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Book Value	3.07	3.89	3.28	2.38	1.97	1.56	0.92	0.78	0.66	0.27
Earnings	d0.71	d0.15	0.02	0.31	[3]0.29	[3]0.23	0.19	0.14	0.10	0.07
Dividends	0.12	0.08	0.05⅞	0.04½	0.03⅜	0.02⅜	0.02⅛	0.01½	0.01⅛	0.00¾
Payout Ratio	NM	NM	NM	15%	12%	11%	11%	11%	12%	10%
Prices—High	18⅝	18⅛	13½	11⅛	6⅛	5	3½	3⅝	2⅞	1¾
Low	13⅜	10⅝	9½	5⅞	3½	3½	1⅞	2⅜	1⅛	¾
P/E Ratio—	NM	NM	NM	36-19	21-12	22-15	19-10	25-16	28-11	22-10

Data as orig reptd. Adj. for stk. divs. of 50% Apr 1988, 50% Dec 1986, 50% Jun 1985, 50% Sep 1984, 50% Jan 1983, 50% Apr 1981, 50% May 1980. 1. Refl. acctg. change. 2. Refl. merger or acq. 3. Ful. dil.: 0.27 in 1984, 0.21 in 1983. NM-Not Meaningful d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1988	450	123	27.4	99	57.8	116	[2]39.4	NM	d47.6	NM
[1]1987	309	85	27.5	109	38.9	65	[2]3.7	NM	d9.4	NM
[3]1986	131	45	34.2	267	15.9	26	[2]13.4	92.5%	1.0	0.8
1985	117	36	30.7	16	14.2	17	23.3	37.5%	14.6	12.4
1984	103	36	35.4	16	12.6	13	22.3	45.5%	12.2	11.8
1983	83	26	31.5	21	11.2	10	12.0	24.8%	9.0	10.8
1982	60	16	27.4	33	8.4	10	8.2	20.1%	6.5	10.9
1981	39	11	28.9	32	4.8	6	6.9	28.9%	4.9	12.6
1980	27	8	30.1	19	3.1	[2]2	3.9	20.3%	3.1	11.5
1979	22	7	33.9	8	3.1	2	3.0	26.7%	2.2	9.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	197	242	122	2.0	2,371	NM	1,811	206	2,197	82.4	NM
1987	183	218	115	1.9	1,035	NM	616	259	875	70.4	NM
1986	247	276	90	3.1	1,007	0.1	697	189	917	76.0	0.6
1985	188	205	29	7.1	361	4.5	195	114	332	58.6	13.9
1984	121	133	30	4.4	258	5.4	126	85	228	55.4	15.6
1983	63	73	22	3.4	189	4.6	89	69	167	53.1	16.0
1982	54	65	20	3.2	171	4.5	110	36	151	72.4	19.4
1981	37	46	13	3.5	120	5.3	72	30	107	67.7	17.4
1980	16	20	8	2.4	65	5.4	29	25	57	51.0	16.3
1979	9	12	4	2.8	41	6.1	24	10	37	66.3	23.2

Data as orig reptd. 1. Refl. acctg. change. 2. Incl equity in earns. of nonconsol subs. 3. Refl. merger or acq. NM-Not Meaningful d-Deficit

Business Summary

Comcast Corporation engages principally in the development and operation of cable communications systems. It also owns the largest independent network of background music systems, operating under the Muzak name, and installs commercial sound systems. Through the acquisition in March 1988 of American Cellular Network Corp. (AMCELL), the company also provides cellular telephone communications. Contributions by business segment in 1988 were:

	Service Income	Oper. Profits
Cable communications	90%	113%
Cellular, sound & other	10%	-13%

As of June 30, 1989, Comcast owned or managed cable systems serving some 2.26 million subscribers, making it the third largest system operator in the U.S. Through acquisitions, more than 1.08 million subscribers were added during 1988, 89,000 in 1987 and about 637,000 in 1986.

Comcast Sound Communications, Inc. is the largest independent Muzak franchise in the world. The division also provides commercial sound and video systems and telecommunications systems. Operations are conducted in 12 major markets.

Dividend Data

Cash has been paid each year since 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Sep. 22	Nov. 25	Dec. 1	Dec. 22'88
0.03	---	Mar. 27	Mar. 2	Mar. 23'89
0.03	Mar. 29	May 25	Jun. 1	Jun. 22'89
0.04	Jun. 28	Aug. 31	Sep. 7	Sep. 28'89

Capitalization

Long Term Debt: $1,980,377,000 (6/89); incl. $100,000,000 of sub. Eurobonds conv. into Cl. A com. at $18.56 per sh.; and $125,000,000 of notes conv. into 3,361,988 shs. of Cl. A com.

Cl. A Common Stock: 35,418,731 shs. ($ par). Institutions hold about 68% of the combined Cl. A and Cl. A Special stk.
Shareholders: 2,156 of record (3/89).

Cl. A Special Common Stock: 31,156,863 shs. ($1 par); nonvoting.
Shareholders: 2,189 of record (3/89).

Cl. B Common Stock: 7,087,500 shs. ($1 par); 100% owned by R.J. Roberts (controls 71% of the voting power).

Office—1414 South Penn Square, Phila., Pa. 19102-2480 **Tel**—(215) 665-1700 **Chrmn & Pres**—R. J. Roberts **Sr VP, Vice Chrmn & CFO**—J. A. Brodsky **VP-Treas**—B. P. Gallagher **Secy**—A. H. Reuben **Dirs**—D. Aaron, G. G. Amsterdam, S. M. Bonovitz, J. A. Brodsky, J. L. Castle, B. L. Roberts, R. J. Roberts, B. C. Watson, I. A. Wechsler **Transfer Agent**—Philadelphia National Bank, Philadelphia **Incorporated** in Pennsylvania in 1969 **Empl**—3,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Comdisco, Inc.

NYSE Symbol CDO Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
23 3/8	34-20 7/8	9	0.24	1.0%	A-	2.05

Summary

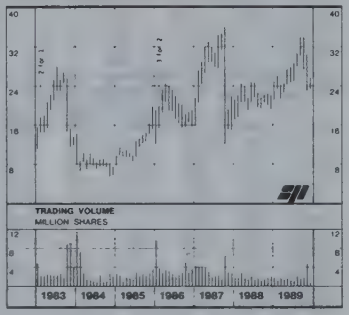
Comdisco is primarily engaged in buying, selling and leasing used and new IBM computer equipment. It also arranges leases for other computer and capital equipment, and provides disaster recovery backup for computer users. Share earnings in fiscal 1990 should benefit from strong leasing and remarketing operations, a growing disaster recovery business, and a stock repurchase program.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are projected at $2.90 a share, versus the $2.57 recorded in fiscal 1989.

An increase in the $0.06 quarterly dividend is likely.

Revenue growth should continue in fiscal 1990, reflecting strength in leasing and remarketing operations in the computer and other high technology markets and a growing disaster recovery business. Share earnings are expected to benefit from the higher volume, more controlled expansion and the resumption of a stock repurchase program.



Total Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	374	327	268	225
Mar.	437	310	306	227
Jun.	420	321	274	225
Sep.	447	351	327	225
	1,678	1,309	1,175	902

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 28%, from those of the prior year, reflecting strength in the company's core businesses. Margins narrowed on pricing pressures, and the gain in pretax income was limited to 11%. After taxes at 36.5%, versus 39.9%, income from continuing operations rose 17%, to $2.57 a share from $2.20, which excludes a loss from discontinued operations of $1.79.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.55	0.57	0.53	0.57
Mar.	0.60	0.48	0.34	0.40
Jun.	0.68	0.51	0.37	0.48
Sep.	0.74	0.64	0.61	0.46
	2.57	2.20	1.85	1.91

Important Developments

Nov. '89— The company said that it had reactivated its stock repurchase program and was authorized to spend up to $19 million to purchase CDO common. In fiscal 1988 the company repurchased 1,441,607 shares of its common at an aggregate cost of $28.6 million.

Jul. '89— The company said that it had formed a new subsidiary, Comdisco Portfolio Asset Management, which will manage and remarket high technology assets of third parties.

May '89— CDO said that as part of its European leasing business expansion plan, it expected equipment purchases in Europe to exceed $300 million in 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	[1]1989	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	10.89	11.24	8.66	6.76	4.67	4.43	2.58	1.73	1.32
Earnings[2]	2.57	2.20	1.85	1.91	1.41	0.70	1.19	0.76	0.45	0.22
Dividends	0.24	0.23	0.20	0.15 3/8	0.13 3/8	0.12 3/4	0.10	0.07 1/2	0.05 7/8	0.04 7/8
Payout Ratio	9%	10%	11%	8%	9%	17%	8%	9%	13%	22%
Prices—High[3]	34	24 7/8	36 1/2	25	19 7/8	14 3/8	28	12 3/8	6	4 1/2
Low[3]	20 7/8	17	12	12	7 3/4	5 3/8	11 1/8	4 1/2	3 1/4	1 1/8
P/E Ratio—	13-8	11-8	20-6	13-6	14-5	20-8	24-9	16-6	13-7	21-5

Data as orig. reptd. Adj. for stk. div(s) of 50% Mar. 1986, 100% Mar. 1983, 50% Apr. 1982, 25% Mar. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -1.80 in 1988, +0.41 in 1987 and spec. item(s) of +0.74 in 1985. 3. Cal. yr. NA-Not Available.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,281	739	57.7	759	374	237	153	39.9%	92.0	7.2
[3]1987	1,153	695	60.3	541	359	[4]226	123	37.4%	77.0	6.7
1986	869	486	55.9	656	316	104	99	20.2%	79.0	9.1
1985	582	363	62.4	448	245	81	58	1.0%	57.5	9.9
1984	537	311	57.9	373	225	71	37	19.1%	29.7	5.5
1983	503	248	49.2	306	175	54	59	11.9%	51.8	10.3
1982	447	207	46.2	190	130	47	54	45.4%	29.4	6.6
1981	288	117	40.5	250	75	34	21	26.8%	15.6	5.4
1980	254	60	23.7	111	45	17	9	20.8%	7.1	2.8
1979	221	54	24.6	88	31	13	15	26.9%	10.6	4.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	[5]Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37.0	NA	NA	NA	3,488	2.8%	353	450	910	38.8	20.1%
1987	41.0	NA	NA	NA	3,023	3.2%	366	466	880	41.6	18.7%
1986	58.0	NA	NA	NA	1,700	5.7%	424	351	818	51.8	25.3%
1985	22.1	NA	NA	NA	1,077	5.6%	204	272	508	40.1	25.0%
1984	13.2	NA	NA	NA	974	3.2%	270	188	462	58.5	16.2%
1983	27.5	NA	NA	NA	975	6.4%	276	191	486	56.9	34.2%
1982	35.9	NA	NA	NA	537	6.1%	83	91	204	40.7	38.7%
1981	8.0	NA	NA	NA	405	4.9%	85	59	157	54.2	30.2%
1980	2.7	NA	NA	NA	229	3.4%	30	44	80	36.7	17.3%
1979	3.4	NA	NA	NA	174	6.1%	30	36	72	41.8	39.6%

Data as orig. reptd. 1. Prior to 1988 incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1985. 3. Excl. disc. opers. 4. Reflects acctg. change. 5. Prior to 1988 incl. curr. portion. NA-Not Available.

Business Summary

Comdisco is primarily involved in buying, selling and leasing used and new IBM computer equipment. It also arranges and participates in leases for other capital equipment, and provides disaster recovery backup for computer users. Revenue sources in fiscal 1988 were as follows:

	Revenues
Leasing	72%
Sales	22%
Disaster recovery	4%
Other	2%

CDO buys or leases, and in turn sells, leases or subleases IBM computer equipment as well as computer equipment manufactured by others. Sales and lease transactions include the mainframe central processing units and/or various peripherals, such as printers, tape and disk drives and other equipment used with a mainframe. CDO emphasizes the larger and more advanced mainframe models, including the IBM 3090 series, 3084 processors, the 4300 series, and a full range of IBM peripheral equipment. CDO also leases other high technology equipment, primarily telecommunications and other office and communications products.

Through subsidiaries, Comdisco also provides computer services in the event of fire, flood, power outage or other disaster affecting a customer's data center, and invests in oil and gas properties. CDO discontinued its risk arbitrage operations in November, 1987.

Dividend Data

Cash dividends were initiated in 1977. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Jan. 19	Feb. 13	Feb. 17	Mar. 20'89
0.06	Apr. 25	May 22	May 26	Jun. 12'89
0.06	Jul. 25	Aug. 8	Aug. 14	Sep. 11'89
0.06	Nov. 8	Nov. 17	Nov. 24	Dec. 11'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Total Debt: $353,000,000.

Discounted Lease Rentals: $2,063,000,000.

Common Stock: 41,534,393 shs. ($0.10 par). About 27% controlled by officers & directors. Institutions hold approximately 46%. Shareholders of record: 3,764.

Office—6111 N River Road, Rosemont, Ill. 60018 **Tel**—(312) 698-3000 **Chrmn & Pres**—K. N. Pontikes **Secy**—E. H. Fiedler, Jr. **VP & Treas**—R. J. Siegel **Investor Contact**—James J. Hyland **Dirs**—R. A. Bardagy, E. H. Fiedler Jr., C. K. Hartley, R. Kash, T. H. Patrick, K. N. Pontikes, W. N. Pontikes, J. F. Slevin, B. R. Twist, Jr., J. J. Vosicky **Registrar & Principal Transfer Agent**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1971 **Empl**—1,471

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Woo

Commercial Intertech

3578

NASDAQ Symbol CTEK (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
25½	26-17¼	14	0.60	2.4%	B	1.23

Summary

Formerly Commercial Shearing, this company is a leading multinational manufacturer of hydraulic components, metal products and filtration and separator products. In July 1989, the company completed the redemption of $25 million of convertible subordinated debentures into about 1.47 million common shares. In September 1989, the company rejected a $27.50-a-share takeover offer from Haas & Partners Inc.

Business Summary

Commercial Intertech Corp. (formerly Commercial Shearing, Inc.), designs, manufactures and markets hydraulic components, fabricated metal products and filtration and separation products. In early 1986, the company acquired the AMF Specialty Materials, Inc. (AM Cuno) unit of Minstar Inc., a manufacturer of filtration and separation products. Prior to the acquisition, hydraulic components and metal products accounted for all of the company's business.

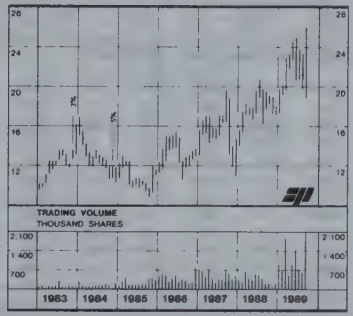
Contributions to net sales and operating income in fiscal 1988 were:

	Sales	Oper. Income
Hydraulic components	40%	49%
Fabricated metal products	30%	34%
Fluid purification products	30%	17%

In fiscal 1988, foreign operations accounted for 46% of total sales (32% to Europe).

Hydraulic components include primarily gear pumps and motors, control valves and telescopic cylinders for use on heavy-duty mobile equipment, such as dump trucks, cranes, and bulldozers. The company also manufactures hydraulic test equipment for military and industrial applications, mobile electrical power generators, and hydraulic tilt and trim mechanisms for recreational boating. In conjunction with joint venture partner, United Technologies, the company is planning high volume production of its mini-pump for anti-lock brake systems and other automotive applications beginning in 1990.

The metal products operations encompass three units: metal stampings, tunnel products and pre-engineered metal buildings. The company's metal stamping products include wheels for tracked vehicles, while, underground support products are used in the construction of tunnels for highways, railways and subway systems. The pre-engineered business manufactures buildings under the trade name Astron through more than 250 builder/dealer distributorships throughout Europe.



Through Cuno, Commercial Intertech produces industrial process filtration and home water purification systems, serving markets worldwide. Industrial filters are used primarily in the chemical and petrochemical industries, particularly for paints and coatings. Consumer products are designed to meet the growing demand to filter impurities in the home water supply.

Important Developments

Sep. '89— In rejecting a $27.50-a-share takeover proposal from Haas & Partners Inc., Commercial Intertech said its board of directors determined that it had no interest in pursuing the conditional proposal and that the company was not for sale.

Per Share Data ($)

Yr. End Oct. 31	1988	1987	[1]1986	1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	10.02	8.62	7.82	10.47	10.10	9.82	9.93	10.17	9.51	8.69
Earnings[2]	[3]1.49	[3]0.96	[3]0.87	0.72	1.16	0.31	0.67	1.18	1.30	1.64
Dividends	0.56	0.56	0.56	0.54¼	0.47¼	0.45¾	0.55½	0.49½	0.48½	0.46
Payout Ratio	39%	58%	64%	75%	41%	149%	85%	42%	37%	28%
Prices[4]—High	20¾	19⅝	15½	13	16⅞	16½	12⅞	14⅜	15⅜	17
Low	14	10⅞	10½	8¾	10¼	9½	7⅞	10¼	8⅝	10⅞
P/E Ratio—	14-9	20-11	18-12	18-12	15-9	54-31	20-12	12-9	12-7	10-7

Data as orig reptd. Adj for stk divs of 5% Nov 1984, 3% Nov 1983, 5% Nov 1982, 5% Nov 1981, 10% Nov 1980, 10% Nov 1979. 1. Refl merger or acq. 2. Bef spec items of +0.06 in 1988, +0.06 in 1987, +0.09 in 1986. 3. Ful dil 1.43 in 1988, 0.95 in 1987, 0.86 in 1986. 4. Cal yr.

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	399	55.3	13.9	10.0	15.0	7.31	[2]30.4	47.6%	15.9	4.0
1987	321	43.1	13.4	9.9	14.6	7.91	19.3	45.1%	10.6	3.3
[3]1986	275	36.4	13.3	13.6	10.6	7.71	18.4	47.9%	[4]9.6	3.5
1985	192	22.7	11.8	5.7	5.0	1.96	16.7	52.7%	7.9	4.1
1984	205	24.1	11.8	4.7	5.0	1.86	19.3	34.3%	12.7	6.2
1983	169	8.8	5.2	8.5	4.7	2.25	6.0	44.0%	3.3	2.0
[3]1982	199	15.3	7.7	7.5	4.3	2.53	15.1	52.0%	7.3	3.6
1981	232	28.8	12.4	6.0	4.1	2.29	28.8	54.6%	13.1	5.6
1980	234	29.7	12.7	10.7	3.5	1.87	27.3	47.1%	14.4	6.2
1979	247	37.9	15.3	8.1	3.3	1.30	34.6	47.6%	18.1	7.3

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	11.7	152	81.1	1.9	308	5.4	60.2	151	227	26.5	11.1
1987	9.4	126	59.8	2.1	280	3.8	72.4	135	220	32.8	8.2
1986	9.4	119	55.6	2.1	271	4.3	83.4	122	216	38.6	8.1
1985	41.6	112	44.9	2.5	170	4.8	3.9	115	125	3.1	7.0
1984	23.3	101	36.9	2.8	158	8.1	4.3	110	121	3.6	11.7
1983	27.3	101	35.3	2.8	156	2.1	4.9	107	121	4.1	3.1
1982	25.6	106	30.1	3.5	156	4.4	5.6	110	126	4.4	6.5
1981	32.9	125	48.2	2.6	174	7.8	6.7	113	125	5.3	12.0
1980	26.2	114	42.2	2.7	161	9.4	8.3	105	119	7.0	14.4
1979	12.1	108	41.4	2.6	147	12.9	4.6	96	105	4.3	20.3

Data as orig reptd. 1. Bef spec. items. 2. Includes equity in earnings of nonconsol subs. 3. Refl. merger or acq. 4. Refl acctg change.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Jan.	101.2	79.6	67.2	44.2
Apr.	110.0	102.3	81.2	71.5
Jul.	107.7	107.7	85.9	81.4
Oct.		109.1	87.0	77.4
		398.7	321.3	274.5

For the nine months ended July 31, 1989, net sales increased 10%, year to year, aided by strong sales from the European-based pre-engineered buildings unit, partially offset by a stronger dollar. Profitability benefited from the higher volume and, after lower interest charges, net income was up 36% to $14,645,000 ($1.27 a share), from $10,766,000 ($0.97).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Jan.	0.27	0.15	0.07	0.09
Apr	0.49	0.37	0.17	0.20
Jul	0.49	0.45	0.31	0.25
Oct.		0.52	0.41	0.33
		1.49	0.96	0.87

Dividend Data

Cash has been paid in each year since 1936. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Oct. 26	Nov. 25	Dec. 1	Dec. 15'88
0.15	Jan. 27	Feb. 23	Mar. 1	Mar. 15'89
0.15	Apr. 26	May 25	Jun. 1	Jun. 15'89
0.15	Jun. 28	Aug. 28	Sep. 1	Sep. 15'89

Finances

In July 1989, the company completed the conversion of $25 million of its 6% convertible subordinated debentures into common stock at $17 a share.

In October 1988, the company acquired, for $5,000,000, Water Factory Systems, a manufacturer and marketer of reverse osmosis water treatment systems located in Costa Mesa, Calif. The purchase agreement also provided for additional consideration of up to $17,544,000 in the form of a variable earnout based upon sales and earnings achieved over the next six years.

Capitalization

Long Term Debt: $30,095,000 (4/89) as adjusted

Common Stock: 12,678,000 shs; as adjusted ($1 par).

Institutions hold some 46%.

Shareholders: 4,468 of record (10/88)

Office 1775 Logan Ave Youngstown Ohio 44505 0239 **Tel**—(216) 746 8011 **Fax**—(216) 746 1148 **Chrmn, Pres & CEO**—P J Powers **Secy**—G Manchester **SVP & CFO**—P N Winkelstern **Dirs**—W W Bresnahan, C B Cushwa III, W W Cushwa, N D Humphrey, K C Kumler, J R Lambeth, J Nelson, J F Payton, P J Powers, T J Travers, D E Tucker, P N Winkelstern **Transfer Agent & Registrar**—Mahoning National Bank, Youngstown, Ohio **Incorporated** in Ohio in 1920 **Empl**—4,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Susan L Stahl

Commodore International

593J

NYSE Symbol CBU Options on Phila (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
8¼	19¾-7⅛	8	None	None	B-	0.83

Summary

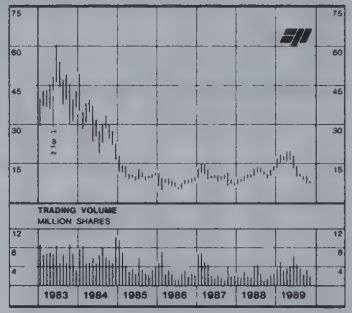
Commodore makes microcomputers and offers peripherals and software for the home, education, and business markets. CBU's line includes the Amiga computers which feature advanced graphics, the 64C/128 home computers, and MS-DOS compatible computers. Some 76% of sales come from overseas. Recent results have been penalized by the strong U.S. dollar and weak consumer product sales. However, earnings could rebound if CBU is successful in igniting domestic sales of the Amiga product line.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $1.10 a share, compared with the $1.55 reported for fiscal 1989.

Initiation of cash dividends is not expected.

Demand for the Amiga computers in fiscal 1990 should continue to be very strong with the availability of new products and a greater number of software packages, coupled with an aggressive marketing campaign. Sales of the MS-DOS compatible products should also be good, but 64C/128 sales are likely to decline as customers demand more functionality and competition remains strong. Gross margins could improve, depending on the pricing environment and component costs. Operating expenses should remain well controlled, although continued investment in marketing is likely. Foreign currency fluctuations will continue to affect profitability as well as revenues.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	165	200	174	176
Dec.		349	282	271
Mar.		210	200	170
Jun.		180	215	190
		940	871	807

Revenues for the three months ended September 30, 1989 declined 17%, year to year, as lower C64 sales, weakness in consumer product demand, and delayed promotions in certain major markets outweighed increased sales of the Amiga line. Gross margins narrowed, reflecting lower sales and foreign exchange losses. Operating expenses were up 6.5% due to increased marketing expenditures, and there was a pretax loss of $6.5 million, compared with income of $13.2 million. After no taxes, versus taxes at 27.3%, the net loss was $6.5 million ($0.20 a share), in contrast to net income of $9.6 million ($0.30).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.20	0.30	0.19	0.12
Dec.		1.20	0.69	0.50
Mar.		0.38	0.28	0.03
Jun.		d0.32	0.38	0.06
		1.55	1.51	0.71

Important Developments

Oct. '89— Commodore unveiled a $15 million national television and print advertising campaign, which will run through the Christmas season, featuring the Amiga computer. Separately, in September Commodore announced a major retail agreement with Connecting Point of America, Inc. Under the agreement, Connecting Point will warehouse, redistribute and sell all Commodore Amiga and PC line hardware products. Connecting Point operates more than 325 outlets nationwide.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.57	6.32	4.08	2.56	6.11	10.56	6.23	3.50	2.04	1.20
Earnings[1]	1.55	1.51	0.71	d4.08	d3.66	4.66	2.86	1.32	0.81	0.52
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[2]—High	19¾	14⅛	15	11⅜	18⅛	49⅜	60⅝	42⅝	17⅜	18
Low	7⅛	6¾	6¼	4¾	8¼	16¼	29¼	11⅝	8	2½
P/E Ratio—	13-5	9-4	21-9	NM	NM	11-4	21-10	28-9	21-10	35-5

Data as orig reptd. Adj. for stk. div'ds of 100% Jun. 1983, 50% May 1982, 200% Nov. 1980, 50% Mar. 1980. 1. Bef. spec. items of +0.04 in 1989, +0.24 in 1988, +0.18 in 1987, +0.12 in 1983, +0.12 in 1982, +0.02 in 1981, +0.03 in 1980. 2. Cal. yr. d-Deficit. NM-Not Meaningful.

December 6, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	940	105	11.1	24.0	16.6	21.3	61	17.3%	50	5.3
1988	871	102	11.7	10.5	18.3	21.7	68	28.7%	48	5.5
1987	807	72	9.0	9.5	22.3	20.2	[2]32	30.2%	23	2.8
1986	889	d45	NM	19.1	31.1	30.3	[2]d124	NM	d128	NM
1985	883	d50	NM	63.8	31.1	34.7	[2]d125	NM	d114	NM
1984	1,267	264	20.9	42.7	19.5	22.3	[2]225	35.9%	144	11.3
1983	681	135	19.9	46.4	14.4	9.8	[2]113	22.1%	[3]88	12.9
1982	305	65	21.3	25.4	7.8	11.1	[2]51	20.1%	41	13.3
1981	187	39	21.1	16.2	4.6	7.4	31	19.2%	25	13.4
1980	126	25	19.9	10.6	3.5	5.5	18	11.5%	16	12.9

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	114	548	229	2.4	630	8.3%	159	240	401	39.6	22.7%
1988	78	495	246	2.0	579	8.8%	130	200	332	39.1	27.9%
1987	49	417	220	1.9	518	4.4%	150	145	297	50.3	18.1%
1986	32	375	243	1.5	505	NM	155	105	262	59.1	NM
1985	8	509	414	1.2	681	NM	34	223	262	13.0	NM
1984	23	574	270	2.1	679	22.2%	77	324	409	18.9	55.8%
1983	23	533	328	1.6	615	20.6%	92	191	287	32.1	59.1%
1982	7	182	83	2.2	235	21.4%	44	106	152	29.2	48.5%
1981	10	112	50	2.2	145	21.1%	32	62	95	33.7	50.9%
1980	5	67	29	2.3	89	22.3%	24	36	60	40.6	58.0%

Data as orig. reptd. 1. Bef. spec. item(s) in 1989, 1988, 1987, 1983, 1982, 1981, 1980. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Commodore manufactures personal computers for the home, education, business, and professional users. Operations outside North America contributed 76% of revenues and $106.8 million of operating profits in fiscal 1989, compared with 74% and $118.8 million the year before.

The Amiga 500 and Amiga 2000 personal computers (45% of sales in fiscal 1989), introduced in fiscal 1987, feature multitasking, advanced graphics, video, four-channel sound, and built-in speech synthesis capabilities. The Amiga 500 is targeted at home and education users, while the Amiga 2000 is aimed at the business and professional environments. An optional plug-in board adds MS-DOS compatibility. The Amiga 2000 line was recently expanded to include the Amiga 2000HD, the Amiga 2500, and the Unix-compatible Amiga 2500 UX (introduced in special test units). At year-end fiscal 1989 the installed base exceeded one million units and over 2,000 software titles were written for the family.

The Commodore 64C/128D family (31%) is sold mainly through mass market channels to the consumer and education markets. The 64C model features 64K of memory and GEOS, an icon-based operating system. The 128D has 128K of memory. Over 10,000 software packages are available.

Commodore's MS-DOS compatible personal computers (24%) are sold primarily in Europe. The line ranges from XT compatibles to 80386sx machines. The company plans to introduce several 80386-based computers in fiscal 1990.

Dividend Data

No cash dividends have ever been paid.

Finances

In January, 1989 CBU reported that its U.S. subsidiaries had received statuatory notices of deficiency from the Internal Revenue Service for taxes of $74 million for 1981-3. IRS audits were continuing for periods through fiscal 1986. Also, tax authorities in Japan and Italy have issued deficiency assessments. CBU said its tax reserves, in light of available tax loss carrybacks, are adequate to cover a realistic resolution of the situation and that such a resolution would not have a material impact on earnings, cash flow or financial position. As of June 30, 1989 CBU's U.S. subsidiaries had operating loss carryforwards of about $120 million and research tax credit carryforwards of $14 million. Certain non-U.S. subsidiaries had carryforwards of about $67 million.

Capitalization

Long Term Debt: $158,800,000.

Common Stock: 32,373,881 shs. ($0.01 par).
Irving Gould owns about 20%.
Institutions hold approximately 37%.
Shareholders: 4,100.

U.S. Office—1200 Wilson Drive, West Chester, Pa. 19380. **Tel**—(215) 431-9100 **Chrmn & CEO**—I. Gould **Pres**—M. R. Ali. **VP-Secy**—J. C. Benedetti **Treas & Investor Contact**—Carden N. Welsh **Dirs**—M. R. Ali, I. Gould, A. M. Haig, Jr., H. Rubin, R. D. Seligman, R. A. Uthing, B. Winberg **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Canada in 1958, reincorporated in Bahamas in 1976. **Empl**—3,350.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Commonwealth Edison

NYSE Symbol CWE Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
38⅝	39⅛-32⅛	12	3.00	7.8%	A-	0.61

Summary

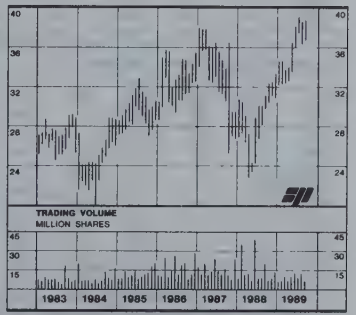
This Chicago-based utility owns and operates the nation's largest network of nuclear facilities. In December, 1988 CWE and the Illinois Commerce Commission agreed to a rate settlement, finalizing the company's base rates for the foreseeable future. In their review of CWE's 1988 financial statements auditors noted that there was uncertainty as to the outcome of appeals of the aforementioned rate settlement and certain prudency issues.

Current Outlook

Share earnings for 1989 are estimated at $3.10 (before special charges), up from 1988's $3.01. Share earnings for 1990 could reach $3.75.

An early increase in the $0.75 quarterly dividend is not probable.

Share earnings for 1989 will benefit from higher rates and increased sales, despite a cooler-than-normal summer season. Longer-term prospects are enhanced by the completed construction program and strong cash flow.



Electric Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,363	1,199	1,253	1,322
Jun.	1,310	1,197	1,334	1,203
Sep.	---	1,868	1,856	1,682
Dec.	---	1,349	1,230	1,271
	---	5,613	5,674	5,479

Revenues for the six months ended June 30, 1989 rose 12%, year to year, owing to higher rates and increased sales. After lower fuel costs and off-system sales in 1989, operating income was up 34%. However, following sharply lower AFUDC and an 88% decline in current income tax credits applicable to nonoperating activities, the gain in net income narrowed to 22%. Share earnings were $1.15, versus $0.88.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.54	0.55	0.85	0.90
Jun.	0.61	0.34	0.94	0.93
Sep.	E1.45	1.89	2.20	1.95
Dec.	E0.50	0.24	0.74	0.91
	E3.10	3.01	4.73	4.89

Important Developments

Sep. '89— CWE applied to the Illinois Commerce Commission for a rehearing of its August 23 order which found an additional $191 million in plant disallowances on CWE's Byron 1 nuclear plant. The ICC ordered CWE to refund revenues associated with the disallowed costs. The company reported that the write-off of the disallowance and refund would be about $1.43 a share. CWE appealed the refund order to the Circuit Court, and expected a decision on October 23. Separately, the company said the Illinois Supreme Court may decide an appeal of the 1988 rate settlement between CWE and the ICC in October, 1989. The December, 1988 settlment called for a two year phase-in of an approximately $480 million rate increase. Under the settlement CWE has collected $185.2 million from January 1 to August 31, 1989, which is subject to refund.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	32.63	33.05	31.38	29.75	28.50	27.31	26.04	26.03	26.72	28.65
Earnings	3.01	4.73	4.69	4.45	4.43	4.39	3.75	3.06	2.97	2.51
Dividends	3.00	3.00	3.00	3.00	3.00	3.00	2.85	2.70	2.60	2.60
Payout Ratio	100%	63%	64%	67%	68%	68%	76%	88%	88%	104%
Prices—High	33⅜	38	35⅜	32⅞	28⅞	29¼	25⅞	22⅜	23¾	27¾
Low	22¾	25¼	28⅝	27	20	24½	19¼	17¾	16¼	19⅝
P/E Ratio—	11-8	8-5	8-6	7-6	7-5	7-6	7-5	7-6	8-5	11-8

Data as orig reptd E-Estimated

October 2, 1989
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	5,613	844	434	77.9%	2.46	135	36.4%	738	13.1	8.5	9.2
1987	5,674	652	342	78.9%	3.24	497	34.2%	1,086	19.1	10.5	14.6
1986	5,479	557	311	80.2%	4.10	523	38.1%	1,050	19.2	11.1	15.2
1985	4,964	456	337	82.5%	3.16	594	33.9%	956	19.3	11.0	15.4
1984	4,930	391	316	83.0%	3.08	537	36.4%	875	17.8	11.2	15.8
1983	4,634	319	288	81.3%	2.98	430	37.6%	802	17.3	11.4	16.3
1982	4,130	298	263	84.2%	---	420	34.7%	607	14.7	10.4	14.2
1981	3,737	282	225	84.0%	---	303	35.0%	450	12.0	9.6	11.5
1980	3,324	270	207	85.2%	---	254	35.3%	382	11.5	8.8	10.5
1979	2,721	250	179	87.7%	---	222	28.4%	297	10.9	7.5	8.9

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	21,447	965	16,127	7.6	15,793	6,896	46.5	979	6.6	6,949	46.9
1987	23,258	1,629	16,560	7.4	15,807	6,753	45.5	1,075	7.2	7,018	47.3
1986	21,829	1,999	15,823	7.1	15,262	6,428	45.9	1,166	8.3	6,407	45.8
1985	20,109	2,085	14,696	6.2	13,769	5,778	45.1	1,204	9.4	5,835	45.5
1984	18,165	1,783	13,329	6.6	12,759	5,984	48.9	1,205	9.8	5,059	41.3
1983	16,410	1,671	12,028	7.5	11,741	5,589	49.1	1,198	10.5	4,606	40.4
1982	14,901	1,613	11,057	6.2	10,969	5,573	52.4	1,165	10.9	3,904	36.7
1981	13,446	1,458	9,789	6.4	9,653	5,085	54.1	1,100	11.7	3,218	34.2
1980	12,197	1,303	8,904	5.7	8,860	4,602	53.3	1,112	12.9	2,913	33.8
1979	11,171	1,432	8,235	4.3	8,133	4,282	54.3	1,076	13.6	2,534	32.1

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income bef. interest charges

Business Summary

Commonwealth Edison serves some 8 million people in Chicago and northern Illinois. Contributions to electric revenues by customer class:

Revenues	1988	1987	1986
Residential	39%	38%	35%
Small comm'l & ind'l	29%	30%	31%
Large comm'l & ind'l	22%	24%	24%
Other	10%	8%	10%

The generation mix in 1988 was 77% nuclear, 22% coal, and 1% oil. Peak demand in 1988 was 17,459 mw and system capability totaled 21,972 mw, for a capacity margin of 21%.

The company owns and operates the nation's largest network of nuclear plants. The company's nuclear construction program completes CWE's building cycle for the foreseeable future.

In January, 1988 CWE wrote off $101.5 million ($94.0 million, net) of Byron 1 costs retroactive to 1985. The company is appealing the August, 1989 ruling by the ICC that CWE must write off an additional $191 million in Byron 1 costs and refund revenues associated with the disallowed costs. In the company's 1988 financial statements auditors noted that the final outcomes of the Byron 1 rate case and regulatory issues with the entire nuclear construction program were uncertain.

Dividend Data

Dividends have been paid since 1890. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Dec. 2	Dec. 23	Dec. 30	Feb. 1'89
0.75	Feb. 21	Mar. 27	Mar. 31	May 1'89
0.75	Jun. 15	Jun. 26	Jun. 30	Aug. 1'89
0.75	Sep. 1	Sep. 25	Sep. 30	Nov. 1'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $6,721,500,000.

Red. Cum. Pref. Stock: $527,300,000.

Cum. Pfd. & Pref. Stock: $444,900,000.

Common Stock: 211,674,344 shs. ($12.50 par).
Institutions hold about 47%.
Shareholders of record: 237,000.

Office—One First National Plaza (P O Box 767), Chicago, Ill 60690 **Tel**—(312) 294-4321 **Chrmn & CEO**—J J O'Connor **Pres**—B L Thomas. **Secy**—D. A. Scholz. **SVP & CFO**—E. M. Roth. **Investor Contact**—Barbara Brunka. **Dirs**—J. Allard, W B Behnke, Jr., J. W Compton, R. R. Funderburg, D. P. Jacobs, G. E. Johnson, H. Kapnick, B. Lee, Jr., T. L. Martin, Jr., E. A. Mason, J. J. O'Connor, P. G. Ryan, B L Thomas. **Transfer Agents**—Manufacturers Hanover Trust Co., NYC; First National Bank of Chicago, First National Bank of Boston **Registrars**—Morgan Shareholder Services Trust Co., NYC; Continental Bank, Chicago; State Street Bank & Trust Co., Boston. **Incorporated** in Illinois in 1913. **Empl**—17,785.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Communications Satellite

595K

NYSE Symbol CQ Options on Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
35⅜	40⅝-26	10	1.32	3.7%	B	0.81

Summary

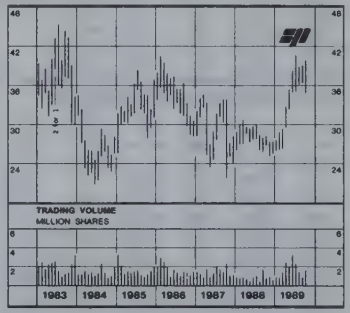
Comsat provides international, domestic and maritime communications and information services. Through minority ownership in two international satellite organizations, CQ links the U.S. by satellite with more than 160 other nations and over 6,500 ships at sea and offshore facilities. In recent quarters, revenues and operating earnings growth has been driven by gains in international calling volumes.

Current Outlook

Earnings for 1990 are projected at $3.75 a share, compared with the $3.55 estimated for 1989.

The $0.33 quarterly dividend is the minimum expectation.

In 1990, earnings from Space communications are expected to increase, as higher volume at INTELSAT is only partly offset by the effect of promotional tariffs to long-distance carriers. Earnings from CQ's Systems operations are anticipated to increase sharply. Losses from the Video unit should decrease; overall operating income is anticipated to rise about 15%. Net interest expense is likely to rise. The effective tax rate is anticipated to increase.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	97.4	84.1	80.7	114.9
Jun.	102.8	88.9	88.2	118.8
Sep.	110.9	94.1	82.6	111.8
Dec.	---	91.8	82.2	120.8
	---	358.9	333.7	466.3

Revenues for the nine months ended September 30, 1989 increased 17%, year to year. Margins narrowed slightly, and operating income advanced 13%. After a 28% decrease in interest expense, pretax income rose 14%. After taxes at 31.2%, versus 29.0%, net income was up 11%, to $2.96 a share from $2.69.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.89	0.77	0.45	0.81
Jun.	0.99	0.96	0.04	0.80
Sep.	1.08	0.96	1.11	0.56
Dec.	E0.59	0.66	d0.62	0.78
	E3.55	3.35	0.97	2.95

Important Developments

Oct. '89— CQ's Comsat Video Enterprises unit along with Bertram M. Lee and Peter C. B. Bynoe agreed to acquire the National Basketball Association's Denver Nuggets for $54 million. Lee and Bynoe and their investors would invest $8 million and would own a 37.5% share, and Comsat Video would invest $17 million for a 62.5% share of the team. The balance would be financed by the partnership. Lee and Bynoe would be the managing general partners.

Jun. '89— CQ was awarded a U.S. patent for its satellite management technique known as the "Comsat Maneuver." The technique involves a precise change in the angle of orbiting satellites which results in a dramatically reduced level of fuel consumption, thereby significantly lengthening the lives of the satellites. CQ expected to license the use of the Comsat Maneuver to other satellite builders, owners and operators for a fee.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	[1]1980	[2]1979
Tangible Bk. Val.	31.61	29.28	33.31	31.13	34.17	28.88	27.13	27.33	25.98	24.73
Earnings[3]	3.35	0.97	2.95	d1.05	2.50	2.77	2.71	1.77	2.40	2.51
Dividends	1.26	1.20	1.20	1.20	1.20	1.17½	1.15	1.15	1.15	1.11⅜
Payout Ratio	34%	112%	41%	NM	48%	42%	48%	65%	48%	44%
Prices—High	30¾	34⅝	40½	38⅜	34½	45⅜	46	33⅝	26	23⅞
Low	25⅛	21¾	28⅛	25½	20¾	29⅞	24⅝	20⅞	14⅝	17⅛
P/E Ratio—	9-8	36-22	14-10	NM	14-8	16-11	17-9	19-12	11-6	9-7

Data as orig. reptd. Adj. for stk div(s) of 100% Jun. 1983. 1. Reflects merger or acquisition. 2. Reflects merger or acquisition and accounting change. 3. Bef. results of disc. opers. of -3.55 in 1987, +0.27 in 1986, -1.24 in 1985, +0.33 in 1984 and spec. item(s) of +0.74 in 1981. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	359	163	45.5	218	83	40.5	84.8	27.0%	61.9	17.3
[3,4]1987	334	138	41.3	133	73	40.3	0.3	NM	17.8	5.3
[3]1986	466	188	40.3	181	102	39.8	80.2	32.7%	[4]54.0	11.6
[3]1985	459	187	40.8	160	83	43.7	d12.0	NM	d19.0	NM
[3]1984	442	153	34.6	200	69	29.2	70.1	35.5%	45.2	10.2
1983	440	176	39.9	300	68	11.8	78.7	36.4%	50.1	11.4
[5]1982	410	171	41.8	162	67	10.5	67.6	36.0%	43.3	10.6
1981	334	153	45.7	114	71	2.0	45.5	37.8%	28.3	8.5
[5]1980	300	149	49.8	58	69	1.3	68.5	44.1%	38.3	12.8
[4,5]1979	263	144	54.8	68	69	1.0	72.2	44.4%	40.2	15.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	60	176	95	1.9	1,163	5.4%	369	553	997	37.0	11.6%
1987	131	242	140	1.7	1,110	1.5%	327	512	896	36.5	3.3%
1986	113	257	106	2.4	1,214	4.5%	335	579	1,023	32.7	9.6%
1985	102	245	112	2.2	1,162	NM	354	536	1,006	35.2	NM
1984	63	211	136	1.6	1,166	4.1%	258	599	981	26.3	7.7%
1983	57	183	144	1.3	1,044	5.8%	159	569	862	18.4	9.5%
1982	89	176	122	1.4	813	5.8%	13	538	662	1.9	8.4%
1981	9	72	48	1.5	599	4.8%	5	437	540	1.0	6.6%
1980	43	116	41	2.9	581	6.8%	6	416	527	1.0	9.4%
1979	67	110	53	2.1	550	7.4%	6	396	495	1.1	10.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, 1985, 1984, and spec. item(s) in 1981. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

Comsat provides regulated and unregulated satellite communications services and provides information services. Contributions (operating profits in million $) by business segment in 1988:

	Revs.	Profits
International	69%	$96.0
Systems	17%	4.0
Video Entertainment	12%	-8.7
Other	2%	-10.5

Beginning in 1988, CQ reported its financial results in three segments: International (INTELSAT and INMARSAT); Systems (Comsat General and other government and commercial systems activities); and Video Entertainment.

Regulated satellite communications consists of international services to U.S. carriers and other customers, using the Intelsat (25%-owned) satellite system, and maritime services, using Inmarsat (28%). A technical and consulting services business and Comsat's R&D center are part of the division.

Other operations consist of communications satellite systems activities (whether or not subject to FCC regulation), including the Comstar and Marisat satellite systems, and the marketing of information and consulting services to industry and government. Operations also include the distribution of entertainment and videoconferencing services to hotels throughout the U.S.

During 1987 CQ discontinued its earth station operations, end-to-end international communications services, direct broadcast satellite (DBS) business, and its Technology Products segment, which involved the manufacture of telecommunications products.

Dividend Data

Dividends were initiated in 1970. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Jan. 23	Feb. 6	Feb. 10	Mar. 13'89
0.33	Apr. 26	May 8	May 12	Jun. 12'89
0.33	Jul. 19	Aug. 7	Aug. 11	Sep. 11'89
0.33	Oct. 23	Nov. 6	Nov. 10	Dec. 11'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $370,126,000.

Common Stock: 18,574,619 shs. (no par).
Institutions hold approximately 68%.
Shareholders of record: 52,636.

Office—950 L'Enfant Plaza, S.W., Washington, D.C. 20024 **Tel**—(202) 863-6000 **Chrmn, Pres & CEO**—I. Goldstein **VP-Secy**—J. W. Breslow **VP & CFO**—R. J. Perry **Dirs**—L. W. Benson, J. V. Charyk, F. B. Dent, W. A. Fallon, I. Goldstein, T. C. Gracom, A. Hauspurg, E. P. James, M. R. Laird, P. W. Likins, H. M. Love, M. A. McManus, Jr., R. Robinson, Jr., R. G. Schwartz, B. G. Sundlun. **Transfer Agent & Registrar**—American Transtech Inc., Jacksonville, Fla. **Incorporated** in Washington, D.C. in 1963 **Empl**—1,285

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Community Psychiatric Centers 595R

NYSE Symbol CMY Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
31⅛	35-22¼	20	0.36	1.2%	A	0.96

Summary

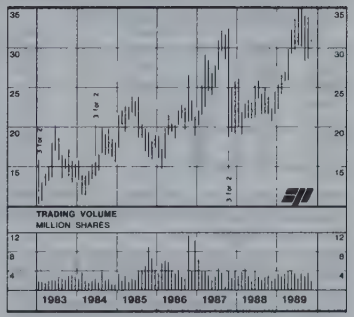
The company is the largest publicly-owned operator of acute care psychiatric hospitals. In August, 1989 CMY transferred its dialysis and home health care businesses to a new company called Vivra whose shares were spun off to CMY shareholders. Longer-range prospects are enhanced by good growth projected for the psychiatric hospital industry and a new facilities expansion program.

Current Outlook

Earnings from continuing operations for the fiscal year ending November 30, 1990 are projected at about $1.85 a share, up from the $1.55 estimated for fiscal 1989.

An increase in the $0.09 quarterly dividend is likely during fiscal 1990.

Revenues for fiscal 1990 are expected to show good growth, aided by contributions from new psychiatric centers, higher rates and improved utilization in established facilities. Profitability should benefit from the better volume and cost efficiencies.



Net Oper. Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	76.2	78.8	64.6	54.5
May	88.3	92.1	76.6	61.5
Aug.	77.0	84.8	71.1	57.0
Nov.	---	91.8	72.9	58.4
	---	347.4	285.3	231.4

Revenues from continuing operations for the nine months ended August 31, 1989 increased 24%, year to year. Income before taxes rose 25%. After taxes at 37.7%, against 37.4%, net income was up 24%, to $1.20 a share from $0.97, before income from discontinued operations of $0.18 a share, versus 0.20.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.39	0.37	0.32	0.29
May	0.45	0.43	0.36	0.32
Aug	0.37	0.38	0.34	0.29
Nov.	E0.34	0.37	0.29	0.25
	E1.55	1.54	1.32	1.14

Important Developments

Oct. '89— The company opened a new acute care psychiatric hospital in Greenfield, Wis., after opening one in Oklahoma City, Okla. in September. Two additional units in California were scheduled to be opened during the first quarter of fiscal 1990.

Aug. '89— The company spun off its dialysis and home health care businesses to a new publicly-owned firm named Vivra Inc. through a the tax-free distribution of one share of Vivra for each 10 shares of CMY held. CMY has retained its psychiatric hospital operations. Dialysis and home health care operations combined had pro forma operating revenues of about $82 million and net earnings of $10.9 million in fiscal 1988. Vivra shares presently trade on the NYSE under the symbol V.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	1984	1983	1982	1981	'1980	1979
Tangible Bk. Val.	**7.94**	6.78	5.73	4.81	3.91	3.29	1.91	1.33	0.98	0.76
Earnings	**1.54**	1.32	1.14	1.01	0.81	0.63	0.47	0.35	0.25	0.21
Dividends	**0.34**	0.29⅜	0.20	0.17⅜	0.14¼	0.12	0.10⅛	0.07½	0.06½	0.05½
Payout Ratio	**22%**	23%	18%	17%	18%	19%	22%	22%	26%	26%
Prices—High[2]	**26⅛**	32¼	26½	23⅞	20	20¼	11¾	7⅛	4⅞	3⅛
Low[2]	**19**	18	14¾	15⅞	11¼	10⅜	5⅜	4⅜	2½	1½
P/E Ratio—	**17-12**	24-14	23-13	24-16	25-14	32-16	24-11	20-13	20-10	15-7

Data as orig reptd Adj for stk div(s) of 50% Nov 1987, 50% Jul 1984, 50% Feb 1983, 50% Jan 1982, 100% Jul 1980 1. Reflects merger or acquisition 2. Cal. yr E-Estimated

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**347**	**116**	**33.4**	**52.1**	**10.1**	**3.30**	**114**	**37.8%**	**70.8**	**20.4**
1987	285	102	35.8	61.3	8.3	2.80	104	42.4%	60.0	21.0
1986	231	87	37.7	63.7	6.5	1.97	94	45.2%	51.3	22.2
1985	205	76	37.2	42.4	5.4	2.16	83	45.8%	44.8	21.9
1984	174	65	37.3	21.2	4.5	2.32	68	46.5%	36.1	20.8
1983	138	47	34.1	16.1	3.7	3.33	49	44.8%	26.9	19.4
1982	117	38	32.1	7.9	3.3	4.32	34	46.0%	18.2	15.5
1981	90	26	28.5	6.5	2.3	2.52	23	45.7%	12.7	14.1
'1980	59	17	28.9	8.1	1.6	1.95	16	46.3%	8.4	14.2
1979	41	13	30.8	3.2	1.0	0.92	12	45.1%	6.4	15.7

Balance Sheet Data (Million $)

Nov. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**55.2**	**161**	**40.2**	**4.0**	**478**	**16.0%**	**36.2**	**382**	**434**	**8.3**	**20.0%**
1987	50.5	131	29.6	4.4	408	16.1%	37.8	325	375	10.1	20.0%
1986	32.7	103	33.1	3.1	330	16.9%	14.5	271	294	4.9	20.5%
1985	33.4	89	31.6	2.8	278	17.4%	10.6	228	244	4.4	21.6%
1984	52.4	98	25.0	3.9	237	16.2%	21.0	186	211	9.9	20.9%
1983	47.6	80	23.2	3.4	207	14.2%	22.6	157	182	12.4	21.1%
1982	21.4	45	19.9	2.3	151	13.0%	43.0	86	131	32.9	24.4%
1981	10.1	33	20.1	1.6	120	12.5%	39.0	59	99	39.5	25.7%
1980	4.0	20	12.2	1.7	72	14.3%	23.1	35	59	39.3	26.5%
1979	1.8	11	6.1	1.8	43	15.3%	8.9	27	36	24.9	26.0%

Data as orig reptd 1. Reflects merger or acquisition

Business Summary

Community Psychiatric Centers is the largest publicly-owned operator of acute psychiatric hospitals. The company spun off to shareholders its chain of kidney dialysis centers and home health care operations in August, 1989. Business segment contributions in fiscal 1988 were:

	Revs.	Profits
Psychiatric hospitals	76%	81%
Dialysis centers	19%	18%
Home health care	5%	1%

As of May 31, 1989 CMY operated 43 psychiatric centers with some 4,072 licensed beds, located in California (13 centers), 15 other states (23 units), Puerto Rico (one) and the U.K. (six). Patient days of service totaled 653,707 in fiscal 1988, up from 566,679 in fiscal 1987. Average occupancy in fiscal 1988 was 47%, unchanged from the year before. The units offer drug therapy, alcoholic rehabilitation, and occupational and recreational therapy, generally under the supervision of the patient's doctor.

Approximately 73% of acute psychiatric revenues in fiscal 1988 was derived from private insurance and direct patient payments; 13% from rates negotiated with HMOs, PPOs, and insurance companies; 8% from Medicare, 3% from Medicaid and similar programs; and 3% from other sources.

Dividend Data

Dividends were initiated in 1974.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Feb. 23	Mar. 6	Mar. 10	Apr. 10'89
0.09	May 25	Jun. 5	Jun. 10	Jul. 10'89
Stk.*	Jul. 26	Sep. 8	Aug. 31	Sep. 7'89
0.09	Aug. 25	Sep. 13	Sep. 19	Oct. 10'89
0.09	Nov. 22	Dec. 5	Dec. 11	Jan. 10'90

*One sh. of Vivra for ea. 10 shs. of CMY

Next dividend meeting: late Feb.'90

Capitalization

Long Term Debt: $34,879,000

Common Stock: 46,447,000 shs. ($1 par).
Institutions hold about 72%
Shareholders or record: 3,220.

Office—24502 Pacific Park Drive, Laguna Hills, Calif. 92656 **Tel**—(714) 831 1186 **Chrmn, Pres & CEO**—J. W. Conte **Secy & Treas**—J. P. Smith **Investor Contact**—R. L. Conte **Dirs**—J. W. Conte, H. Fleischmann, R. L. Green, J. H. Lindheimer, W. A. Sheppard, D. Siegel **Transfer Agent & Registrar**—Bank of America, San Francisco **Incorporated** in California in 1982, reincorporated in Nevada in 1972 **Empl**—6,319

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B. Saffas

COMPAQ Computer

NYSE Symbol CPQ Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
89½	112½–59¼	11	None	None	NR	1.31

Summary

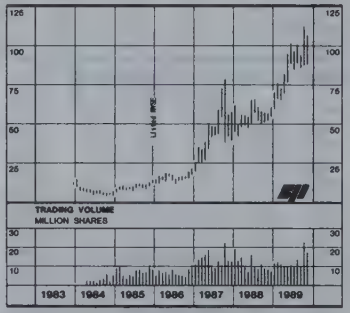
COMPAQ Computer is a leading manufacturer of high-performance, industry-standard IBM PC-compatible portable and desktop computers. In the 1989 fourth quarter, CPQ announced several significant new products, including notebook-sized laptop computers, an EISA-based computer designed for multiuser environments, and an i486-based desktop computer. Although slowing industry growth and product transition issues are expected to impair near-term results, stronger revenue and earnings growth should resume in the second half of 1990.

Current Outlook

Earnings for 1990 are projected at $9.15 a share, versus the $7.70 (including a $0.31 nonrecurring gain) estimated for 1989.

Initiation of cash dividends is not anticipated.

Revenue growth is expected to be under 20% in the 1989 fourth quarter, reflecting slowing industry growth and product transition issues; however, a resumption of stronger growth is expected in the second half of 1990 as new products will be widely available and customers will have had time to evaluate the new offerings. Growth of the personal computer industry in general is expected to be about 15%-20%, and COMPAQ should continue to increase its share with its dominant position in the dealer network and strong product offering. Furthermore, a vast majority of COMPAQ's sales are in market segments that are growing faster than the industry as a whole. Competition could intensify with increased availability of new products from Apple and IBM. Gross margins are expected to remain at the 40% level, with pretax margins at 16%-17% and net margins at about 10%.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	683	439	211	144
Jun.	722	457	268	147
Sep.	683	502	313	147
Dec.	---	668	432	187
	---	2,066	1,224	625

Sales for nine months ended September 30, 1989 advanced 49%, year to year. Gross margins widened slightly. Although R&D spending increased 71%, other expenses were well controlled. After unrealized gains of $13.7 million versus $9.7 million, pretax income was up 57%. After taxes at 35.0% in each period, and equity income, net income advanced 56%. Fully diluted share earnings were $5.91, versus $4.06.

Common Share Earnings ($)

Quarter:	[1]1989	[1]1988	1987	1986
Mar.	1.95	1.21	0.56	0.30
Jun.	1.95	1.45	0.80	0.34
Sep.	2.02	1.40	0.94	0.31
Dec.	E1.78	2.18	1.25	0.57
	E7.70	6.27	3.59	1.52

Important Developments

Nov. '89— CPQ introduced new products, including two notebook-sized laptop computers, the LTE and LTE/286; the SYSTEMPRO, an EISA-based computer designed for networking and multiuser environments; and the DESKPRO 486/25 based on the i486 processor. The notebook-sized computers will be shipping in volume by the end of the fourth quarter. CPQ will ship the DESKPRO 486/25 when it receives supplies of the i486 chip, currently scheduled for the 1990 first quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	21.13	11.69	6.78	5.16	4.17	3.57	NA
Earnings[2]	6.30	3.59	1.52	0.97	0.47	0.13	[3]d1.48
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	65⅝	78½	21⅝	14¼	14⅝	12⅜	NA
Low	42	19¼	11⅝	6⅛	3½	10⅞	NA
P/E Ratio—	12–7	22–5	14–8	15–6	31–7	95–84	NA

Data as orig. reptd., data prior to 1983 as reptd. in prospectus dated 12-9-83. 1. Fully diluted. 2. Bef spec item of +0.11 in 1983. 3. From inception 2-16-82 E-Estimated NA-Not Available d-Deficit

December 7, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,066	409	19.8	273	49.0	27.7	[2]375	31.9%	255	12.4
1987	1,224	256	20.9	113	22.4	14.2	[2]229	40.5%	136	11.1
1986	625	100	16.0	51	14.1	11.2	[2]75	42.7%	43	6.9
1985	504	61	12.1	37	8.9	10.1	44	39.3%	27	5.3
1984	329	24	7.3	30	4.2	5.4	16	21.5%	13	3.9
1983	111	5	4.2	13	1.4	1.4	5	46.9%	3	2.3
[3]1982	NM	NM	NM	1	0.1	NA	d5	Nil	d5	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	281	1,115	480	2.3	1,590	19.6%	275	815	1,110	24.8	40.3%
1987	132	681	343	2.0	901	19.8%	149	400	558	26.7	43.2%
1986	57	260	119	2.2	378	12.3%	73	183	259	28.1	26.6%
1985	77	240	99	2.4	312	9.8%	75	137	213	35.3	21.5%
1984	28	189	122	1.6	231	7.2%	Nil	109	110	Nil	12.7%
1983	52	105	30	4.0	121	NM	Nil	48	91	Nil	NM
1982	4	5	2	3.6	7	NM	Nil	d5	6	Nil	NM

Data as orig. reptd.; data prior to 1983 as reptd. in prospectus dated 12/9/83. 1. Bef. spec. item(s) in 1983. 2. Incl. equity in earns. of nonconsol. subs. 3. From inception 2-16-82. NM-Not Meaningful. NA-Not Available d-Deficit.

Business Summary

COMPAQ manufactures high performance laptop, portable and desktop personal computers for business and professional use which run the MS-DOS and OS/2 operating systems. CPQ sells it computers to over 3,000 independent computer specialty dealers, with 1,500 located outside the U.S. In 1988 ComputerLand Corp. accounted for 13% of sales. In April, 1989 CPQ terminated its relationship with Businessland, which represented 7%, in the U.S. and Canada but not in the United Kingdom. Foreign operations contributed 39% of revenues in 1988, up from 26% in 1987.

CPQ designs its computers to be compatible with the industry standard architecture established by IBM in 1981 with the introduction of its PC. In 1987 IBM moved away from this standard with its new Personal System/2 (PS/2) personal computers which had a new patented internal architecture called MicroChannel architecture (MCA). In September, 1988 CPQ and eight other personal computer vendors announced they would develop an extension to the existing PC standard architecture, Extended Industry Standard Architecture (EISA). EISA products are expected in 1989. Neither MCA or EISA affect the operation of current industry standard software. CPQ has not announced a MCA compatible computer.

CPQ emphasizes quality, reliability, additional features and full functionality of its products and with each new generation of microprocessor has emphasized the higher performance end of the marketplace. In recent years CPQ has emphasized its products based on Intel's 16-bit 80286 and 32-bit 80386 microprocessors. CPQ believes performance is a more important factor than price in the purchase decision for its products.

CPQ's portable computer line includes a variety of models ranging from the 80286-based PORTABLE II to the newest PORTABLE 386 with weights of 18 to 27 lbs. and offering a variety of options including fixed and floppy disk drives and up to 32 MB of random access memory. CPQ's DESKPRO desktop personal computers incorporate Intel's 8086, 80286 and 80386 microprocessors and are also available in a variety of configurations. In October, 1988 CPQ announced its first battery-powered laptop computer, the SLT/286.

CPQ owns about 40% of Conner Peripherals, Inc., a producer of 3½ inch disk drives. In 1988 CPQ purchased $122 million of product from Conner.

Dividend Data

No cash dividends have been paid on the common stock. COMPAQ's current intention is to retain its future earnings for use in operations. A "poison pill" stock purchase right was adopted in 1989.

Finances

In the 1989 third quarter, CPQ realized a gain of about $7.6 million ($0.11 a share) from the sale of one million Conner Peripherals shares.

In October, 1988 the company issued a 9.77% $75 million 10-year mortgage note under an agreement with its lender for the issuance of up to $150 million in notes.

Capitalization

Long Term Debt: $274,930,000, incl. $200 million of 6½% conv. debs. due 2013, conv. into com. at $65 a sh.

Common Stock: 39,184,540 shs. ($0.01 par). Officers and directors own about 10%. Institutions hold approximately 75%. Shareholders of record: 6,137.

Office—20555 SH 249, Houston, Texas 77070. **Tel**—(713) 370-0670 **Chrmn**—B. M. Rosen **Pres & CEO**—J. R. Canion **VP-Treas**—J. M. Foster. **VP-Secy**—W. D. Fargo. **Investor Contact**—Tarrant Hancock **Dirs**—J. R. Canion, R. T. Enloe, K. L. Lay, B. M. Rosen **Transfer Agent & Registrar**—InterFirst Bank Houston. **Incorporated** in Delaware in 1982 **Empl**—6,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Computer Associates Int'l

NYSE Symbol CA Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
12	22⅛-10½	14	None	None	B+	1.48

Summary

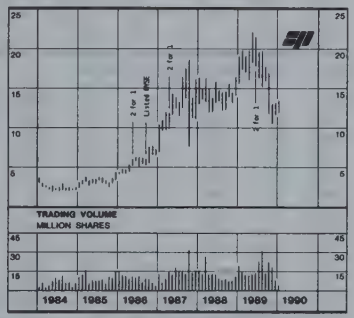
This company develops, markets and supports standardized software products, including systems software, database management systems, applications software and microcomputer programs. CA has grown rapidly in recent years through new product development and acquisitions. While earnings in the first half of fiscal 1989-90 were penalized by restrained revenues and higher costs related to the September 1989 acquisition of Cullinet, significantly higher sales and merger related synergies should lead to an earnings rebound in 1990-1.

Current Outlook

Earnings for the fiscal year ending March 31, 1991 are projected at $1.20 a share, up from the $0.90 estimated for fiscal 1989-90.

Payment of cash dividends is not anticipated.

Sales growth is expected to remain strong through fiscal 1990-1, aided by a healthy systems software market and the related heavy demand for CA's expanded product line. Margins are expected to widen, especially in fiscal 1990-1, reflecting merger related synergies associated with the Cullinet acquisition. The tax rate is expected to be little changed. By offering products that improve the productivity of customers' existing data processing resources at a relatively low price, CA is partially insulated from the vagaries of the economic cycle.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	303	186	139	50
Sep.	282	224	168	64
Dec.	---	309	195	94
Mar.	---	311	206	102
	---	1,030	709	309

Revenues for the six months ended September 30, 1989 rose 14%, year to year (1988-9 restated). Lower than expected product sales in the second quarter owing to the prolonged Cullinet acquisition process, combined with higher expense levels narrowed margins. Profits were further hampered by one-time acquisition and restructuring charges approximating $30 million, and pretax income fell 40%. After taxes at 35.0% versus 47.1%, net income declined 26%, to $0.11 a share (based on 5.6% more shares), versus $0.16 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.06	0.11	0.06	0.03
Sep.	0.05	0.18	0.10	0.07
Dec.	E0.42	0.40	0.27	0.17
Mar.	E0.37	0.34	0.22	0.12
	E0.90	1.02	0.65	0.37

Important Developments

Nov. '89— CA attributed weak second quarter results to lower product revenue stemming from the prolonged Cullinet acquisition process and the decision by some customers to defer purchases until acquisition uncertainties were resolved. While the acquisition was completed on September 12, CA said insufficient time remained before the end of the quarter to complete the sales cycle for those who had delayed their purchase decisions.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1990	[1]1989	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	[1]1983	1982	1981
Tangible Bk. Val.	NA	4.09	3.16	2.22	1.78	1.22	1.08	0.42	0.17	0.05
Earnings	NA	1.02	0.65	0.37	0.21	0.16	0.12	0.08	0.06	0.04
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	22⅛	16½	18⅝	7¾	4½	3¾	4½	2⅜	1	NA
Low	10½	12	6⅞	4⅛	2⅜	1⅞	2⅛	⅜	⅞	NA
P/E Ratio—	NA	16-12	29-11	21-11	21-11	24-12	39-19	29-9	16-14	NA

Data as orig. reptd. Adj. for stk. div. of 100% Jun. 1989, 100% May 1987, 100% May 1986, 100% May 1983. 1. Refl. merger or acquisition. E-Estimated NA-Not Available

January 18, 1990

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Income Data (Million $)

Year Ended Mar. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1989	1,030	345	33.5	22.4	79.3	10.2	268	39.1%	164	15.9
[1]1988	709	226	31.9	[2]18.9	57.9	9.1	170	40.1%	102	14.4
[1]1987	309	94	30.3	[2]10.4	27.4	2.9	67	45.6%	36	11.8
[1]1986	191	51	26.8	[2]6.1	18.1	1.7	33	44.3%	19	9.7
[1]1985	129	31	23.8	[2]8.3	11.1	1.0	21	38.1%	13	10.3
[1]1984	85	15	17.6	[2]3.0	2.9	0.7	15	37.1%	10	11.2
[1]1983	58	12	19.9	1.1	1.8	1.0	9	37.3%	6	9.7
1982	28	6	21.2	[2]2.6	1.1	0.5	4	41.8%	[3]3	9.1
[1]1981	18	4	20.0	[2]1.9	0.8	0.6	2	39.5%	1	7.6
1980	9	1	11.1	0.7	0.4	0.5	Nil	16.6%	Nil	1.6

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	53	528	285	1.9	1,167	15.9%	44	748	882	5.0	25.6%
1988	151	465	176	2.6	839	13.2%	117	500	663	17.6	23.9%
1987	92	250	86	2.9	439	10.7%	105	220	353	29.7	18.4%
1986	40	135	52	2.6	245	8.9%	6	176	194	3.2	12.5%
1985	20	83	28	3.0	148	9.9%	9	105	121	7.2	13.2%
1984	46	91	17	5.2	118	10.6%	2	94	101	1.5	14.4%
1983	8	30	12	2.5	51	14.2%	5	30	39	13.2	26.7%
1982	2	11	7	1.6	19	16.4%	2	8	12	17.0	51.0%
1981	Nil	6	5	1.2	11	14.6%	2	2	5	46.0	69.0%
1980	Nil	3	2	1.3	6	2.6%	1	Nil	3	43.3	11.6%

Data as orig. reptd. 1. Refl. merger or acquisition. 2. Net. 3. Reflects accounting change.

Business Summary

Computer Associates International designs, develops, markets and supports standardized computer software products for use primarily with IBM and IBM-compatible mainframe computers, as well as for minicomputers and microcomputers.

Until mid-1982, the company was primarily a supplier of systems software for IBM mainframe computers using the VSE operating system. Since then, it has broadened its software product line through new product development and a series of acquisitions, and currently offers a portfolio of over 200 products.

Systems software products enable a customer to more efficiently utilize its data processing hardware, software and personnel resources, by providing tools which measure and improve computer hardware and software performance and programmer productivity. Major systems software products include CA-DYNAM, which offers security and efficiency features for the management of disk files; CA-TOP SECRET, which protects access to VSE, VM and MVS operating systems; and CA-UNICENTER, a data center management system.

Applications, which run on a wide variety of hardware platforms, addresses such areas as financial management, visual information, banking, database management, project management, decision support, applications development and job costing.

Microcomputer software includes spreadsheet, data base, word processing, report generator and accounting programs.

Business outside of North America accounted for about 59% of revenues in fiscal 1988-9, versus 61% the preceding year.

Dividend Data

No cash dividends have been paid. A 2-for-1 stock split was paid June 16, 1989, to holders of record May 30. The shares were also split 2-for-1 in May, 1987, 1986 and 1983.

Finances

In September, 1989 CA acquired Cullinet Software, Inc., a vendor of database management and applications software with annual revenues of over $200 million, for stock valued at approximately $300 million. In October, 1988 CA acquired Applied Data Research Inc., a developer of database management and applications development software, for about $170 million. In August, 1987 CA acquired UCCEL Corp., a developer of mainframe systems and other software, for stock valued at about $830 million.

Capitalization

Long Term Debt: $65,105,000.

Common Stock: 185,824,542 shs. ($0.10 par).
Institutions hold approximately 57%.
Shareholders of record: 11,000.

Office—711 Stewart Ave., Garden City N.Y. 11530 **Tel**—(516) 227-3300 **Chrmn & CEO**—C. B. Wang **Pres**—A. W. Wang **SVP & CFO**—F. A. Schwartz **Secy**—M. McElory **Treas**—C. P. McWade **Investor Contact**—Deborah Coughlin. **Dirs**—R. M. Artzt, W. F. P. de Vogel, E. C. Lord III, G. E. Martinelli, A. W. Wang, C. B. Wang **Transfer Agent**—J. Henry Schroder Bank & Trust Co., NYC **Incorporated** in Delaware in 1974 **Empl**—6,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Computer Sciences

NYSE Symbol CSC Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
52⅜	56-46¼	16	None	None	B+	1.23

Summary

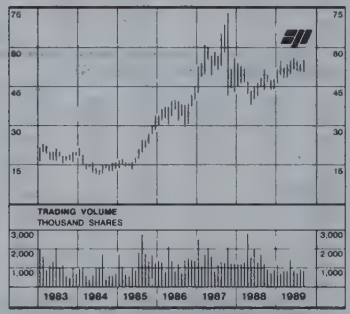
This leading participant in the computer services industry derives some 70% of its revenues from the U.S. Government. CSC's activities include systems consulting and development, facilities management, information network services, credit reporting and tax processing. Although near-term earnings growth will be impaired by lower-margin Government business, CSC's recent emphasis on expanding its commercial business bodes well for longer-term earnings growth.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 are projected at $3.70 a share, up from the $3.28 of 1988-9.

Payment of cash dividends is not anticipated.

Revenues for fiscal 1989-90 are expected to advance about 14%, aided by heavy demand for CSC's systems integration services. However, a larger portion of CSC's revenues will be derived from lower margin technical services contracts in the Federal market, and, as a result, the gain in operating income is projected to be held to 8%. Although uncertainties exist regarding the timing and possible reductions of Federal Government contracts, CSC's recent emphasis on expanding its range of consulting and professional services to commercial and other non-Federal clients (which tends to be more profitable than Federal Government business) bodes well for longer-term earnings growth.



Service Revenues (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jun.	342	299	275	234
Sep.	---	299	281	249
Dec.	---	345	287	257
Mar.	---	360	309	291
	---	1,304	1,152	1,031

Revenues for the three months ended June 30, 1989 rose 14%, year to year, reflecting growth in the Federal systems and services and commercial professional services segments. Margin pressures in CSC's Federal market held the gain in operating income to 5.3%. Following lower interest and other expense (net), pretax income increased 10%. After taxes at 36.9% versus 38.0%, net income was up 12%, to $0.82 a share from $0.73.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jun.	0.82	0.73	0.59	0.46
Sep.	E0.81	0.75	0.62	0.46
Dec.	E0.92	0.75	0.65	0.48
Mar.	E1.15	1.05	0.87	0.68
	E3.70	3.28	2.73	2.08

Important Developments

Jun. '89— CSC acquired CIG-Intersys Group, the largest computer services organization in Belgium. CIG's consulting, systems integration, software and facilities management operations generated revenues of about $85 million in calendar 1988.

Apr. '89— The company said that it had won about $2.6 billion worth of contract orders during fiscal 1988-9.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Mar. 31	[2]1989	1988	[1]1987	1986	1985	1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	17.56	16.10	13.32	11.90	11.50	9.69	8.22	6.89	6.22	4.39
Earnings	3.28	2.73	2.08	1.69	2.02	1.32	1.32	1.31	1.82	1.70
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	54	73	44⅞	34	21⅜	23	21	24⅜	29¾	19¾
Low	38	41½	29½	13	11	15½	11⅛	11¼	14⅞	10½
P/E Ratio—	16-12	27-15	22-14	20-8	11-5	17-12	16-8	19-9	16-8	12-6

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects merger or acquisition and accounting change E-Estimated

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1989	1,304	119	9.1	39.4	31.1	8.05	[2]85.8	37.3%	52.5	4.0
1988	1,152	105	9.1	37.6	27.0	9.46	71.4	39.0%	43.5	3.8
[1]1987	1,031	88	8.5	31.1	24.0	9.46	58.1	44.5%	32.2	3.1
1986	839	68	8.1	30.8	19.5	6.53	42.8	44.0%	23.9	2.9
1985	723	57	7.8	29.7	20.2	6.84	[2]41.1	32.5%	27.7	3.8
1984	712	54	7.6	21.2	20.0	5.25	[2]30.5	40.1%	18.3	2.6
1983	695	54	7.8	19.6	19.0	4.56	[2]32.5	45.0%	17.9	2.6
[1]1982	630	52	8.3	36.4	20.1	4.71	[2]33.6	47.0%	17.8	2.8
1981	601	64	10.6	33.0	17.7	4.89	[2]47.1	47.5%	24.7	4.1
[1]1980	453	56	12.5	15.1	14.1	4.79	[2]43.2	47.5%	22.7	5.0

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	76.4	428	245	1.7	715	7.6%	81.0	389	470	17.2	14.5%
1988	64.5	399	245	1.6	661	6.9%	83.8	333	416	20.1	14.0%
1987	70.6	384	223	1.7	596	5.8%	88.1	285	373	23.6	12.4%
1986	12.6	300	206	1.5	468	5.3%	48.1	214	262	18.4	11.9%
1985	18.0	290	197	1.5	431	6.7%	48.5	186	235	20.6	16.1%
1984	12.8	275	197	1.4	398	4.8%	42.5	158	201	21.2	12.3%
1983	12.3	230	168	1.4	353	5.3%	47.1	139	186	25.4	13.8%
1982	22.8	194	150	1.3	319	5.9%	49.8	120	169	29.4	16.0%
1981	32.4	183	130	1.4	284	9.0%	52.7	101	154	34.3	27.9%
1980	55.5	177	124	1.4	260	9.7%	60.8	75	136	44.6	35.5%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition and accounting change

Business Summary

Computer Sciences is one of the largest computer services companies in the U.S. Revenues in recent years were derived as follows:

	1988-9	1987-8
Federal systems & services	68%	63%
Consulting services	11%	10%
Credit services	8%	9%
Health & insurance systems	6%	9%
Network services	5%	7%
Complementary services	2%	2%

Primarily serving the U.S. Government, the Federal systems & services segment designs, engineers and integrates computer-based systems and communications systems, providing all the hardware, software, training and related elements necessary to operate a system. It also provides multidisciplinary technical services.

Consulting services include consulting and technical services in the development of computer and communication systems to nonfederal organizations in the U.S. and Europe.

Credit services include consumer credit reports, accounts receivable collection, and management and promotional services. During 1988-9, CSC signed a contract with Equifax Inc. whereby Equifax will, for a fee, provide credit reports to CSC from the merged credit files of both companies

The Health and insurance unit provides large-scale claims processing for government agencies. Its CSC Comtec and recently acquired Seako subsidiaries provide turnkey information systems, software and professional services to health care companies.

Network services are provided through its INFONET network (40% owned), which offers communications, electronic messaging and remote computing services.

Complementary services consist of other support for specific markets, including a tax preparation service.

Dividend Data

No cash dividends have been paid since 1969. A "poison pill" stock purchase right was adopted in 1989

Finances

The Federal Government accounted for 71% of fiscal 1988-9 revenues (67% in 1987-8), state and local governments 3% (5%), commercial business 20% (20%), and international 6% (8%).

Capitalization

Long Term Liabilities: $109,190,000.

Common Stock: 15,818,314 shs. ($1 par).
Institutions hold approximately 66%.
Shareholders of record: 8,614

Office 2100 East Grand Ave., El Segundo, Calif. 90245 **Tel**—(213) 615-0311 **Chrmn & Pres**—W. R. Hoover **VP-CFO**—L. J. Levet **VP-Secy**—H. D. Fisk **Investor Contact**—J. Furlong **Dirs**—H. P. Allen, G. Barratt, R. R. Dockson, W. R. Hoover, F. A. Kalinski, R. C. Lawton, A. E. Nashman, R. Nutt **Transfer Agent & Registrar**—American Transtech, Inc. **Incorporated** in Nevada in 1959 **Empl**—19,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

ConAgra, Inc.

NYSE Symbol CAG Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
27½	30¼-19⅜	16	0.60	2.2%	A+	1.12

Summary

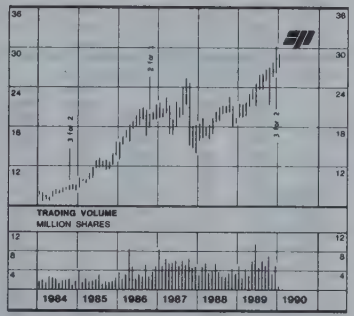
This diversified company is a leader in branded frozen foods, processed meats, poultry, red meats and seafood markets, and is also a major flour miller, grain merchandiser and distributor of fertilizers, pesticides and animal feeds. Acquisitions have been an important driver of growth. Earnings for fiscal 1989-90 should advance, reflecting the acquisition of the SIPCO meat business ($3 billion annual sales) and internal growth. The shares were split 3-for-2 in December, 1989 and the dividend was increased 17%.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 should rise to $1.85 a share from fiscal 1988-9's $1.63 (as adjusted for the December, 1989 3-for-2 stock split).

The quarterly dividend (raised 17% with the December, 1989 payment) should remain at $0.15.

Earnings for fiscal 1989-90 should continue to trend higher. Although frozen foods markets are likely to remain highly competitive, cost cutting efforts should improve profitability, while further growth at Armour and higher volume should help lift contributions from prepared foods. A pickup in grain exports would benefit trading operations, while expanded flour and oat milling capacity should allow hefty gains for grain processing. Increased farm plantings should also be a positive factor. Acquisitions, including purchase of the remaining 50% interest in Swift Independent Packing Co., add to future prospects.



Net Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	4.01	2.81	2.42	2.28
Nov.	3.86	2.84	2.30	2.20
Feb.	---	2.72	2.19	2.01
May	---	2.97	2.57	2.51
	---	11.34	9.47	9.00

Sales for the six months ended November 26, 1989 rose 39%, year to year, due largely to inclusion of SIPCO. Margins narrowed on the consolidation, despite improvement in all operating segments. Pretax income increased 21%. After taxes at 36.4%, versus 35.7%, net income was up 20%. After higher preferred dividend requirements, earnings per share rose to $0.92 from $0.79, both adjusted for the December 1989 3-for-2 stock split.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.40	0.32	0.25	0.29
Nov.	0.52	0.47	0.41	0.37
Feb.	E0.35	0.31	0.25	0.25
May	E0.58	0.53	0.39	0.33
	E1.85	1.63	1.29	1.23

Important Developments

Dec. '89— Fiscal 1989-90 first half earnings included a $26.9 million net gain from settlement of litigation related to the proposed Holly Farms Corp. acquisition, and a $24.8 million net charge to consolidate and write down processed meats facilities. In July CAG acquired the remaining 50% of SIPCO via assumption of $159.9 million of long-term debt and preferred stock.

Next earnings report expected in late March.

Per Share Data ($)

Yr. End May 31	[2]1989	[3]1988	[3]1987	[3]1986	[2]1985	[3]1984	[3]1983	[3]1982	[3]1981	[4]1980
Tangible Bk. Val.	6.91	6.33	5.57	4.65	4.27	3.83	3.23	2.55	2.12	1.83
Earnings[1]	1.63	1.29	1.23	1.02	0.89	0.69	0.58	0.56	0.49	0.35
Dividends	0.49⅝	0.43⅛	0.37⅜	0.32⅜	0.28⅛	0.24⅝	0.21½	0.18⅝	0.16⅜	0.13⅞
Payout Ratio	30%	33%	30%	32%	31%	39%	39%	34%	34%	40%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	22⅝	25⅜	21⅜	15¾	9¼	8	6⅝	5¼	5⅛	2¼
Low	15⅞	13⅞	12⅞	8⅝	6⅝	5¾	3¾	3⅝	1⅝	1⅝
P/E Ratio—	14-10	20-11	17-10	16-9	10-7	12-8	11-6	9-6	10-3	6-5

Data as orig. reptd. Adj. for stk. div(s) of 50% in Dec. 1989, 100% Dec. 1986, 50% Dec. 1984, 100% Dec. 1980. 1. Bef. results of disc. opers of -0.13 in 1984, and spec. item(s) of +0.11 in 1984. 2. Reflects merger or acquisition and accounting change. 3. Reflects merger or acquisition 4. Reflects accounting change E Estimated

January 17, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	11,340	546	4.8	164	102	149	312	36.6%	198	1.7
[4]1988	9,475	382	4.0	196	85	76	240	35.6%	155	1.6
[4]1987	9,002	395	4.4	202	73	60	272	45.2%	149	1.7
[4]1986	5,911	274	4.6	112	53	51	180	41.6%	105	1.8
[3]1985	5,498	238	4.3	98	44	53	152	39.5%	92	1.7
[5]1984	3,302	136	4.1	143	33	41	90	27.3%	65	2.0
[4]1983	2,320	122	5.3	199	25	48	74	35.8%	48	2.1
[4]1982	1,705	91	5.3	30	14	32	52	37.0%	33	1.9
[4]1981	1,377	69	5.0	36	12	26	38	29.1%	27	2.0
[6]1980	843	38	4.5	30	8	19	20	7.6%	19	2.2

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	607	3,160	2,651	1.2	4,278	5.3%	560	950	1,627	34.4	22.0%
1988	168	2,076	1,636	1.3	3,043	5.6%	490	814	1,407	34.8	20.0%
1987	195	1,707	1,237	1.4	2,483	6.4%	429	723	1,246	34.4	22.3%
1986	129	1,283	926	1.4	1,820	6.3%	309	511	894	34.6	21.4%
1985	44	1,063	755	1.4	1,547	6.4%	262	458	792	33.1	20.7%
1984	82	841	619	1.4	1,305	5.5%	238	406	686	34.7	17.1%
1983	43	593	390	1.5	902	6.0%	203	273	512	39.8	18.6%
1982	19	345	223	1.6	489	6.4%	97	156	266	36.4	22.5%
1981	26	371	276	1.3	500	6.3%	89	123	224	39.8	23.3%
1980	8	246	173	1.4	348	6.2%	65	101	175	37.3	19.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984, and spec. item(s) in 1984. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition 5. Excl. disc. opers. and reflects merger or acquisition 6. Reflects accounting change.

Business Summary

ConAgra is involved in the production of agricultural and basic food products. Sales and operating profit contributions by business segment in fiscal 1988-9:

	Sales	Profits
Prepared foods	62%	62%
Agri-products	20%	18%
Trading and processing	17%	18%
Finance	1%	2%

The prepared foods segment consists of the No. 2 poultry producer in the U.S.; a major producer of further processed chicken and turkey products (Country Pride and other brands); the nation's largest producer and marketer of frozen prepared foods (Banquet); a leader in branded red meats (Armour, Monfort of Colorado, SIPCO) for retail and foodservice markets; seafood and other food items; and pet accessories.

The agriculture segment includes a leading distributor of pesticides and fertilizers; a specialty retailer of country living merchandise, fabrics and crafts; and a producer of formula feed and feed additives.

CAG is the largest publicly-held merchandiser and exporter of grain, a leading flour miller, a world-wide trader of various agricultural and other commodities, and a leading commodity futures brokerage. The company is also involved in formula feed and other basic food industries in Spain, Portugal and Puerto Rico.

Dividend Data

Dividends were resumed in 1976. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19¼	Jan. 19	Jan. 30	Feb. 3	Mar. 1'89
0.19¼	Apr. 6	May 1	May 5	Jun 1'89
0.19¼	Jul. 13	Jul. 31	Aug. 4	Oct 1'89
3-for-2	Sep. 28	Dec. 4	Nov. 3	Dec 1'89
0.15	Sep. 28	Oct. 30	Nov. 3	Dec. 1'89

Capitalization

Long Term Debt: $587,030,000.

Red. Preferred Stock: $8,286,000.

Common Stock: 121,714,975 shs. ($5 par).
Officers and directors control some 9%.
Institutions hold approximately 44%.
Shareholders of record: 14,000

Office—One Central Park Plaza, Omaha, Neb 68102 **Tel**—(402) 978-4000 **Chrmn & CEO**—C. M. Harper **Pres**—P. B. Fletcher **VP-Fin & Secy**—L. B. Thomas **VP-Investor Contact**—W. Casey. **Dirs**—C. I. Carter, R. B. Daugherty, P. B. Fletcher, C. M. Harper, R. A. Krane, L. D. McGehee, K. W. Monfort, G. Rauenhorst, W. Scott, Jr., W. G. Stocks, F. B. Wells, T. R. Williams. **Transfer Agent & Registrar**—Manufacturers Hanover Trust, NYC **Incorporated** in Nebraska in 1919; reincorporated in Delaware in 1975. **Empl**—55,202.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Connecticut Natural Gas

606Q

NYSE Symbol CTG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
17 3/4	19-15 1/8	14	1.36	7.7%	A-	0.41

Summary

This natural gas utility provides service to some 137,000 customers in 22 Connecticut communities, principally in the Hartford-New Britain area and Greenwich. The gas supply outlook is favorable. Through its nonregulated operations, the company is engaged in propane distribution, and steam and chilled water climate control services. In August, 1989 CTG received approval for a $13.5 million rate increase. In September, the company sold 400,000 common shares at $17.625 each.

Business Summary

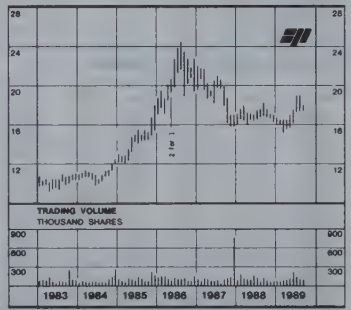
Connecticut Natural Gas distributes natural gas in Hartford, New Britain, Greenwich and 19 other communities in central Connecticut. Nonutility operations include propane distribution services in lower Fairfield County, Hartford and southeastern New York, district heating and cooling to buildings in downtown Hartford, and the sale of small to medium size cogeneration power plants. Revenue contributions in recent years:

	1988	1987
Gas sales	90%	90%
Nonutility operations	10%	10%

CTG supplies gas to some 137,000 customers. Sales volume in 1988 totaled 28.6 Bcf, up from 27.1 Bcf in 1987 and 25.9 Bcf in 1986. The daily maximum sendout was 207.6 MMcf in 1988, against 189.7 MMcf in 1987. Degree days in 1988 totaled 6,466, compared with the 30-year average of 6,174 and 1987's 6,129. In 1988 approximately 61% of gas operating revenues were derived from residential customers, 23% from commercial firm customers, 11% from interruptible customers, 4% from industrial firm customers, and 1% from sales to other utilities.

The company obtains most of its gas supply under long-term contract with major pipeline suppliers—Algonquin Gas Transmission Co. and Tennessee Gas Pipeline Co. On January 15, 1988 CTG began receiving 735 million cubic feet of competitively priced gas per year from Canada. Liquefied natural gas and propane mixed with air is used in the winter months for peak shaving purposes. Rates are regulated by the Connecticut Department of Public Utility Control (DPUC).

The Energy Networks, Inc. subsidiary serves over 19,000 customers with its various services. These services include district heating and cooling provided to almost all of the major new buildings in downtown Hartford; retail and wholesale marketing of propane to over 5,600 customers; and the sale of small to medium size cogeneration power plants.



CTG owns a 2.5% interest in the Iroquois Gas Transmission Partnership, which was formed to construct a natural gas pipeline to bring Canadian natural gas into New York and New England. It is expected that all necessary U.S. and Canadian approvals for pipeline construction will be received in time to begin deliveries to the Northeast by November, 1991.

Important Developments

Aug. '89— Connecticut's Department of Public Utility Control approved a 7.26% or $13.5 million increase in CTG's rates. The company had requested a 12.2% or $22.1 million increase.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.90	11.50	10.52	10.38	9.53	9.33	9.17	9.39	8.75	8.45
Earnings[1]	1.46	1.52	1.57	1.56	1.33	1.16	1.25	1.59	1.15	0.97
Dividends	1.36	1.33	1.30	1.25	1.20	1.15	1.10	0.95	0.85	0.80
Payout Ratio	93%	88%	83%	80%	90%	99%	88%	60%	74%	82%
Prices—High	18 1/4	22	24 1/2	18	12 1/2	11	10 1/2	10 1/8	8 7/8	9
Low	16	15 3/4	17	12	9 7/8	9 1/8	7 7/8	8 7/8	6 5/8	7 1/4
P/E Ratio—	13-11	14-10	16-11	12-8	9-7	9-8	8-6	6-4	8-6	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986. 1. Bef. spec. item(s) of +0.17 in 1988, +0.33 in 1987, -0.02 in 1986, +0.04 in 1982

October 6, 1989
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	198	7.96	6.99	89.5%	3.59	Nil	26.6%	11.3	5.7	11.0	12.4
1987	191	6.86	6.65	89.8%	3.39	Nil	44.6%	10.8	5.7	10.8	13.3
1986	195	6.06	5.96	90.8%	3.70	Nil	43.6%	10.8	5.5	11.9	15.0
1985	196	5.50	5.44	90.0%	3.25	Nil	43.8%	10.6	5.4	13.0	15.8
1984	187	5.04	4.78	90.8%	2.74	Nil	40.2%	9.0	4.8	11.8	13.9
1983	196	4.89	4.29	91.7%	2.07	Nil	35.1%	6.8	3.5	11.1	11.7
1982	187	4.70	3.76	92.0%	---	Nil	28.0%	6.6	3.5	11.5	15.0
1981	152	4.34	3.48	89.2%	---	0.09	24.2%	6.1	4.0	13.9	17.1
1980	123	4.06	3.07	89.4%	---	Nil	12.8%	4.7	3.8	12.7	13.0
1979	93	3.87	2.56	89.4%	---	1.03	5.4%	4.1	4.4	10.7	11.2

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [4]LT Debt	Capitalization [4]% LT Debt	Capitalization Pfd.	Capitalization % Pfd.	Capitalization Com.	Capitalization % Com.
1988	274	28.1	208	10.5	196	89.7	48.9	1.2	0.6	92.6	50.5
1987	250	24.2	189	10.8	197	90.7	50.5	1.2	0.7	87.5	48.8
1986	229	26.4	173	11.1	164	75.5	50.2	1.2	0.8	73.6	49.0
1985	205	14.8	153	13.2	150	68.7	49.6	1.3	0.9	68.7	49.5
1984	191	10.0	144	12.1	152	73.9	51.7	6.0	4.2	63.1	44.1
1983	183	11.2	140	11.9	150	77.3	53.9	6.8	4.7	59.4	41.4
1982	173	10.8	134	11.3	144	83.7	60.5	7.4	5.4	47.2	34.1
1981	165	12.9	129	13.1	131	86.0	67.5	8.1	6.3	33.3	26.2
1980	153	10.7	121	11.0	105	62.3	61.0	8.7	8.6	31.1	30.4
1979	144	15.9	115	9.0	105	62.3	61.2	9.4	9.3	30.0	29.5

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1988, 1987, 1986. 3. Based on income bef. interest charges. 4. Incl. notes payable under revolving credit agreement 1987-1985, 1983-1981. d-Deficit.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	80.5	78.0	75.4	88.7
Jun.	38.6	34.9	33.5	37.8
Sep.		23.3	26.2	22.9
Dec.		61.7	56.2	46.0
		197.9	191.3	195.4

Operating revenues for the six months ended June 30, 1989 rose 5.4%, year to year, reflecting customer growth and increased sales to interruptible gas customers. Following increases in the cost of gas purchased and produced, other operating and maintenance expenses, depreciation charges, taxes and interest expense, net income declined 17%. Share earnings were $1.03, versus $1.27. Results for the 1988 interim exclude a special credit of $0.17 a share from an accounting change.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.04	1.25	1.23	1.30
Jun.	d0.01	0.03	d0.04	0.16
Sep.		d0.37	d0.14	d0.17
Dec.		0.57	0.48	0.28
		1.46	1.52	1.57

Dividend Data

Dividends have been paid since 1851. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Nov. 29	Dec. 1	Dec. 7	Dec. 21'88
0.34	Feb. 28	Mar. 6	Mar. 10	Mar. 24'89
0.34	May 23	Jun. 12	Jun. 16	Jun. 30'89
0.34	Jul. 25	Sep. 11	Sep. 15	Sep. 29'89

Next dividend meeting: late Nov. '89.

Finances

In September, 1989 CTG publicly offered 400,000 common shares at $17.625 a share through underwriters led by PaineWebber Inc. Net proceeds of $6.6 million and the proceeds of a contemporaneous private placement of $18 million of first mortgage bonds were earmarked mainly for the reduction of short-term borrowings incurred to fund construction expenditures of regulated operations.

Capitalization

Long Term Debt: $105,709,000.

Nonred. Cum. Preferred Stock: $1,043,000.

Common Stock: 8,242,511 shs. ($6.25 par). Institutions hold approximately 13%. Shareholders of record: 9,547.

Office—100 Columbus Blvd., Hartford, Conn. 06144-1500. **Tel**—(203) 727-3000 **Chrmn**—R. H. Willis. **Pres & CEO**—V. H. Frauenholer **Secy**—R. L. Babcock. **VP-CFO**—A. J. Kennedy. **Investor Contact**—Reginald L. Babcock (203) 727-3203 **Dirs**—B. W. Bennett, J. F. English, Jr., T. M. Ford, V. H. Frauenholer, B. H. Hamilton, W. Loomis, D. F. Mullane, R. J. Shima, E. Smith, Jr., D. C. Thomas, A Tomasso, Jr., B. N. Torell, R. H. Willis **Transfer Agent**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Connecticut in 1848 **Empl**—692

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Consolidated Edison

NYSE Symbol ED Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
29 3/8	29 5/8-22 1/8	12	1.72	5.9%	A+	0.32

Summary

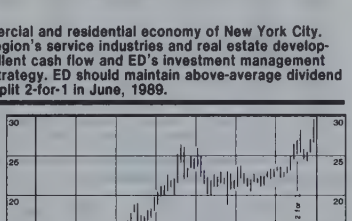
This leading electric and gas utility serves the commercial and residential economy of New York City. Profitability in recent years has been fueled by the region's service industries and real estate development. The longer-term outlook will benefit from excellent cash flow and ED's investment management unit in addition to the company's purchased power strategy. ED should maintain above-average dividend growth for the foreseeable future. The shares were split 2-for-1 in June, 1989.

Current Outlook

Share earnings for 1990 are projected at $2.55, up from the $2.45 estimated for 1989.

The $0.43 quarterly dividend may be raised some 7.0% in early 1990. Although future dividend increases should exceed the industry average, the rate of dividend growth is not expected to match ED's historical increases.

Share earnings for 1990 should benefit from higher kwh sales, and lower production costs on improved operating performance at the Indian Point 2 nuclear plant. Long-term prospects will benefit from strong cash flow.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,387	1,327	1,284	1,414
Jun.	1,218	1,102	1,125	1,187
Sep.	1,575	1,469	1,494	1,412
Dec.	---	1,211	1,191	1,185
	---	5,109	5,094	5,198

Revenues for the nine months ended September 30, 1989 rose 7.3%, year to year, owing to increased kwh sales and pass-through items. After higher production costs associated with the outage at Indian Point 2, operating income was down nearly 1%. A substantial increase in investment income was mostly offset by 9.0% higher net interest charges. Net income decreased fractionally (0.8%). Share earnings were $2.07, versus $2.09 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.63	0.64	0.64	0.51
Jun.	0.24	0.33	0.36	0.33
Sep.	1.20	1.13	0.98	0.86
Dec.	E0.38	0.38	0.24	0.44
	E2.45	2.47	2.21	2.13

Important Developments

Nov. '89— Share earnings for 1989's first nine months were restricted by an extended outage at ED's Indian Point 2 nuclear plant. The plant was taken out of service for its scheduled maintenance and refueling outage in mid-March and was returned to operation in early July. Partially offsetting increased maintenance charges associated with the Indian Point 2 plant were a lower provision for electric rate refund, and higher kwh sales. Total electric sales were up 2.3% in the first nine months of 1989.

Oct. '89— ED reported that the PSC approved a settlement agreement granting the company a 3.1%, or $20.4 million, increase in its firm gas rates, effective October 16.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.35	17.49	16.88	16.20	15.33	14.15	13.04	12.16	11.31	10.83
Earnings	2.47	2.21	2.13	2.13	2.24	2.08	1.78	1.61	1.17	1.13
Dividends	1.60	1.48	1.34	1.20	1.06	0.94	0.84	0.74	0.67	0.61
Payout Ratio	65%	67%	63%	56%	47%	45%	47%	46%	57%	54%
Prices—High	23 3/4	26	26 1/2	19 7/8	15 5/8	13	10 5/8	8 1/2	6 3/4	6 1/4
Low	20 1/2	18 3/4	18 7/8	14 3/4	11 3/8	9 1/2	7 3/4	5 3/4	5	5 1/4
P/E Ratio—	10-8	12-8	12-9	9-7	7-5	6-5	6-4	5-4	6-4	6-5

Data as orig reptd Adj for stk. div(s) of 100% Jul 1989, 100% Jul. 1982. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	5,109	308	447	84.9%	4.45	12.1	33.4%	599	11.7	9.6	13.7
1987	5,094	229	447	85.8%	4.54	15.3	39.8%	550	10.8	9.0	12.7
1986	5,198	281	391	86.3%	5.04	10.1	44.5%	546	10.5	9.2	12.7
1985	5,498	276	376	87.0%	5.17	10.3	42.2%	564	10.3	9.5	13.2
1984	5,729	259	362	86.9%	5.64	22.4	41.0%	620	10.8	10.5	15.1
1983	5,516	255	335	86.8%	5.32	14.7	41.1%	576	10.4	10.3	15.1
1982	5,067	251	318	87.4%	---	18.5	36.1%	493	9.7	9.6	13.9
1981	4,866	227	301	87.8%	---	12.4	33.4%	448	9.2	9.2	13.6
1980	3,947	192	274	87.8%	---	7.8	31.2%	335	8.5	7.7	10.4
1979	3,333	184	261	85.8%	---	5.4	30.7%	324	9.7	7.7	10.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	10,868	629	8,071	9.8	8,626	2,890	37.3	642	8.3	4,205	54.4
1987	10,408	544	7,743	9.5	8,447	2,907	38.5	645	8.5	4,007	53.0
1986	10,086	500	7,327	9.8	8,215	2,675	36.3	649	8.8	4,037	54.9
1985	9,694	531	7,102	10.2	7,999	2,590	36.0	653	9.1	3,953	54.9
1984	9,333	478	6,868	11.1	7,808	2,410	34.0	657	9.3	4,012	56.7
1983	9,000	420	6,682	11.0	7,472	2,485	36.3	662	9.7	3,704	54.0
1982	8,650	446	6,539	9.9	7,164	2,525	38.4	667	10.1	3,383	51.5
1981	8,323	466	6,339	9.5	6,879	2,571	40.4	681	10.7	3,118	48.9
1980	7,973	394	6,117	8.0	6,733	2,693	42.9	697	11.1	2,883	46.0
1979	7,718	357	5,960	8.0	6,603	2,769	44.5	713	11.4	2,746	44.1

Data as orig. reptd 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income before interest charges.

Business Summary

Consolidated Edison supplies electricity in all of New York City (except part of Queens) and most of Westchester County. Gas and steam are provided in certain parts of the service area. In 1988 electric sales accounted for 83% of revenues, gas 12%, and steam 5%. Electric revenues in recent years by customer class:

Revenues	1988	1987	1986	1985
Residential	30%	29%	29%	30%
Commercial-Industrial	62%	61%	62%	62%
Other	8%	10%	9%	8%

Power requirements in 1988 were derived from nuclear 32%, oil 32%, gas 19%, and purchases and other sources 17%. ED's nuclear capacity is derived from its Indian Point 2 plant in Westchester County. Indian Point 1 is in cold st orage and Indian Point 3 is owned by the New York Power Authority. Peak demand in 1988 was 10,182 mw and capability totaled 11,918 mw for a capacity margin of 15%. Gas sales in 1988 totaled 96,376 MMcf, down from 1987's 96,815 MMcf.

The company's near-term generating strategy is to develop conservation programs and to implement plant life extension projects in addition to purchasing power from Canada's Hydro-Quebec, the New York State Power Pool and cogenerators. Over the longer-term ED will be increasing its purchases from Hydro-Quebec. ED is not in a position to purchase power from the West due to transmission limitations.

Dividend Data

A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.86	Jan. 24	Feb. 9	Feb. 15	Mar. 15'89
0.86	Apr. 25	May 11	May 17	Jun. 15'89
2-for-1	Feb. 28	Jul. 3	Jun. 2	Jun. 30'89
0.43	Jul. 25	Aug. 10	Aug. 16	Sep. 15'89
0.43	Oct. 24	Nov. 9	Nov. 15	Dec. 15'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $3,081,603,000.

Red. Cum. Preferred Stock: $48,000,000.

Cum. Preferred Stock: $593,186,000.

Common Stock: 228,139,108 shs. ($2.50 par).
Institutions hold about 32%.
Shareholders of record: 167,178.

Office—4 Irving Place, NYC 10003 **Tel**—(212) 460-4600 **Chrmn & CEO**—A Hauspurg **Pres**—E R. McGrath **Secy**—A M. Bankston **Treas**—A. R Wassler **Investor Contact**—David P. Templin **Trustees**—R. Barzelay, E. V. Conway, R. M. Davis, A. Hauspurg, M. S. Heiskell, P. W Likins, C. F. Luce, R. J. McCann, E. R. McGrath, D. C. Platten, F. P. Rose, D. K. Ross, R. R. Shinn, M. V Whalen, Jr., F. H. Williams. **Transfer Agent**—Company's office, NYC. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1884. **Empl**—20,511

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Consolidated Freightways

620

NYSE Symbol CNF Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
29¾	37¾-28⅜	15	1.06	3.6%	A	1.05

Summary

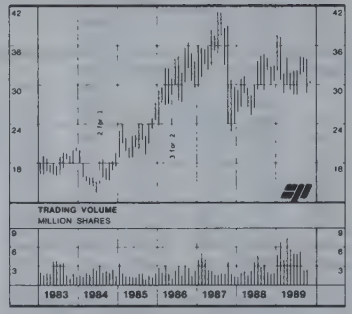
This company operates the nation's second largest general freight motor carrier, four rapidly growing regional truckers, and with the April, 1989 acquisition of Emery Air Freight for $242 million plus $375 million of debt assumption, the nation's leading air carrier of heavy cargo. In 1989 CNF repurchased 4.86 million (12.2%) of its common shares for $150 million. Profits could post a limited rebound in 1990 after being hurt in 1989 by losses related to the acquisition of Emery Air Freight.

Current Outlook

Profits for 1990 are estimated at $2.25 a share, versus the $1.40 anticipated for 1989.

Dividends, presently at $0.26½ quarterly, are unlikely to be increased before late 1990.

Profits for 1990 should post a limited recovery after being depressed in 1989 by the inclusion of Emery Air Freight. While costs associated with the integration of Emery and CF Air will be reduced sharply, profitability may remain subpar as competitive advances cut into volume growth. Profits for CF Motor should rebound somewhat as volume growth offsets continued rate softness. Revenue growth for CNF's family of regional carriers should remain brisk, though profit comparisons could be checked by start-up costs for CNF's new southwestern carrier. Limiting overall comparison will be heavier fixed charges.



Total Revenues ($ Million)

Quarter:	1989	1988	1987	1986
Mar	726	617	530	493
Jun	1,037	650	559	534
Sep	1,006	704	589	549
Dec.	---	717	618	549
	---	2,689	2,297	2,124

Revenues for 1989's first nine months rose 40%, year to year, reflecting the inclusion of Emery. Net income fell 46%. After preferred dividends, per-share earnings were $0.97, versus $1.93.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.56	0.45	0.46	0.41
Jun.	0.19	0.62	0.51	0.69
Sep.	0.22	0.86	0.43	0.63
Dec.	E0 43	1.07	0.53	0.58
	E1.40	3.00	1.93	2.31

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	'1984	'1983	'1982	1981	1980	1979
Tangible Bk. Val.	19.70	17.56	16.69	15.69	14.42	13.33	12.33	11.60	8.43	7.87
Earnings[2]	3.00	1.93	2.31	2.07	1.87	1.62	1.36	1.61	1.07	1.69
Dividends	0.96	0.88	0.79⅞	0.71¾	0.65	0.58⅜	0.52¾	0.49¾	0.45⅞	0.41¾
Payout Ratio	32%	45%	35%	35%	33%	36%	39%	31%	43%	25%
Prices—High	34¾	41¼	36½	27½	20	20½	18½	15	9⅞	9½
Low	25¼	22¾	23⅝	18¾	13½	16	10¾	8¼	6	7⅜
P/E Ratio—	12-8	21-12	16-10	13-9	11-7	13-10	14-8	9-5	9-6	6-4

Data as orig reptd. Adj. for stk. div(s) of 50% Jun 1986, 100% Jul 1984. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of ¢1.59 in 1981, bef. spec. item(s) of ¢0.36 in 1981, ¢0.62 in 1980. E-Estimated.

Important Developments

Oct '89— CNF said that it had repurchased 4,859,029 (12.2%) of its common shares for $150 million. CNF funded the buyback program through the issuance in May of 986,259 shares of preferred stock (convertible into 3,945,036 common shares) to a newly formed company ESOP.

Jun. '89— CNF charged $12.2 million against pretax income in 1989's second quarter to reflect costs for closing redundant air freight terminals and staff reductions. The restructuring was necessitated by CNF's acquisition in April of Emery Air Freight Corp. for $242 million plus $375 million of debt assumption. EAF, which lost $51 million in 1988 on revenues of $1.3 billion, operates a network of more than 300 terminals with a fleet of 55 aircraft. The combination of CF Air and Emery creates the nation's largest air carrier of heavy freight.

Next earnings report expected in late January.

November 10, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	%Net Inc.	% Net Inc. of Revs.
1988	**2,689**	**278**	**10.3**	**258**	**115**	[2]6.3	**173**	**34.7%**	**113**	**4.2**
1987	2,297	202	8.8	155	101	6.4	119	37.5%	75	3.2
1986	2,124	228	10.8	136	93	7.4	[3]147	39.5%	[4]89	4.2
1985	1,882	197	10.5	165	85	6.7	[3]127	37.8%	79	4.2
[5]1984	1,705	189	11.1	123	71	7.5	129	42.2%	74	4.4
[5]1983	1,355	163	12.0	75	63	10.0	113	42.1%	65	4.8
[5]1982	1,204	124	10.3	110	55	10.8	93	41.3%	[4]55	4.6
[6]1981	1,144	141	12.3	97	48	13.6	107	40.1%	64	5.6
1980	1,654	134	8.1	92	52	14.1	[3]75	43.9%	42	2.5
1979	1,720	158	9.2	137	45	9.9	[3]112	41.1%	66	3.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**135**	**590**	**446**	**1.3**	**1,536**	**7.8%**	**48**	**766**	**958**	**5.0**	**15.6%**
1987	162	557	397	1.4	1,377	5.7%	51	688	872	5.8	11.1%
1986	135	499	345	1.4	1,275	7.4%	59	665	858	6.8	14.0%
1985	109	426	273	1.6	1,134	7.2%	63	604	802	7.8	13.7%
1984	142	428	294	1.5	1,061	7.5%	63	553	720	8.7	14.0%
1983	312	538	252	2.1	990	6.9%	76	542	694	10.9	12.6%
1982	272	458	208	2.2	899	6.3%	100	499	651	15.4	11.3%
1981	190	409	181	2.3	828	7.9%	106	465	615	17.2	15.8%
1980	37	335	287	1.2	784	5.4%	97	338	476	20.4	12.2%
1979	23	326	258	1.3	769	9.4%	115	344	491	23.5	20.6%

Data as orig reptd. 1. Bef. results of disc. opers. in 1981, and spec. item(s) in 1981, 1980. 2. Net of interest inc. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects acctg. change. 5. Reflects merger or acquisition. 6. Excludes discontinued operations.

Business Summary

Consolidated Freightways provides a broad range of transportation and related services. Contributions to operating profits (in million $) by business segment in recent years:

	1988	1987	1986
Land transportation	$152.5	$98.9	$140.3
International & air	10.2	2.4	-5.2

CF Motor Freight is the nation's second largest general freight carriers, serving all 50 states, Puerto Rico and Mexico through a network of 651 terminals and consolidation centers. Service to Canada is provided through Canadian Freightways Ltd. In 1988 CNF transported 7.2 million tons of freight over an average haul of 1,391 miles. Less-than-truckload freight generates 89% of revenues.

CNF also operates four regional motor carriers specializing in overnight delivery of LTL freight moving within a 300-500-mile service area. At 1988 year-end, CNF's regional carriers operated a total of 211 terminals. CF Truckload Services operates as a transportation intermediary, arranging the movement of truckload shipments of general freight employing both rail and highway modes. CF Ocean Service operates as a non-vessel operating common carrier specializing in arranging door-to-door ocean freight transportation for less-than-container cargo. Other activities include the manufacture of trailers and distribution of truck parts.

The April, 1989 acquisition of Emery Air Freight Corp. for $242 million plus assumption of $375 million of debt makes CNF the nation's largest carrier specializing in heavy cargo. The combined entity, known as Emery Worldwide, operates more than 450 terminals in 88 nations with a fleet of 80 aircraft. Express package delivery services are provided though the Purolator Courier unit.

Dividend Data

Dividends have been paid since 1962. A "poison pill" stock purchase right was adopted in 1986

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.24½	Jan. 30	Feb. 6	Feb. 10	Feb. 27'89
0.26½	Apr. 24	May 1	May 5	May 22'89
0.26½	Jul. 31	Aug. 7	Aug. 11	Aug. 28'89
0.26½	Oct. 30	Nov. 6	Nov. 10	Nov. 27'89

Capitalization

Long Term Debt: $529,617,000.

Series B Pfd. Stk.: 986,259 shs. ($0.625 par); conv. into 4 com. shs.

Common Stock: 34,981,860 shs. ($0.625 par). Institutions hold about 70%.
Shareholders of record: 12,789.

Office 175 Linfield Drive Menlo Park Calif. 94025 **Tel**—(415) 326-1700 **Chrmn**—R. F. O'Brien **Pres & CEO**—L. R. Scott **VP-Secy**—J. P. Kelly **VP-Treas**—F. E. Roberts **Investor Contact**—H. A. Schmitt **Dirs**—R. Alpert, J. C. Bolinger, Jr., R. L. Chambers, E. F. Chent, J. F. Leach, G. E. Liener, R. F. O'Brien, J. S. Perkins, R. E. Poelman, L. R. Scott, E. L. Shannon, Jr., W. M. Young **Transfer Agent & Registrar**—Bank of America, San Francisco & NYC **Incorporated** in Delaware in 1958 **Empl**—29,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Consolidated Natural Gas

626

NYSE Symbol CNG Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
48	50⅝-37⅛	24	1.76	3.7%	A+	0.67

Summary

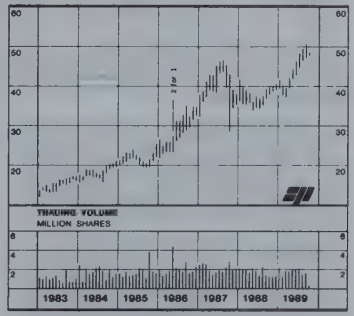
This major integrated natural gas system serves retail customers in Ohio, Pennsylvania and West Virginia, and wholesale customers in New York and the Northeast. CNG has a favorable gas supply outlook. Earnings for the 1989 first half declined, reflecting warmer weather and absence of a onetime gain on the abandonment of a gas project. In June, 1989 CNG received FERC approval to begin wintertime service to six utilities in the New York metropolitan area and to expand service to two utilities in the Baltimore and Washington D.C. metropolitan areas.

Current Outlook

Share earnings for 1990 are projected at $2.85, up from an estimated $2.45 for 1989.

The $0.44 quarterly dividend is expected to be raised in December, 1989.

Gas transmission profits are expected to rise in 1990, reflecting higher throughput, partly due to an expansion in utilities served. Profits from distribution operations should be slightly higher, assuming normal weather conditions and some customer additions. Profits from exploration and production are expected to advance on increased activity and higher gas prices.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,037	1,018	1,005	1,204
Jun.	464	380	375	468
Sep.	---	280	262	276
Dec.	---	790	680	674
	---	2,468	2,322	2,623

Operating revenues for the six months ended June 30, 1989 rose 7.4%, year to year. Penalized by warmer weather conditions, the absence of a onetime gain related to the abandonment of a liquefied natural gas project, and higher interest expenses, net income declined 19%, to $1.36 a share from $1.67.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.23	1.50	1.26	1.11
Jun.	0.13	0.17	0.19	0.27
Sep.	E0.13	d0.10	d0.05	0.07
Dec.	E0.96	0.77	0.83	0.66
	E2.45	2.34	2.24	2.11

Important Developments

Jun. '89— CNG agreed to buy Dominion Resources Inc.'s Virginia Natural Gas (VNG) subsidiary in a transaction whereby CNG would purchase the stock of VNG and assume or repay all of VNG's debt at a total cost of about $160 million. The company sold $100 million of long-term debt; proceeds were to be used to finance capital expenditures. Separately, CNG received FERC approval to begin wintertime natural gas sales and firm storage service of up to 315 million cubic feet a day to six utilities in the New York metropolitan area, increase gas sales and transportation service to two utilities in the Baltimore and Washington D.C. metropolitan areas by up to 200 million cubic feet a day, and jointly own with Texas Eastern Transmission Corp. a 107-mile pipeline in Pennsylvania.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.81	19.23	19.11	18.41	17.18	15.76	14.42	13.46	12.49	11.90
Earnings	2.34	2.24	2.11	2.58	2.54	2.37	1.95	1.86	1.44	1.58
Dividends	1.64	1.50	1.32	1.16	1.08	1.00	0.94	0.88	0.81	0.75
Payout Ratio	70%	67%	63%	45%	43%	42%	48%	47%	57%	48%
Prices—High	41¾	46⅝	35⅛	25⅜	21⅛	17¼	13	14	14⅜	11⅜
Low	33¾	28½	21¾	19⅜	15½	11⅞	10	10⅞	9½	9
P/E Ratio—	18-14	21-13	17-10	10-8	8-6	7-5	7-5	7-6	10-7	7-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1986, 100% Jun. 1982. E-Estimated. d-Deficit

October 17, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	[2]Invest. Capital	[3]Com. Equity
1988	2,468	243	57.5	91.0%	5.20	11.1	26.8%	193	7.8	8.6	11.9
1987	2,322	209	53.1	90.1%	5.80	9.7	31.3%	186	8.0	8.4	11.8
1986	2,623	187	54.8	91.5%	6.35	8.4	40.0%	175	6.7	7.9	11.2
1985	3,282	253	43.7	91.8%	6.74	8.1	44.4%	212	6.5	10.1	14.5
1984	3,519	207	52.3	92.8%	6.12	5.9	46.0%	209	5.9	11.0	15.4
1983	3,445	202	43.7	93.0%	5.58	2.9	45.9%	196	5.7	11.4	15.7
1982	3,211	148	45.4	94.0%	---	5.1	43.4%	160	5.0	9.9	13.9
1981	2,738	130	45.1	93.8%	---	3.5	40.7%	152	5.5	11.3	14.3
1980	2,503	119	36.7	93.2%	---	3.2	42.5%	118	4.7	9.6	11.7
1979	2,046	94	35.5	91.0%	---	0.8	46.6%	128	6.3	10.3	13.6

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	5,081	420	3,013	7.6	3,030	662	28.8	Nil	Nil	1,635	71.2
1987	4,807	350	2,860	8.2	2,918	631	28.3	Nil	Nil	1,598	71.7
1986	4,731	266	2,871	7.8	2,940	695	30.5	Nil	Nil	1,583	69.5
1985	4,525	348	2,793	10.1	2,869	776	33.7	Nil	Nil	1,524	66.3
1984	4,060	388	2,515	10.5	2,648	736	34.2	Nil	Nil	1,417	65.8
1983	3,721	312	2,336	10.5	2,512	785	37.8	Nil	Nil	1,289	62.2
1982	3,454	303	2,223	8.9	2,310	725	37.7	35	1.8	1,163	60.5
1981	3,191	270	2,088	8.3	2,111	673	37.8	40	2.2	1,068	60.0
1980	2,988	223	1,999	8.7	2,055	725	41.1	45	2.6	992	56.3
1979	2,792	194	1,903	9.9	1,988	739	42.8	50	2.9	938	54.3

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income before interest charges 3. As reptd. by co

Business Summary

Consolidated Natural Gas is engaged in all aspects of the natural gas business, including exploration, production, purchasing, gathering, transmission, storage and distribution. The company also owns substantial coal reserves. Revenue contributions in recent years:

	1988	1987	1986	1985
Gas sales:				
Res./comm.	56%	59%	55%	45%
Industrial	3%	3%	8%	11%
Wholesale	28%	24%	27%	35%
Other	13%	14%	10%	9%

The company supplies gas to more than 1.5 million retail customers in Ohio, Pennsylvania and West Virginia, and sells gas at wholesale to non-affiliated utilities in the Midwest, the Mid-Atlantic states and the Northeast. Gas sales volume in 1988 totaled 511.4 Bcf, versus 452.6 Bcf in 1987.

Exploration and production activities are conducted by CNG Producing and CNG Development in the Gulf of Mexico, Canada, and throughout the U.S. Proved reserves at 1988 year-end totaled 1,188 Bcf of gas, down from 1,208 Bcf a year earlier, and 40.2 million barrels of oil and condensate, up from 30.9 million barrels.

Other operations include: CNG Trading Co., which assists customers in purchasing and transporting gas from a wide range of sources; Consolidated System LNG Co., which imports and re-gasifies liquefied natural gas; CNG Coal Co., which holds coal reserves; and CNG Energy Co., which develops opportunities in energy related markets.

Dividend Data

Dividends have been paid since 1944. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Dec. 13	Jan. 9	Jan. 13	Feb. 15'89
0.44	Mar. 14	Apr. 10	Apr. 14	May 15'89
0.44	Jun. 13	Jul. 10	Jul. 14	Aug. 15'89
0.44	Sep. 15	Oct. 6	Oct. 13	Nov. 15'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $895,424,000.

Common Stock: 82,478,695 shs. ($2.75 par).
Institutions hold about 34%.
Shareholders of record: 48,846.

Office—CNG Tower, Pittsburgh, Pa. 15222-3199. **Tel**—(412) 227-1000 **Chrmn & CEO**—G. A. Davidson, Jr. **SVP-CFO**—L. D. Johnson **Secy**—L. J. McKeown **Investor Contact**—M. Kathleen Vuchetich (412) 227-1485 **Dirs**—W. S. Anderson, J. W. Connolly, G. A. Davidson, Jr., C. H. Hardesty, Jr., J. E. Lee, T. Levitt, S. A. Minter, R. H. Murray, S. C. Pace, A. A. Sommer, Jr., G. J. Tankersley, L. Wyse **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland **Incorporated** in Delaware in 1942 **Empl**—7,497

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Consolidated Rail

NYSE Symbol CRR Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
43¼	46-32	10	1.40	3.2%	NR	NA

Summary

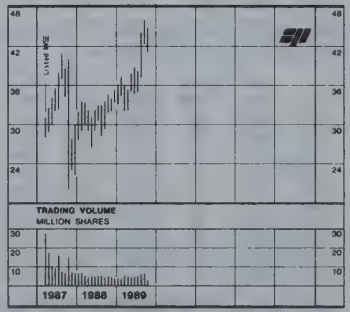
This leading Northeastern and Midwestern railroad has turned in an impressive profit record after substantially rebuilding its track and fleet with the aid of $3.3 billion of funds from the U.S. Government. In March, 1987 CRR returned to the private sector with the public offering of the U.S. Government's 85% stake for $1.65 billion. In June, 1989 CRR announced plans to form an ESOP which would buy up to $600 million of CRR common stock. Profits should post a moderate gain in 1990, despite sluggish traffic, primarily reflecting reduced labor, casualty and insurance costs.

Current Outlook

Profits for 1990 are estimated at $4.75 a share, versus the $4.60 anticipated for 1989.

Dividends were lifted 16.7%, to $0.35, quarterly from $0.30, with the September, 1989 payment.

Profits for 1990 should advance moderately, primarily reflecting continued cost reduction efforts. Traffic volumes will be flat as small gains for intermodal, coal and lumber are offset by declines for auto shipments, steel and other cyclical industries. The rate environment will continue to be difficult. Aiding operating margins will be reduced spending for equipment and track maintenance, lower labor costs, and a reduction in casualty and insurance costs as a new safety program helps cut claims. Aiding earnings comparisons will be the absence of 1989's charge to settle litigation, rising rental income, and greater contributions from CRR's stake in Trailer Train.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	872	831	788	775
Jun.	881	879	819	811
Sep.	835	876	800	765
Dec.	---	904	840	793
	---	3,490	3,247	3,144

Revenues for 1989's first nine months rose 0.1%, year to year. Net income was up 0.4%. Share earnings were $3.34, versus $3.31.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.88	0.69	0.79	0.33
Jun.	1.19	1.41	1.04	1.09
Sep	1.27	1.21	0.90	0.74
Dec.	E1.26	1.13	1.15	0.85
	E4.60	4.44	3.88	3.01

Important Developments

Jul. '89— CRR announced plans to establish a new Employee Stock Ownership Plan (ESOP). The ESOP, which would initially hold 10% of CRR's common shares, could eventually acquire up to $600 million of the firm's common stock. Share purchases would be executed through one or more tender offers. Implementation of the ESOP is subject to regulatory clearance, labor approval, and resolution of certain tax uncertainties.

Jun. '89— CRR was reported to have terminated talks to acquire the Providence & Wooster Railroad (P&W). In 1988 the 375-mile P&W generated revenues of $15.2 million.

Apr. '89— CRR formed a joint venture with OHM Corp., an environmental services concern, to site, design, develop and operate treatment and disposal facilities for solid and hazardous wastes.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986
Tangible Bk. Val.	59.00	55.52	51.88
Earnings[2]	4.44	3.88	3.01
Dividends	1.10	0.50	Nil
Payout Ratio	25%	13%	Nil
Prices—High	35⅝	40⅞	NA
Low	26⅜	20	NA
P/E Ratio—	8-6	11-5	NA

Data as orig. reptd., prior to 1987 pro forma data as reptd in Prospectus dated Mar 26, 1987. 1. Pro forma. 2. Bef spec. item(s) of +0.46 in 1987 NA-Not Available E-Estimated

October 27, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	3,490	753	21.6	498	271	85	491	37.7%	306	8.8
1987	3,247	664	20.4	472	247	80	445	40.0%	[3]267	8.2
1986	3,144	604	19.2	578	245	87	344	39.5%	208	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	666	1,403	1,005	1.4	7,224	4.4%	850	4,043	5,115	16.6	7.8%
1987	632	1,343	917	1.5	6,796	3.9%	826	3,825	4,721	17.5	14.0%
1986	482	1,179	811	1.5	6,411	NA	854	3,586	5,454	15.7	NA

Data as orig. reptd.; prior to 1987 pro forma data as reptd. in Prospectus dated Mar. 26, 1987. 1. Incl. equity in earns. of nonconsol. subs 2. Bef. spec. item(s) in 1987. 3. Reflects acctg. change. NA-Not Available.

Business Summary

Consolidated Rail Corp. (Conrail) was organized in 1976 pursuant to the Regional Rail Reorganization Act of 1973. The new railroad combined the operations of the Penn Central, Erie Lackawanna, Lehigh and Hudson River, Reading, Central of New Jersey, and Lehigh Valley railroads, all of which had entered bankruptcy during the late 1960s and early 1970s.

Aided by $3.28 billion in direct Government investment between 1976 and 1981, Conrail has substantially rebuilt and modernized its track system, which presently extends over 13,110 route miles (including 2,030 miles of trackage rights) in 14 Midwestern and Northeastern states, the District of Columbia and the Province of Quebec.

Pertinent operating data for recent years:

	1988	1987	1986
Ton-miles (bil.)	78.8	74.3	68.7
Operating ratio	86.2%	87.2%	87.2%
Labor ratio	42.0%	43.3%	44.4%

Conrail's rail activities consist entirely of freight transportation, having transferred its commuter and intercity passenger service to local authorities at 1982 year-end. Contributions to freight revenues by major traffic groups:

	1988	1987	1986
Chemicals	17.4%	17.2%	17.9%
Intermodal	16.2%	16.6%	16.4%
Automotive	16.0%	16.1%	17.0%
Coal	15.1%	15.0%	15.0%
Metals	13.2%	11.8%	10.7%
All other	22.1%	23.3%	23.0%

Conrail's equipment fleet at 1988 year-end consisted of 2,343 locomotives (with an average age of 16.5 years) and 75,504 freight cars (average age of 20.7 years). The percentage of locomotives out of service (bad order ratio) at 1988 year-end was 7.2%. The bad order ratio for freight cars was 2.2% at 1988 year-end. The number of miles of track under slow order at 1988 year-end was 237 miles.

CRR also holds a 21.8% stake in Trailer Train Co. (increased from 6.2% in April, 1989 through an additional $43 million investment), a privately-held lessor of rail equipment.

Dividend Data

Conrail initiated quarterly dividend payments in September, 1987. The Conrail Privatization Act limits dividends and other distributions to 45% of income until October, 1991. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Nov. 16	Nov. 25	Dec. 1	Dec. 15'88
0.30	Feb. 15	Feb. 23	Mar. 1	Mar. 15'89
0.30	May 17	May 25	Jun. 1	Jun. 15'89
0.35	Jul. 19	Aug. 28	Sep. 1	Sep. 15'89

Finances

On March 26, 1987 the U.S. Government sold 58,750,000 common shares of Conrail (its 85% interest) at $28 each in CRR's initial public offering. Upon completion of the sale the Government cancelled $851 million of 7.5% debentures, $2.33 billion of Series A preferred stock, and $31.7 million of Series B preferred stock. As an offset, the Conrail Privatization Act extinguished the railroad's substantial net operating loss credits and investment tax credit carryforwards.

The Conrail Privatization Act restricts equity ownership by nonrail entities to 10% until March, 1990.

Capitalization

Long Term Debt: $855,000,000.

Common Stock: 68,523,613 shs. ($1 par).
Institutions hold about 81%.
Shareholders of record: 29,922.

Office—Six Penn Center Plaza, Philadelphia, Pa. 19103-2959 **Tel**—(215) 977-4000 **Chrmn & Pres**—J. A. Hagen **Secy**—A. Schimmel **VP-Treas**—J. A. McKelvey **Investor Contact**—T. J. Hieber. **Dirs**—H. F. Baldwin, D. B. Burke, R. K. Campbell, A. F. Friedlaender, J. A. Hagen, R. S. Hillas, S. E. G. Hillman, E. B. Jones, D. B. Lewis, W. G. Milliken, R. T. Schuler, D. H. Swanson. **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Pennsylvania in 1976 **Empl**—32,595.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Contel Corp.

NYSE Symbol CTC Options on ASE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
35	36¾-19⅞	21	1.10	3.1%	A-	0.90

Summary

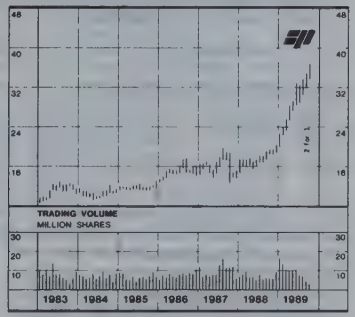
Contel is the 10th largest telephone holding company in the U.S., offering a broad range of telecommunications and information processing products and services. CTC has been restructuring or divesting various units as part of an ongoing strategy of concentrating its efforts on core telecommunications businesses. The shares were split 2-for-1 in September, 1989.

Current Outlook

Earnings for 1989 are estimated at $1.73 a share, versus 1988's $1.98 (adjusted), which included a $0.28 onetime gain. Share earnings for 1990 are tentatively projected at $1.85.

The $0.27½ quarterly dividend (adjusted) is the minimum expectation.

Revenues should rise moderately in 1989, reflecting growth in telephone access lines and long distance revenues, as well as rapid growth from cellular operations. Earnings from telephone operations should increase. Income from the Federal Systems sector should benefit from recent acquisitions. Losses from Information Systems should decline.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	748	673	676	697
Jun.	755	710	694	776
Sep.	---	732	728	790
Dec.	---	849	807	812
	---	2,964	2,905	3,074

Revenues from continuing operations for the six months ended June 30, 1989 rose 10%, year to year. Margins narrowed, and in the absence of a $66 million nonrecurring gain, pretax income fell 26%. After taxes at 34.2%, versus 35.3%, net income decreased 25%, to $0.82 a share from $1.10 (both adjusted), excluding a $0.07 loss from discontinued operations in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.40	0.39	0.37	0.32
Jun.	0.42	0.72	0.32	0.37
Sep.	E0.43	0.41	0.24	0.39
Dec.	E0.48	0.46	d0.43	0.44
	E1.73	1.98	0.50	1.52

Important Developments

Oct. '89— CTC, through its Contel Cellular subsidiary, definitively agreed to acquire cellular properties in 13 markets in Alabama, Kentucky and Tennessee from McCaw Cellular Communications Inc. for $1.3 billion in cash, subject to closing price adjustments. The cellular properties being acquired had 6.1 million "pops" (population adjusted for percent ownership), making the transaction valued at about $205 a pop. The transaction, which was expected to be completed in early 1990 following regulatory approvals, would make Contel the nation's seventh largest cellular communications company. Earlier, CTC announced that discussions regarding the proposed acquisition of the Denver and Ephrata Telephone and Telegraph Co. of Pennsylvania had been terminated; in June CTC had signed a letter of intent proposing the acquisition.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.17	8.47	9.27	8.99	8.52	8.11	7.85	8.09	7.68	7.61
Earnings[1]	1.98	0.50	1.52	1.61	1.34	1.23	1.16	1.17	1.07	1.08
Dividends	1.03	0.98½	0.93	0.89	0.85	0.81	0.78	0.73½	0.69	0.66½
Payout Ratio	52%	197%	61%	55%	64%	66%	67%	63%	65%	62%
Prices—High	20⅜	19⅞	17¾	13⅛	12⅜	13	10	9¾	8⅛	8⅞
Low	14½	12½	12¾	11	9	8½	7½	7⅜	6⅜	7
P/E Ratio—	10-7	40-25	12-8	8-7	9-7	11-7	9-6	8-6	8-6	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% in Sep. 1989. 1. Bef. results of disc. opers. of -0.23 in 1988, -0.23 in 1987. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	[1]Number of Tel. in Serv.	Oper. Revs. Tel. Util.	Oper. Revs. Non-Tel.	Oper. Revs. Total Revs.	Int. Exp.	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [3]Equity
1988	2.50	2,136	828	2,964	210	36.3%	312	10.5	5.4	20.8
1987	2.40	1,916	989	2,905	177	46.6%	78	2.7	1.4	5.3
1986	2.30	1,835	1,239	3,074	187	43.6%	233	7.6	4.4	16.0
1985	2.30	1,722	835	2,557	168	39.7%	240	9.4	5.0	17.6
1984	2.30	1,593	725	2,319	166	44.4%	202	8.7	4.6	15.4
1983	2.20	1,458	643	2,101	159	43.5%	179	8.5	4.4	14.6
1982	2.15	1,350	468	1,818	154	38.8%	158	8.7	4.3	14.1
1981	2.10	1,197	393	1,590	142	40.5%	151	9.5	4.5	14.9
1980	3.20	1,023	244	1,268	125	43.8%	130	10.2	4.2	13.9
1979	3.13	921	214	1,135	107	43.1%	121	10.7	4.3	14.6

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Depr. Reserve	Net Prop.	Capital Expend.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	[4]Pfd.	[4]% Pfd.	Com.	% Com.
1988	6,479	2,075	4,404	802	4,395	1,949	55.0	22	0.6	1,573	44.4
1987	5,946	1,793	4,153	647	4,097	1,848	56.0	19	0.6	1,431	43.4
1986	5,737	1,630	4,107	636	4,262	1,910	55.5	36	1.0	1,496	43.5
1985	5,230	1,413	3,817	508	4,073	1,759	54.5	66	2.0	1,402	43.5
1984	4,682	1,230	3,452	534	3,827	1,658	54.4	104	3.4	1,288	42.2
1983	4,307	1,072	3,235	489	3,597	1,632	55.3	110	3.8	1,206	40.9
1982	3,997	950	3,047	453	3,292	1,548	56.5	132	4.8	1,059	38.7
1981	3,680	817	2,863	421	2,990	1,396	55.5	140	5.5	981	39.0
1980	3,407	712	2,695	428	2,876	1,430	58.5	153	6.2	864	35.3
1979	3,159	672	2,488	416	2,570	1,259	57.1	166	7.5	780	35.4

Data as orig. reptd. 1. Main telephones after 1980; access lines aft. 1982. 2. Bef. pfd. divs. of subs. also bef. common minority interest after 1978. 3. Common. 4. Incl. minority interest.

Business Summary

Contel Corp. (formerly Continental Telecom and before that Continental Telephone) is the 10th largest U.S. telephone company, providing regulated local telephone service to 2.4 million customers in 30 states and the Caribbean. Mobil communications services are provided through Contel Cellular. CTC also provides communications and information processing products and services. Contributions to revenues and net income by business segment (in million $) in 1988:

	Revs.	Profits
Telephone operations	73%	$321.5
Federal systems	10%	19.7
Information systems	24%	-31.0

Federal systems designs, installs and maintains large data and telecommunications systems for U.S. and foreign governments.

Information systems serves the telecommunications and data needs of Fortune 1000 companies, large institutions and government entities that use commercial procurement practices and also provides satellite transmission services.

Finances

In December, 1988 the International Division of Contel ASC (acquired in November, 1987 from Communications Satellite) was reclassified as discontinued. That unit was expected to be disposed of in 1989 at a loss of $9 million. In December, 1988 Contel Business Systems was sold for $33 million, a loss of $13 million. In February, 1988 the Executone unit was sold for $61 million, a loss of $20 million.

Dividend Data

Dividends have been paid since 1964. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52	Nov. 3	Nov. 8	Nov. 15	Nov. 30'88
0.52	Feb. 3	Feb. 9	Feb. 15	Feb. 28'89
0.55	May 4	May 9	May 15	May 31'89
0.55	Aug. 3	Aug. 9	Aug. 15	Aug. 31'89
2-for-1	May 4	Sep. 1	Aug. 16	Aug. 31'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $1,929,000,000

Red. Preferred Stock: $10,000,000.

Common Stock: 157,636,000 shs. ($1 par).
Institutions hold about 59%.
Shareholders of record: 57,798

Office—245 Perimeter Center Parkway, Atlanta, Ga. 30346 **Tel**—(404) 391-8000. **Pres & CEO**—D. W. Weber. **VP-Secy**—W. M. Grant. **VP-Treas**—D. D. Pitts. **Investor Contact**—G. Bruce Redditt. **Dirs**—C. Wohlstetter (Chrmn), J. L. Segall (V. Chrmn), J. M. Brock, N. Broms, I. W. Burnham II, R. J. Caverly, H. Frank, R. D. Lapham, R. L. Long, J. C. McDonald, D. Merrill, I. Schneiderman, H. Sloan, D. W. Weber, M. L. Weidenbaum, R. V. West, Jr., Y. Wind. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Trust Company Bank, Atlanta, Ga. **Incorporated** in Delaware in 1960. **Empl**—23,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Continental Bank Corp.

NYSE Symbol CBK

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
20⅜	26⅝-18½	4	1.00	4.9%	NR	1.15

Summary

This company owns Continental Bank, the nation's 12th largest bank. Since the 1984 FDIC-aided restructuring, CBK has resumed profitability. New management has refocused CBK on its wholesale banking strengths, complemented by investment banking-like businesses. In August, 1989 CBK sold $300 million of preferred stock, and used the proceeds to buy back preferred shares held by the FDIC. In an effort to reduce its holdings, the FDIC sold 9 million CBK common shares in August, but in October it exercised an option to acquire 10 million CBK common shares held by the holding company formed during the restructuring. The option was granted to the FDIC to compensate for losses incurred in the restructuring.

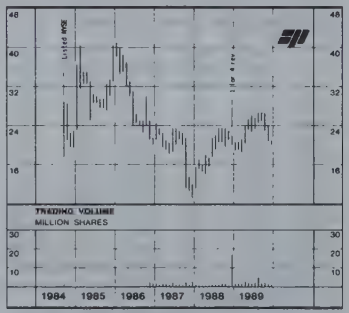
Business Summary

This company (formerly Continental Illinois Corp.) is the parent of Continental Bank, the 12th largest in the U.S. New management has divested most retail banking businesses in order to refocus CBK on its traditional strengths in wholesale banking, targeted especially at mid-sized corporate clients, and complemented by investment banking-like businesses, including corporate finance, risk management, market-making and transaction support. Management hopes this narrower focus, coupled with expense control, will improve profitability in 1989 and beyond.

During 1988 total product revenues of $1,056 million were derived: lending activities 43%, other credit products (including distribution) 10%, market making/risk management products 8%, securities and clearing services 19%, cash management 10%, investment and other services 10%.

Nonperforming loans at year-end 1988 were $866 million (5.2% of loans; 80% were loans to LDC countries), up from $748 million (3.7%) a year earlier. The reserve for loan losses was 5.98% (including a 40% reserve against LDC loans of $1.9 billion), against 5.57%. Net chargeoffs during 1988 were 0.77% of average loans, versus 0.23% in 1987.

In May, 1984 the company suffered a run on deposits after a sharp increase in nonperforming loans. Under a restructuring plan adopted in September, 1984, the Federal Deposit Insurance Corp. (FDIC) assumed $3.5 billion of problem loans and infused $1 billion of new capital into the bank in exchange for preferred and convertible preference stock, amounting to an 80% interest in the company (since reduced to 25%). Holders of CBK common stock exchanged their shares for Continental Illinois Holding Co. (CIH) stock, and rights to purchase new CBK shares.



Important Developments

Aug. '89— The company reported that it sold publicly $300 million of adjustable rate cumulative preferred stock. Proceeds from the sale were earmarked for the repurchase of its adjustable rate preferred stock, series A, which was held by the FDIC. Also, in August the FDIC sold publicly about 9 million CBK common shares (representing the conversion of 7.2 million junior convertible preferred shares) as part of a plan to reduce its holdings in the company.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	[3]22.23	[3]17.76	[3]30.48	[3]28.36	[3]26.56	171.34	169.94	172.79	155.06	139.00
Earnings	[5]5.19	[4]d24.28	[4]1.20	[4]1.72	[4]d107.96	9.84	7.80	25.76	23.00	19.96
Dividends	0.44	0.32	0.08	Nil	2.00	8.00	8.00	7.60	6.80	6.08
Payout Ratio	8%	NM	7%	Nil	Nil	81%	103%	30%	30%	30%
Prices—High	23½	24½	41	40½	91	103½	146	171	131½	122½
Low	11	9	20	23	11	74	60½	123½	84½	96
P/E Ratio—	5-2	NM	34-17	24-13	NM	11-8	19-8	7-5	6-4	6-5

Data as orig. reptd. Adj. for 1-for-4 reverse split in 1988. **1.** Reflects acctg. change. **2.** Reflects merger or acquisition. **3.** As reptd. by co. assumes conv. of pref. stk. **4.** Aft. gains/losses on sec. trans. of -0.01 in 1988, +0.24 in 1987, +0.40 in 1986, -0.08 in 1985, 2.76 in 1984 bef. spec. item(s) of +1.20 in 1986, +0.40 in 1985. d-Deficit. NM-Not Meaningful.

December 14, 1989

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Standard & Poor's Corp
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	644	13	530	34	68.30	329	3.90%	[3]316	2.37	1.03	38.20
[1]1987	598	19	440	824	77.30	d597	d2.10%	[2]d610	2.16	NM	NM
[3]1986	607	31	322	105	69.60	177	44.30%	[2]99	2.55	0.35	6.80
1985	677	42	230	118	66.00	166	19.30%	[2]134	2.83	0.47	13.10
1984	621	63	458	1,226	76.40	d1,047	d3.80%	[2]d1,087	2.10	NM	NM
1983	830	81	402	395	54.90	118	14.50%	[2]101	2.52	0.25	5.90
1982	891	105	321	492	51.10	36	NM	[2]78	2.47	0.17	4.50

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	30,578	7,249	1,952	9,029	7,579	5.98	2,933	14,034	97.70	942	960	2.30
1987	32,391	4,949	2,403	10,073	10,050	5.62	3,308	16,316	102.30	523	470	2.80
1986	32,809	3,909	3,057	10,281	10,462	2.15	3,319	14,713	114.50	1,145	1,154	3.40
1985	30,528	4,710	1,908	10,081	10,449	2.04	3,562	14,197	115.30	1,708	742	2.50
1984	30,413	1,398	1,534	12,352	12,077	1.50	3,612	11,444	161.60	2,456	648	1.50
1983	42,097	4,825	1,762	15,211	16,217	1.23	4,491	24,940	105.90	1,256	1,732	4.20
1982	42,899	3,179	2,065	17,035	16,735	1.10	4,454	23,721	119.70	1,272	1,710	3.80

Data as orig. reptd. **1.** Reflects acctg. change. **2.** Bef. results of disc. opers. and/or spec. item(s) in 1986, 1985, 1983. **3.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Review of Operations (Can. $)

Net interest income for the nine months ended September 30, 1989 declined 4.2%, year to year. The provision for loan losses increased 80%, to $42.1 million from $23.4 million. Aided by sharply higher trading profits and substantial gains from the sale of real estate, noninterest income rose 14%. With noninterest expense up 1.7%, pretax earnings rose 3.3%. After taxes at 4.8%, versus 2.9%, net income was up 1.3%, to $3.28 a share from $3.25.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.23	1.10	0.65	0.24
Jun.	1.01	0.95	d18.12	0.32
Sep.	1.04	1.19	0.96	0.32
Dec		1.94	d9.22	0.32
		5.19	d24.28	1.20

Dividend Data

Common dividends were resumed in October, 1986 for the first time since the restructuring.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 27	Mar. 7	Mar. 13	Mar. 31'89
0.20	Apr. 24	May 30	Jun. 5	Jun. 30'89
0.20	Jul. 24	Sep. 5	Sep. 11	Sep. 30'89
0.25	Oct. 25	Dec. 5	Dec. 11	Dec. 29'89

Finances

In October, 1989 the FDIC exercised an option granted to it under the 1984 restructuring of CBK to acquire the 10.1 million (adjusted) shares of CBK common stock held by Continental Illinois Holding Co. (CIH). CIH is a publicly traded company formed to facilitate the 1984 exchange offer under which former CBK shareholders exchanged their stock for shares of CIH and rights to buy new CBK shares. CIH's other assets are negligible and, as a result of the FDIC option being exercised, the NYSE suspended trading in CIH shares. A December 19, 1989 shareholders meeting is set to vote on dissolving CIH. The option granted to the FDIC was meant to compensate for losses incurred in the loan portfolio it assumed. As such, it could purchase one share for $0.00004 for each $80 of loss. Thus, a loss of about $800 million would result in the FDIC acquiring all the shares.

Capitalization (6/30/89)

Long Term Debt: $1,292,000,000.

Adj. Rate Pfd. Stk., Series 1: 1,788,000 shs. ($50 stated val.).

Adj. Rate Cum. Pfd. Stk., Series 2: 3,000,000 shs. ($100 stated val.).

Jr. Conv. Pref. Stk.: 3,263,810 shs. ($22.50 stated val.); conv. into 4,079,763 com. Considered com. stk. equivalent. Held by FDIC.

Common Stock: 49,684,198 shs. ($4 par); 10,080,809 shs. held by FDIC.

Institutions hold approximately 32%.

Shareholders of record: 9,770.

d-Deficit

Office—231 South LaSalle St., Chicago, Ill. 60697. **Tel**—(312) 828-2345. **Chrmn & CEO**—T. C. Theobald. **Secy**—R. S. Brennan. **CFO**—H. W. Rademacher. **Investor Contact**—Joseph W. Alaimo. **Dirs**—J. W. Cozad, O. C. Davis, F. E. Ferguson, L. H. Lavin, F. W. Luerssen, T. J. Pritzker, S. W. Rawls III, L. J. Rice, J. M. Richman, W. D. Sanders, G. J. Scheuring, T. C. Theobald, W. L. Weiss. **Transfer Agent & Registrar**—Continental Bank, Chicago. **Incorporated** in 1968, Bank chartered under National Bank Act in 1932. **Empl**—7,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Continental Corp.

NYSE Symbol CIC Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
32¾	38⅝-31½	20	2.60	7.9%	B-	0.82

Summary

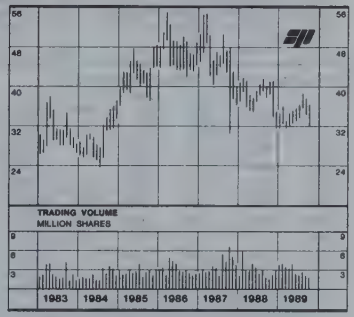
Continental Corp., a holding company with $13 billion in assets, is one of the largest property-casualty underwriters in the U.S. CIC announced in 1987 that it intended to sell its life insurance operations. In March, 1989 CIC took the final step in this restructuring effort when it agreed to sell the William Penn Companies for about $80 million. In May CIC agreed to sell its West German reinsurance unit.

Current Outlook

Net operating earnings for 1989 (excluding realized capital gains) are projected at $2.00 a share, versus the $2.09 of 1988. Earnings for 1990 are estimated at $2.20 a share.

The $0.65 quarterly dividend is not expected to be raised in the near term.

Earnings are expected to be flat in 1989, reflecting continued pricing pressures and increased catastrophe losses. The downturn in the p-c cycle is expected to persist into 1990, resulting in marginal premium growth, at best. An increasing emphasis on specialty lines, where pricing is firmer, particularly in worker's comp, should help. Additional levels of management approval on larger accounts may stem inadequately written business. Underwriting performance will likely deteriorate, even if there is no further prior year reserve strengthening. The proceeds from 1988's sale of the life companies should give a boost to investment income.



Review of Operations

Total revenues for the six months ended June 30, 1989advanced 5.6%, year to year (1988 restated), on a 19% rise in investment income, sharply higher realized investment gains, and premium growth of 2.6%. Benefits and expenses rose more rapidly, and pretax income fell 17%. After taxes at 12.3% versus 2.5%, and minority interests, income from continuing operations declined 27%. Share earnings were $1.98 (including about $0.52 in realized capital gains) on 8.0% fewer shares, compared with $2.50 ($0.02).

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.80	1.33	1.36	0.60
Jun.	1.18	1.12	1.29	0.71
Sep.		0.54	1.25	1.06
Dec.		d0.90	1.36	1.25
		2.09	5.26	3.62

Important Developments

Aug '89— Commenting on earnings for the first half of 1989, CIC noted that underwriting results were impaired by the continuing soft market in commercial lines and rising losses from residual markets. Net premiums written for the period were $2.36 billion, versus $2.49 billion a year earlier. The combined ratio rose to 110.4% from 104.2%, reflecting the lower premium levels together with increased claims activity. In July, the company acquired two Canadian p-c insurance companies for approximately $48 million in cash. In the final step of its plan to divest its life and health operations and concentrate of the p-c side of the business, CIC in March announced that it had reached an agreement in principle to sell the William Penn Companies, its remaining life insurance operations, to Legal & General Group plc., for approximately $80 million in cash.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	41.28	42.10	41.62	38.18	39.01	41.41	41.36	40.63	41.59	35.85
Oper. Earnings	2.09	5.26	3.62	d1.16	1.93	0.19	2.04	3.99	3.74	5.35
Earnings[2]	2.06	3.49	7.42	0.98	6.00	2.73	2.99	4.27	5.24	5.10
Dividends	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.40	2.20	2.00
Payout Ratio	126%	74%	35%	265%	43%	95%	87%	56%	42%	39%
Prices—High	41⅛	54⅞	55	48½	37⅛	38	33⅜	31¾	31⅞	28½
Low	31½	30½	42	36⅛	23½	26¼	20⅜	22⅛	21½	23¾
P/E Ratio—	20-15	10-6	15-12	NM	19-12	NM	16-10	8-6	9-6	5-4

Data as orig. reptd. 1. Oper. earns prior to 1989. 2. Aft gains/losses on security trans.; bef results of disc. opers. of -2.15 in 1988, +0.20 in 1987, +0.03 in 1985 d-Deficit NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	[3]Equity
1988	5,044	632	5,878	75.8	31.9	107.7	110	124	d96	NM	NM
1987	5,041	562	5,801	72.9	29.4	102.3	261	330	221	5.7	12.6
1986	5,065	762	6,002	76.1	28.6	104.7	282	223	450	3.7	9.5
1985	4,240	704	5,092	89.0	29.6	118.6	d259	d55	60	NM	NM
1984	3,982	659	4,641	83.6	32.1	115.7	d27	102	305	2.2	4.8
1983	3,393	554	3,947	84.1	32.6	116.7	d72	14	142	0.4	0.5
1982	3,009	453	3,506	79.9	32.3	112.2	23	105	154	3.0	5.0
1981	2,972	449	3,466	77.8	31.9	109.7	125	203	218	5.9	9.7
1980	2,881	393	3,419	76.0	30.8	106.8	136	193	269	5.6	9.6
1979	2,714	339	3,253	70.1	30.9	101.0	327	287	274	8.8	15.9

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	[4]Bonds	Investment Assets Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[5]Debt	Common Equity
1988	262	1,117	7,315	1,346	NA	9,102	7.4	451	13,302	1,576	2,228
1987	241	1,179	6,109	1,411	NA	7,794	7.6	432	12,151	1,201	2,558
1986	334	1,426	7,352	1,259	NA	9,368	8.8	493	13,623	1,015	2,550
1985	232	1,241	6,255	1,112	NA	7,892	9.6	410	11,495	855	2,001
1984	268	1,053	5,011	1,176	NA	6,780	9.9	316	9,852	597	1,935
1983	208	847	4,145	1,628	NA	6,515	8.8	300	9,278	472	2,054
1982	158	870	3,252	1,403	NA	5,091	8.8	269	8,619	236	2,113
1981	137	761	3,191	1,882	NA	5,243	8.6	259	8,072	171	2,074
1980	150	654	3,089	2,080	NA	5,269	7.8	265	8,216	324	2,122
1979	105	579	2,773	1,901	NA	4,768	7.4	247	7,458	339	1,893

Data as orig. reptd. 1. As reptd. by co. 2. Bef. results of disc. opers. in 1988, 1987. 3. Common. 4. Fixed maturities after 1981, incl. short-term invest. 5. Incl. short term debt. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Continental Corp. is the holding company for the Continental Insurance Companies, one of the largest U.S. property-casualty insurers. Operations are conducted in the U.S., Canada and over 100 foreign countries. Other businesses include reinsurance, premium finance, and insurance related and advisory services. Contributions to pretax profits in recent years (in million $) were:

	1988	1987
Underwriting	-$438.0	-$214.1
Net investment inc.	602.1	546.8
Premium financing	16.6	23.0
Corp. & other	-90.2	-49.6
Disposal of subs.	2.7	-56.5
Equity earnings	16.3	11.5

Written premiums amounted to $5.05 billion in 1988 ($5.15 billion in 1987). Commercial lines accounted for 72% of premiums, personal lines 18% and reinsurance 10%. By line, excluding reinsurance, multi-peril accounted for 24%, workers compensation 19%, personal auto 13%, general liability 12%, commercial auto 8%, inland/ocean marine 8%, homeowners 5%, fire and allied lines 4%, and other 7%.

Through subsidiaries CIC is engaged in writing and placing reinsurance in the U.S. and 100 foreign countries; in the surplus lines market, writing excess liability, directors and officers liability, and medical stop loss coverage; and premium financing and other services. CIC has an 8% stake in MBIA Inc., the largest municipal bond insurer in the U.S. In 1988, CIC sold its Commercial Life Insurance Co., Loyalty Life Insurance Co., and National Life Assurance Co. of Cananda.

Dividend Data

Dividends have been paid since 1854. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.65	Nov. 17	Nov. 25	Dec. 1	Dec. 15'88
0.65	Feb. 16	Feb. 24	Mar. 2	Mar. 15'89
0.65	May 18	May 26	Jun. 2	Jun. 15'89
0.65	Aug. 17	Aug. 29	Sep. 5	Sep. 15'89

Capitalization (6/30/89)

Notes & Mortgages Payable and Capital Leases: $816,527,000.

Red. Conv. Preferred Stock: $36,500,000.

Common Stock: 54,049,752 shs. ($1 par).
Institutions hold more than 70%.
Shareholders of record: 21,400.

Office—180 Maiden Lane, NYC 10038 **Tel**—(212) 440-3980 **Chrmn & CEO**—J P Mascotte **Pres**—J H Bretherick Jr **VP-Secy**—W F Gleason, Jr **VP-Treas**—E J Harvey **Investor Contact**—Linda Tegnestam **Dirs**—J H Bretherick, Jr., I. A. Burns, A. Flamm, R. C. Frazee, I O Hockaday Jr, J E Jacob, J P Mascotte, J F McGillicuddy, C A Parker, L E Smart, H W Sonn, P C. Stewart, W E Thiele, R Van Fossan, M Weintraub, G C Zipf **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in New York in 1853, reincorporated in 1968 **Empl**—16,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A Seifert

Control Data

NYSE Symbol CDA Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
16⅜	24-16⅜	NM	None	None	B-	0.97

Summary

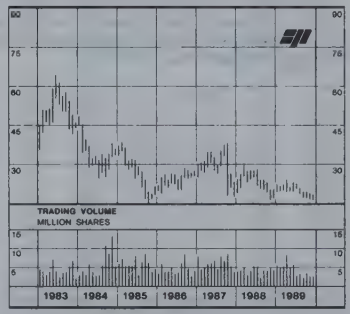
Control Data provides computer systems and services. CDA has sold or closed nearly 20 businesses and product lines in recent years in order to refocus the company and concentrate on data services and systems. Of recent significance, CDA closed its ETA Systems supercomputer operation, streamlined its mainframe business, sold its Imprimis disk drive business, and shed several other operations; as a result, CDA incurred restructuring charges of $448.6 million in the first nine months of 1989. With almost all unprofitable businesses now sold, earnings should rebound in 1990.

Current Outlook

Earnings for 1990 are projected at $1.30 a share, versus a loss of $11.20 (including some $11.25 in restructuring charges) estimated for 1989.

Resumption of common dividends is not likely.

Revenues in 1990 are projected at $2 billion. The computer products business should contribute about $700 million, information services $900 million, and government systems (including the VTC semiconductor unit) $400 million. The company has sold or closed nearly 20 businesses and product lines in recent years, and this restructuring is now essentially completed. All of CDA's remaining businesses, with the exception of the VTC semiconductor unit, are now profitable.



Revenues ($)

Quarter:	1989	1988	1987	1986
Mar.	844	902	822	796
Jun.	804	952	786	829
Sep.	763	841	831	819
Dec.	---	933	928	904
	---	3,628	3,367	3,347

Revenues for the nine months ended September 30, 1989 declined 11%, year to year. After pretax restructuring charges of $448.6 million, primarily related to the discontinuance of the supercomputer operations and the downsizing of the other computer operations, there was a net loss of $484.0 million ($11.51 a share), in contrast to net income of $14.5 million ($0.34).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.08	0.18	0.15	d0.66
Jun.	d11.79	0.22	d0.14	d0.17
Sep	0.23	d0.06	0.16	d0.25
Dec	E0.28	d0.31	0.42	d5.50
	Ed11.20	0.03	0.59	d6.58

Important Developments

Nov. '89— Control Data agreed to sell its Ticketron sports and entertainment ticketing business to the Carlyle Group. In October the company sold the North American Control Data Institutes and the Training and Education business. Also in October CDA agreed to sell its U.S. third-party computer maintenance business to Bell Atlantic Corp. In September CDA sold Imprimis Technology Inc. to Seagate Technology for about $450 million in cash and securities. CDA has about an 18% interest in the combined data storage companies. Proceeds were earmarked for repayment of debt and for additional working capital.

Apr. '89— In an effort to refocus the company and concentrate on data services and data systems, CDA closed its supercomputer operation (ETA Systems), streamlined its mainframe business, and shed several other operations.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	24.97	24.84	23.72	29.21	45.63	47.59	46.10	42.20	38.43	34.55
Earnings[2]	0.03	0.59	d6.58	d14.56	0.12	4.20	4.11	4.46	4.15	3.43
Dividends	Nil	Nil	Nil	0.54	0.66	0.60	0.55	0.47½	0.30	0.20
Payout Ratio	Nil	Nil	Nil	NM	NM	14%	13%	10%	8%	6%
Prices—High	30½	38¼	28¾	38¾	48½	64⅜	42¾	42⅛	38⅞	28½
Low	16⅜	17⅝	18¾	15⅛	24⅜	35½	21⅛	29¾	21½	14½
P/E Ratio—	NM	65-30	NM	NM	NM	15-8	10-5	9-7	9-5	8-4

Data as orig reptd (1984 restated per SEC request) Adj. for stk div(s) of 100% Nov. 1981. 1. Reflects accounting change 2. Bef spec item(s) of -0.14 in 1987, +0.10 in 1986, +0.02 in 1981, +0.08 in 1980, +0.17 in 1979 NM-Not Meaningful d-Deficit E-Estimated

December 29, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	[1]Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	3,628	200	5.5	257	194	47	[3]18	90.7%	2	NM
1987	3,367	202	6.0	[4]178	217	64	[3]60	54.3%	[5]25	0.7
1986	3,347	105	3.1	[4]157	200	92	[3]d258	NM	d269	NM
[6]1985	3,680	65	1.8	[4]160	209	116	[3]d526	NM	d568	NM
1984	5,027	893	17.8	[4]203	208	604	d8	NM	5	0.1
1983	4,583	820	17.9	[4]257	199	472	[3]213	21.5%	162	3.5
[5]1982	4,292	847	19.7	[4]261	223	436	[3]223	28.3%	155	3.6
1981	3,101	464	15.0	[4]271	179	77	[3]209	40.3%	170	5.5
1980	2,766	407	14.7	409	194	65	[3]173	46.0%	148	5.3
1979	2,249	300	13.3	274	147	47	[3]129	47.6%	119	5.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	198	1,675	919	1.8	2,534	0.1%	379	1,043	1,463	25.9	0.1%
1987	405	1,740	1,069	1.6	2,639	1.0%	384	1,037	1,463	26.3	2.4%
1986	401	1,541	930	1.7	2,595	NM	486	980	1,561	31.1	NM
1985	81	1,339	1,460	0.9	3,073	NM	238	1,192	1,528	15.6	NM
1984	93	NA	1,819	NA	9,573	0.1%	5,260	1,748	7,089	74.2	0.3%
1983	156	NA	1,628	NA	8,778	2.0%	4,571	1,814	6,549	69.8	9.0%
1982	104	NA	NA	NA	6,912	3.2%	3,661	1,714	5,560	65.8	9.4%
1981	46	1,298	749	1.7	2,826	6.3%	380	1,564	2,032	18.7	11.3%
1980	74	1,136	636	1.8	2,535	5.9%	327	1,420	1,862	17.6	10.8%
1979	23	1,027	625	1.6	2,261	5.6%	338	1,160	1,600	21.1	10.7%

Data as orig reptd (1984 restated per SEC request) 1. Excl Commercial Credit prior to 1982 2. Bef spec item(s) in 1987, 1986, 1981, 1980, 1979, 1978 and results of disc. opers. in 1985. 3. Incl. equity in earns of nonconsol. subs. 4. Net of curr retirements & disposals 5. Reflects accounting change 6. Excludes discontinued operations NM-Not Meaningful. d-Deficit. NA-Not Available

Business Summary

Control Data Corp. is a major supplier of computer systems, peripherals and services. Contributions in recent years:

Revenues	1988	1987
Computer systems and services	33%	39%
Data storage products	32%	29%
Government Systems	9%	11%
Business services	20%	15%
Ticketron	4%	4%
Training and other	3%	3%

Foreign operations contributed 29% of revenues and $16.7 million of operating profits in 1988.

CDA's Cyber 900 series of departmental to high-end mainframe computers are designed primarily for scientific and engineering applications. The Cyber 910 workstation is based on the Silicon Graphics workstation (CDA owns 5% of Silicon Graphics). CDA also provides maintenance for non-CDA computers.

Government Systems segment provides computers, peripherals, software and training to various U.S. and foreign government agencies.

Business services provide measurement of radio and television audiences; payroll, accounting and payroll tax filing services; and loan and deposit transaction processing services. Ticketron provides computer services to state lotteries and an on-line ticketing system.The training and other services unit offers education programs and industrial training courses.

Dividend Data

Common dividends were omitted in late 1985 after having been paid since 1977. A "poison pill" stock purchase right was adopted in 1986.

Finances

In October, 1989 CDA offered to purchase its 12¾% senior notes due June 15, 1991, at 100% of their principal amount plus accrued interest. The tender offer is required under the indenture as a result of the recent sale of Imprimis.

Capitalization

Long Term Debt: $358,400,000.

Minority Interest: $300,000.

4½% Cum. Pfd. Stk.: 108,591 shs. ($100 par).

Common Stock: 42,460,111 shs. ($0.50 par). Institutions hold about 73%.
Shareholders of record: 48,900.

Office—8100 34th Ave. South, Box O, Minneapolis, Minn. 55440 Tel—(612) 853-8100 Chrmn—R. M. Price Pres & CEO—L. Perlman VP-Secy—D. R. Pennie VP-Treas—H. T. Hahn VP-Investor Contact—Greg P. Schmidtlein Dirs—N. R. Berg, J. K. Buckner, R. M. Davis, A. W. Dawson, A. D. Etchelecu, S. M. Hyman, R. G. Lareau, C. Marshall, W. C. Norris, L. Perlman, R. M. Price, L. D. Rice, R. W. Visser Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC Incorporated in Minnesota in 1957; reincorporated in Delaware in 1968 Empl—33,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freteg, CFA

Cooper Industries

NYSE Symbol CBE Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
37 3/8	39 1/8-26 7/8	15	1.00	2.7%	A-	1.10

Summary

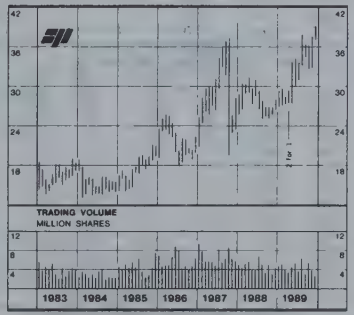
This diversified manufacturer's broad product lines for industrial, commercial and consumer markets include electrical power distribution equipment, tools and hardware, and compressors for the oil and gas, mining and construction industries. Earnings for the first nine months of 1989 benefited from acquisitions, continued strong industrial activity and better pricing. Profits should continue to rise in 1990. In November, 1989 CBE completed the acquisition of Cameron Iron Works (CIW) for preferred stock.

Current Outlook

Earnings for 1990 are projected at $2.70 a share, versus earnings of $2.45 estimated for 1989.

Dividends should continue at $0.25 quarterly.

Revenues are expected to rise at a less rapid rate in 1990 as less vibrant industrial activity offsets the impact of acquisitions. Slower economic growth is expected to reduce sales gains in the electrical and electronics and commercial and industrial products units. The acquisition of CIW and improvement in the energy market will lift the contribution from compression and drilling products. Overall margins should improve as acquisitions are integrated. Aided further by a probable drop in interest costs, earnings should rise in 1990.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,039	925	801	867
Jun.	1,350	1,049	895	901
Sep.	1,290	1,090	881	823
Dec.	---	1,193	1,009	842
	---	4,258	3,586	3,433

Sales for the nine months ended September 30, 1989 rose 20%, year to year, reflecting gains in all three segments. Margins widened, and pretax income increased 23% After taxes at 43.2%, versus 41 1%, net income rose 19%. Share earnings were $1.72 on 1.8% more shares, versus $1.47 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.37	0.32	0.28	0.27
Jun.	0.70	0.59	0.46	0.38
Sep.	0.65	0.56	0.44	0.39
Dec.	E0.73	0.73	0.56	0.49
	E2.45	2.21	1.73	1.52

Important Developments

Nov. '89— CBE said that it sold 4.91 million shares of its common stock to a newly created ESOP in exchange for $175 million in cash in 1989's third quarter.

Nov. '89— CBE completed the acquisition of Cameron Iron Works, Inc. (CIW), effective November 29. According to the terms of the acquisition, CBE exchanged one new share of $8.00 convertible preferred stock for every five CIW common shares outstanding. Each new share of this preferred stock would be convertible into 2.75 CBE common shares. CIW, a manufacturer of a broad range of oil tools, ball valves, and forged products, reported net income of $20 million on sales of $611 million in fiscal 1989. Earlier, CBE acquired Champion Spark Plug Co.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	[1]1982	[1]1981	1980	[1]1979
Tangible Bk. Val.	**5.02**	6.24	5.78	5.00	9.81	9.85	9.97	9.86	6.82	5.48
Earnings[2]	**2.21**	1.73	1.52	1.40	1.07	0.65	1.38	2.53	2.13	1.84
Dividends	**0.90**	0.84	0.80	0.76	0.76	0.76	0.76	0.62	0.54	0.46
Payout Ratio	**41%**	48%	53%	54%	71%	118%	54%	24%	25%	27%
Prices—High	**31 3/8**	37 1/4	25 3/4	21 1/8	18 7/8	19	26 1/8	27 7/8	31	16 5/8
Low	**25 1/8**	19 1/2	17 7/8	14	13	13 1/2	9 5/8	21	14 1/2	11 5/8
P/E Ratio—	**14-11**	21-11	17-12	15-10	18-12	29-21	19-7	11-8	15-7	9-6

Data as orig reptd Adj for stk div(s) of 100% Apr 1989, 100% Apr 1980 **1.** Reflects merger or acquisition **2.** Bef results of disc opers of +0.49 in 1981 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,250	644	15.1	128	155	112	386	41.8%	224	5.3
1987	3,575	497	13.9	101	110	86	312	44.2%	174	4.9
1986	3,421	479	14.0	109	103	103	285	48.2%	148	4.3
[3]1985	3,062	437	14.3	391	87	98	258	47.7%	135	4.4
1984	2,028	294	14.5	69	74	21	209	49.0%	107	5.3
1983	1,842	229	12.4	86	68	29	140	49.3%	71	3.9
[3]1982	2,395	350	14.6	118	64	44	242	44.1%	[4]135	5.6
[5]1981	2,861	567	19.8	121	57	57	459	47.4%	241	8.4
[3]1980	1,837	347	18.9	65	39	49	264	44.5%	147	8.0
[3]1979	1,395	282	20.2	64	32	38	212	47.2%	112	8.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**7.0**	**1,963**	**1,163**	**1.7**	**4,384**	**5.5%**	**1,170**	**1,771**	**2,942**	**39.8**	**13.3%**
1987	6.2	1,768	1,061	1.7	3,800	4.8%	884	1,592	2,477	35.7	11.4%
1986	8.6	1,546	847	1.8	3,400	4.0%	864	1,419	2,284	37.8	10.4%
1985	7.2	1,747	921	1.9	3,636	4.7%	1,158	1,314	2,476	46.8	9.7%
1984	9.2	999	425	2.3	1,954	5.5%	157	1,058	1,529	10 3	8.6%
1983	9.0	1,008	408	2.5	1,949	3.6%	175	1,068	1,541	11.4	5.1%
1982	6.5	1,094	409	2.7	2,037	6.5%	273	1,083	1,628	16.8	11.1%
1981	4.0	1,296	656	2.0	2,189	10.6%	154	1,103	1,534	10.1	22.0%
1980	7.0	956	461	2.1	1,613	9.4%	257	650	1,152	22.3	21.7%
1979	12.5	865	392	2.2	1,500	10.0%	333	547	1,108	30.1	21.4%

Data as orig reptd **1.** Incl equity in earns of nonconsol subs **2.** Bef results of disc opers in 1981. **3.** Reflects merger or acquisition **4.** Reflects accounting change **5.** Excl disc opers and reflects merger or acquisition

Business Summary

Cooper Industries is a diversified manufacturing company. It acquired McGraw Edison Co. in May, 1985. Industry segment contributions in 1988:

	Revs.	Profits
Electrical & electronics products	49%	57%
Comm'l & industrial products	30%	34%
Compression & drilling products	21%	9%

Foreign operations accounted for 15% of revenues in 1988 and 17% of operating income.

The electrical and electronic products group makes switchgear transformers, and other products for primary electrical power distribution by utilities and for secondary power distribution by construction, mining, industrial and commercial industries. It also makes wire and cable, lighting, fuses and switches for electronics, transportation and consumer markets.

Commercial and industrial products include hand tools for industrial, construction and consumer markets; industrial air powered tools; drapery hardware and window coverings for residential and commercial uses; and cleaning equipment for industrial and institutional markets.

Compression and drilling products include engines, pumps and compressors used in the oil and gas industry; portable rigs for seismic, geophysical and water well drilling; and drilling and other equipment for construction and mining; and portable air compressors.

Dividend Data

Dividends have been paid since 1947. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	Feb. 21	Apr. 11	Mar. 20	Apr. '0'89
0.25	Apr. 25	May 1	May 5	Jul. 3'89
* Stk	Feb. 21	---	May 5	---
0.25	Aug. 1	Sep. 12	Sep. 18	Sep. 30'89
0.25	Nov. 7	Dec. 5	Dec. 11	Jan. 2'90

* Distribution of cash or stk. of Aerovox Hdg. Co.

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $1,816,693,000 (9/30/89).

$8.00 Conv. Pfd. Stock: 6,223,215 shs.; ea. sh. conv. into 2.75 com. shs.

$2.50 Conv. Pfd. Stock: 16,221 shs. (no par).

Common Stock: 108,603,945 shs. ($5 par).
Institutions hold about 60%
Shareholders of record: 32,600.

Office—First City Tower, Houston, Texas 77002 **Tel**—(713) 739 5400 **Chrmn & Pres**—R Cizik **Secy**—Diane K Schumacher **Treas**—A J Hill **Investor Contact**—R J Bajenski **Dirs**—W. Batts, R. Cizik, J. P. Diesel, C. J. Grum, H S Hook, F A Olson, J D Ong, R M Price, A E Riedel, J W Schuler **Transfer Agent & Registrar**—First City National Bank, Houston **Incorporated** in Ohio in 1929 **Empl**—46,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Cooper Tire & Rubber

661K

NYSE Symbol CTB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
35	39-22½	13	0.36	1.0%	A	0.89

Summary

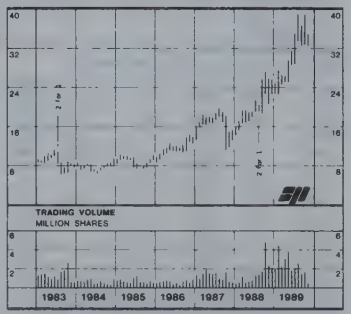
Cooper Tire & Rubber manufactures and markets automobile and truck replacement tires, inner tubes, reinforced hose, highly technical rubber-to-metal bonded parts, and complex molded and extruded rubber products. CTB concentrates on premium-priced conventional and high-preformance radial tires for the private brand segment of the replacement market. Rapid expansion of capacity in recent years has helped this low-cost producer meet growing demand for its tires.

Current Outlook

Earnings for 1990 may advance to $3.00 a share from the estimated $2.65 for 1989.

The $0.09 quarterly dividend should continue.

Year-to-year gains in sales are likely in 1990 as plant additions improve product availability. CTB has operated at full capacity in recent years even as it expanded production by some 20% a year. Earnings will be boosted by greater efficiency, a richer sales mix, price increases, and lower interest expense. Favorable trends include continued increases in miles driven and car registrations; the relative low cost and easy availability of gasoline; and the equipping of 30% of new cars with high-performance tires, which carry wider margins and are replaced more frequently.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	195.5	161.0	148.2	123.2
Jun.	229.4	183.8	164.3	143.7
Sep	233.6	208.1	176.5	165.7
Dec.	---	195.1	176.8	145.0
	---	748.0	665.8	577.5

Sales for the nine months ended September 30, 1989 rose 19%, year to year, reflecting growing demand for CTB's replacement tires and industrial rubber products, along with price increases. Pretax income rose 49%. After taxes at 37.3%, against 37.2%, net income was up 48%, to $1.96 a share from $1.33.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.50	0.34	0.32	0.17
Jun.	0.74	0.48	0.36	0.28
Sep.	0.72	0.51	0.41	0.36
Dec.	E0.69	0.68	0.43	0.34
	E2.65	2.01	1.51	1.14

Important Developments

Oct. '89— Cooper attributed the strong rise in earnings for the first nine months of 1989 to strong market demand for tires and inner tubes, while industrial rubber products demand was satisfactory. CTB said that its performance reflected increases in manufacturing efficiency and cost control, and stable raw material prices. Tire demand was expected to remain strong for the rest of the year. Demand for industrial products was expected to slacken somewhat as original equipment manufacturers reduced automobile production plans for the fourth quarter. The company said that barring any unforseen national economic problems, it expected continuing strong demand in 1990 and solid performance and growth.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.60	10.89	9.62	8.72	8.02	6.99	6.09	4.79	4.01	3.27
Earnings	2.01	1.51	1.14	0.92	1.23	1.08	1.11	1.03	0.84	0.33
Dividends	0.28	0.23	0.20½	0.20	0.19	0.17	0.14⅞	0.12½	0.10½	0.10
Payout Ratio	14%	15%	18%	22%	15%	16%	15%	12%	12%	31%
Prices—High	27¼	19⅞	14½	10⅜	9½	11½	9½	5⅜	3½	2¼
Low	14⅛	11⅛	8⅜	7⅜	6⅜	6¼	3½	3⅛	1¼	1⅜
P/E Ratio—	14-7	13-7	13-8	11-8	8-5	11-6	9-3	5-3	4-1	7-4

Data as orig reptd. Adj. for stk div(s) of 100% Aug. 1988, 100% Aug. 1983, 100% Aug. 1981. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	748	86.4	11.6	70.6	19.9	6.42	64.9	36.7%	41.1	5.5
1987	666	74.5	11.2	41.5	18.4	6.48	53.1	42.2%	[1]30.7	4.6
1986	578	63.1	10.9	26.5	16.7	4.31	43.1	46.6%	23.0	4.0
1985	523	49.4	9.5	23.7	15.0	3.95	31.2	40.7%	18.5	3.5
1984	555	55.1	9.9	57.2	11.6	2.63	42.0	41.5%	24.6	4.4
1983	458	50.5	11.0	18.5	9.5	3.12	39.8	46.2%	21.4	4.7
1982	430	47.1	10.9	12.0	8.4	4.37	34.9	45.5%	19.0	4.4
1981	394	40.9	10.4	15.2	7.1	4.02	31.2	44.7%	17.3	4.4
1980	324	33.9	10.5	7.1	5.9	4.18	24.5	47.7%	12.8	4.0
1979	283	16.8	5.9	5.2	5.4	4.29	7.8	33.9%	5.2	1.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	38.7	229	86.1	2.7	443	9.6%	67.8	258	350	19.4	17.1%
1987	72.6	251	96.2	2.6	413	7.8%	70.1	222	311	22.5	14.7%
1986	64.3	228	74.1	3.1	368	6.9%	76.8	195	288	26.7	12.4%
1985	12.0	172	61.3	2.8	295	6.4%	41.9	176	230	18.3	11.0%
1984	9.6	164	71.4	2.3	280	9.4%	36.5	161	205	17.8	16.4%
1983	25.2	174	62.0	2.8	244	9.2%	33.4	140	179	18.7	16.4%
1982	34.2	159	54.4	2.9	221	8.7%	38.5	121	163	23.5	17.5%
1981	13.2	126	54.6	2.3	186	8.8%	43.5	82	128	33.9	22.9%
1980	15.4	130	59.6	2.2	182	7.7%	51.7	60	119	43.3	22.9%
1979	6.3	99	38.7	2.5	150	3.6%	51.7	49	108	47.8	9.9%

Data as orig reptd. 1. Reflects accounting change

Business Summary

Cooper Tire & Rubber Co. is the fifth largest tire manufacturer in the U.S. Its tires are sold exclusively to the replacement tire market. Other products include inner tubes, reinforced hose, body cushions, door and window seals, bumper strips, and other rubber parts. During 1988 Cooper converted about 263 million pounds of natural and synthetic rubbers into rubber products, primarily for the transportation industry. Its non-transportation products accounted for less than 1% of sales in 1988. Cooper's 10 largest customers accounted for 51% of sales in 1988. Cooper believes that its shipments of automobile and truck tires amount to about 6.5% of all those made in the U.S.

A complete line of replacement passenger and truck tires are manufactured in a wide range of sizes and types. Heavy-duty inner tubes for passenger cars and trucks also are manufactured. The industrial products division makes, in addition to all types of extruded, molded, rubber-to-metal, spliced, die-cut, and calendered items, a number of special products for diversification. Industrial products include industrial cleaner hose, tarpaulin straps, valve stem locks, bumper guards, window seals, reinforced hose, motor mounts, and compression bushings.

The company's tires are sold nationally in the replacement tire market, primarily through more than 2,000 independent dealers and distributors. This independent channel of marketing has accounted for about 68% of all replacement passenger tires sold in the U.S. since 1984. Net sales from international operations accounted for about 4% of the company's total sales in 1988. Industrial products are sold to all the domestically-owned automobile manufacturers in the U.S. and six of the foreign-owned or joint-venture operations in North America.

Dividend Data

Dividends have been paid since 1950. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Feb. 13	Feb. 28	Mar. 6	Mar. 31'89
0.09	May 2	May 26	Jun. 2	Jun. 30'89
0.09	Jul. 24	Aug. 28	Sep. 1	Sep. 30'89
0.09	Nov. 9	Nov. 27	Dec. 1	Dec. 22'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $65,914,699.

Common Stock: 20,538,367 shs. ($1 par).
Some 16% held by company profit sharing plan.
Institutions hold about 43%.
Shareholders of record: 3,627.

Office—Lima & Western Aves., Findlay, Ohio 45839 **Tel**—(419) 423-1321 **Chrmn & CEO**—I. W. Gorr **Pres**—W. T. Fitzgerald **VP-CFO & Investor Contact**—J. A. Reinhardt **Secy**—S. C. Kaiman **Treas**—W. C. Hattendorf **Dirs**—E. E. Brewer, W. R. Brewer, E. Donley, W. T. Fitzgerald, M. E. Gilliland, I. W. Gorr, A. H. Meltzer, J. A. Reinhardt, R. W. Skeddle, L. F. Winbigler **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Delaware in 1930. **Empl**—8,031.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Coors (Adolph) Co.

3621M

NASDAQ Symbol ACCOB (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
22 3/4	24 3/8-17 3/8	23	0.50	2.2%	B	0.84

Summary

The nation's fourth largest brewer, Coors has undertaken an aggressive program to widen its distribution base. However, a competitive industry environment and high expansion costs have inhibited earnings growth in recent years. Increasingly competitive markets and higher material and marketing costs are expected to depress earnings in 1989 even further. In September 1989, Coors agreed in principle to acquire Stroh Brewing Company's major beer brands for $425 million of assumed debt and cash, which would make it the nation's third largest brewer.

Current Outlook

For 1989, earnings should decline to an estimated $0.85 a share, from 1988's depressed $1.28. Earnings for 1990 may not be appreciably higher.

The dividend, now paid quarterly, is expected to remain at $0.50 a share on an annual basis.

Sales for 1989 should be aided by volume gains from expanded distribution of newer beer brands (Extra Gold, Herman Joseph's and George Killian's Irish Red Ale) throughout the U.S. However, competitive markets may push overall unit volume lower. Material costs may accelerate faster than price increases and, with lower volume hampering productivity, penalize gross margins. A high level of advertising and marketing support may also depress growth over the short term, but should aid future results. Growing contributions from nonbrewing business in 1990 may be outweighed by dilution from the Stroh acquisition, but addition of the third largest brewer's popular-priced brands should prove beneficial over the longer term.

Net Sales (Million $)

Weeks:	1989	1988	1987	1986
12 Mar.	324	287	267	263
12 Jun.	426	383	358	361
16 Sep.	---	498	433	415
12 Dec.	---	353	293	276
	---	1,522	1,351	1,315

Despite a decline in beer volume, sales for the 24 weeks ended June 11, 1989, rose 12%, year to year, reflecting gains in packaging. An increase in manufacturing costs, significantly higher advertising and marketing outlays and a first-quarter deficit led to a 48% decline in net income, to $0.33 a share, from $0.63.

Common Share Earnings ($)

Weeks:	1989	1988	1987	1986
12 Mar.	d0.13	0.10	0.19	0.20
12 Jun.	0.46	0.53	0.48	0.82
16 Sep.	E0.45	0.59	0.55	0.52
12 Dec.	E0.07	0.06	0.10	0.11
	E0.85	1.28	1.32	1.65

Important Developments

Sep. '89— The company agreed in principle to acquire most of Stroh Brewing Co.'s assets, including the Stroh's, Schaefer, Schlitz, Old Milwaukee, Goebel and Red Bull brands, the licensing rights to Piels beers and brewing and container facilities, for $425 million, to be paid partly through the assumption of debt and with cash. Completion of the transaction involving the nation's third largest brewer was not expected to take place before early 1990.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value	28.37	28.10	27.32	26.36	25.34	24.46	22.28	21.45	20.26	18.68
Earnings	1.28	1.32	1.65	1.52	1.28	2.55	1.15	1.48	1.86	1.95
Dividends	0.50	0.50	0.50	0.40	0.40	0.35	0.30	0.30	0.27 1/2	0.25
Payout Ratio	39%	38%	30%	27%	31%	14%	26%	20%	15%	13%
Prices—High	21	30	31 5/8	22 1/4	21 5/8	29 1/8	15	16 1/2	20 3/8	17
Low	16 7/8	16 1/4	20 3/8	14 1/2	12	11 7/8	9 7/8	10 1/8	9 1/2	12 3/8
P/E Ratio—	16-13	23-12	19-12	15-10	17-9	11-5	13-9	11-7	11-5	9-6

Data as orig. reptd. 1. After excise taxes d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,522	181	11.9	178	111	3.39	77	39.1%	46.9	3.1
1987	1,351	188	13.9	200	99	2.60	86	44.0%	48.1	3.6
1986	1,315	201	15.3	177	92	3.22	110	46.2%	59.4	4.5
1985	1,281	177	13.8	89	87	1.71	96	44.6%	53.4	4.2
1984	1,133	128	11.3	139	77	1.41	57	22.1%	44.7	3.9
1983	1,110	221	19.9	156	67	1.80	156	42.7%	89.3	8.0
1982	915	117	12.8	118	62	2.48	65	38.4%	40.1	4.4
1981	930	127	13.7	156	55	1.60	80	34.7%	52.0	5.6
1980	888	147	16.5	111	49	1.56	106	38.6%	65.0	7.3
1979	741	153	20.7	75	45	1.57	115	40.4%	68.4	9.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	72	481	284	1.7	1,571	3.1	Nil	1,062	1,267	Nil	4.5
1987	113	452	209	2.2	1,456	3.4	Nil	1,032	1,221	Nil	4.7
1986	150	473	201	2.4	1,396	4.4	Nil	996	1,177	Nil	6.1
1985	166	455	183	2.5	1,297	4.2	Nil	936	1,102	Nil	5.8
1984	88	365	172	2.1	1,215	3.8	Nil	891	1,027	Nil	5.1
1983	118	362	174	2.1	1,156	8.3	Nil	860	971	Nil	10.9
1982	71	294	120	2.4	1,008	4.1	Nil	783	878	Nil	5.2
1981	77	295	118	2.5	956	5.6	Nil	754	830	Nil	7.1
1980	88	330	116	2.8	894	7.6	Nil	712	772	Nil	9.5
1979	101	318	117	2.7	829	8.7	Nil	657	706	Nil	10.9

Data as orig. reptd. 1. Refl. acctg. change

Business Summary

Adolph Coors Co. is the fourth largest brewer in the U.S. and operates other related businesses. Contributions (profits in millions) in 1988 were:

	Sales	Oper. Profits
Beer	83%	$70.5
Ceramics	10%	14.1
Other	7%	-15.1

Coors and Coors Light are the major beer brands. Other brands include Killian's Red Ale, Coors Extra Gold premium beer and Herman Joseph's. In 1988, Coors sold 16,534,000 barrels of beer, up 5.6% from 1987. Coors has concentrated its brewing activities at one brewery (in Golden, Colorado), which has allowed a uniform quality of beer but results in relatively high transportation costs. A 2,000,000-barrel packaging operation was opened in October 1987 at Shenandoah, Virginia. Operations are vertically integrated, with Coors suppling its own barley, malt and water. The company also makes its aluminum cans, produces most of its bottle needs and owns coal and natural gas interests to supply energy needs.

Ceramic and porcelain products are custom made for use in structural and electronic applications in the aerospace, defense and industrial markets.

Other interests consist of Coors Packaging Co. (high-performance flexible packaging and cartons for beverage, food, personal care, photographic paper and agricultural chemical companies); Coors Biotech, Inc. (high-fructose corn syrup, animal feed supplements, snacks foods and yeast products); Coors Energy Company (acquires, explores and develops oil and gas properties); and Coors Transportation Co. (common and contract carrier in the temperature-protected segment).

Dividend Data

Dividends are paid on the Class B common stock.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12 1/2	Oct. 14	Oct. 25	Oct. 31	Nov. 15'88
0.12 1/2	Feb. 16	Feb. 22	Feb. 28	Mar. 15'89
0.12 1/2	May 11	May 24	May 31	Jun. 15'89
0.12 1/2	Aug. 18	Aug. 25	Aug. 31	Sep. 11'89

Capitalization

Long Term Debt: None (6/89).

Cl. A Common Stock: 1,260,000 shs. ($1 par).

Cl. B Common Stock: 35,485,224 shs. (no par); nonvoting; some 33% controlled by the Coors family, which also controls all the Cl. A com. Institutions hold about 30% of the Cl. B com. Shareholders: 6,805

Office—Golden, Colo. 80401 **Tel**—(303) 279-6565 **Chrmn**—W. K. Coors. **Vice Chrmn**—Jos. Coors **Pres**—J. H. Coors **VP-Secy**—T. B. Robinson **VP-Treas**—R. D. Zillmann **Dirs**—A. C. Babb, J. H. Coors, Jos. Coors, J. Coors Jr., P. H. Coors, W. K. Coors, R. G. Godwin, M. W. Goodwin, J. B. Llewellyn, B. L. Morrin, J. H. Mullin III, R. A. Rechholtz, H. R. Smethills **Transfer Agent**—First National Bank of Boston. **Incorporated** in Colorado in 1913. **Empl**—10,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Corning Inc.

NYSE Symbol GLW Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
39⅝	43⅜-32	13	[1]0.80	[1]2.0%	A-	1.18

Summary

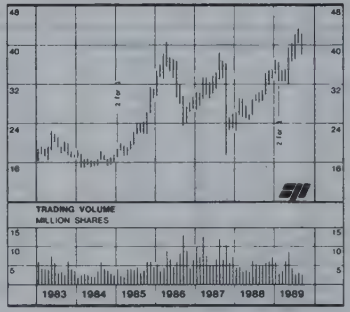
This company, which changed its name to Corning Inc. from Corning Glass Works in April 1989, primarily manufactures a wide variety of products from specialty glasses. Operations are concentrated in four major market sectors: specialty glass and ceramics, telecommunications, laboratory sciences, and consumer housewares. A significant portion of earnings is derived from equity investments, including Dow Corning. Higher earnings in 1988 included substantial nonrecurring gains, whose absence will likely cause 1989 earnings to decline. A resumption of earnings growth is anticipated in 1990.

Current Outlook

Earnings for 1990 should approximate $3.00 a share, up from the $2.70 estimated for 1989.

The regular $0.20 quarterly dividend is likely to be raised in late 1989. A year-end extra dividend at least equaling 1988's $0.20 (adjusted) is also likely.

Sales for 1990 are expected to rise 12%, assuming reasonable economic growth. The gain should be broadbased, although the stronger dollar and flat sales to the automotive industry will be somewhat restraining. Margins should be well maintained, due to well controlled costs. Long-term prospects appear bright, due to the company's strong technological base.



Net Sales (Million $)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	534	453	443	423
12 Wks: Jun.	580	500	491	448
16 Wks: Oct.	---	625	610	549
12 Wks: Dec. ...	---	543	540	437
	---	2,122	2,084	1,856

Sales for the 24 weeks ended June 18, 1989 increased 17%, year to year, led by video display bulb and optical fiber businesses. Margins narrowed somewhat, and income from operations (excluding nonrecurring gains) increased 15%. However, after a 87% decline in nonrecurring gains, pretax income was down 11%. Following taxes at 43.0% versus 40.6%, and a 6.3% increase in earnings of associated companies and minority interest, net income declined 6.2%, to $1.22 a share from $1.31. Results exclude a special credit of $0.01 a share in both periods and a special charge of $0.93 in the 1988 interim.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	0.46	0.41	0.32	0.41
12 Wks: Jun.	0.76	0.90	0.56	0.62
16 Wks: Oct.	E0.75	1.36	0.55	0.53
12 Wks: Dec.	E0.73	0.58	0.62	0.30
	E2.70	3.25	2.05	1.85

Important Developments

Sep. '89— GLW announced the first of several increases in its optical-fiber manufacturing capacity, reflecting rapid industry growth. It said that its television related and health sciences businesses were also experiencing strong demand.

Next earnings report expected in early October.

Per Share Data ($)

Yr. End Dec. 31	1988	[2]1987	1986	1985	1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	17.56	17.05	15.20	13.64	12.39	12.06	11.68	12.93	12.36	11.60
Earnings[3]	3.25	2.05	1.85	1.27	1.06	1.10	0.88	1.33	1.57	1.77
Dividends	0.95½	0.71	0.70	0.66	0.60	0.58	0.58	0.58	0.54¼	0.48½
Payout Ratio	29%	34%	38%	52%	57%	53%	66%	44%	35%	27%
Prices—High	35	38½	40¾	31⅜	18½	22⅝	17	18⅞	18⅞	16¼
Low	22¾	17⅜	23¼	17⅛	14⅞	16¼	9⅞	12½	11½	13⅛
P/E Ratio—	11-7	19-8	22-13	25-13	18-14	21-15	19-11	14-9	12-7	9-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Feb. 1989, 100% Feb. 1985. **1.** Excl. 0.20 (adj.) extra in Dec. 1988. **2.** Reflects merger or acquisition. **3.** Bef. spec. item(s) of -0.91 in 1988, +0.20 in 1987, +0.17 in 1986, +0.30 in 1985, +0.14 in 1984. E Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,122	344	16.2	259	154	43.9	398	25.9%	292	13.8
[3]1987	2,084	293	14.1	218	146	43.7	244	22.6%	189	9.1
1986	1,856	298	16.0	229	130	37.0	215	24.6%	[4]162	8.7
1985	1,691	262	15.5	216	127	43.7	113	4.4%	108	6.4
1984	1,733	224	13.0	142	111	40.3	107	17.0%	89	5.1
1983	1,589	172	10.8	129	106	46.8	99	7.8%	9	5.8
[3]1982	1,579	126	8.0	166	99	57.2	33	NM	[4]75	4.7
1981	1,599	144	9.0	159	88	33.8	113	12.9%	97	6.1
1980	1,530	157	10.3	148	73	[4]29.0	164	28.6%	115	7.5
1979	1,422	175	12.3	138	61	22.0	189	32.6%	125	8.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	157	930	509	1.8	2,898	10.6%	499	1,561	2,166	23.0	19.0%
1987	255	963	480	2.0	2,659	7.5%	429	1,536	2,062	20.8	13.0%
1986	176	861	486	1.8	2,361	7.3%	343	1,353	1,742	19.7	12.6%
1985	112	710	400	1.8	2,032	5.5%	328	1,186	1,551	21.1	9.5%
1984	110	704	377	1.9	1,857	4.9%	309	1,067	1,419	21.8	8.4%
1983	141	702	344	2.0	1,775	5.2%	315	1,033	1,379	22.9	9.0%
1982	106	684	329	2.1	1,798	4.1%	337	1,016	1,390	24.3	7.0%
1981	87	643	341	1.9	1,613	6.3%	200	965	1,209	16.6	10.4%
1980	123	647	345	1.9	1,500	7.8%	154	910	1,095	14.0	13.0%
1979	211	673	334	2.0	1,385	9.6%	147	828	1,003	14.7	15.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. items in 1988, 1987, 1986, 1985, 1984. **3.** Reflects merger or acquisition. **4.** Reflects acctg. change. NM-Not Meaningful

Business Summary

Corning Inc. (formerly Corning Glass) is a diversified manufacturer of products made from specialty glasses. It also holds equity interests in a variety of companies. Industry segment contributions in 1988.

	Sales	Profits
Specialty materials	19%	18%
Communications	17%	16%
Health & science	35%	42%
Consumer products	29%	24%

Specialty materials include Celcor ceramic substrates for auto pollution-control devices, headlamp glass, and technical ceramics.

Communications products primarily consist of the manufacture of optical fibers and glass for televisions and computer terminals.

Health and science includes laboratory equipment, lenses for eye glasses, Methpath testing services, and Hazelton's industrial laboratory services.

Consumer products include housewares and dinnerware sold under the Pyrex, Corning Ware, Corella, Visions, and Revere Ware names.

Companies in which Corning Inc. held an equity interest had revenues of $3.0 billion and net income of $274.3 million in 1988, of which Corning's share was $127.2 million. The largest of these was Dow Corning Corp., a 50%-owned manufacturer of silicons that had sales of $1.5 billion and net income of $150.5 million.

Dividend Data

Dividends have been paid since 1881. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Dec. 7	Dec. 13	Dec. 19	Jan. 2'89
0.40 Ext.	Dec. 7	Dec. 13	Dec. 19	Jan. 2'89
2-for-1	Dec. 7	Feb. 15	Jan. 17	Feb. 14'89
0.20	Feb. 1	Mar. 7	Mar. 13	Mar. 31'89
0.20	Apr. 27	Jun. 6	Jun. 12	Jun. 30'89
0.20	Sep. 12	Sep. 5	Sep. 11	Sep. 29'89

Next dividend meeting: early Dec. '89

Capitalization

Long Term Debt: $524,600,000.

Minority Interest: $45,100,000.

Common Stock: 94,968,907 shs. ($5 par).
A.A. Houghton, Jr. and trusts own some 15%.
Institutions hold about 51%.
Shareholders of record: 14,500

Office—Houghton Park, Corning, N.Y. 14831 **Tel**—(607) 974-9000 **Chrmn & CEO**—J. R. Houghton **Secy**—A. J. Peck, Jr. **Treas**—R. B. Klein **Investor Contact**—Stephen L. Albertalli-(607) 974-8357 **Dirs**—R. G. Ackerman, R. Barker, M. L. Bundy, V. C. Campbell, D. A. Duke, R. Dulude, E. M. Gibson, C. A. Hills, J. R. Houghton, V. E. Jordan, Jr., J. W. Kinnear, T. C. MacAvoy, R. S. McNamara, J. J. O'Connor, E. L. Palmer, H. Rosovsky, W. O. Smithburg, R. G. Stone, Jr. **Transfer Agent & Registrar**—Chase Lincoln First Bank, Rochester, N.Y. **Incorporated** in New York in 1936 **Empl**—26,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul Valentine, CFA

Corroon & Black

NYSE Symbol CBL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 16'89	1989					
36⅜	37⅝-30¾	16	1.24	3.4%	A-	1.00

Summary

The company provides insurance brokerage and risk management services to its clients worldwide. CBL believes it is the world's fifth largest insurance services firm in terms of revenues. Growth in recent years has benefited from acquisitions. In 1988 CBL acquired seven insurance brokerage firms and an actuarial and benefits consulting firm; it also sold its 29.9% stake in Minet Holdings PLC in 1988 and recorded a net gain of $73.85 million. Excluding the Minet gain, earnings from operations in 1988 were impacted by softness in insurance pricing. This trend continued into 1989's first half.

Business Summary

Corroon & Black and its subsidiaries comprise one of the world's largest full-service insurance brokers, serving a broad range of corporate and institutional clients. When insurance businesses is placed with an insurance company, compensation is in the form of a commission based on the amount of the insurance premium involved. Services are generally compensated on a fee basis. Sources of commissions and fees in recent years:

Continuing Operations	1988	1987
Brokerage services	71%	72%
Benefits & specialty sales	25%	22%
Reinsurance	4%	6%

CBL maintains offices in 94 cities in the U.S. and provides services to its clients in 74 other countries through its affiliates and correspondents.

As an insurance broker and agent, CBL analyzes loss exposure, then designs, places, and manages insurance programs for clients of every size throughout the world—principally in the areas of property, liability, fidelity, surety, life, and group benefit coverages. CBL provides other services, including captive company management and self-insurance consulting and administration, as well as reinsurance placement.

CBL also provides a variety of human resource services, including actuarial and administrative services for pension, compensation, and benefit plans, employee benefit communications, and financial and estate planning.

In 1988, CBL sold its 29.9% interest in Minet Holdings PLC for $193.7 million, and it acquired seven insurance brokerages and one actuarial and benefits consulting firm. In 1987 four insurance brokerages were acquired and in 1986 three brokers and a consulting firm were purchased.

Important Developments

Jul. '89— Commenting on results for the first six months of 1989 the company noted that operating earnings were adversely affected by the highly competitive p-c underwriting marketplace, increased claims costs in the life insurance division, and by further deterioration in reinsurance operations. This situation was further exacerbated by the absence of a $120 million pretax gain from the sale of the company's 29.9% interest in Minet Holdings PLC. Management stressed that steps were being taken to address this situation, including stepped up cost cutting efforts. However, because of the cyclical nature of the p-c market, rates in those lines are not expected to firm until mid-1990 at the earliest.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	7.98	5.43	6.31	4.60	3.30	4.10	3.65	3.70	3.91	3.72
Earnings[2]	6.77	2.35	2.25	1.68	1.10	1.11	1.05	0.92	1.19	1.42
Dividends	1.08	0.84	0.65	0.50	0.50	0.80	0.89	0.88	0.86	0.78
Payout Ratio	16%	36%	29%	30%	46%	72%	88%	96%	72%	55%
Prices—High	34¾	37½	43½	30⅛	15⅝	16¼	14⅞	13	15⅜	15⅛
Low	28	22	27⅛	14⅝	11⅜	10½	9⅞	8⅞	10	10⅝
P/E Ratio—	5-4	16-9	19-12	18-9	14-10	20-13	16-11	15-10	13-8	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.24 in 1987, -0.11 in 1985, -1.42 in 1984, and spec. item(s) of +0.23 in 1987, -0.09 in 1984.

October 24, 1989
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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	423	82.4	19.5	10.7	12.7	3.00	189	38.7%	116	27.4
[4]1987	383	77.4	20.2	10.7	10.2	2.70	73	39.3%	45	11.6
[4]1986	338	90.1	26.6	[5]12.2	9.6	2.68	77	46.3%	[6]42	12.3
[4]1985	263	60.2	22.9	[5]10.7	7.0	1.68	52	42.1%	30	11.3
[7]1984	199	38.1	19.1	8.3	6.7	0.36	31	39.2%	19	9.5
1983	172	27.1	15.7	6.2	6.0	0.66	25	29.2%	18	10.5
[4]1982	172	31.9	18.6	4.1	5.5	1.96	26	36.7%	17	9.7
[4]1981	156	29.0	18.6	6.2	4.9	1.09	23	38.3%	14	9.2
[4]1980	151	38.2	25.3	7.4	3.8	1.24	33	46.2%	18	11.9
[4]1979	139	40.3	28.9	5.7	2.8	0.44	39	46.6%	21	14.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	338	787	660	1.2	957	13.3%	29.8	218	271	11.0	67.4%
1987	215	610	593	1.0	793	6.0%	29.9	128	180	16.6	33.8%
1986	244	597	528	1.1	737	6.0%	29.8	146	199	15.0	31.7%
1985	149	495	455	1.1	619	5.8%	30.0	112	157	19.1	29.4%
1984	90	294	304	1.0	392	5.0%	Nil	89	89	Nil	19.1%
1983	50	232	242	1.0	345	5.4%	Nil	102	102	Nil	17.9%
1982	39	196	217	0.9	315	5.5%	Nil	98	98	Nil	17.0%
1981	26	170	192	0.9	289	5.1%	Nil	96	96	Nil	14.8%
1980	27	153	169	0.9	261	6.6%	Nil	93	93	Nil	19.6%
1979	49	184	189	1.0	276	7.6%	Nil	87	87	Nil	24.7%

Data as orig. reptd. 1. Incl. other income bef. 1987. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1985, 1984, and spec. item(s) in 1984. 4. Reflects merger or acquisition. 5. Net of curr. yr. retirement and disposals. 6. Reflects accounting change. 7. Excludes discontinued operations and reflects merger or acquisition

Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	119.7	106.1	102.4	81.7
Jun.	110.1	100.5	93.8	79.3
Sep.		111.7	105.3	92.2
Dec.		106.6	90.7	85.0
		424.9	392.2	338.3

Total revenues for the six months ended June 30, 1989 rose 11%, year to year, reflecting the new accounts and the acquisition of 10 companies since June 1988, partially offset by lower renewal premiums. Margins narrowed, and operating income declined 15%. In the absence of the prior-year $120 million pretax gain ($4.17 a share after taxes) from the sale of Minet Holdings PLC, pretax income fell 81%. After taxes at 38.6% in each period, net income also was down 81%, to $1.08 a share from $5.52.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.71	4.92	0.73	0.57
Jun.	0.37	0.49	0.49	0.45
Sep.		0.75	0.77	0.79
Dec.		0.47	0.36	0.44
		6.77	2.35	2.25

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27	Dec. 7	Dec. 13	Dec. 19	Jan. '89
0.31	Mar. 1	Mar. 9	Mar. 15	Apr. '89
0.31	Jun. 7	Jun. 13	Jun. 19	Jul. '89
0.31	Sep. 6	Sep. 12	Sep. 18	Oct. '89

Finances

In March, 1989 CBL authorized the repurchase of up to 1 million shares of common stock, 832,000 of which had been bought back at June 30, 1989. In 1987 CBL authorized the repurchase of up to 4 million common shares, all of which had been acquired by June 30, 1988 for approximately $114.7 million.

Capitalization

Long Term Debt: $26,728,000 of 7½% debs. due 2005, conv. into com. at $28 a sh.

Common Stock: 16,859,899 shs. ($0.12½ par).
Institutions hold approximately 54%.
Shareholders of record: 1,956.

Office—Wall Street Plaza, NYC 10005 **Tel**—(212) 363-4100 **Chrmn**—R F. Corroon **Pres & CEO**—R M Miller Sr. **VP-CFO & Investor Contact**—S. A. Crane, Sr. **VP-Secy**—J. V. Ambrose, Jr. **Treas**—J. B. Cartmell **Dirs**—J. V. Ambrose, Jr., C. A. Black, J. M. Corroon, R. F. Corroon, S. A. Crane, F. M Hagan, D. R. King, J. R. Lamberson, W. C. MacMillen, Jr., R. M. Miller, D. Oldham, J. F. Petit, J. W. Stewart, A. I. Vorys, J. B. Wallace. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1928. **Empl**—4,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Crane Co.

NYSE Symbol CR In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 13'89	1989					
33	34⅞-22½	13	1.13	3.5%	B	1.27

Summary

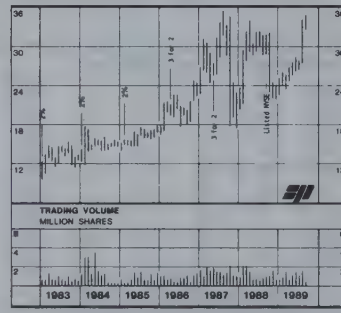
Crane is a diversified manufacturer of engineered products for aerospace, construction, defense and other industries. In line with its strategy of restructuring operations away from highly capital intensive, cyclical, commodity-oriented businesses, CR spun off its cement and aggregates subsidiary, Medusa Corp., to shareholders in October, 1988. Increased sales, continued moderate interest expense and the impact of share repurchases should permit higher earnings in 1989. In August, 1989 directors raised the dividend 12.5% and declared a 3-for-2 stock split.

Current Outlook

Earnings for 1989 are estimated at $2.60 a share, versus 1988's $2.19, before giving effect to the pending 3-for-2 split. Earnings for 1990 are estimated at $2.90 a share.

The dividend was raised 12.5%, to the equivalent of $0.28¾ quarterly from $0.25 (both unadjusted), with the September, 1989 payment.

Sales are expected to rise in 1989, reflecting growth in both industry segments. Operating income may advance at a less rapid rate due to margin deterioration in the wholesale distribution segment. However, benefiting from continued moderate interest expense and the favorable impact of share repurchases, share earnings should rise.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	348	275	280	259
Jun.	384	316	337	311
Sep.	---	378	344	323
Dec.	---	344	323	311
	---	1,313	1,284	1,204

Sales for the six months ended June 30, 1989 rose 24%, year to year, reflecting gains in engineered products and the Palmer G. Lewis acquisition. Hurt by margin contraction in the wholesale unit, the gain in pretax income was cut to 17%. After taxes at 39.4%, versus 39.9%, net income from continuing operations rose 18%, to $1.23 a share on fewer shares, versus $1.01 (both unadjusted), which was before income from discontinued operations of $0.29.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.49	0.41	0.25	0.21
Jun.	0.74	0.60	0.63	0.53
Sep.	E0.71	0.62	0.71	0.61
Dec.	E0.66	0.56	0.59	0.52
	E2.60	2.19	2.23	1.87

Important Developments

Jul. '89— CR reported share earnings of $1.23 on a a 24% rise in sales for 1989's first half, versus $1.01 a share in 1988's first half. CR attributed most of the earnings gain to strong performances at Hydro-Aire and National Vendors. CR said that it expected continued good performance for all of 1989. CR also stated that it had repurchased 859,495 shares of its common stock for $22.4 million during the first half of 1989 and had repayed $18 million in long-term debt.

Jul. '89— CR announced that it had called for payment on August 21, 1989 all of its $22,833,300 principal amount of its 10.5% debentures due February 1, 1994 at 100 plus accrued interest from August 1 to the redemption date.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.25	8.92	6.13	5.44	10.18	10.59	15.99	16.98	15.72	14.73
Earnings[2]	2.19	2.23	1.87	0.85	1.39	1.11	d0.13	2.17	1.69	2.17
Dividends	0.92½	0.87½	0.77¾	0.71⅛	0.69¾	0.68⅛	0.67	0.69⅞	0.64⅜	0.57¼
Payout Ratio	43%	39%	41%	83%	47%	62%	NM	32%	38%	26%
Prices—High	34	35½	24⅞	18⅛	17⅞	15⅜	14⅞	19⅛	19⅛	14½
Low	20¼	17½	16½	13⅞	11⅞	9½	7½	13⅜	12¼	9¾
P/E Ratio—	16-9	16-8	13-9	21-16	13-8	14-9	NM	9-6	11-7	7-4

Data as orig. reptd. Adj. for stk. div(s) of 50% May 1987, 50% Apr. 1986, 2% Feb. 1985, 2% Jan. 1984, 2% Jan. 1983, 2% Jan. 1982, 2% Jan. 1981, 2% Jan. 1980, 2% Jan. 1979. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.59 in 1988, +0.74 in 1987, -5.67 in 1983; bef. spec. item(s) of +0.38 in 1987. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,313	115	8.8	18	19.7	18.8	81.5	39.6%	49.2	3.7
1987	1,284	133	10.3	31	28.3	19.8	87.8	41.8%	[2]50.3	3.9
1986	1,204	119	9.9	31	27.6	27.4	73.2	46.3%	38.4	3.2
[3]1985	1,099	101	9.2	27	30.7	29.0	26.9	32.1%	17.6	1.6
1984	792	74	9.3	14	23.2	16.2	43.0	25.7%	31.0	3.9
[4]1983	772	51	6.6	13	25.5	21.6	47.0	42.7%	26.4	3.4
1982	1,126	23	2.0	117	72.9	32.6	d29.0	NM	d3.3	NM
1981	1,611	200	12.4	67	86.8	37.6	87.0	36.2%	53.8	3.3
1980	1,528	165	10.8	55	81.7	43.5	64.0	31.2%	42.6	2.8
1979	1,573	176	11.2	85	73.9	43.2	69.0	18.0%	55.0	3.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	42	432	195	2.2	682	7.4%	143	275	462	31.0	18.8%
1987	15	367	183	2.0	662	7.2%	156	256	455	34.3	22.4%
1986	17	356	167	2.1	651	5.9%	232	173	431	53.8	23.4%
1985	49	376	165	2.3	660	3.2%	276	157	440	62.7	9.6%
1984	59	242	94	2.6	460	6.5%	139	211	361	38.4	14.4%
1983	106	308	101	3.1	576	3.7%	202	253	470	43.1	8.3%
1982	79	356	167	2.1	857	NM	246	381	665	37.0	NM
1981	74	423	224	1.9	963	5.5%	277	416	735	37.7	13.4%
1980	114	463	209	2.2	1,004	4.2%	351	396	793	44.3	11.1%
1979	102	458	210	2.2	1,042	5.8%	409	371	830	49.3	15.6%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1983, and spec. item(s) in 1987. 2. Reflects acctg. change. 3. Reflects merger or acquisition. 4. Excludes discontinued operations. d-Deficit. NM-Not Meaningful.

Business Summary

Crane is a diversified manufacturer of engineered products for aerospace, construction, defense and other industries. Contributions in 1988:

	Sales	Profits
Engineered industrial products	54%	74%
Wholesale distribution	46%	26%

Foreign operations accounted for 27% of sales and 25% of operating profits in 1988.

Engineered industrial products consists of operations that develop and manufacture products and systems for process, construction, defense and aerospace markets. Products include a wide variety of valves for the industrial, building and construction industry; pumps used in chemical processing, petrochemical, agricultural and varied applications; water conditioning and filtration equipment; fiberglass reinforced plastic panels; and vending machines. Under the Hydro-Aire name this segment makes anti-skid brake control systems, fuel and hydraulic pumps, and other aircraft and aero-space equipment for the commercial, military and general aircraft industries and the missile and space programs. Defense businesses develop and manufacture shipboard weapons systems and specialized elevators.

Wholesale distribution is comprised of Huttig, a leading wholesaler of millwork and related products, and Crane Supply of Canada.

CR spun off its cement and aggregates unit Medusa Corp. to shareholders in October, 1988.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
Stk.*	Sep. 9	---	Sep. 26	Oct. 7'88
0.25	Nov. 28	Dec. 5	Dec. 9	Dec. 14'88
0.25	Feb. 27	Mar. 3	Mar. 9	Mar. 14'89
0.25	May 8	May 30	Jun. 5	Jun. 14'89
3-for-2	Aug. 21	Oct. 2	Aug. 31	Sep. 29'89
0.1875	Aug. 21	Aug. 25	Aug. 31	Sep. 29'89

*0.45 com. sh. of Medusa Corp.

Capitalization

Long Term Debt: $127,210,000.

Common Stock: 21,117,476 shs. ($1 par). Institutions hold approximately 46%. Shareholders of record: 8,300.

Office—757 Third Ave., NYC 10017 **Tel**—(212) 415-7300 **Chrmn & Pres**—R. S. Evans **VP-Secy**—P. R. Hundt. **Treas**—E. G. Dalrymple **Dirs**—E. T. Bigelow, R. S. Evans, D. R. Gardner, D. C. Fabiani, R. S. Forte, R. W. Lear, D. C. Minton, C. J. Queenan, Jr., A. A. Seeligson, Jr., B. Yavits **Transfer Agent & Registrar**—Morgan Shareholders Services Trust Co., NYC **Incorporated** in Illinois in 1865, reincorporated in Delaware in 1985

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Cray Research

682

NYSE Symbol CYR Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
37½	65⅞-29⅜	9	None	None	B+	1.31

Summary

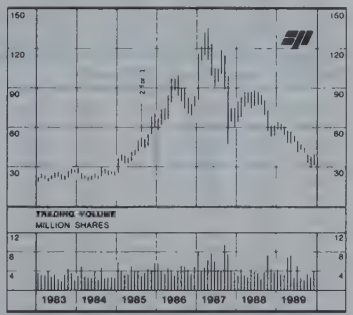
This company is the leading manufacturer of supercomputers—large-scale, high-speed computer systems for scientific and engineering applications. In November, 1989 CYR completed the spin-off of Cray Computer Corp., whereby 90% of the shares of Cray Computer was distributed to CYR shareholders. Earnings for 1989 are expected to decline for the first time in 10 years, but a rebound is expected in 1990, reflecting the completion of a product transition, lower R&D expenses, and other cost controls.

Current Outlook

Earnings for 1990 could reach $4.00 a share, versus the $3.00 estimated for 1989.

Cash dividends are not anticipated.

Revenues for 1990 are expected to be flat. However, gross margins should improve as the product transition to the Y-MP computers from the X-MP series is nearing completion; the Y-MP will be the only product marketed by CYR in 1990. In addition, CYR expects that fewer machines will be traded-in during 1990 which would aid profitability. Operating margins will likely improve, reflecting a 3%-4% decline in R&D expenses after the spin-off of Cray Computer and a program to hold general and administrative costs flat, year to year.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	116.1	145.9	214.1	142.0
Jun.	128.3	134.3	124.9	179.9
Sep.	210.2	145.2	184.6	136.6
Dec.	---	330.9	163.6	138.2
	---	756.3	687.3	596.7

Revenues for the nine months ended September 30, 1989 increased 6.8%, year to year; 27 new and 15 used systems were installed, versus 32 and seven, respectively. Gross margins narrowed, and operating expenses rose. Net income fell 46%, to $1.24 a share from $2.19.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.05	0.85	1.79	1.00
Jun.	0.15	0.61	0.64	1.41
Sep.	1.04	0.73	1.14	0.83
Dec.	E1.76	2.80	1.08	0.75
	E3.00	4.99	4.65	3.99

Important Developments

Nov. '89— CYR completed the spin-off of Cray Computer Corp., whereby 90% of the shares of Cray Computer was distributed to CYR shareholders and the remaining 10% was retained by CYR. For every two shares of CYR common stock held on November 15, shareholders received one share of Cray Computer. Cray Computer was formed by CYR to develop and manufacture the CRAY-3 and CRAY-4 computers based on gallium arsenide technology, and to market an 8-processor version of the CRAY-2. Seymour Cray, who is the founder of CYR and now serves as chairman of Cray Computer, resigned as a director of Cray Research. CYR has transferred to Cray Computer a facility and other assets related to the CRAY-3 project, with a book value of $56.3 million, as well as providing a promissory note amounting to $98.6 million. The two companies also entered into cross-licensing agreements.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.14	19.85	14.59	10.23	7.51	5.91	4.98	3.48	2.79	1.16
Earnings	4.99	4.65	3.99	2.49	1.53	0.89	0.69	0.66	0.43	0.32
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	88½	135¾	99⅝	70¾	29¾	28⅝	22⅞	24¼	24⅜	8½
Low	52⅝	47	57¼	24⅞	19⅜	18¼	10	14	6½	3⅞
P/E Ratio—	18-11	29-10	25-14	28-10	19-13	32-21	33-14	37-21	57-15	27-12

Data as orig. reptd. Adj. for stk. div. of 100% Aug. 1985, 200% Dec. 1980. E-Estimated

December 28, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	756	301	39.8	157	83.2	7.79	234	33.0%	157	20.7
1987	687	293	42.6	112	71.9	9.08	232	36.7%	147	21.4
1986	597	273	45.8	118	56.6	8.80	225	44.6%	125	20.9
1985	380	173	45.5	85	40.7	6.84	136	44.3%	76	19.9
1984	229	93	40.8	68	29.1	6.20	67	32.2%	45	19.8
1983	170	63	37.0	37	19.4	5.11	46	43.4%	26	15.4
1982	141	54	38.0	44	21.4	3.85	32	40.4%	19	13.5
1981	102	46	45.3	35	15.6	1.45	33	44.0%	18	17.9
1980	61	28	45.3	23	9.0	0.91	20	44.9%	11	17.9
1979	43	22	50.3	13	6.5	0.36	15	48.6%	8	18.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	181	538	199	2.7	991	16.9%	110	677	792	13.9	24.9%
1987	175	470	168	2.8	902	18.2%	109	611	735	14.8	27.8%
1986	80	324	118	2.7	700	21.7%	123	442	582	21.1	33.2%
1985	75	249	111	2.2	443	19.4%	12	305	332	3.6	28.6%
1984	84	193	76	2.5	330	14.9%	16	220	254	6.1	23.0%
1983	58	177	48	3.7	279	10.4%	38	172	231	16.3	16.4%
1982	32	126	27	4.6	224	10.3%	34	145	197	17.1	15.5%
1981	19	84	22	3.8	137	15.0%	12	95	115	10.7	21.2%
1980	36	70	16	4.3	105	14.0%	8	76	89	8.9	20.3%
1979	1	23	9	2.6	46	20.8%	3	29	37	8.2	31.7%

Data as orig. reptd. 1. Reflects acctg. change

Business Summary

Cray Research, Inc. is the largest manufacturer of large-scale, high-speed computers, known as supercomputers, for scientific and engineering application.

	1988	1987
Installed systems base at year-end	240	189
New systems installed	56	46

Foreign operations contributed 35% of revenues in 1988 and 30% of operating profit. U.S. Government agencies provided 44% of revenues.

Cray computers are used primarily for physical simulation, or the analysis and prediction of the behavior of physical systems through computer modeling. Typical applications are weather forecasting, aircraft and automotive design, nuclear and geophysical research and seismic analysis.

The Cray X-MP series includes supercomputers available with one, two or four central processing units. Typical system prices range from $2.5 million to $14 million. The eight processor Y-MP was announced in February, 1988 and five were installed in 1988. In March, 1989 the full Y-MP series was announced, with one, two four and eight processor versions and prices ranging from $5 million to $23 million.

The Cray X-MP runs the proprietary COS operating system; the Y-MP runs UNICOS, a UNIX-based operating system which is also available for the X-MP. Over 500 applications software packages are available, including about 100 for UNICOS.

CYR also sells a Solid-State Storage Device (SSD), which sells for $500,000 to $5 million, designed to enhance the performance of the X-MP and Y-MP by providing fast access to large data sets and temporary storage for systems programs. Three high performance disk drives are designed to support the data capacity and transfer speed requirement of supercomputers; prices range up to $1 million.

Dividend Data

No cash dividends have ever been paid.

Finances

As a result of the November, 1989 spin-off of Cray Computer, CYR adjusted the conversion price of its 6½% convertible debentures due 2011 from $84 to $78.

Capitalization

Long Term Debt: $108,332,000, incl. $105 million of debs., conv. into com. at $78 a sh.

Common Stock: 29,464,721 shs. ($1 par)
Institutions hold about 79%.
Shareholders of record: 6,007.

Office—608 Second Ave. South, Minneapolis, Minn 55402 **Tel**—(612) 333-5889 **Chrmn & CEO**—J. A. Rollwagen **Pres**—M. A. Gumucio **Secy**—D. E. Frasch. **VP-CFO & Treas**—J. F. Carlson **Investor Contact**—R. A. Gaertner **Dirs**—L. D. DeSimone, F. X. Driscoll, M. A. Gumucio, T. A. Longo, J. A. Rollwagen, A. Scott, R. L. Swiggett, R. F. Zicarelli. **Transfer Agents & Registrars**—Norwest Bank Minnesota, So. Saint Paul; Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1972 **Empl**—5,237

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Cross & Trecker

NASDAQ Symbol CTCO (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
8⅞	16¾-8½	NM	None	None	C	1.10

Summary

This manufacturer of factory automation systems, numerically controlled machine tools and materials-handling equipment has expanded through acquisitions in recent years. In September 1989, CTCO announced that it had received an extension of a September 8 default deadline which resulted when the company's net worth declined below levels specified in a covenant securing a $2,000,000 industrial revenue bond. In July 1989, CTCO reported that it had incurred some $21 million in charges in fiscal 1989's third quarter in connection with plans to restructure its operations.

Current Outlook

A loss of $0.70 a share is projected for the fiscal year ending September 30, 1990, versus fiscal 1989's estimated loss of $3.90.

Early resumption of quarterly dividends is not anticipated.

Revenues for fiscal 1990 are expected to rise from fiscal 1989's levels, reflecting the favorable impact of increased orders and backlog. Implementation of cost reduction and manufacturing improvement programs, the likely absence of restructuring charges and lower interest expense should result in a smaller loss in fiscal 1990.

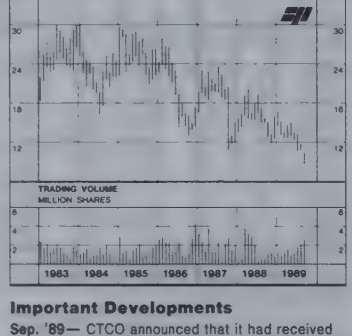
Operating Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	111.19	107.32	103.33	105.38
Mar.	121.41	96.72	105.28	96.06
Jun.	118.51	113.75	116.69	106.83
Sep.		110.35	96.92	109.36
	428.14	422.22	417.63	

Operating revenues for the nine months ended June 30, 1989 rose 9.8%, year to year, reflecting gains in domestic markets. Margins narrowed, and penalized further by some $25 million in restructuring charges along with increased nonoperating expenses, the pretax loss widened to $44.7 million from $18.5 million. After taxes of $820,000 versus tax credits of $6.3 million, the net loss from continuing operations totaled $45.5 million, versus a loss of $12.1 million. Share losses were $3.67, versus a loss of $0.98 (before gains from discontinued operations of $0.07).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	d0.61	d0.11	d0.17	0.21
Mar.	d0.44	d0.53	0.01	d0.08
Jun.	d2.62	d0.34	d0.12	d0.09
Sep.	Ed0.23	d0.84	d1.34	d0.02
	Ed3.90	d1.82	d1.62	0.02



Important Developments

Sep. '89— CTCO announced that it had received an extension of a September 8 default deadline on a $2,000,000 industrial revenue bond. CTCO said that the possibility of default on the bond arose because the company's net worth had fallen below levels specified in a covenant that guarantees the bond. However, the trustee bank for the bond granted the extension in view of CTCO's intention to restructure its operations and debt. CTCO's debt restructuring entailed the negotiation of a new long-term credit agreement for between $40 million and $50 million and a public offering of some $50 million of convertible exchangeable preferred stock. Earlier, CTCO reported that it incurred a $21.3 million charge in fiscal 1989's third quarter to implement a major restructuring program involving the sale of three operating units, a joint venture, the consolidation of two units and a write-down of certain other assets.

Next earnings report due in early November.

Per Share Data ($)

Yr. End Sep. 30	[1]1988	[1]1987	1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.46	15.11	16.80	16.98	16.65	16.80	17.40	15.17	12.52	10.41
Earnings[2]	d1.82	d1.62	0.02	0.95	0.33	0.30	3.13	3.32	2.70	2.15
Dividends	Nil	Nil	0.60	0.80	0.80	0.80	0.80	0.68	0.56	0.33⅓
Payout Ratio	Nil	Nil	NM	84%	NM	NM	25%	20%	21%	16%
Prices[3]—High	20⅛	23⅝	28	29¾	30¼	29⅞	26¼	41¾	38⅜	22½
Low	11¾	10¾	12⅞	20⅞	16⅛	18¼	12⅝	18⅞	18⅜	9½
P/E Ratio—	NM	NM	NM	31-22	92-49	NM	8-4	13-6	14-7	10-4

Data as orig. reptd. Adj. for stk. div. of 50% Sep. 1980. **1.** Refl. merger or acq. **2.** Bef. results of disc. ops. of -0.08 in 1988, -0.35 in 1987. **3.** Cal. yr. NM-Not Meaningful d-Deficit E-Estimated.

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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1,2]1988	428	d11.5	NM	12.1	12.9	7.38	[3]d34.1	NM	d22.5	NM
[1,2]1987	422	d5.8	NM	10.2	13.4	6.89	[3]d38.2	NM	d20.1	NM
[1]1986	418	0.4	0.1	13.1	13.0	4.95	[3]d11.6	NM	[4]0.2	NM
[1]1985	423	23.5	5.5	17.5	11.7	2.07	[3]17.2	31.7%	11.7	2.8
[1]1984	268	9.9	3.7	29.2	10.4	2.19	[3]5.6	27.5%	4.1	1.5
1983	150	6.1	4.1	6.4	8.5	1.69	[3]4.2	13.0%	3.7	2.5
1982	381	75.3	19.8	11.9	7.9	3.57	70.0	44.7%	[4]38.7	10.2
1981	409	80.1	19.6	28.0	6.1	2.44	75.4	45.4%	41.2	10.1
1980	355	62.8	17.7	19.0	5.6	1.57	62.4	46.5%	33.4	9.4
1979	298	48.0	16.1	9.1	4.8	1.22	48.4	45.5%	26.4	8.9

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	13.6	275	160	1.7	381	NM	38.0	167	205	18.6	NM
1987	9.9	274	140	2.0	381	NM	38.3	188	232	16.5	NM
1986	16.0	292	156	1.9	396	NM	14.1	208	232	6.1	0.1
1985	14.4	272	137	2.0	375	3.2	12.0	210	230	5.2	5.6
1984	17.9	265	135	2.0	366	1.2	12.5	206	223	5.6	2.0
1983	92.1	212	58	3.7	284	1.2	12.3	207	221	5.6	1.7
1982	68.3	272	114	2.4	347	11.4	12.8	215	227	5.6	19.3
1981	47.3	260	128	2.0	335	13.5	13.7	188	202	6.8	24.0
1980	47.5	217	97	2.2	275	13.0	15.1	155	173	8.8	23.5
1979	47.5	200	99	2.0	237	11.1	4.2	129	135	3.1	22.4

Data as orig. reptd. **1.** Refl. merger or acq. **2.** Excl. disc. ops. **3.** Incl. equity in earns. of nonconsol. subs. **4.** Refl. acctg. change. d-Deficit NM-Not Meaningful

Business Summary

Cross & Trecker is a leading manufacturer of machine tools, flexible manufacturing systems, automated material-handling equipment and other products and systems for factory automation.

Foreign sales contributed approximately 23% of revenues in fiscal 1988, and 20% in fiscal 1987.

The Cross Co. designs and builds special machines and systems for mid-to high-volume manufacturers. Major markets include the auto, truck, construction and farm equipment industries.

Kearney & Trecker produces stand-alone machining centers and milling machines for aircraft, aerospace and construction equipment makers. It also produces flexible manufacturing systems, or groups of computer-controlled machining centers, special tools and software for low-to mid-volume manufacturers.

The Warner & Swasey Division makes turning machines for cylindrical parts, turret lathes, grinding machines, punch presses, automated measuring machines and various numerically controlled machine tools.

Roberts Corp., a non-machine tool subsidiary, designs and builds automated material-handling systems, including robotics for metalworking manufacturers, and machines and systems for the foundry and power-generating industries. In April 1987, Roberts formed a 50%-owned joint venture with Sintokogio, Ltd. of Japan, a leading producer of foundry products and systems.

Alliance Automation Systems (acquired in 1987) produces automated assembly systems for the electronics, automotive, business machine and consumer products marke[4]s.

Dividend Data

Prior to omission in November 1986, dividends had been paid each year since 1974.

Finances

In March 1987, CTCO sold privately $25 million of 9.0% senior notes due March 1, 1997.

Capitalization

Long Term Debt: $35,300,000 (6/89).

Common Stock: 12,393,149 shs. ($1 par).
Institutions hold about 85%.
Shareholders: 2,982 of record (9/88).

Warrants: To buy up to 1,000,000 shs. at $28.3125 ea.; held by The Henley Group Inc.

Office—505 N. Woodward Ave., P.O. Box 925, Bloomfield Hills, Mich. 48013. **Tel**—(313) 644-4343. **Chrmn**—T. F. Russell. **Vice Chrmn & CEO**—N. J. Ryker. **Pres**—W. J. Aspatore. **VP-Secy**—J. A. Buteweg. **Treas**—D. P. Muench. **Investor Contact**—Richard O. Priebe. **Dirs**—J. G. Bollinger, J. F. Daly, R. A. Hedden, V. R. Little, E. C. Mabbs, T. F. Russell, K. R. Stephanz, W. P. Vititoe. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Michigan in 1978. **Empl**—4,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Crown Cork & Seal

690

NYSE Symbol CCK Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
54 3/4	57-43 7/8	16	None	None	B+	1.09

Summary

This company produces metal containers, crowns and closures, and to a lesser extent makes packaging machinery. Earnings in recent years benefited from volume gains and cost-cutting programs, and an aggressive stock repurchase program bolstered per-share comparisons. A further increase in sales, plant modernization and efficiency programs, and fewer common shares outstanding will be important to share earnings momentum in 1990. Recently, CCK agreed to acquire Continental Can Canada from CCL Industries for US$330 million.

Current Outlook

Earnings for 1990 may rise to about $3.65 a share from the $3.55 estimated for 1989.

Dividends are not expected in the near future.

Sales for 1990 are expected to increase on moderate volume gains in most categories and acquisitions. Pricing should remain competitive, but material cost increases should slow down. Domestic contributions should benefit from substantial plant modernizations and new facilities which will be important to sustaining the earnings uptrend. Share earnings will be boosted by the ongoing stock buyback program.

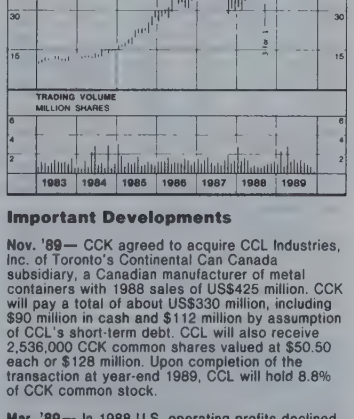
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar	432	416	378	357
Jun	515	519	484	465
Sep	510	486	462	438
Dec	---	413	394	359
	---	1,834	1,718	1,619

Sales for the nine months ended September 30, 1989 increased 2.5% from those of the comparable year-earlier period. Net income advanced 0.3%, to $75.4 million from $75.2 million. Earnings per share were $2.86 on 5.0% fewer common shares outstanding, compared with $2.71.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.72	0.65	0.55	0.47
Jun	1.04	1.01	0.85	0.74
Sep	1.10	1.05	0.90	0.78
Dec	E0.69	0.66	0.56	0.50
	E3.55	3.37	2.86	2.49



Important Developments

Nov. '89— CCK agreed to acquire CCL Industries, Inc. of Toronto's Continental Can Canada subsidiary, a Canadian manufacturer of metal containers with 1988 sales of US$425 million. CCK will pay a total of about US$330 million, including $90 million in cash and $112 million by assumption of CCL's short-term debt. CCL will also receive 2,536,000 CCK common shares valued at $50.50 each or $128 million. Upon completion of the transaction at year-end 1989, CCL will hold 8.8% of CCK common stock.

Mar. '89— In 1988 U.S. operating profits declined 26% from 1987, due to aluminum price increases and competitive pricing pressures. The decline was partially offset by increased foreign earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.37	22.14	18.83	16.45	14.15	13.54	13.09	12.76	12.14	10.43
Earnings	3.37	2.86	2.49	2.17	1.59	1.28	1.05	1.48	1.66	1.55
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	47 1/4	46 5/8	38 1/8	29 7/8	15 1/4	13	10 3/4	12 3/8	10 1/2	11 3/4
Low	30 1/8	28 1/2	25 3/4	14 3/4	11 5/8	9 5/8	7 5/8	8 3/8	7 5/8	9 1/4
P/E Ratio—	14-9	16-10	15-10	14-7	10-7	10-8	10-7	8-6	6-5	8-6

Data as orig. reptd. Adj. for stk. div(s). of 200% Oct. 1988 **1.** Reflects merger or acquisition E-Estimated

December 19, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**1,834**	**214**	**11.6**	**103**	**57.2**	**10.0**	**161**	**42.0%**	**93.4**	**5.1**
1987	1,718	223	13.0	100	56.4	5.2	161	45.2%	88.3	5.1
1986	1,619	202	12.5	94	47.2	6.2	149	46.5%	79.4	4.9
1985	1,487	184	12.4	51	43.7	12.2	128	43.9%	71.7	4.8
[2]1984	1,370	155	11.3	54	40.2	8.9	106	43.8%	59.5	4.3
1983	1,298	139	10.7	56	38.4	9.0	92	43.8%	51.5	4.0
1982	1,352	132	9.8	50	39.9	9.0	84	46.0%	44.7	3.3
1981	1,374	158	11.5	64	38.0	12.3	108	39.8%	64.8	4.7
1980	1,460	184	12.6	50	40.1	15.1	129	42.5%	73.2	5.0
1979	1,402	180	12.8	56	40.1	16.4	123	42.1%	70.4	5.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**18.0**	**504**	**321**	**1.6**	**1,073**	**9.0%**	**Nil**	**648**	**743**	**Nil**	**14.8%**
1987	27.2	538	299	1.8	1,058	9.1%	19.7	646	760	2.6	14.8%
1986	16.5	477	249	1.9	939	9.0%	30.7	577	690	4.4	14.7%
1985	14.8	466	225	2.1	866	8.9%	33.5	532	641	5.2	14.5%
1984	7.0	419	226	1.9	806	7.8%	18.5	498	581	3.2	12.2%
1983	21.0	432	199	2.2	822	6.4%	15.6	544	623	2.5	9.6%
1982	15.8	457	192	2.4	841	5.3%	24.1	560	649	3.7	8.1%
1981	21.5	491	233	2.1	883	7.4%	20.3	567	650	3.1	11.7%
1980	15.2	496	258	1.9	873	8.7%	9.6	542	615	1.6	14.5%
1979	15.2	463	281	1.7	828	9.0%	12.2	481	548	2.2	15.7%

Data as orig. reptd **1.** Incl. equity in earns. of nonconsol. subs **2.** Reflects merger or acquisition

Business Summary

Crown Cork & Seal's principal operation, representing more than 90% of its business, is the fabrication of steel and aluminum into metal cans, crowns and closures. CCK also makes filling and handling machinery for the beverage industry.

CCK makes a wide variety of cans for the food, citrus, brewing, soft drink, oil, paint, toiletries, drug, chemical, anti-freeze and pet food industries. Cans are made from tinplate and aluminum and range in size from two gallons to less than five ounces. A wide variety of caps and closures are made for food and nonfood items.

Machinery lines include bottle washers and rinsers, bottle and can warmers, bottle fillers-crowners for carbonated beverages, can fillers for carbonated beverages, and process equipment.

The company operates 26 plants in the U.S. and 62 abroad. Foreign operations, conducted in some 36 countries throughout the world, accounted for about 43% of sales and 59% of operating profits in 1988. Europe alone represented 24% of sales and 20% of operating profits. In 1988 CCK purchased the crown manufacturing division of H. C. Industries located in Indiana and the remaining 24% minority interest in Crown Cork Co. (Spain).

At year-end 1988 CCK had a $28,627,000 investment in Crown Financial Corp., a domestic subsidiary which was consolidated as of 1988. This unit contributed $2,838,000 to consolidated net income in 1988.

Dividend Data

No cash dividends have been paid since 1956.

Finances

Foreign exchange losses charged to income in 1988 amounted to $14.2 million, compared with $17.5 million in 1987. Foreign exchange loss charged to equity in 1988 totaled $24.3 million, against a credit of $43.1 million in 1987. During 1988 CCK repurchased 2,242,887 (adjusted) of its common shares at a cost of $77,398,000, for an average cost of $34.51 (adjusted) a share.

Capitalization

Long Term Debt: None.

Minority Interest: $928,000.

Common Stock: 26,212,757 shs. ($5 par). Institutions hold approximately 34%. Shareholders of record: 3,765.

Office—9300 Ashton Rd., Philadelphia, Pa. 19136 **Tel**—(215) 698-5358 **Chrmn**—J. F. Connelly **Pres & CEO**—W. J. Avery **VP-Secy**—R. L. Krzyzanowski **Treas & Investor Contact**—F. X. Dalton **Dirs**—G. W. Anderson, W. J. Avery, H. E. Butwel, J. F. Connelly, F. X. Dalton, R. W. Drummond, F. J. Dunleavy, C. C. Hilinski, R. L. Krzyzanowski, O. A. Mandeville, Jr., M. J. McKenna, F. N. Piasecki, J. D. Scott, R. J. Siebert, E. P. Stuart, M. F. Weil **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New York in 1927, reincorporated in Pennsylvania in 1989 **Empl**—12,567

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Cubic Corp.

7643

ASE Symbol CUB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
16⅝	19⅝-14⅛	7	0.42	2.5%	A-	1.14

Summary

This high-technology defense electronics concern is also the fifth largest elevator producer in the U.S. and the world's leading manufacturer of automated fare collection systems. Earnings rose sharply in fiscal 1989, aided by improving profitability in the defense segment.

Business Summary

Cubic Corp. designs, develops and manufactures high-technology electronic products used in a variety of industrial and defense applications. Contributions (operating profits in millions) in fiscal 1988:

	Revs.	Profits
Electronic defense systems	43%	$14.1
Electronic elevator operations	31%	8.5
Fare collection systems	11%	-1.8
Industrial operations	15%	3.3

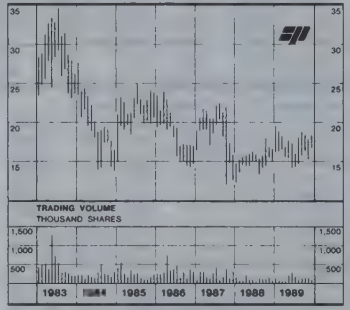
About 43% of fiscal 1988 revenues were from various agencies of the U.S. Government.

The Cubic Defense Systems subsidiary is a leading supplier of tactical training and simulation systems, including the Tactical Aircrew Combat Training System/Air Combat Maneuvering Instrumentation (TACTS/ACMI) system produced for the United States and allied armed services. Cubic Communications markets transmitters and receivers to various military and governmental units.

The U.S. Elevator subsidiary is one of the largest elevator manufacturers and suppliers of microprocessor control systems for elevators.

The Cubic Automatic Revenue Collection Group, formed in early 1988, includes Cubic Western Data, Automatic Toll Systems, and London-based Westinghouse Cubic Ltd. (50% owned). The group is the world leader in automated fare collection systems for mass transit and airlines.

Other operations include Consolidated Converting Co., a producer of packaging and shipping containers; Cubic Precision, a manufacturer of surveying and positioning systems used in offshore oil exploration, and hydrographic research and dredging; and Cubic Precision Electro-Optical, which manufactures optical tooling.



Important Developments

Nov. '89— The company's U.S. Elevator division said it plans to move its manufacturing operations to Mexicali, Mexico, affecting about 55 jobs. Approximately 100 people will continue to be employed at the division's Spring Valley, California, headquarters.

Sep. '89— Cubic's backlog at September 30, 1989, was $375 million, up 3.3% from the level a year earlier.

Aug. '89— One employee was acquitted and another faces a retrial on charges that they took part in the alleged falsification of records on a U.S. Army mine-detector contract. The two engineers were indicted by a federal grand jury in March 1988 after an investigation that began in 1984. Last year, Cubic paid the federal government about $7.3 million to settle claims that it fraudulently tested the hand-held mine detectors it refurbished for the Navy.

May '89— Cubic was notified by the government that its defense systems subsidiary is a target in the Pentagon's bribery-scandal investigation and has been under investigation since June 1988.

Next earnings report due in mid-February.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	[1]1983	1982	1981	1980
Tangible Bk. Val.	NA	15.88	14.59	13.97	14.21	12.83	11.46	9.57	7.85	6.71
Earnings[2]	2.44	1.62	1.04	0.14	1.87	1.77	2.19	2.05	1.40	1.03
Dividends	0.42	0.42	0.39	0.39	0.39	0.39	0.36	0.33	0.23⅝	0.22½
Payout Ratio	17%	25%	38%	270%	21%	22%	16%	16%	17%	22%
Prices[3]—High	19⅝	18	22½	24	25	27¾	34⅝	29¾	15⅞	9⅞
Low	14⅛	12¼	12	14¼	14⅞	13¾	23	11¼	7⅛	5⅜
P/E Ratio—	8-6	11-8	22-12	NM	13-8	16-8	16-11	15-6	11-5	9-5

Data as orig. reptd. Adj. for stk. divs. of 100% Oct. 1982, 33% Nov. 1981. **1.** Refl. merger or acq. **2.** Bef. results of disc. ops. of +0.48 in 1989 and spec. item of +0.08 in 1988. **3.** Cal. yr. NA-Not Available NM-Not Meaningful

December 28, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	365	26.2	7.2	9.9	10.80	6.87	16.7	26.7%	12.2	3.4
[3]1987	358	22.3	6.2	[4]17.1	8.50	4.91	13.2	39.8%	7.9	2.2
[3]1986	338	7.0	2.1	[4]8.6	7.26	3.02	0.8	NM	1.1	0.3
1985	332	27.5	8.3	[4]7.6	6.50	2.65	25.8	42.9%	14.7	4.4
1984	275	30.1	11.0	[4]8.7	6.24	2.99	26.1	46.4%	14.0	5.1
[3]1983	273	38.7	14.2	[4]7.7	5.57	2.84	31.0	44.1%	17.3	6.3
1982	294	36.4	12.4	10.1	4.89	2.77	31.4	48.3%	16.2	5.5
1981	228	24.3	10.6	6.7	3.77	2.72	21.1	47.8%	11.0	4.8
1980	196	21.0	10.7	3.6	3.33	3.21	15.3	46.7%	8.2	4.2
1979	172	19.6	11.4	11.9	2.79	[5]2.63	15.1	46.8%	8.0	4.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	17.4	187	68.6	2.7	253	4.9%	61.9	118	182	34.0	10.8%
1987	10.0	182	67.1	2.7	257	3.3%	72.5	112	188	38.6	7.3%
1986	26.4	170	63.7	2.7	226	0.5%	49.1	109	160	30.6	1.0%
1985	13.3	158	63.4	2.5	203	7.4%	22.0	111	138	16.0	14.0%
1984	39.5	154	59.7	2.6	200	7.4%	27.4	102	138	19.8	14.6%
1983	30.6	130	49.6	2.6	177	10.4%	25.5	91	126	20.2	20.8%
1982	11.4	122	38.4	3.2	156	11.2%	28.0	76	116	24.0	23.5%
1981	21.8	106	36.1	2.9	133	9.0%	27.5	62	97	28.5	19.1%
1980	2.9	86	19.8	4.3	110	7.6%	27.6	53	91	30.4	16.3%
1979	2.4	78	20.1	3.9	104	8.5%	28.2	47	84	33.7	18.4%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. items in 1988. **3.** Refl. merger or acq. **4.** Net of current yr. retirement and disposals. **5.** Refl. accounting change. NM-Not Meaningful

Net Sales (Million $)

Quarter:	[1]1988-9	1987-8	1986-7	1985-6
Dec.	---	87.4	88.1	81.0
Mar.	[2]164.3	92.9	88.7	85.3
Jun.	84.5	88.9	90.2	74.8
Sep.	100.6	95.7	90.6	96.6
	349.4	364.9	357.6	337.8

Based on a preliminary report, net sales from continuing operations in the year ended September 30, 1989, rose 2.0% from those of the preceding year. Following improvements at the defense subsidiary, income surged 53%, to $17,602,000 ($2.44 a share, on 4.4% fewer shares), from $11,503,000 ($1.52). Per share results exclude income from discontinued operations of $0.48 and $0.10 in the respective years, and an $0.08 special credit from the cumulative effect of an accounting change in fiscal 1988.

Common Share Earnings ($)

Quarter:	[1]1988-9	1987-8	1986-7	1985-6
Dec.	---	0.23	0.33	0.15
Mar.	[2]0.77	0.30	0.27	0.05
Jun.	0.76	0.50	0.33	d0.38
Sep.	0.91	0.59	0.11	0.32
	2.44	1.62	1.04	0.14

1. Cont. opers. 2. Six months. d-Deficit.

Dividend Data

Cash payments, made in each year since 1971, are declared semiannually.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Feb. 14	Mar. 13	Mar. 18	Mar 31'89
0.21	Jun. 29	Aug. 7	Aug. 11	Sep. 8'89

Finances

In February 1989, Cubic sold its G.S. Parsons Co. subsidiary to NYSE-listed Airgas Inc. for $15.35 million, realizing a pretax gain of $5.3 million. Parsons had revenues of approximately $22 million in fiscal 1988.

In October 1988, Cubic's directors authorized the repurchase of 500,000 of the company's common shares. During fiscal 1988, approximately 228,000 shares were repurchased for $3,420,000.

Capitalization

Long Term Debt: $60,271,000 (6/89).

Common Stock: 7,049,871 shs. (no par). Some 32% is owned by W. J. Zable.

Shareholders: 3,252 of record.

Office—9333 Balboa Ave. San Diego Calif. 92123. P.O. Box 85587, San Diego 92138-5587. **Tel**—(619) 277-6780. **Chrmn, Pres & CEO**—W. J. Zable. **Vice Chrmn**—W. C. Zable. **SVP & COO**—G. Tweed. **VP-Treas**—W. W. Boyle. **VP & Secy**—W. C. Stewart Jr. **Investor Contact**—J. M. Ringer. **Dirs**—J. D. Arnold, M. Burnham, R. J. Monagan, T. Moran, R. E. Peet, W. C. Zable, W. J. Zable. **Transfer Agents & Registrars**—California First Bank, San Diego; Manufacturers Hanover Trust, NYC. **Incorporated** in California in 1949; reincorporated in Delaware in 1984. **Empl**—3,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Nearaj Vohra

Cummins Engine

NYSE Symbol CUM In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
50⅜	72¼-48	NM	2.20	4.4%	C	1.31

Summary

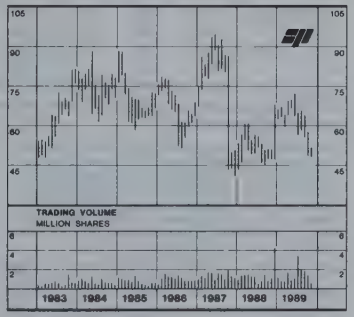
Cummins is the leading manufacturer of diesel engines for heavy-duty trucks. Third quarter 1989 earnings were adversely affected by a substantial ongoing decline in engine orders. In July, 1989 CUM repurchased some 15% of its stock from the Miller Family, including a 9.8% stake that the Miller's bought from Hanson p.l.c. Shortly thereafter, Industrial Equity Pacific Ltd. revealed that it holds some 9.9% of CUM's shares and may buy more.

Current Outlook

A deficit of $3.00 a share is possible in 1990, versus an expected loss of $5.00 for 1989.

The $0.55 quarterly dividend cannot be considered secure.

Industrywide assemblies of trucks will remain slow in the fourth quarter of 1989 and probably through the first half of 1990. Lower demand for heavy-duty truck engines will be partially offset by continued gains in sales of mid-range engines. Demand for components and power systems will remain low. Continued gains in productivity at the company's new manufacturing operations and lower warranty and product recall expenses could reduce the loss for 1990. The company is reducing costs to conserve cash.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	919	798	657	517
Jun.	928	834	687	604
Sep.	808	808	668	545
Dec.	---	869	754	639
	---	3,310	2,767	2,304

Sales for the nine months ended October 1, 1989 rose 8.8%, year to year, reflecting price increases and volume gains. Despite a substantial decline in third quarter orders for heavy-duty truck engines and marine and recreational vehicle generator sets and sharply higher warranty and product recall costs, net income was $3.6 million, versus a loss of $8.4 million. After preferred dividends, there was a net loss of $0.31 a share, versus $1.36.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.61	0.50	1.15	0.38
Jun.	2.03	d0.03	0.77	0.32
Sep.	d4.12	d1.84	d0.78	d11.01
Dec.	Ed4.69	d5.34	d0.60	0.16
	Ed5.00	d6.71	0.55	d10.45

Important Developments

Oct. '89— Due to sharply reduced heavy-duty truck engine orders, CUM implemented stringent restrictions on expenses and capital spending, cut salaried employees' and executives' pay, and laid off 300 production workers.

Jul. '89— On July 17 CUM bought 1,043,000 of its common shares from the Miller Family in exchange for $67 million of newly-issued five-year 10% notes convertible into preferred stock which is convertible into common stock at $83.85 a share. The Miller's acquired the shares from Hanson p.l.c. for $72 million. Hanson also signed a standstill agreement with CUM. CUM also bought 580,269 shares from the Miller's for $37 million of the same issue of preferred stock which will mature in 1994 and yield 10%, unless shareholders approve voting rights for them, in which case they will yield 9.75%. On July 26 Industrial Equity Pacific Ltd. revealed that it owned 9.9% of CUM's shares and may buy more.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	55.03	64.99	61.89	74.29	68.62	53.38	58.18	65.31	53.84	56.98
Earnings[2]	d6.71	0.55	d10.45	5.27	19.76	0.36	0.21	11.46	d1.31	6.84
Dividends	2.20	2.20	2.20	2.20	2.05	2.00	2.00	1.85	1.80	1.80
Payout Ratio	NM	402%	NM	42%	10%	NM	NM	16%	NM	26%
Prices—High	68	94⅜	78⅜	88½	88¼	81½	49¼	58¾	36¾	39¼
Low	43⅛	40⅜	51¼	58¼	61¼	47⅝	26	30	25⅞	27⅞
P/E Ratio—	NM	NM	NM	17-11	4-3	NM	NM	5-3	NM	6-4

Data as orig reptd 1. Reflects merger or acquisition. 2. Bef spec. item(s) of +1.78 in 1981 NM-Not Meaningful. d-Deficit E-Estimated

December 1, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**3,310**	**192**	**5.8**	**151**	**132**	**52.6**	**d47**	**NM**	**d63**	**NM**
1987	2,767	198	7.2	136	119	54.3	34	45.3%	14	0.5
1986	2,304	111	4.8	186	107	47.7	d157	NM	[3]d107	NM
1985	2,146	190	8.8	206	79	31.4	61	17.4%	50	2.3
1984	2,326	365	15.7	109	72	33.5	244	23.1%	188	8.1
1983	1,605	136	8.5	76	70	36.1	d3	NM	5	0.3
1982	1,587	64	4.0	123	65	44.0	d21	NM	[3]8	0.5
[3]1981	1,962	174	8.9	149	55	38.1	143	30.0%	100	5.1
1980	1,667	84	5.0	92	50	[3]33.0	1	NM	d11	NM
1979	1,771	150	8.5	105	43	22.9	83	30.0%	58	3.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**59**	**1,027**	**721**	**1.4**	**2,064**	**NM**	**409**	**587**	**1,169**	**35.0**	**NM**
1987	77	889	650	1.4	2,019	0.7%	333	692	1,198	27.8	0.9%
1986	162	948	663	1.4	1,990	NM	320	655	1,151	27.8	NM
1985	168	862	523	1.6	1,705	3.1%	234	712	946	24.7	7.3%
1984	160	829	458	1.8	1,506	13.6%	221	648	871	25.4	32.6%
1983	100	594	347	1.7	1,259	0.4%	282	501	899	31.3	0.6%
1982	29	590	340	1.7	1,282	0.6%	279	490	942	29.7	0.3%
1981	12	776	403	1.9	1,416	7.9%	304	548	1,013	30.0	19.5%
1980	8	632	328	1.9	1,118	NM	245	451	771	31.8	NM
1979	28	661	368	1.8	1,103	5.6%	187	476	722	25.9	12.7%

Data as orig reptd 1. Incl equity in earns. of nonconsol subs. 2. Bef spec item(s) in 1981 3. Reflects accounting change. d-Deficit. NM-Not Meaningful

Business Summary

Cummins is the leading manufacturer of heavy-duty and mid-range diesel engines, engine components and power systems for use in truck, bus, marine, power generation, military vehicle, construction, mining, logging, agriculture and rail applications. Sales contributions in recent years:

	1988	1987
Engines	64%	64%
Components	22%	23%
Power systems	14%	13%

Every major U.S. truck manufacturer offers Cummins engines as standard or optional equipment. Total sales of engines and kits were 217,300 in 1988, up 35% from 1987, and were divided 53% NH/NT and L-10 heavy-duty engines, 35% B and C mid-range, 9% other engines and 3% engine kits. Cummins' share of the North American heavy-duty diesel truck engine market exceeded 50% for the past eight years. In 1988 it was 54%, versus 55% in 1987. Engines range in size from 40 to 2,000 horsepower.

The components group markets products to engine manufacturers and end-users, including crankshafts, gears, camshafts, remanufactured engines and replacement parts, turbochargers, air compressors, vibration dampers, couplings, flywheels and piston rings. The power systems group manufactures alternators, small gasoline engines, generator sets, heat exchangers and electronic and drivetrain components.

In 1988 the United States accounted for 62% of sales, Europe 16%, Asia 8%, Canada 8%, Latin America 4% and Africa/Middle East 2%. Navistar International accounted for 10.4% of sales in 1988.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Feb. 14	Feb. 23	Mar. 1	Mar. 15'89
0.55	Apr. 4	May 25	Jun. 1	Jun. 15'89
0.55	Jul. 11	Aug. 28	Sep. 1	Sep. 15'89
0.55	Sep. 12	Nov. 27	Dec. 1	Dec. 15'89

Capitalization

Long Term Debt: $463,916,000.

Minority Interest: $60,294,000.

10% Conv. Pfd. Stock: $37,427,000.

$3.50 Cum. Conv. Exch. Pref. Stk.: 2,298,800 shs. ($50 liq. val.); conv. into com. at $77 a sh.; represents 0.10 sh. of $35 conv. pref. stk.

Common Stock: 10,221,604 shs. ($2.50 par). Institutions hold about 81%; 9.9% owned by Industrial Equity Pacific, Ltd.. Shareholders of record: 5,700.

Office—500 Jackson St., Columbus, Ind 47202. Tel—(812) 377-5000 Chrmn & CEO—H B Schacht Pres—J. A Henderson Investor Contact—M. Phillips VP-CFO & Secy—P B Hamilton Dirs—H Brown, R J. Darnall, H. H Gray, J. A Henderson, H L. Hillman, J. I. Miller, P L Miller, W. I. Miller, G W Newlin, D S. Perkins, W. D Ruckelshaus, H B. Schacht, W. D Schwab, F. A. Thomas Transfer Agent & Registrar—First National Bank, Chicago Incorporated in Indiana in 1919 Empl—26,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M Harari

Cyprus Minerals

NYSE Symbol CYM Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
25⅞	33-21⅜	4	0.80	3.1%	NR	NA

Summary

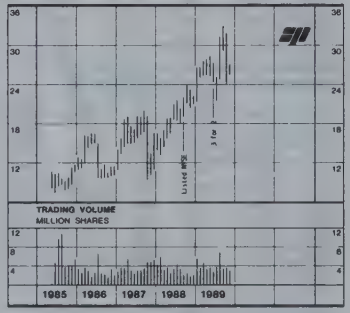
This company is the nation's second largest copper producer, a major coal producer, and has important interests in gold, molybdenum, lithium and industrial minerals. After benefiting in 1987-1989 from a series of acquisitions and from a strong recovery in the copper market, earnings for 1990 may decline significantly, reflecting expected sluggish economic growth.

Current Outlook

Earnings for 1990 are projected at $5.00 a share, versus the $6.60 estimated for 1989.

Dividends should continue at $0.20 quarterly.

Copper and molybdenum profits for 1990 will probably decline significantly as lower prices outweigh moderately heavier copper output. Industrial minerals earnings are likely to fall substantially in the absence of a gain on sale of clay operations. However, gold activities should return to a full year of profitability on a greater share of lower cost production, reduced administrative costs, and higher quotes. Coal income will probably recover sharply, reflecting diminution of output problems and absence of a contract writedown. Lithium profits are likely to be about the same. Iron ore operations should make little initial contribution.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	436	258	172	191
Jun.	453	329	179	220
Sep.	464	327	214	206
Dec.	---	413	230	194
	---	1,327	795	811

Revenues for the first nine months of 1989 advanced 48%, year to year, on further strength in the copper market. With operating costs increasing at a slower rate, and net interest income instead of expense, net income was up 102%. Share earnings equaled $5.12 (after a full nine months of initial preferred dividends), versus $2.59 (adjusted for the June 1989 3-for-2 split).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.96	0.69	0.01	0.33
Jun.	1.48	1.11	0.19	0.35
Sep	1.68	0.80	0.22	d0.25
Dec.	E1.48	1.61	0.26	0.11
	E6.60	4.21	0.68	0.54

Important Developments

Sep. '89— CYM said that it had repurchased some 1.3 million shares under an authorization approved in May to buy up to 4 million (10%) of its common stock. In August, CYM acquired Reserve Mining Co., a shutdown iron ore producer, for $52 million. Separately, CYM and the bankrupt LTV Corp. reached a $505 million settlement of CYM's $1.07 billion in claims against LTV. Ultimate recovery would depend on the bankruptcy court, and the amount CYM would receive was expected to be substantially less.

May '89— CYM announced an expansion at its Bagdad, Ariz. copper mine that would raise annual output to 220 million pounds, from 180 million.

Mar. '89— CYM acquired Hawks Nest Coal Co. from Imperial Pacific Investment Inc. for $15 million plus the assumption of debt. Hawks produces 1.2 million tons of coal annually from properties containing 53 million tons of reserves.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986
Tangible Bk. Val.	25.62	21.95	21.34
Earnings	[2]4.21	0.68	0.54
Dividends	0.13⅓	Nil	Nil
Payout Ratio	3%	Nil	Nil
Prices—High	24	20	16⅝
Low	13⅛	9⅜	9⅝
P/E Ratio—	6-3	29-14	31-18

Data as orig. reptd. Adj. for stk. div.(s) of 50% Jun 1989. 1. Reflects merger or acquisition. 2. Fully diluted. 3.98 in 1988. NA-Not Available. d-Deficit. E-Estimated.

December 8, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,327	301	22.7	118	73.0	14.7	[2]219	22.5%	170	12.8
1987	795	99	12.5	74	55.0	11.1	[2]33	20.4%	[3]26	3.3
[1]1986	811	97	12.0	43	56.1	16.1	[2]29	27.9%	21	2.6
[1]1985	706	89	12.6	51	85.0	20.5	d690	NM	d429	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	163	562	219	2.6	1,651	12.1%	120	1,007	1,364	8.8	17.5%
1987	8	342	99	3.5	1,148	2.3%	115	850	994	11.6	3.1%
1986	60	334	99	3.4	1,106	1.9%	115	817	956	12.0	2.6%
1985	73	311	102	3.1	1,137	NM	155	809	986	15.8	NM

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol subs. 3. Reflects accounting change. d-Deficit. NM-Not Meaningful

Business Summary

Cyprus Minerals is a diversified natural resources concern engaged in mining and related activities that include the exploration for and extraction, processing and marketing of mineral resources. Its primary products are coal, copper, molybdenum, lithium, gold and fine ground industrial minerals (talc). Contributions (in million $) to operating profits by business segment in recent years:

	1988	1987	1988
Copper	$202	$35.6	$20.2
Coal	8.2	30.2	40.7
Gold	3.2	0.1	-4.3
Specialty metals	13.1	-3.9	---
Industrial minerals	32.3	2.9	5.5

Following a series of acquisitions in 1988, Cyprus is now the nation's second largest copper producer. Copper, together with its by-product, molybdenum, is produced from nine mines located in Arizona, New Mexico, Idaho and Nevada. In 1988 CYM produced 466.5 million pounds of copper (compared with 336 million pounds in 1987) and 39.9 million pounds of molybdenum (28.6 million). CYM processes some 60% of its production at company-owned smelters and refineries. Proved reserves at 1988 year-end equaled 921 million tons of ore averaging 0.47% copper; 240 million tons of ore averaging 0.118% molybdenum; and 343 million tons of ore averaging 0.29% copper and 0.037% molybdenum.

Coal is produced from nine mines in Colorado, Kentucky, Pennsylvania, Utah, West Virginia and Wyoming. In 1988 Cyprus produced 13.2 million tons of coal, brokered 0.4 million tons for a total of 13.6 million tons at an average sales price of $26.74 a ton. In 1987 CYM sold 12.1 million tons of coal at an average $28.34 a ton. Reserves at December 31, 1988 were 796 million tons. In 1988 some 96% of CYM's coal sales were made to electric utilities (substantially all under long-term contract).

Cyprus, which commenced gold production in early 1987, has interests in five active mines located in Arizona and Australia. In 1988 CYM produced 108,400 ounces of gold (versus 10,800 in 1987) and had proved and probable ore reserves of 11.0 million tons averaging 0.112 oz. of gold per ton. In September, 1989 CYM announced a plan to restructure its South Pacific gold holdings. In the transaction, Arimco N.L. (Aus.) and CYM would exchange interests in various gold properties. Completion of this deal would lead to a slight decline in 1990 gold output from some 140,000 ozs. expected in 1989. Silver production in 1988 was 1,980,000 ounces, versus 1,260,000 ozs. in 1987.

CYM's specialty metals unit was formed in 1988 through the acquisition of the lithium operations of Foote Mineral Co., and a 50% interest in a beryllium deposit in Texas. Lithium is used in the manufacture of glass, ceramics, greases, batteries and the smelting of aluminum, while beryllium is used in electronics and aerospace applications.

Through several acquisitions in 1988, Cyprus Industrial Minerals is now the world's largest producer of talc. Talc is used by the paper, paint, ceramics, plastics and cosmetics industries. CYM also produces high quality barite, which is used in the production of paints, rubber and plastics.

Dividend Data

Quarterly cash dividend payments were initiated in 1988. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Dec. 14	Jan. 5	Jan. 11	Feb. 1'89
0.20	Feb. 23	Apr. 5	Apr. 11	May 1'89
3-for-2	May 4	Jun. 26	May 26	Jun. 23'89
0.20	May 4	Jul. 5	Jul. 11	Aug. 1'89
0.20	Sep. 25	Oct. 4	Oct. 11	Nov. 1'89

Capitalization

Long Term Debt: $109,228,000.

$3.75 Conv. Exch. Preferred Stock: 3,932,000 shs. ($50 liquid. val.); conv. into com. at $24.83 a sh.

Common Stock: 38,304,521 shs. (no par).
Institutions hold some 61%.
Shareholders of record: 61,700.

Office—9100 East Mineral Circle, Englewood, Colo. 80112 Tel—(303) 643-5000 Chrmn—J. C. Duncan Pres & CEO—K. J. Barr VP-CFO—G. J. Malys VP-Treas—D. C. Haugh VP-Secy—K. Loughrey Dirs—G. S. Ansell, K. J. Barr, C. A. Campbell, Jr., J. C. Duncan, T. V. Falkie, J. J. Kerley, M. A. Morphy, C. B. Stone, Jr., V. F. Taylor, Jr., P. C. Walsh. Transfer Agent & Registrar—Ameritrust Co., Denver, Colo. Incorporated in Delaware in 1969. Empl—7,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. A M Sorrentino, CFA

DSC Communications

3657

NASDAQ Symbol DIGI (Incl. in Nat'l Market; marginable) Options on ASE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
15	17 1/8-6 3/4	22	None	None	B	1.77

Summary

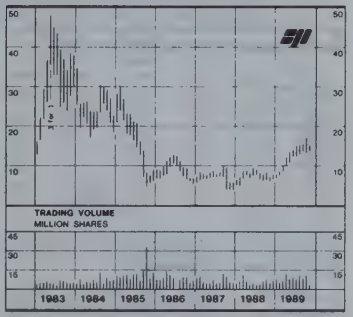
This company manufactures digital switching, transmission and private network system products for the telecommunications industry. DSC should extend its improvement in profitability in 1990, aided by recently introduced products, stringent cost controls and a consolidation of operations. Foreign operations have been generating increasing portions of consolidated revenue.

Current Outlook

Earnings for 1990 are projected to reach approximately $1.00 a share, compared with the $0.75 estimated for 1989.

Initiation of cash dividends is not expected.

Revenues should continue to increase at a strong pace in 1990, aided by increased sales of recently introduced switching products, notably those for the long distance and cellular communications businesses. International sales should also increase. Operating margins should widen on improved volume and changes in the product mix. Interest costs should stabilize.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	90.09	79.37	76.73	75.83
Jun.	104.00	77.63	77.25	82.81
Sep.	106.32	85.35	78.80	70.82
Dec.	---	97.33	79.59	74.49
	---	339.67	312.38	303.95

Revenues for the nine months ended September 30, 1989, increased 24%, year to year. Margins widened and pretax income surged 77%. After taxes at 25.0%, versus 18.9%, net income was $21,760,000 ($0.52 a share), versus $13,251,000 ($0.32), which excludes losses of $801,000 ($0.02) from discontinued operations in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.13	0.10	0.06	0.05
Jun.	0.19	0.11	0.07	0.09
Sep	0.20	0.11	0.10	0.07
Dec.	E0.23	0.16	0.13	0.06
	E0.75	0.48	0.35	0.27

Important Developments

Oct. '89— DSC attributed revenue growth for the first nine months of 1989 to high demand for switching systems, including those for cellular applications, increased deliveries of MegaHub products and initial volume shipments of digital cross-connect products. Gross margins narrowed in the September quarter due to a rise in the proportion of new products in the revenue mix; however, future improvements were anticipated as volumes increase and learning curve efficiencies are achieved.

Aug. '89— DSC publicly offered $75 million of 7 3/4% convertible subordinated debentures due August 1, 2014, through Donaldson, Lufkin & Jenrette Securities Corp. and other underwriters. The debentures were convertible at any time into DSC common stock at $18.60 a share. Proceeds would be used for general corporate purposes, including the repayment of indebtedness.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	1986	[2]1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	5.45	5.18	4.84	4.43	5.99	4.21	3.08	0.21	0.43	0.47
Earnings[4]	0.48	0.35	0.27	d1.26	1.40	[5]1.02	[6]0.17	[6]d0.27	d0.14	d0.50
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[7]—High	9 3/8	10 1/8	12 3/4	30 1/4	34 3/4	48	16 1/2	3 1/2	1 1/2	NA
Low	4 7/8	3 7/8	5 3/8	4 3/4	17	12 3/4	3 1/8	3/4	3/4	NA
P/E Ratio—	20-10	29-11	47-20	NM	25-12	47-13	95-18	NM	NM	NA

Data as orig. reptd. Adj. for stk. div. of 200% May 1983. 1. Prior to 1981, fis. yr. ended Jun. of fol. cal. yr. 2. Refl. acctg. change. 3. Refl. pooled acq. 4. Bef. disc. ops. of 0.20 in 1988 and spec. items of +0.02 in 1988, +0.09 in 1987, +0.14 in 1986, 0.34 in 1985, +0.03 in 1983, +0.15 in 1982. 5. Ful. dil. 0.98 in 1983, 0.16 in 1982. 6. Six mos. 7. Cal. yr. E-Estimated. d-Deficit. NA-Not Available. NM-Not Meaningful.

November 29, 1989

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Income Data (Million $)

Year Ended Dec. 31[1]	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	340	56	16.4	45.9	24.5	9.0	24.4	17.9%	20.0	5.9
1987	312	54	17.3	23.2	28.8	11.1	17.6	17.3%	14.6	11.3
1986	304	51	16.6	19.1	25.9	15.7	13.4	17.8%	11.0	3.6
[4]1985	288	d8	NM	65.2	14.2	14.6	d64.6	NM	d49.6	NM
[5]1984	352	109	30.9	74.5	6.8	10.9	98.0	41.5%	57.3	16.3
1983	127	42	33.3	12.5	1.0	6.5	44.5	44.0%	24.8	19.5
1982	27	6	21.9	2.7	0.2	0.7	5.8	46.0%	3.1	11.4
[6]1981	Nil	d2	NM	0.2	Nil	Nil	d2.6	Nil	d2.6	NM
1980	Nil	d2	NM	0.2	Nil	0.1	d1.2	Nil	d1.2	NM
1979	Nil	d1	NM	0.1	Nil	0.2	d1.4	Nil	d1.4	NM

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	**7**	**235**	**124.0**	**1.9**	**429**	**5.1**	**83**	**216**	**299**	**27.7**	**9.5**
1987	26	211	94.3	2.2	368	4.0	60	211	274	39.9	6.9
1986	80	262	69.7	3.8	406	2.7	134	201	337	39.7	5.8
1985	43	247	63.3	3.9	396	NM	156	176	332	46.8	NM
[5]1984	72	364	93.0	3.9	475	14.3	132	245	382	34.5	28.1
1983	144	232	42.4	5.5	249	15.6	112	94	207	54.1	33.3
1982	38	65	9.2	7.1	68	8.7	4	55	59	7.3	10.9

Data as orig. reptd. 1. Prior to 1981, fis. yr. ended Jun. of fol. cal. yr. 2. Bef. spec. items. 3. Excludes discontinued operations. 4. Refl. acctg. change. 5. Refl. merger or acq. 6. Six mos. d-Deficit. NM-Not Meaningful.

Business Summary

DSC Communications (formerly Digital Switch Corp.) designs, manufactures and markets digital switching, transmission, test, and control systems used in public and private communications networks. In 1988, DSC consolidated two principal operating groups, the Public Network Group and the Business Network Systems Group, into a single group—Network Products.

Switching products include tandem switches, such as the DEX 600E, that generally are used to interconnect bundles of local or long-distance telephone lines; Signal Transfer Points systems, which are high-capacity message switches incorporating the key elements required for the implementation of an Integrated Services Digital Network; and the DEX 600C cellular switching system made for Motorola, which markets the switch to the cellular industry. Under its DEX MegaHub trademark, the company sold new switching products based on Signaling System No.7 (SS7), an international standard for interswitching system communications.

Other products include the CP2000, a smart T-1 digital multiplex gateway product that allows the user to combine and manage numerous lines of voice, data or video; transmission and traditional radio products; digital cross-connect systems; and network management products for integrarted, transparent communications for both Local Area Networks (LANs), and Wide Area Networks (WANs). In the 1988 fourth quarter, DSC discontinued its "North American Standard" transmultiplexer business, due to an industry-wide movement from analog to digital transmission facilities.

During 1988, revenue generated from foreign operations accounted for 16% of consolidated revenue; MCI Communications, Motorola Inc., and DDI Corp. accounted for 19%, 14% and 12% of revenues, respectively.

Dividend Data

No cash has been paid. A 200% stock dividend was distributed May 23, 1983. In May 1986, DSC distributed preferred-stock purchase rights, designed to protect shareholder interests in the event of an unfriendly takeover attempt.

Finances

Auditors issued an explanatory opinion on the company's 1988 financial statement, noting a purported class action lawsuit filed against the company, the outcome and any potential liability of which was unknown. The litigation involved a suit by certain shareholders alleging that DSC's financial statements for periods of 1984 and 1985 were false and misleading.

Capitalization

Long Term Debt: $102,744,000 (6/89).

Common Stock: 39,555,268 shs. ($0.01 par). Institutions hold some 58%.

Warrants & Options: To purchase about 6,400,000 shs.

Office— 1000 Coit Road, Plano, Texas 75075 **Tel**—(214) 519 3000 **Chrmn, Pres & CEO**—J. L. Donald **VP-Secy**—W. R. Tempest **SVP & CFO**—G. F. Montry **Investor Contact**—Raymond T. Adams **Dirs**—C. M. Brown Jr., F. J. Cummiskey, J. L. Donald, J. L. Fischer, R. S. Folsom, G. J. Korpinen, J. P. Leake, G. F. Montry, J. M. Nolan, C. J. Osborn **Transfer Agent & Registrar**—NCNB Texas **Incorporated** in Delaware in 1976 **Empl**—2,766

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrance Riley III, CFA

Daisy Systems

3658

NASDAQ Symbol DAZX Options on Pac (Jan-Apr-Jul-Oct) (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
2 3/8	7-2 3/8	NM	None	None	NR	1.06

Summary

This manufacturer of computer-aided engineering and design systems acquired Cadnetix Corp. in early 1989, for cash and convertible debentures totaling more than $200 million, enhancing the company's depth in Electronic Design Automation technologies. Daisy arranged for interim bridge loan financing and sold a unit of Cadnetix to fund the acquisition. Results for the first nine months of 1988-9 were penalized by non-operating charges and writeoffs of some $123.5 million.

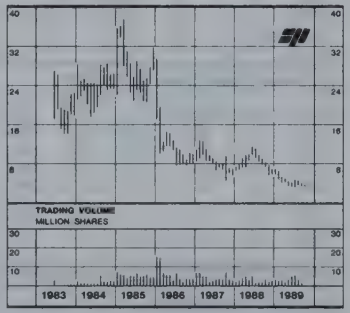
Business Summary

Daisy Systems Corporation designs, manufactures, sells and supports computer-aided engineering (CAE) systems to automate the electronic design engineering process. The company's product line is used for the design and layout of application-specific integrated circuits, printed circuit boards and integrated circuits that are used mainly by the military/aerospace, semiconductor, computer and telecommunications industries. Daisy currently has a worldwide installed base of more than 5,000 systems at more than 1,000 customer sites.

The line of engineering workstations manufactured and sold by Daisy offers a range of price and performance levels. When integrated with the company's applications software, these workstations can provide users with a turnkey solution for the design, analysis, debugging, verification and physical layout of electronic systems and integrated circuits. During 1988, Daisy undertook a significant effort to move away from proprietary systems and transform its product offering into a standard environment at both the hardware and software levels. The result is the Advansys Series, a line of turnkey workstations based on the 32-bit 80386 Intel microprocessor and incorporating the Sun386i workstation. The new products utilize the SunOS/UNIX operating system, X11 graphics windowing, the NFS file system and the Ethernet network with TCP/IP communications protocol, all of which are standard systems. The company sells two other workstation lines: LOGICIAN, a high-end workstation optimized for physical layout applications; and the Personal LOGICIAN, a desktop workstation providing a lower per-unit cost and incorporating the standard AT system architecture used in the IBM PC AT.

Other products offered by Daisy include unbundled software for personal computers, a networked server and application nodes and a variety of special-purpose hardware.

Net revenues from shipments to Western Europe accounted for 43% of revenues in fiscal 1988, and shipments to the Far East provided 15%.



Important Developments

Aug. '89— The company posted a net loss of $43.6 million in the third quarter of 1988-9, primarily reflecting a $32.3 million charge on the sale of HHB Systems, a unit of Cadnetix, reflecting a writeoff of goodwill.

May '89— The company completed the acquisition of Cadnetix Corp., a designer and manufacturer of application-specific workstations, in a two-step tansaction consisting of cash and convertible debentures totaling more than $200 million (see Finances). The company sold HHB Systems for $19 million in cash and drew down $28 million under a bridge financing with Heller Financial Corp. to help pay for the Cadnetix merger. Daisy also has available a $5 million revolving line of credit from Heller. The merged Daisy/Cadnetix unit will be referred to as Dazix.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	8.05	7.63	8.56	8.66	3.54	2.75	0.54	NM
Earnings[1]	0.30	d0.92	d0.06	1.22	0.73	0.17	0.01	[2]d0.29
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	11 1/2	12 3/4	29 1/2	37 1/2	28 1/2	27	NA	NA
Low	5 1/2	4 1/2	7 5/8	20 1/2	17 1/2	14	NA	NA
P/E Ratio—	38-18	NM	NM	31-17	39-24	NM	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 50% Mar. 1983, 100% Mar. 1982. **1.** Bef. spec. items of +0.09 in 1988, +0.02 in 1983, +0.01 in 1982. **2.** From inception 8-29-80. **3.** Cal. yr. NM-Not Meaningful d-Deficit NA-Not Available.

Standard OTC Stock Reports
Vol. 55/No. 117/Sec. 13

October 16, 1989

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Standard & Poor's Corp
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**117**	**14.3**	**12.2**	**6.2**	**13.9**	**Nil**	**6.3**	**14.6%**	**5.3**	**4.5**
1987	101	d17.7	NM	2.7	9.7	NA	d23.7	NM	d16.3	NM
1986	107	d0.4	NM	12.8	10.3	0.08	d5.7	NM	d1.1	NM
1985	123	33.5	27.3	20.4	2.7	0.18	35.8	40.8%	21.2	17.3
1984	69	19.0	27.4	11.3	2.4	0.03	19.4	43.1%	11.0	16.0
1983	18	2.7	15.5	2.0	0.6	0.14	3.3	30.0%	2.3	13.3
1982	5	0.3	5.8	0.8	0.2	0.06	0.2	48.6%	0.1	2.7
[2]1981	NM	NM	NM	0.3	0.1	0.02	d0.8	NM	d0.8	NM

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	**76.8**	**129**	**25.4**	**5.1**	**168**	**3.3**	**Nil**	**140**	**140**	**Nil**	**3.9**
1987	76.7	130	21.3	6.1	164	NM	0.35	137	139	0.2	NM
1986	77.2	132	18.3	7.2	172	NM	0.53	151	154	0.3	NM
1985	83.3	141	20.8	6.8	174	16.9	0.67	150	153	0.4	20.0
1984	20.5	52	12.2	4.2	63	20.6	Nil	51	51	Nil	24.4
1983	33.5	41	3.8	10.8	44	7.5	0.49	39	40	1.2	9.9
1982	6.6	9	0.8	10.3	9	2.3	0.55	4	9	6.4	4.8
1981	0.9	1	0.1	9.0	1	NM	0.15	d2	1	11.6	NM

Data as orig. reptd. **1.** Bef. spec. items. **2.** From inception 8-29-80. d-Deficit. NM-Not Meaningful. NA-Not Available.

Net Revenues (Million $)

Quarter:	[1]1988-9	1987-8	1986-7	1985-6
Dec.	32.00	28.05	25.38	36.57
Mar.	47.22	28.56	23.83	22.49
Jun.	44.90	29.90	24.07	23.09
Sep.		30.90	27.59	25.00
		117.40	100.86	107.15

Net revenues for the nine months ended June 30, 1989, rose 43%, year to year, aided by inclusion of Cadnetix from January 1, 1989. Results were punished by charges of $21,288,000 for amortization of intangibles, $40,500,000 for in-process research and development, $32.3 million on the sale of HHB, and $26,327,000 for other items. A pretax loss of $119,221,000 contrasted with income of $4,875,000. After taxes of $900,000, against $800,000 (16.4%), the net loss was $120,121,000 ($6.87 a share), versus income of $4,075,000 ($0.23).

Common Share Earnings ($)

Quarter:	[1]1988-9	1987-8	1986-7	1985-6
Dec.	d3.79	0.06	d0.07	0.35
Mar.	d0.60	0.08	d0.28	d0.27
Jun.	d2.49	0.10	d0.59	d0.10
Sep.		0.07	0.03	d0.05
		0.30	d0.92	d0.06

Dividend Data

Daisy has never paid cash dividends.

1. Incl. Cadnetix beginning Jan. 1. d-Deficit.

Finances

Under terms of a merger agreement, in December 1988 Daisy acquired 10,209,447 common shares (which together with Daisy's previous holdings made up a 50.1% interest) of Cadnetix Corp. for $9.50 a share. Pursuant to the accord, in May 1989 Daisy acquired the remaining Cadnetix shares for $3.78 a share in cash and $5.72 in convertible debentures. The agreement was reached after Daisy launched a hostile tender offer of $8 a share for a controlling interest in Cadnetix in October 1988. At that time, Cadnetix acquired HHB Systems (see Important Developments).

As of June 30, 1988, the company had repurchased 1,053,000 common shares under a program which authorized the buyback of 2,000,000 shares.

Daisy recorded nonrecurring pretax charges of $8.3 million in fiscal 1987, associated with the introduction of new products and organizational changes.

Research and development expenditures were $20,801,000 (18% of revenues) in fiscal 1988, compared with $24,032,000 (24%) the year before.

Capitalization

Long Term Debt: $50,988,000 (6/89).

Common Stock: 17,530,838 shs. ($0.01 par).
Institutions hold some 45%.
Officers & directors own about 10%.
Shareholders: 2,105 of record (9/88).

Options: To purchase 2,487,820 shs. at $1.13 to $11.50 ea. (9/88).

Office—700 E. Middlefield Rd., Mountain View, Calif. 94043 **Tel**—(415) 960-0123 **Chrmn, Pres & CEO**—N. E. Friedmann **VP & CFO**—R. F. Sloss. **Secy & Investor Contact**—V. Hornstein **Dirs**—R. D. DeLauer, N. E. Friedmann, B. M. Holland, S. Kaplan, E. M. Kaufman, M. Palevsky, R. Simms, D. A. Stamm. **Transfer Agent**—First National Bank of Boston. **Incorporated** in California in 1980; reincorporated in Delaware in 1987. **Empl**—860.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

J. Lang

Dana Corp.

NYSE Symbol DCN Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
34⅛	42⅞-33⅛	9	1.60	4.7%	B+	1.12

Summary

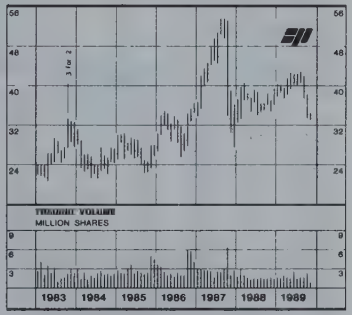
Dana is one of the stronger companies making parts for trucks and to a lesser extent for cars, with a good record in its competitive field. Longer-term potentials are enhanced by the introduction of new products, a growing foreign business, acquisitions, and rising sales to the more stable and profitable aftermarket. In 1989 Dana formed a joint venture to market gaskets to Japanese engine manufacturers in the U.S. Weakness in the U.S. motor vehicle market should result in lower earnings in 1989 and 1990.

Current Outlook

Share earnings for 1990 may decline to about $3.25 from the $3.35 estimated for 1989.

The quarterly dividend should continue at $0.40.

Shipments of vehicle components are likely to decline in 1990, as truck and car assemblies decrease somewhat. Operations will be aided by greater demand for replacement parts and continued expansion of international operations. Core businesses should benefit from an ongoing restructuring program and cost reductions, but the absence of 1989's $0.24 a share of net nonrecurring gains should result in lower earnings.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,303	1,234	1,003	962
Jun.	1,318	1,291	1,054	979
Sep.	1,120	1,174	1,009	889
Dec.	---	1,237	1,076	866
	---	4,936	4,142	3,695

Sales for the nine months ended September 30, 1989 rose 1.2%, year to year. There was a net gain of $8.0 million ($0.20 a share) from a $15 million payment from Champion Spark Plug related to the termination of a merger agreement and a $5.6 million ($0.14) gain due to a debt restructuring at DCN's Mexican affiliate. Hurt by a declining U.S. motor vehicle market and a charge of $4.0 million ($0.10) to provide for anticipated environmental cleanup costs, net income decreased 6.0%, to $2.73 a share from $2.91.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.96	0.86	0.95	0.65
Jun.	1.05	1.05	0.91	0.75
Sep.	0.72	1.00	0.82	0.24
Dec.	E0.62	1.08	0.54	0.04
	E3.35	3.99	3.21	1.68

Important Developments

Oct. '89— Earnings for the first nine months of 1989 include net gains of $8.0 million ($0.20 a share) from the effect of a $15 million payment received in connection with the termination of a merger agreement and $5.6 million ($0.14) due to a debt restructuring at Dana's Mexican affiliate. These were partially offset by a charge of $4.0 million ($0.10) to cover anticipated environmental costs. The company expected weakness in the North American motor vehicle market to continue in the fourth quarter of 1989 and into the first half of 1990.

Mar. '89— DCN received a 51% interest in a joint venture with Ishino Gasket Manufacturing Co. to manufacture and market engine gaskets to Japanese engine manufacturers in the U.S. There are currently three Japanese engine manufacturers in the U.S. and others may enter the market in the future.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31[1]	[2]1988	1987	1986	[3]1985	1984	1983	1982	1981	[2]1980	[3]1979
Tangible Bk. Val.	23.61	17.28	17.32	19.11	19.83	18.06	16.72	16.79	16.32	15.92
Earnings[4]	3.99	3.21	1.68	2.95	3.40	1.97	0.95	2.17	1.85	3.35
Dividends	1.54	1.40	1.28	1.28	1.20	1.08	1.06⅜	1.06⅜	1.04¾	0.94¾
Payout Ratio	39%	40%	67%	41%	35%	56%	113%	49%	57%	28%
Prices—High	40½	54¼	36½	30⅜	31⅛	33⅜	23¾	22⅜	18⅛	20¼
Low	32½	27½	25½	22¼	21⅛	20½	14½	14½	11⅞	16⅛
P/E Ratio—	10-8	17-9	22-15	10-8	9-6	17-10	25-15	10-7	10-6	6-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Nov. 1983. 1. Yrs. ended Aug. 31 prior to 1981. 2. Reflects accounting change 3. Reflects merger or acquisition 4. Bef. spec. item(s) of +0.09 in 1987, +0.07 in 1983 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	5,190	689	13.3	511	164	[5]232	279	34.9%	162	3.1
1987	4,142	441	10.6	164	105	91	241	36.3%	[4]141	3.4
1986	3,695	363	9.8	161	104	63	192	50.1%	86	2.3
[6]1985	3,754	467	12.4	167	93	51	345	49.0%	165	4.4
1984	3,575	533	14.9	81	86	41	405	50.5%	191	5.4
1983	2,865	338	11.8	67	88	53	207	45.8%	109	3.8
1982	2,423	208	8.6	73	80	51	94	39.4%	52	2.1
1981	2,711	292	10.8	62	78	65	187	35.3%	[4]116	4.3
[4]1980	2,524	240	9.5	129	70	49	147	29.1%	96	3.8
[6]1979	2,761	362	13.1	157	53	29	307	45.2%	164	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	54	NA	NA	NA	4,786	4.3%	1,009	960	2,328	43.3	17.6%
1987	44	1,516	1,032	1.5	2,802	5.5%	690	879	1,760	39.2	16.1%
1986	51	1,336	745	1.8	2,525	3.7%	618	955	1,770	34.9	8.7%
1985	29	1,299	688	1.9	2,424	7.3%	354	1,195	1,730	20.4	14.1%
1984	134	1,345	558	2.4	2,257	8.8%	317	1,223	1,692	18.8	16.4%
1983	32	1,166	513	2.3	2,095	5.3%	324	1,118	1,575	20.6	10.0%
1982	38	1,039	489	2.1	1,984	2.6%	355	1,019	1,489	23.9	5.0%
1981	48	1,054	454	2.3	1,967	5.9%	389	1,003	1,506	25.8	11.6%
1980	44	1,074	508	2.1	1,935	5.2%	337	960	1,416	23.8	10.2%
1979	28	1,014	429	2.4	1,756	9.9%	292	936	1,312	22.3	18.8%

Data as orig. reptd. 1. Yrs. ended Aug. 31 prior to 1981. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. spec. item(s) in 1987, 1983 4. Reflects accounting change 5. Net of interest income 6. Reflects merger or acquisition. NA-Not Available.

Business Summary

Dana is a large producer of automotive components and industrial products. Contributions to revenues in 1988 were:

	Revenues	Profits
Vehicular products	76%	84%
Industrial lines	19%	14%
Financial services	5%	2%

Dana's international operations consist of 43 affiliates and subsidiaries in 25 countries that accounted for 24% of revenues and 31% of operating income in 1988

Consolidated sales by market in 1988 were divided 29% light trucks and cars, 24% heavy trucks, 20% automotive distribution, 9% industrial equipment, 9% mobile off-highway, and 9% truck parts distribution.

Principal products include axles, clutches, transmissions, universal joints, driveshafts, power takeoffs, piston rings, pistons, camshafts, cylinder sleeves, valve seats, gaskets, sealing products, filters, speed controls, frames, side rails, chassis parts, suspensions, leaf springs, pumps, motors, control valves, cylinders, fittings, hose products, air controls, hydraulic components and cylinders, brakes, motor controls, joints, step motors, screws, switches, and actuators.

Diamond Financial Holdings (consolidated as of January 1, 1988) provides leasing and finance, savings and loan, and property development financial services through subsidiaries.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Feb. 21	Feb. 27	Mar. 3	Mar. 15'89
0.40	Apr. 17	May 26	Jun. 2	Jun. 15'89
0.40	Jul. 17	Aug. 28	Sep. 1	Sep. 15'89
0.40	Oct. 23	Nov. 27	Dec. 1	Dec. 15'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $1,570,600,000.

Minority Interest: $118,100,000.

Common Stock: 40,880,749 shs. ($1 par).
Institutions hold about 60%.
Shareholders of record: 37,300.

Office—4500 Dorr St., Toledo, Ohio 43615 **Tel**—(419) 535-4500. **Chrmn**—G. B. Mitchell **Pres & CEO**—S. J. Morcott **Secy**—M. J. Strobel **Investor Contact**—L. E. Kennedy (800) 537-8823 **Dirs**—B. F. Bellar, M. A. DiFederico, R. Fridholm, A. R. Gaiindo, Jr., M. L. Lahn, G. B. Mitchell, S. J. Morcott, O. A. Singletary, Jr., T. B. Sumner **Transfer Agents**—Manufacturers Hanover Trust Co., NYC; Ohio Citizens Bank Co., Toledo. **Registrar**—Chase Manhattan Bank, Fort Lee, N.J. **Incorporated** in Virginia in 1916 **Empl**—39,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Data General

717M

NYSE Symbol DGN Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
14⅛	19½-12⅝	NM	None	None	C	1.33

Summary

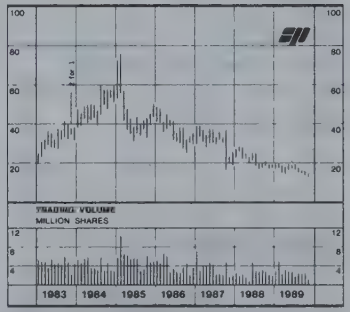
This company produces a line of general purpose computers, ranging from microprocessor-based products through 32-bit superminicomputers. A sizeable loss was posted in fiscal 1989, reflecting increased competition, weak demand for minicomputers, and a fourth quarter restructuring charge of $80 million. Although losses may continue into fiscal 1990, a return to profitability later in the year is possible, based on widening availability of the MV/40000 superminicomputer, strong initial interest in DGN's AViiON open systems product line, and $75 million in cost savings from the restructuring.

Current Outlook

Breakeven results are projected for the fiscal year ending September 30, 1990, versus fiscal 1989's loss of $4.10 per share.

Initiation of dividends is not anticipated.

Flat revenue growth is expected for fiscal 1990, reflecting soft demand for minicomputers. However, revenues could be aided by the widening availability of the new high end MV/40000 computers announced in October, 1988. Recently introduced RISC/UNIX-based products are beginning to pick up some momentum, but should contribute only about $100 million in revenues. Longer term, these open systems products should offset the declining growth in DGN's proprietary computer system line. Gross margins could stay under pressure with increased competition and slowing market growth, but earnings will benefit from estimated cost savings of $75 million from the recent restructuring.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	309	343	313	294
Mar.	343	350	315	319
Jun.	306	331	314	325
Sep.	357	342	332	330
	1,314	1,365	1,274	1,268

Revenues for the fiscal year ended September 30, 1989 (preliminary) declined 3.7% from those of the preceding year, reflecting a product cycle transition and soft U.S. demand. Gross margins narrowed sharply on the lower volume. Research and development spending rose 3.8% and selling, general and administrative expense increased 4.3%. There were restructuring charges in the fourth quarters of both years totaling $80.0 million and $48.7 million, respectively, and despite a $14.9 million gain on the sale of facilities, versus a gain of $5.9 million, the pretax loss expanded to $113.9 million from $6.7 million. After taxes, the net loss was $119.7 million, versus $15.5 million.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	d0.66	0.48	0.12	0.04
Mar.	0.23	0.66	d0.91	0.08
Jun.	d0.79	0.02	d2.40	d0.08
Sep.	d2.86	d1.76	0.12	0.16
	d4.10	d0.55	d3.07	0.21

Important Developments

Oct. '89— DGN announced a consolidation in which it will transfer work from one plant to a larger facility and sell two other plants. The consolidation is expected to eliminate over $95 million in annualized costs; $75 million should be realized in fiscal 1990 and the full amount realized in following years. The restructuring will be completed within 12 months and eliminate about 2,200 positions.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	[1]1987	[2]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	21.51	21.32	25.76	25.84	24.32	20.71	19.56	18.21	15.50
Earnings[3]	d4.10	d0.55	d3.07	0.21	0.92	3.08	0.96	0.92	1.93	2.60
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[4]	19½	28⅛	38¾	48½	76	59¾	41⅜	27⅜	34¼	43⅞
Low[4]	12⅝	16¾	16	25	31	38	19⅛	10⅛	20⅜	26½
P/E Ratio—	NM	NM	NM	NM	83-34	19-12	43-20	30-11	18-11	17-10

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov 1983. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of -1.84 in 1987, -1.28 in 1986, +0.13 in 1984, +0.23 in 1982, +0.47 in 1981. 4. Cal. yr. NM-Not Meaningful. d-Deficit. NA-Not Available.

December 8, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

717M

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,365	141	10.3	97	98	16.2	d7	NM	d15.5	NM
[2]1987	1,274	101	7.9	143	108	28.0	[3]d90	NM	d82.9	NM
[4]1986	1,268	124	9.8	130	93	37.2	[3]11	46.3%	5.7	0.5
1985	1,239	138	11.1	167	87	24.0	35	31.0%	24.3	2.0
1984	1,161	174	15.0	130	71	16.7	110	27.2%	79.8	6.9
1983	829	92	11.1	73	56	17.1	41	43.6%	23.1	2.8
1982	806	78	9.7	51	36	18.3	[3]37	46.5%	19.8	2.5
1981	737	113	15.4	50	32	20.3	76	46.0%	40.8	5.5
1980	654	133	20.3	62	26	[2]10.4	101	46.0%	54.7	8.4
1979	507	107	21.0	48	16	5.9	93	46.5%	49.8	9.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	141	670	390	1.7	1,078	NM	66	612	678	9.7	NM
1987	137	636	388	1.6	1,069	NM	80	588	668	12.0	NM
1986	302	823	320	2.6	1,257	0.4%	241	683	923	26.1	0.8%
1985	327	901	296	3.0	1,262	2.0%	299	658	966	31.0	3.8%
1984	204	798	329	2.4	1,069	8.1%	135	594	740	18.2	14.5%
1983	235	631	209	3.0	845	2.8%	139	469	636	21.8	5.1%
1982	192	630	188	3.4	786	2.6%	139	429	598	23.3	4.8%
1981	124	576	158	3.6	719	5.9%	145	382	560	25.8	11.5%
1980	77	517	155	3.3	643	9.7%	145	319	488	29.7	19.0%
1979	56	377	155	2.4	469	12.0%	62	252	314	19.9	22.2%

Data as orig reptd. 1. Bef. spec. item(s) in 1987, 1986, 1984, 1982, 1981 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol subs. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Data General sells general purpose computers, peripheral equipment, software, and communications systems. Equipment sales accounted for 67% of revenues in fiscal 1988 and service for 33%. Foreign operations contributed 46% of revenues and $1.5 million of operating profits.

The base of DGN's product line is the 32-bit ECLIPSE MV supermincomputer family. The systems range from the low-end MV/1400 to the high-end four-processor MV/40000 Model 4, announced in October, 1988. DGN also sells 16-bit ECLIPSE computer systems. The computers run DGN's proprietary operating system AOS/VS.

The DESKTOP GENERATION systems are packaged systems that include a microECLIPSE-based central processor. The DATA GENERAL/One is a full function laptop computer that runs the MS-DOS operating system and can act as a standalone system or a terminal connected to a host system. The DASHER family consists of intelligent desktop workstations compatible with the ECLIPSE MV family and MS-DOS. The DS/7000 systems are 32-bit workstations based on the ECLIPSE MV architecture sold to engineering, scientific and technical users.

DGN also continues to sell its older 16-bit NOVA and microNOVA computers.

In early 1989, Data General launched a line of workstations and minicomputers, named AViiON, that is based on Motorola's 88000 RISC microprocessor and DGN's version of the UNIX operating system.

Dividend Data

No cash dividends have ever been paid. A "poison pill" stock purchase right was adopted in 1986.

Finances

Restructuring charges in the fourth quarter of fiscal 1988 totaled $48.7 million. Included were estimated expenses of $30.8 million related to consolidation of manufacturing, field engineering and administrative facilities and costs associated with workforce reductions, and a $17.9 million write-down of assets.

Capitalization

Long Term Debt: $70,800,000.

Common Stock: 29,181,000 shs. ($0.01 par).
Officers and directors hold about 12%.
The Capital Group owns 7.3%.
Institutions hold approximately 68%.
Shareholders of record: About 13,500.

Office—4400 Computer Drive, Westboro, Mass. 01580. **Tel**—(508) 366-8911. **Chrmn**—E. D. de Castro **Vice-Chrmn**—H. J. Richman **Pres**—R. L. Skates **Secy**—C. E. Kaplan. **Treas**—E. Richstone. **Investor Contact**—David P. Roy. **Dirs**—F. R. Adler, F. Colloredo-Mansfeld, E. D. de Castro, J. H. McArthur, J. G. McElwee, H. J. Richman, R. L. Skates, D. H. Trautlein **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1968 **Empl**—14,220

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Datapoint Corp.

NYSE Symbol DPT In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
3⅜	6¼-3¼	NM	None	None	C	1.15

Summary

Datapoint is a maker of network-based computer and communications products. DPT is evaluating alternatives to maximize shareholder value, including the possible sale of the company. Chairman Asher B. Edelman holds some 40% of DPT common shares. Despite ongoing restructuring activities, losses are expected to continue in fiscal 1990. The company recently omitted the dividend on its preferred stock.

Current Outlook

Losses are expected to continue in fiscal 1990, following fiscal 1989's deficit of $3.88 per share.

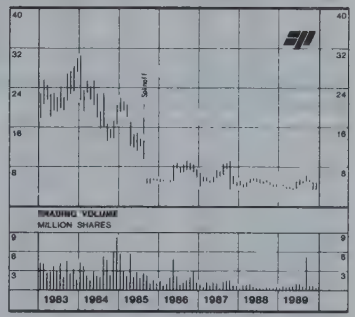
Initiation of common dividends is not anticipated.

Revenues should continue to be under pressure in fiscal 1990 as the industry environment remains fiercely competitive. The outlook for domestic demand for computers remains extremely cloudy in general, and for minicomputers in particular, due to uncertain economic conditions and confusion surrounding industry standards. Gross margins are likely to remain under severe pressure in a competitive pricing environment. Although ongoing restructuring activities should reduce costs, margins could continue to erode if DPT is unable to stabilize its revenue base.

Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	60.2	73.5	70.2	71.4
Jan.		84.6	84.2	74.3
Apr.		75.5	88.4	78.7
Jul.		79.0	88.1	87.6
		312.5	330.8	312.1

Revenues for the three months ended October 28, 1989 declined 18%, year to year, reflecting competitive pressures associated with the general slowdown in the computer industry and customer uncertainty surrounding the outcome of the shareholder consent solicitation. Results were further penalized by $2.2 million of charges associated with streamlining the U.S. sales organization and a $5.7 million loss in DPT's investment portfolio. There was a pretax loss of $16.8 million, in contrast to income of $3.5 million. After taxes of $693,000, versus $2.3 million, the net loss was $17.5 million, versus net income of $1.2 million. After preferred dividend requirements, the per-share loss was $1.97, versus a loss of $0.12, before special credits of $0.44, versus $0.16.



Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	d1.97	d0.12	d0.21	d0.27
Jan.		d0.44	d0.18	d5.04
Apr.		d2.18	d0.08	0.19
Jul.		d1.14	d0.08	0.50
		d3.88	d0.55	d5.03

Important Developments

Dec. '89— DPT retained Kidder, Peabody & Co. to evaluate alternatives to maximize shareholder value, including the possible sale of the company. Separately, in November Martin Ackerman terminated a consent solicitation to replace Asher Edelman and the DPT directors. Mr. Ackerman received consents representing about 31% of the outstanding DPT shares, short of a majority. In September Mr. Edelman had purchased 30% of the company's stock, thereby boosting his stake in DPT to 40%.

Next earnings report expected late February.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	1983	[1]1982	[2]1981	1980
Tangible Bk. Val.	d2.30	1.52	1.25	8.10	10.49	13.12	11.31	10.70	16.17	9.95
Earnings[3]	d3.88	d0.55	d5.03	d0.86	d2.61	1.29	0.40	0.12	2.45	1.90
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[4]	6¼	5¾	9¼	9¼	22	30½	30	51⅞	67½	59⅛
Low[4]	3¼	3¼	3⅜	4¾	4⅛	13⅛	17¾	10⅞	38¾	22⅛
P/E Ratio—	NM	NM	NM	NM	NM	24-10	75-44	NM	28-16	31-12

Data as orig reptd. Adj. for stk. div(s) of 100% Feb 1981, 100% Apr 1980. 1. Reflects merger or acquisition and acctg. change. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of +0.03 in 1989, +0.37 in 1988, +0.05 in 1987, +0.38 in 1986, +0.15 in 1985, +0.08 in 1984. 4. Cal. yr. NM-Not Meaningful. d-Deficit

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Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	313	9	2.9	16	28.9	12.1	d28.6	NM	d29.6	NM
1988	331	41	12.3	20	25.7	11.1	12.7	66.1%	4.3	1.3
1987	312	d30	NM	29	29.8	11.3	d54.3	NM	d58.5	NM
1986	325	35	10.7	48	36.8	10.3	d7.4	NM	[3]d15.4	NM
1985	520	d2	NM	66	57.3	13.1	d71.9	NM	d51.2	NM
1984	600	109	18.2	77	57.5	15.1	48.9	46.0%	26.4	4.4
1983	540	71	13.1	72	56.8	16.4	5.7	NM	8.1	1.5
[4]1982	508	62	12.1	123	55.4	17.5	4.1	39.2%	[3]2.4	0.5
[5]1981	396	100	25.3	87	35.5	2.7	80.6	39.5%	48.8	12.3
1980	319	87	27.1	51	29.6	1.3	56.4	40.7%	33.5	10.5

Balance Sheet Data (Million $)

Jul. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	62	163	106	1.5	330	NM	81	62	216	37.5	NM
1988	66	197	120	1.6	387	1.1%	82	108	264	31.0	NM
1987	85	218	121	1.8	405	NM	100	106	282	35.5	NM
1986	69	223	86	2.6	419	NM	98	233	333	29.5	NM
1985	61	266	117	2.3	502	NM	105	276	382	27.5	NM
1984	132	371	151	2.5	623	4.4%	111	354	468	23.7	7.7%
1983	107	324	106	3.1	587	1.4%	124	330	462	26.8	2.5%
1982	52	286	104	2.7	572	0.4%	132	326	458	28.8	0.7%
1981	185	356	64	5.5	490	13.1%	103	318	424	24.3	19.0%
1980	3	143	48	3.0	224	16.8%	4	169	174	2.3	22.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. prior to 1989. 2. Bef. spec. item(s) in 1989, 1988, 1987, 1986, 1985, 1984. 3. Reflects accounting change. 4. Reflects merger or acquisition and accounting change. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Datapoint Corp. is principally engaged in the development, manufacture, and marketing of computer and communication products (both hardware and software) for integrated network systems worldwide. Foreign operations accounted for 81% of revenues in fiscal 1989.

The company provides a full spectrum of network-based solutions that both support and incorporate industry standards: local and wide area networking, UNIX networking, video networking, image distribution, telephony, relational database management, distributed data processing, multi-vendor connectivity, and large-scale network data systems.

In fiscal 1988 Datapoint introduced high-performance multi-processors with high throughput as its network servers. During fiscal 1989, market trends indicated that traditional data processing and personal computer (PC) networking marketplaces were merging, in that data processing platforms were becoming servers for networks of PC workstations. To support this new market opportunity, Datapoint adopted MS-DOS-capable computers as its intelligent workstation offering and introduced a line of diskless workstations to meet customer requirements.

In September, 1989 the company announced ARCNETplus, the second generation of the Datapoint ARCNET (Attached Resource Computer) local area network. ARCNETplus is a multiple-bit-rate local area network technology, which means that it will operate simultaneously with ARCNET on existing networks.

Dividend Data

Dividends have never been paid on the common stock. On December 8, 1989 DPT omitted the dividend on its $4.94 exchangeable preferred stock.

Finances

In September, 1988 a $6 a share ($60 million) leveraged buyout proposal was withdrawn after being rejected by management as inadequate. The offer was submitted by a group led by DPT chairman Asher B. Edelman.

Capitalization

Long Term Debt: $81,213,000, incl. $78.7 million of 8¼% sub. debs. due 2006, conv. into com. at $18.11 a sh.

$4.94 Cum. Exch. Pfd. Stk.: 1,931,218 shs. ($38 liquid. pref.); exch. into $74 million of 10-yr. 13% sub. notes.

Common Stock: 10,119,695 shs. ($0.25 par).
A. B. Edelman controls about 40.1%.
Institutions hold approximately 48%.
Shareholders of record: 3,855.

Office—9725 Datapoint Drive, San Antonio, Texas 78229-8539. **Tel**—(512) 699-7000. **Chrmn**—A. B. Edelman. **Pres & CEO**—M. M. Michigami. **VP-Secy & Investor Contact**—G. Ross Laughead. **Treas**—R. R. Hunt. **Dirs**—D. D. Bencsik, A. B. Edelman, R. French, D. R. Kail, C. R. Mandigo, M. M. Michigami, D. D. Sutherland. **Transfer Agent & Registrar**—First City Texas-Houston, Houston. **Incorporated** in Texas in 1968, reincorporated in Delaware in 1976. **Empl**—2,451.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Dayton Hudson

NYSE Symbol DH Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
60	67-38¾	14	1.12	1.9%	A+	1.46

Summary

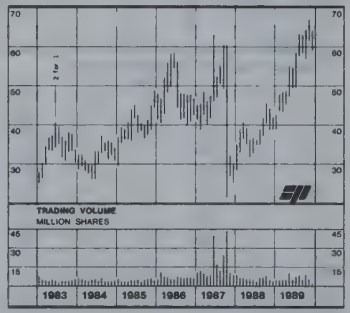
Dayton Hudson is a diversified retailer, deriving about three-quarters of operating income from its Mervyn's and Target discount chains. Strong improvement in the Mervyn's division coupled with a common stock buyback program boosted fiscal 1988-9 share earnings. More modest growth in consumer spending will slow the earnings advance in fiscal 1990-1.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991 are projected at $5.80, up from the $5.05 estimated for fiscal 1989-90.

An increase in the $0.28 quarterly dividend is anticipated.

Revenues in fiscal 1990-1 should reflect modest improvement in same store sales and store expansion. Gross margins could improve modestly, aided by better merchandising and fewer markdowns, reflecting a lean inventory position. Expense ratios should remain level.



Revenues (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	2.83	2.54	2.15	1.89
Jul	3.10	2.69	2.31	2.04
Oct.	3.24	2.87	2.54	2.22
Jan.	---	4.10	3.68	3.12
	---	12.20	10.68	9.26

Revenues for the nine months ended October 28, 1989 advanced 13%, year to year, reflecting increased sales in the three major divisions. Improved gross margins offset higher expense ratios, and pretax income increased 51%. After taxes at 39.4%, versus 40.0%, net income rose 52%, to $2.06 a share (on 8.5% fewer shares) from $1.24.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-6	1986-5
Apr.	0.51	0.36	0.39	0.42
Jul.	0.72	0.34	0.24	0.41
Oct.	0.83	0.54	0.34	0.55
Jan.	E2.99	2.31	1.54	1.24
	E5.05	3.45	2.41	2.62

Important Developments

Nov. '89— Operating profit for the first nine months of fiscal 1989-90 increased 31%. Results at Mervyn's reflected strong sales, improved gross margin and expense controls. Sales improved at Target, and Dayton Hudson Department Store Co. continued to show a solid profit increase. Capital expenditures for fiscal 1990-1 are projected at about $700 million, about level with 1989-90. During the third quarter, DH completed the sale of its Lechmere subsidiary. The company repurchased 7 million shares in anticipation of establishing an Employee Stock Ownership Program (ESOP). The repurchase of common shares will offset the earnings dilution that would occur when the company establishes an ESOP and issues convertible preferred shares.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	23.97	23.15	22.38	20.04	17.90	15.91	13.98	12.41	11.14	10.09
Earnings[1]	3.45	2.41	2.62	2.92	2.68	2.52	2.06	1.67	1.45	1.34
Dividends	1.02	0.92	0.84	0.76	0.67¼	0.61¼	0.56⅜	0.51⅜	0.46⅜	0.41⅜
Payout Ratio	28%	35%	32%	26%	25%	24%	27%	31%	32%	31%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	45½	63	58½	48¾	37¼	40⅝	32⅛	15¾	13⅝	11½
Low	28¼	25⅛	40	29⅜	26⅛	25	13¼	10⅞	9¼	8⅝
P/E Ratio—	13-8	26-10	22-15	17-10	14-10	16-10	16-6	10-7	9-6	9-6

Data as orig reptd. Adj. for stk div(s) of 100% Jul. 1983, 100% Dec 1981 **1.** Bef results of disc opers of +0.90 in 1987, +0.02 in 1984, +0.09 in 1983, +0.15 in 1982, +0.09 in 1981, +0.70 in 1980, and spec items of -0.33 in 1987. E-Estimated.

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Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	12,204	980	8.0	690	290	231	472	39.2%	287	2.4
1988	10,677	783	7.3	787	231	163	400	42.9%	228	2.1
[3]1987	9,259	797	8.6	941	185	144	494	48.4%	255	2.8
1986	8,793	796	9.1	422	172	112	525	45.9%	284	3.2
1985	8,009	750	9.4	358	157	105	479	45.9%	259	3.2
[3]1984	6,963	667	9.6	309	133	94	448	45.7%	243	3.5
[3]1983	5,661	546	9.6	272	108	76	373	46.8%	198	3.5
[3]1982	4,943	427	8.6	254	92	56	288	44.5%	160	3.2
1981	4,034	332	8.2	305	68	[4]30	250	44.8%	138	3.4
[3]1980	3,385	297	8.8	211	51	16	[5]241	47.5%	126	3.7

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	53	2,981	2,003	1.5	6,523	4.8%	2,383	1,861	4,244	56.1	15.7%
1988	175	2,908	1,986	1.5	6,075	4.3%	1,819	1,986	3,805	47.8	11.7%
1987	224	2,617	1,425	1.8	5,282	5.3%	1,377	2,179	3,556	38.7	12.3%
1986	188	2,549	1,418	1.8	4,417	6.9%	923	1,947	2,870	32.1	15.4%
1985	62	2,181	1,208	1.8	3,800	7.0%	751	1,737	2,487	30.2	15.8%
1984	119	2,079	1,211	1.7	3,586	7.4%	750	1,540	2,291	32.8	16.8%
1983	44	1,672	953	1.8	2,984	7.1%	631	1,349	1,980	31.9	15.6%
1982	28	1,410	901	1.6	2,555	6.8%	428	1,192	1,621	26.4	14.1%
1981	28	1,141	759	1.5	2,155	6.9%	317	1,064	1,384	22.9	13.6%
1980	95	1,096	657	1.7	1,833	7.3%	191	958	1,153	16.5	14.3%

Data as orig reptd **1.** Incl sales of leased depts **2.** Bef results of disc opers in 1987, 1984, 1983, 1982, 1981, 1980, and special item(s) in 1987 **3.** Excludes discontinued operations **4.** Reflects accounting change **5.** Incl equity in earns of nonconsol subs.

Business Summary

This diversified retailer operated 618 stores in 37 states at January 28, 1989. Segment contributions in fiscal 1988-9:

	Revs.	Profits
Target	52%	44%
Mervyn's	28%	33%
Department stores	14%	20%
Specialty merchandisers	6%	3%

Target operates 341 low-margin department stores in 27 states offering convenience-oriented hardlines and mid-range fashion softlines. Twenty-four stores were added in fiscal 1988-9, bringing total retail sq. ft. to 34.2 million.

Mervyn's, a softlines retail chain of 213 stores in 14 states, features popular-priced national and private label merchandise. Fourteen stores were added in 1988-9, bringing total retail sq. ft. to 16.8 million.

Department store operations were repositioned in 1984-5 with the consolidation of the Dayton and Hudson regional chains and the subsequent sale of the Diamond and John A. Brown divisions (18 stores). At fiscal 1988-9 year-end DH operated 37 department stores, occupying 7.7 million sq. ft.

In the third quarter of fiscal 1989-90 the company sold its 27 Lechmere hardlines outlets, mostly in New England. The company discontinued its Branden's specialty home furnishings stores in fiscal 1988-9.

Dividend Data

Dividends have been paid since 1965. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Jan. 11	Feb. 13	Feb. 20	Mar. 10'89
0.28	Apr. 12	May 15	May 19	Jun. 9'89
0.28	Jul. 12	Aug. 14	Aug. 18	Sep. 8'89
0.28	Oct. 11	Nov. 14	Nov. 20	Dec. 8'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $2,315,000,000.

Common Stock: 77,740,347 shs. ($1 par). Institutions hold approximately 77%. Shareholders of record: 15,171.

Office—777 Nicollet Mall, Minneapolis, Minn. 55402 **Tel**—(612) 370-6948 **Chrmn & CEO**—K A Macke **Pres & COO**—B G Allbright **VP-Secy**—J T Hale **VP-Treas**—K D Emmerich **Investor Contact**—D K Ewing **Dirs**—B G Allbright, R V Araskog, R A Burnett, L D DeSimone, R L Hale, D J Hall, Betty R Hollander, D T Kearns, K A Macke, B K MacLaury, D T McLaughlin, M P McPherson, J A Rollwagen **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Minnesota in 1902 **Empl**—154,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sac

Dean Foods

NYSE Symbol DF

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
32½	37⅞-29⅜	14	0.66	2.0%	A+	0.96

Summary

This company is a major producer of dairy goods, and also processes canned and frozen vegetables and other food items. Acquisitions have aided growth in recent years, and earnings for fiscal 1988-9 benefited from a $0.21 a share gain on the sale of Baskin-Robbins franchises. Volatile raw milk costs are likely to limit earnings gains in fiscal 1989-90.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 are estimated at $2.30 a share, versus 1988-9's $2.28, which included a $0.21 gain on sale of assets.

Dividends were raised 10%, to $0.16½ quarterly from $0.15, with the September, 1989 payment.

Sales in fiscal 1989-90 may continue modestly higher, assuming unit volume for dairy products remains in an uptrend. Pricing may remain difficult and, with raw milk costs volatile, productivity improvement will be important to profit growth. Cost cutting will also be needed to offset higher costs in the frozen and canned vegetables segment. Sale of the Baskin-Robbins franchises bodes well for the future.

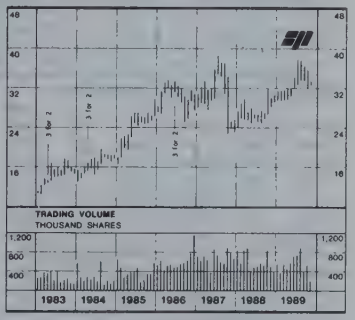
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	427	381	360	359
Nov.	---	434	395	334
Feb.	---	431	396	368
May	---	438	401	374
	---	1,684	1,552	1,435

Sales for the three months ended August 27, 1989 rose 12%, year to year, due largely to higher dairy unit volume and improved margins for specialty foods. Profits were limited by higher raw milk costs and competitive industry conditions, but with selling and administrative costs well contained, net income from continuing operations rose 6.5%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.49	0.46	0.39	0.40
Nov.	E0.55	0.51	0.45	0.28
Feb.	E0.54	0.47	0.45	0.35
May	E0.72	0.84	0.31	0.51
	E2.30	2.28	1.60	1.54



Important Developments

Oct. '89— The company completed the acquisition of Cates & Sons, Inc., a closely held processor of pickles in North Carolina, for 865,000 DF common shares. DF also acquired the pickle operations of Western Foods Products, Inc. The two acquisitions would add $100 million to annual sales of the company's specialty foods segment, which was expected to have total sales of more than $600 million for fiscal 1989-90, compared with some $470 million in 1988-9.

Jun. '89— DF sold its 420-unit Baskin-Robbins franchises in 11 states back to Baskin-Robbins USA Co. A $0.21 a share nonrecurring gain on the sale was recorded in fiscal 1988-9. DF would continue to make ice cream products for Baskin-Robbins.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31[1]	1989	1988	1987	1986	1985	1984	1983	1982	1981	[2]1980
Tangible Bk. Val.	10.89	9.62	8.40	7.35	6.97	5.85	5.29	4.46	3.77	3.15
Earnings	2.28	1.60	1.54	1.53	1.54	1.29	1.07	0.90	0.79	0.61
Dividends	0.60	0.54	0.48	0.39½	0.36	0.30¾	0.25½	0.21⅜	0.16⅞	0.13¾
Payout Ratio	26%	34%	31%	26%	23%	24%	24%	24%	21%	22%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High[3]	31⅞	38½	33⅝	29⅞	29⅞	19½	17¾	10¾	7⅜	5½
Low[3]	24	22¾	25⅛	16½	16½	12⅞	10½	4½	5	2¼
P/E Ratio—	14-11	24-14	22-16	20-11	19-11	15-10	16-10	12-5	9-6	9-4

Data as orig reptd. Adj. for stk. divs. of 50% Jun. 1986, 50% Apr. 1984, 50% May 1983, 100% May 1981. 1. Yrs. ended Dec. 31 prior to 1986. 2. Reflects merger or acquisition. 3. Cal. yr. E-Estimated.

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Income Data (Million $)

Year Ended May 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,684	128	7.6	[2]54.5	32.0	7.65	102.0	40.6%	60.4	3.6
1988	1,552	127	8.2	48.2	35.7	6.15	76.5	44.1%	42.8	2.8
1987	1,435	113	7.9	54.0	27.0	5.81	82.8	50.4%	41.1	2.9
1986	1,269	104	8.2	44.5	22.3	6.50	77.7	47.6%	40.7	3.2
1985	1,034	77	7.4	33.5	17.4	4.74	58.8	45.9%	31.8	3.1
1984	923	66	7.1	[2]19.4	15.5	4.73	49.3	46.4%	26.5	2.9
1983	834	58	7.0	21.7	14.2	4.89	41.7	46.9%	22.1	2.7
1982	747	49	6.6	19.6	12.5	4.18	35.0	47.5%	18.4	2.5
1981	729	46	6.3	16.8	12.9	5.04	30.9	47.8%	16.2	2.2
[3]1980	612	36	5.9	38.8	9.6	4.09	23.4	46.7%	12.5	2.0

Balance Sheet Data (Million $)

May 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	70.0	320	164	2.0	587	11.2%	84.2	293	404	20.8	21.8%
1988	53.8	270	140	1.9	499	9.0%	48.9	266	336	14.6	17.0%
1987	51.1	239	124	1.9	450	9.5%	47.0	236	299	15.7	18.8%
1986	21.0	221	114	1.9	408	10.5%	49.0	207	269	18.2	21.3%
1985	37.5	177	99	1.8	322	10.6%	37.3	155	200	18.7	22.4%
1984	33.3	157	91	1.7	280	10.0%	35.6	129	171	20.8	22.2%
1983	32.2	141	83	1.7	248	9.6%	37.1	109	150	24.7	22.1%
1982	24.5	121	76	1.6	212	9.1%	32.0	92	126	25.4	21.8%
1981	13.7	104	70	1.5	191	8.7%	34.2	77	115	29.7	22.8%
1980	4.9	96	70	1.4	179	8.0%	36.7	64	103	35.5	21.0%

Data as orig reptd. 1. Years ended Dec. 31 prior to 1986. 2. Net of curr. yr. retirement and disposals. 3. Reflects merger or acquisition.

Business Summary

Dean Foods produces and distributes dairy and specialty food products. Contributions to sales and profits (in million $) by business segment for the year ended May 29, 1989:

	Sales	Profits
Dairy products	67%	$68.5
Specialty foods	28%	52.6
Other corporate	5%	-19.7

Fluid milk products account for the major portion of sales in the Dairy group, and represent about 56% of total sales. Products include homogenized, lowfat and skimmed milk, cottage cheese, yogurt, half and half, buttermilk, chocolate milk, and sour cream. Ice cream products represent 8% of sales, and natural cheeses (mainly cheddar and muenster) account for 3%. The primary marketing area is the Midwest, Midsouth, Southwest, Florida and Virgin Islands. The Baskin Robbins franchise (420 ice cream stores in 12 Midwest and Rocky Mountain states) was sold in mid 1989, but the company will continue to supply product to the franchise.

Specialty foods include canned and frozen vegetables (15% of sales), pickles, relishes and salad dressings (6%), which are sold in the Midwest, South and Southwest. Other categories include salads, dips, and sauces (3%), and powdered products (4%), mainly non-dairy coffee creamers.

DF is also engaged in various transportation and transportation-related activities.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Dec. 2	Dec. 7	Dec. 13	Jan. 4'89
0.15	Jan. 30	Feb. 14	Feb. 21	Mar 15'89
0.15	Apr. 5	May 16	May 22	Jun. 15'89
0.16½	Aug. 2	Aug. 15	Aug. 21	Sep. 15'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $83,188,000.

Common Stock: 27,073,206 shs. ($1 par).
Institutions hold about 31%
Shareholders of record: 8,228.

Office—3600 N. River Road, Franklin Park, Ill. 60131 **Tel**—(312) 625-6200 **Chrmn & CEO**—H. M. Dean **Pres**—W. D. Fischer **Secy**—E. A. Blanchard **VP-Fin & Investor Contact**—T. J. Bondy **Dirs**—H. M. Dean, K. J. Douglas, W. D. Fischer, J. P. Frazee, B. A. Getz, R. W. Hubregtse, A. J. McKenna, T. A. Ravencroft, T. L. Rose, D. C. Staley, A. J. Vogt **Transfer Agent & Registrar**—Harris Trust & Savings Bank Chicago **Incorporated** in Ill. in 1929, reincorporated in Del. in 1968 **Empl**—7,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

De Beers Consol. Mines

NASDAQ Symbol DBRSY

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
17⅝-17¾	17⅝-10½	NA	[1]0.689	3.9%	NR	1.08

Summary

This South African company is the foremost diamond enterprise in the world. In addition to its extensive mining operations in South Africa, Namibia and Botswana, the company controls the world's principal diamond marketing organization (the CSO) and holds important investment interests in gold mining, industrial and financial firms. A weakening of the U.S. dollar and strong diamond sales enabled the CSO to institute increases in wholesale diamond prices in March 1989, May 1988 and October 1987, following a two-step price increase in 1986. Sales declined for 1989, reflecting lower demand for large stones and a more normal pace of sales. NOTE—These securities carry an unusually high degree of risk because of the unstable political situation in South Africa.

Business Summary

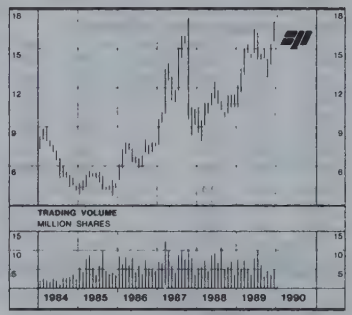
De Beers Consolidated Mines Limited is the world's leading diamond enterprise, controlling the market for over 80% of world diamond output through its Central Selling Organisation (CSO). The company's own diamond production is from wholly owned mines in South Africa and Namibia, a 75%-owned subsidiary in Lesotho, and a joint venture with the Government of Botswana. In addition to gem stones, the company mines industrial diamonds and manufactures synthetic diamonds. Its large investment portfolio includes holdings of a number of South African gold mining and gold mining finance companies, as well as other domestic and foreign mining, industrial and financial organizations.

The after tax profit of the De Beers Group, by country, was derived as follows in recent years:

	1988	1987
South Africa	18%	26%
Namibia	5%	5%
Elsewhere (incl. Botswana)	77%	69%

During 1988, the De Beers Group treated 55,486,000 metric tons of ore (51,554,000 in 1987), yielding 24,245,703 carats (1 carat = 200 mg), up 6.1% from 22,842,586 carats recovered a year earlier. Of the total recovered, some 63% was from the Debswana division (the joint venture between the company and the Government of Botswana), while the Finsch mine contributed 16%, Premier mine 9%, and the CDM, Kimberley and Namaqualand mines contributed 4% each.

At 1988 year-end, De Beers' investments and loans outside the diamond industry amounted to R10.44 billion, up from R8.55 billion a year earlier. Its principal investment was a 38% holding in Anglo American Corp., which is one of the world's largest mining groups, and which has a 34% voting interest in De Beers.



Important Developments

Jan. '90— The company reported that sales of rough diamonds fell 2% in 1989 to $4.09 million from $4.17 million in the prior year. The decline reflected more normal and stable conditions in the market compared with exceptional growth in the prior year, as well as less demand for larger stones. Additionally, second-half sales were down 24% from the first half of 1989 and 10% year to year. Separately, press reports stated that diamond producers in Angola, Botswana and Australia were considering taking steps that may make them less dependent on De Beers for diamond sales.

Per ADR Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.74	13.74	10.57	8.82	8.91	10.37	10.15	10.26	10.75	7.76
Earnings[2]	3.29	2.13	1.46	1.13	0.95	1.22	1.14	1.82	3.18	2.49
Dividends[3]	0.47¾	0.37¾	0.22⅝	0.15	0.23	0.27⅞	0.28½	0.75½	0.83⅛	0.63¼
Payout Ratio	15%	18%	15%	13%	24%	23%	25%	41%	26%	25%
Prices—High	12½	17⅜	8¼	5⅝	9⅛	10⅝	6¾	10⅛	12⅝	9⅝
Low	7⅛	7⅝	4⅞	3¾	4⅛	6¼	2⅞	6⅛	7⅝	5½
P/E Ratio—	4-2	8-4	6-3	5-3	10-4	9-5	6-3	6-3	4-2	4-2

Data as orig. reptd, conv. into U.S. $ at yr-end exchange rates. 1. Apx. amt. decl. in past 12 months after South African tax to U.S. residents. 2. Bef. spec. items. 3. Net of South African withholding tax. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	($) Per Rand	Diamond Revs.	Invest. Inc.	Total Revs.[1]	Total Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.[2,3]	% Net Inc. of Revs.
1988	0.42	1,035	306	1,713	131	7.6	1,214	20.0%	1,251	73.0
1987	0.52	677	231	1,152	113	9.8	1,039	18.7%	780	67.7
1986	0.46	627	161	967	92	9.5	876	33.4%	529	54.7
1985	0.39	446	116	727	110	15.2	617	26.1%	406	55.8
1984	0.50	29	132	600	130	21.7	469	18.2%	342	57.0
1983	0.82	354	188	734	116	15.7	619	22.0%	438	59.6
1982	0.93	268	185	687	160	23.3	527	15.7%	413	60.2
1981	1.04	374	251	629	121	19.2	508	20.7%	654	104.0
1980	1.34	1,095	317	1,456	144	9.9	1,313	29.9%	1,149	78.9
1979	1.21	1,006	377	1,431	92	6.4	1,339	32.1%	898	62.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	[4]Ret. On Equity
1988	1,449	1,719	849	2.0	6,733	19.6	195	5,597	5,884	3.3	23.6%
1987	560	934	683	1.4	6,033	14.5	248	5,014	5,275	4.7	17.7%
1986	364	910	613	1.5	4,711	12.1	242	3,804	4,046	6.0	15.2%
1985	110	585	395	1.5	4,052	9.7	384	3,173	3,658	10.5	12.7%
1984	80	721	580	1.2	4,404	7.2	444	3,206	3,821	11.6	9.8%
1983	154	867	1,112	0.8	5,046	9.4	18	3,731	3,934	0.4	12.5%
1982	119	725	885	0.8	4,798	9.1	50	3,670	3,931	1.3	11.8%
1981	232	834	923	0.9	4,751	15.1	66	3,714	3,828	1.7	19.5%
1980	1,042	1,610	1,070	1.5	5,124	24.8	82	3,869	4,054	2.0	32.2%
1979	1,179	1,602	650	2.5	3,604	26.1	69	2,792	2,954	2.3	35.1%

Data as orig. reptd, conv. into U.S. $ at yr-end exch. rates. 1. Incl. profits of associated cos. 2. Aft. min. ints. 3. Bef. spec. item(s). 4. Common.

Review of Operations

Revenues for 1988 advanced 82%, compared to those of 1987, reflecting higher diamond sales, as demand for diamonds and diamond prices both increased; higher prices were partly the result of a weakening in the value of the U.S. dollar against the rand. Margins widened due to slower growth in expenses. After taxes of R573 million, versus R374 million, net income expanded 115% to R3,251 million (R7.80 a share), from R1,510 million (R4.10).

Dividend Data

Since 1941, dividends have been paid in every year. There are no restrictions. Payments are net of South African withholding tax.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.494	---	Mar. 27	Mar. 31	May 24'89
0.195	---	Sep. 25	Sep. 29	Nov. 24'89

Finances

In October 1989, striking miners at all five De Beers' diamond mines suspended their two-week-old walkout, pending the resumption of negotiations to resolve a wage dispute. The National Union of Mineworkers was asking for a 37.6% increase in the minimum wage to $282 a month.

Effective May 3, 1988, the CSO instituted a 13.5% average price hike on rough uncut diamonds. The CSO's ability to increase prices reflected strong world-wide diamond demand, despite the October 1987 stock market crash, and the weak U.S. dollar, which lowered the cost of the stones in markets other than the U.S. (as diamonds are priced in dollars). The rise followed a 10% average price increase in October 1987 and a two-step 14.5% average increase in 1986.

In July 1987, the company reached an agreement to acquire a stockpile of diamonds from the State of Botswana. In return, De Beers issued 20 million shares of its new S ordinary stock to De Beers Botswana Mining Corp. (Debswana), the joint venture between De Beers and the Government of Botswana, and granted Debswana representation on the company's board of directors. The S ordinary shares are equivalent to deferred shares except for the right to receive an additional R0.01 in the event the company is dissolved.

Capitalization

Long Term Debt: R462,000,000 (12/88).

40% Cum. Pref. Stk.: 800,000 shs. (R5 par).

8% Cum. 2nd Pref. Stk.: 2,866,929 shs. (R1 par).

S Ordinary Stock: 20,068,000 (R0.05 par).

Deferred Stock: 359,789,042 shs. (R0.05 par); A 34% voting interest is held by Anglo American Investment Trust Ltd. (1ADR = 1 Dfrd. sh.).

Office—36 Stockdale St., Kimberley 8300, South Africa. **Chrmn**—J. O. Thompson. **Secy**—H. J. Crankshaw. **Dirs**—J. A. Barbour, E. M. Charles, E. G. J. Dawe, Baron E. de Rothschild, Evelyn de Rothschild, H. B. Dyer, G. C. Fletcher, B. Gaolathe, F. M. Hodgson, C. M. Lekaukau, P. J. R. Leyden, L. A. Lincoln, A. E. Oppenheimer, H. F. Oppenheimer, N. F. Oppenheimer, P. J. Oppenheimer, G. W. H. Relly, S. Spiro. **Depositaries for ADRs**—Citibank, NYC; Chemical Bank, NYC; Irving Trust Co., NYC; Morgan Guaranty Bank, NYC. **Incorporated** in Province of Good Hope, Republic of South Africa in 1888.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Shayna J. Mainsk

Deere & Co.

NYSE Symbol DE Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Aug. 29'89	1989					
62	62¾-44	13	1.40	2.3%	B-	1.05

Summary

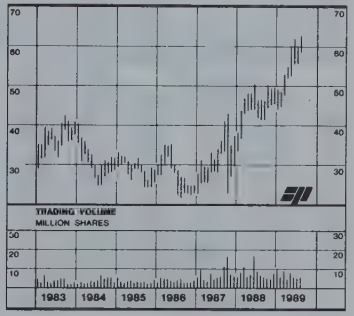
This company is the world's largest producer of farm equipment, and an important manufacturer of construction machinery and lawn and garden equipment. Depressed farm industry conditions and a lengthy strike led to losses in fiscal 1986 and 1987. Benefiting from increased sales, higher operating rates, and greater equity earnings of subsidiaries, DE returned to profitability in fiscal 1988. Earnings for the first nine months of fiscal 1989 benefited principally from gains in the farm unit. In June, 1989 the dividend was raised 17%.

Current Outlook

Earnings for the fiscal year ending October 31, 1990 are projected at $5.60 a share, versus the $5.20 estimated for fiscal 1989.

The dividend was raised 17%, to $0.35 quarterly from $0.30, with the August, 1989 payment.

Sales for fiscal 1990 are expected to rise at a less rapid rate than during fiscal 1989, primarily reflecting a forecasted decline in volume and prices in the construction unit. Profits in the farm unit should continue to rise on firm pricing and continued gains in volume. Profits will also be aided by some improvement in lawn and garden sales. Profits in the construction unit will decline. Assuming lower interest costs and a higher contribution from subsidiaries, earnings should post a small rise in fiscal 1990.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	1,142	1,045	478	701
Apr.	1,670	1,450	1,143	1,024
Jul.	1,686	1,388	1,195	973
Oct.	---	1,481	1,300	818
	---	5,365	4,116	3,516

Sales for the nine months ended July 31, 1989 advanced 16%, year to year, reflecting gains in both units. Margins widened, and net income rose 34%. Share earnings were $3.69 on 8.3% more shares, versus $2.97, which was before a $0.42 special credit.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.65	0.57	d2.84	d0.40
Apr.	1.74	1.26	0.52	d0.42
Jul.	1.30	1.14	0.38	d0.50
Oct.	E1.51	1.09	0.48	d2.06
	E5.20	4.06	d1.46	d3.38

Important Developments

Aug.'89— DE reported earnings of $1.30 a share on a 21% rise in sales for fiscal 1989's third quarter, versus earnings of $1.14 in fiscal 1988's third quarter. DE attributed the third quarter and year-to-date improvement in earnings to higher worldwide sales, greater production volume, and improved price realization. DE noted that inflationary cost increases, higher production costs and new product start-up expenses had partially offset the benefits of higher volumes. DE said that the overall sales mix was less favorable than in fiscal 1988. Worldwide production tonnage for all products in fiscal 1989 was currently scheduled to be about 12% higher than fiscal 1988 output. Production in fiscal 1989's fourth quarter was expected to be up about 10%, year to year.

Next earnings report expected in early December.

Per Share Data ($)

Yr. End Oct. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	32.92	28.23	29.46	33.29	33.78	33.60	35.29	36.29	34.25	32.46
Earnings[2]	4.06	d1.46	d3.38	0.45	1.55	0.34	0.78	3.79	3.72	5.12
Dividends	0.65	0.25	0.75	1.00	1.00	1.00	2.00	1.95	1.85	1.55
Payout Ratio	17%	NM	NM	222%	65%	291%	256%	52%	51%	30%
Prices—High[3]	50½	43	35⅛	33⅛	40⅜	42⅜	36⅞	48	49¾	41½
Low[3]	33⅜	22½	21½	24¼	24⅝	28⅞	22	32⅛	28½	33¼
P/E Ratio—	12-8	NM	NM	74-54	26-16	NM	47-28	13-8	13-8	8-6

Data as orig. reptd. 1. Reflects accounting change. 2. Bef. spec. item (s) of +0.42 in 1988. 3. Cal. yr. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	5,365	474	8.8	204	188	161	320	10.3%	287	5.3
1987	4,135	d50	NM	196	186	187	d212	NM	d99	NM
1986	3,516	d285	NM	211	203	204	d513	NM	[2]d229	NM
1985	4,061	169	4.2	187	195	200	d34	NM	31	0.8
1984	4,399	276	6.3	119	203	235	69	NM	105	2.4
1983	3,968	199	5.0	102	205	231	d23	NM	23	0.6
[2]1982	4,608	241	5.2	149	209	272	12	NM	53	1.1
1981	5,447	603	11.1	[3]345	185	[2]243	371	32.3%	251	4.6
1980	5,470	545	10.0	421	148	190	344	33.6%	228	4.2
1979	4,933	626	12.7	266	119	96	526	40.9%	311	6.3

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	49	3,115	1,728	1.8	5,245	5.5%	817	2,456	3,288	24.8	12.6%
1987	116	2,737	1,529	1.8	4,760	NM	1,062	1,920	2,992	35.5	NM
1986	182	2,961	1,509	2.0	4,974	NM	1,290	1,999	3,302	39.1	NM
1985	88	3,435	1,914	1.8	5,462	0.5%	1,130	2,259	3,439	32.9	1.3%
1984	41	3,674	2,219	1.7	5,697	1.8%	994	2,291	3,393	29.3	4.6%
1983	215	3,802	2,151	1.8	5,880	0.4%	1,204	2,276	3,665	32.9	1.0%
1982	52	3,765	2,396	1.6	5,936	0.9%	914	2,388	3,487	26.2	2.2%
1981	68	3,630	2,305	1.6	5,684	4.4%	697	2,450	3,324	21.0	10.5%
1980	70	3,404	2,147	1.6	5,202	4.8%	724	2,141	2,999	24.2	10.9%
1979	53	2,739	1,457	1.9	4,179	7.7%	640	1,974	2,669	24.0	16.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Net of curr. yr. retirement and disposals. d-Deficit. NM-Not Meaningful.

Business Summary

Deere & Co. is the largest factor in the domestic farm equipment industry, and produces a broad range of earthmoving and forestry machinery. Industry segment contributions in fiscal 1988:

	Sales	Profits
Farm equipment	78%	75%
Industrial equipment	22%	25%

Sales outside the U.S. and Canada accounted for 24% of total sales and 15% of operating income in fiscal 1988.

The farm equipment unit produces a full range of agricultural equipment for the farming industry, including tractors; tillage, soil preparation, planting and harvesting machinery; and crop handling equipment. The farm unit also distributes lawn and garden equipment including smaller tractors for lawn, garden and utility purposes.

The industrial equipment unit produces a broad range of machines used in earthmoving and forestry, including wheel and crawler tractors and attachments; crawler dozers and loaders; four-wheel-drive loaders; elevating scrapers; motor graders; excavators; log skidders; and tree harvesting equipment.

John Deere Capital Corp. (nonconsolidated) finances a large portion of retail sales and, through its leasing subsidiary, a significant portion of the retail leases of John Deere agricultural and industrial equipment in the U. S. Insurance subsidiaries (nonconsolidated) provide insurance coverage for employees and participating dealers. The combined net income of the retail finance and leasing subsidiaries and insurance unit accounted for 37% of Deere's net income in fiscal 1988.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 7	Dec. 23	Dec. 30	Feb. 1'89
0.30	Feb. 22	Mar. 27	Mar. 31	May 1'89
0.35	Jun. 1	Jun. 26	Jun. 30	Aug. 1'89
0.35	Aug. 30	Sep. 25	Sep. 29	Nov. 1'89

Next dividend meeting: early Dec.'89.

Capitalization

Long Term Debt: $990,724,000.

Common Stock: 75,158,341 shs. ($1 par)
Directors own less than 1%.
Institutions hold about 81%.
Shareholders of record: 25,357.

Office—John Deere Rd., Moline, Ill. 61265-8098. **Tel**—(309) 765-8000 **Chrmn**—R. A. Hanson. **Pres & CEO**—H. W. Becherer **Secy**—F. S. Cottrell. **Treas**—P. E. Leroy. **Investor Contact**—M. C. Short, Jr. **Dirs**—B. C. Bartlett, H. W. Becherer, J. R. Block, O. B. Butler, J. W. England, T. A. Gildehaus, R. A. Hanson, S. C. Johnson, J. M. Kreps, M. S. Plunkett, E. L. Schotanus, L. B. Smith, D. H. Stowe, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1958 (Est. 1837). **Empl**—38,266.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Delmarva Power & Light

NYSE Symbol DEW

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
20½	20½-17	12	1.50	7.3%	A-	0.36

Summary

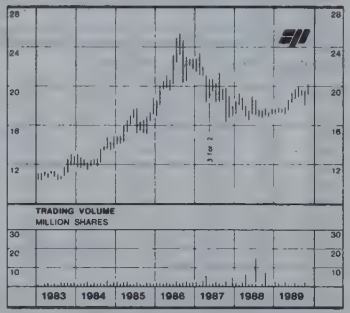
This medium-sized electric-gas utility serves the Delmarva Peninsula, with the major portion of revenues derived from Delaware and lesser amounts from Maryland and Virginia. Since capacity margins bottomed around 3% in mid-1988, DEW has pursued a three-pronged strategy to meet increasing demand for electricity in its service territory. It is building new capacity, buying power, and working to conserve energy use.

Current Outlook

Earnings for 1990 are projected at about $1.75 a share, up slightly from the $1.70 expected for 1989.

Dividends at $0.37½ quarterly are the minimum expectation.

Slightly higher earnings for 1990 are expected to result from growth in kwh sales associated with robust economic conditions in DEW's service territory and the absence of replacement power costs; Peach Bottom Units 2 and 3 began operating at full power late in 1989. A higher construction budget should lead to an increase in operating and maintenance and financing expenses. External financing will be necesssary to support DEW's construction program. A rate case filing should be made before mid-year.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	209.4	201.0	185.9	208.7
Jun.	177.9	173.0	160.9	171.3
Sep.	216.2	217.5	200.5	201.1
Dec.	---	176.8	165.1	133.7
	---	768.3	712.5	714.9

Operating revenues for the nine months ended September 30, 1989 rose 2.0%, year to year. Hurt by higher operating expenses, increased interest costs and lower subsidiary earnings, net income declined 0.7%. Earnings per share were $1.49 on 1.7% more shares, versus $1.52.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.48	0.51	0.51	0.55
Jun.	0.27	0.29	0.33	0.38
Sep.	0.74	0.72	0.68	0.73
Dec.	E0.21	0.18	0.08	0.28
	E1.70	1.70	1.60	1.94

Important Developments

Nov. '89— The company said that assuming continued modest sales growth and cost control, it expected that the difference in earnings per share for the first nine months of 1989 over the comparable 1988 period would be made up in the fourth quarter.

Oct. '89— DEW said that the Nuclear Regulatory Commission (NRC) issued an order which allows Units 2 and 3 at the previously shut down Peach Bottom Atomic Power Station to operate at full power under normal NRC regulations and review. Delmarva has a 7.51% interest in Peach Bottom. The company also has a 7.41% interest in the Salem Nuclear Power Station, which has received low marks from the NRC for its operating performance.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.12	12.87	12.71	12.19	11.70	11.16	10.64	10.33	10.49	10.52
Earnings	1.70	1.60	1.94	1.84	1.75	1.63	1.42	1.19	1.07	1.27
Dividends	1.46	1.41⅜	1.34¾	1.28	1.20	1.09⅜	1.05⅜	1.01⅜	0.98¾	0.92
Payout Ratio	86%	88%	69%	70%	68%	67%	74%	85%	93%	72%
Prices—High	19¼	23⅜	25½	18⅞	14⅞	13⅛	11	8½	9½	9½
Low	16½	16¼	16⅞	14	11½	10⅜	7¾	7	6⅞	7¾
P/E Ratio—	11-10	15-10	13-9	10-8	9-7	8-6	8-5	7-6	9-6	7-6

Data as orig. reptd. Adj. for stk. div(s) of 50% May 1987. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	768	71.3	70.3	83.1%	3.04	5.5	36.9%	84.7	11.0	8.4	12.9
1987	712	68.0	65.7	82.5%	3.03	4.6	37.9%	79.8	11.2	8.1	12.3
1986	715	49.0	62.6	81.2%	3.48	3.5	38.2%	96.1	13.4	9.4	15.4
1985	723	54.0	59.4	81.3%	3.69	3.0	43.5%	96.6	13.4	9.6	15.3
1984	703	53.7	56.8	81.0%	3.63	3.6	46.2%	92.1	13.1	9.9	15.2
1983	650	49.6	53.8	80.1%	3.26	3.2	44.6%	85.1	13.1	10.0	14.9
1982	637	49.9	43.9	81.7%	---	6.1	45.1%	73.6	11.6	9.5	13.4
1981	609	46.8	37.3	82.4%	---	7.1	41.4%	58.7	9.6	9.1	11.0
1980	520	38.0	34.0	84.5%	---	18.5	23.7%	49.0	9.4	8.2	10.1
1979	425	33.9	28.5	82.4%	---	17.0	30.7%	53.4	12.6	8.5	12.2

Balance Sheet Data (Million $)

Dec. 31	[3]Gross Prop.	[4]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,204	171	1,502	8.8	1,683	610	45.9	105	7.9	613	46.2
1987	2,080	142	1,432	8.9	1,676	645	47.9	106	7.9	595	44.2
1986	1,965	103	1,377	9.9	1,662	667	49.0	107	7.8	587	43.2
1985	1,889	95	1,353	10.1	1,555	638	48.7	110	8.4	562	42.9
1984	1,810	79	1,321	10.2	1,443	558	44.6	152	12.2	540	43.2
1983	1,738	76	1,298	10.0	1,377	558	45.9	154	12.6	504	41.5
1982	1,685	111	1,279	9.3	1,311	563	47.4	155	13.1	468	39.5
1981	1,581	84	1,218	8.9	1,292	596	50.2	155	13.0	437	36.8
1980	1,508	111	1,186	7.1	1,191	570	50.9	155	13.8	396	35.3
1979	1,397	112	1,096	7.1	1,094	525	50.7	125	12.1	386	37.2

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis) 2. Based on income before interest charges 3. Utility Plant 4. Excl. constr. crs.

Business Summary

Delmarva Power & Light provides electric service to the Delmarva Peninsula, which includes all of Delaware and parts of Maryland and Virginia. Gas service is provided in northern Delaware. Some 87% of operating revenues in 1988 was derived from electric sales. Contributions to electric business by class of customer:

	1988	1987	1986	1985
Residential	37%	38%	36%	35%
Commercial	29%	29%	28%	28%
Industrial	19%	19%	21%	22%
Other	15%	14%	15%	15%

The fuel mix in 1988 was 63% coal, 28% oil and natural gas, and 9% nuclear. DEW has a 7.51% interest in the Peach Bottom Nuclear Station and a 7.41% interest in the Salem Nuclear Power Station. Peak load in 1988 was 2,204 mw and system capability was 2,277 mw, for a capacity margin of 3.2%. Electricity sales in 1988 were 10.2 mwh, up 6.9% from 1987.

Total gas sales in 1988 were 16,156 MMcf, up 4.8% from 15,411 MMcf in 1987.

DEW has estimated its capital requirements for 1989-91 at $570 million, including $526 million for construction (excluding AFUDC). The company expected additional base load capacity will be needed early in the 1990s.

Nonutility subsidiaries contributed $0.10 a share to 1988 earnings; DEW expects subsidiary earnings to fluctuate but tend to grow over the next few years.

Dividend Data

Dividends have been paid since 1921. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37½	Dec. 27	Jan. 6	Jan. 12	Jan. 31'89
0.37½	Mar. 28	Apr. 6	Apr. 12	Apr. 29'89
0.37½	Jun. 28	Jul. 7	Jul. 13	Jul. 31'89
0.37½	Sep. 26	Oct. 5	Oct. 12	Oct. 31'89

Next dividend meeting: Dec. 26'89.

Capitalization

Long Term Debt: $662,811,000.

Red. Cum. Preferred Stock: $1,677,000.

Cum. Preferred Stock: $139,012,000.

Common Stock: 46,581,992 shs. ($2.25 par).
Institutions hold about 28%.
Shareholders of record: 52,705.

Office—800 King St. (P.O. Box 231), Wilmington, Del. 19899. **Tel**—(302) 429-3011. **Chrmn & Pres**—N. M. Curtis. **Secy**—D. P. Connelly. **Investor Contact**—Ed Mason. **Dirs**—E. P. Blanchard, J. R. Cooper, H. E. Cosgrove, N. M. Curtis, S. V. Hawkins, H. R. Landon, D. W. Mabe, J. T. McKinstry, J. O. Pippin, Jr., D. D. Wakefield, L. W. Wells. **Transfer Agent & Registrars**—Wilmington Trust Co., Wilmington. Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1909. **Empl**—2,625.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Delta Air Lines

NYSE Symbol DAL Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
69⅞	85¾-48¾	7	[1]1.20	[1]1.7%	B	1.08

Summary

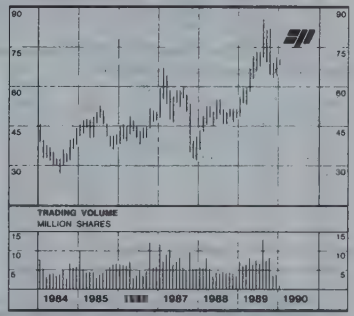
Delta, historically one of the most profitable carriers in the airline industry, has significantly expanded its route system in recent years, particularly through the 1986 acquisition of Western Air Lines. DAL is continuing to develop domestic hubs and is accelerating expansion in international markets. Long-term earnings prospects are favorable although fiscal 1990 profits will be off, reflecting competitive fare cuts and higher fuel costs.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $7.50 a share, compared with the $9.37 of fiscal 1989.

Some increase in the $0.30 quarterly dividend is possible. A $0.50 special dividend was paid October 1, 1989.

Revenues for fiscal 1990 are likely to increase about 8%-9%. Strong traffic gains experienced in the first half of the fiscal year are likely to moderate, reflecting softening of the economy and comparisons with expanded receipts during the early Eastern strike period in 1989. Average fare yield probably will be flat in the second fiscal half as the result of competitive fare changes. Operating margins will be affected by rising costs, particularly sharp increases in fuel prices.



Operating Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	2,173	1,882	1,632	1,102
Dec.	---	1,858	1,700	1,198
Mar.	---	2,038	1,709	1,453
Jun.	---	2,312	1,875	1,566
	---	8,089	6,915	5,318

Revenues for the three months ended September 30, 1989 rose 15.5%, year to year. Operating costs were up 14.3%. Pretax income gained 34.6%. After taxes at 35.3%, against 34.7%, net income was up 33.2%, to $2.53 a share from $2.03.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	2.53	2.03	1.22	1.32
Dec.	E1.50	1.73	1.82	3.02
Mar.	E1.25	1.73	1.15	0.54
Jun	E2.23	3.87	2.11	1.21
	E7.50	9.37	6.30	5.90

Next earnings report expected in late January.

Important Developments

Nov. '89— Delta ordered 50 and took options on 110 (60 of which were conversions of MD-88 options) new MD-90 aircraft and ordered 50 and took options on 50 737-700s. It now has orders and options on 519 aircraft.

Sep. '89— Delta reached a preliminary agreement to form a joint venture to combine operations of its DATAS II computer reservations system with the Pars system owned by TWA and Northwest Airlines.

Jul. '89— Delta created an Employee Stock Ownership Plan, which received 6.9 million shares of a new convertible preferred stock equal to a 14% interest in the company. DAL plans to buy back about 9.5 million comon shares. It also sold 2.5 million shares (5%) to Swissair.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[2]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	**46.72**	38.34	32.20	32.45	32.21	26.38	22.56	25.75	26.17	23.19
Earnings	**9.37**	6.30	5.90	1 18	6.50	4.42	d2.18	0.52	3.69	2.35
Dividends	**1.20**	1.20	1.00	1.00	0.70	0.60	1.00	0.95	0.70	0.60
Payout Ratio	**13%**	19%	18%	85%	11%	14%	NM	183%	19%	26%
Prices—High[3]	**85¾**	55⅛	67⅛	51⅞	52¾	45⅛	51	47	41⅜	29⅞
Low[3]	**48¾**	36	32	37¾	36⅛	27	29	22⅝	23¾	15⅝
P/E Ratio—	**9-5**	9-6	11-5	44-32	8-6	10-6	NM	90-44	11-6	13-7

Data as orig reptd. Adj. for stk div(s) of 100% Dec 1981 **1.** Excl 0.50 special in Aug 1989 **2.** Reflects merger or acquisition **3.** Cal yr E Estimated d Deficit NM-Not Meaningful

January 12, 1990

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	**8,089**	**1,071**	**13.2**	**1,481**	**393**	**71**	**[1]711**	**-35.2%**	**461**	**5.7**
1988	6,915	842	12.2	1,440	345	98	[1]456	32.7%	307	4.4
[2]1987	5,318	681	12.8	1,233	[3]276	94	[1]447	41.0%	[3]264	5.0
1986	4,460	398	8.9	469	364	79	[1]3	NM	47	1.1
1985	4,684	712	15.2	688	346	84	405	36.0%	259	5.5
1984	4,264	553	13.0	443	342	128	240	26.9%	176	4.1
1983	3,616	94	2.6	930	301	93	d227	NM	d87	NM
1982	3,618	244	6.7	511	252	60	d15	NM	21	0.6
1981	3,533	395	11.2	457	221	23	223	34.3%	146	4.1
1980	2,957	287	9.7	343	194	22	125	25.2%	93	3.2

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**530**	**1,475**	**1,763**	**0.8**	**6,484**	**7.5%**	**703**	**2,620**	**3,890**	**18.1**	**19.1%**
1988	823	1,651	1,392	1.2	5,748	5.5%	729	2,209	3,557	20.5	14.7%
1987	380	1,180	1,181	1.0	5,342	5.3%	1,018	1,938	3,646	27.9	15.0%
1986	61	583	746	0.8	3,785	1.3%	869	1,302	2,748	31.6	3.6%
1985	37	614	941	0.7	3,627	7.5%	535	1,287	2,437	22.0	22.2%
1984	33	517	861	0.6	3,269	5.4%	673	1,049	2,213	30.4	18.0%
1983	55	523	744	0.7	3,247	NM	1,092	897	2,427	45.0	NM
1982	46	488	744	0.7	2,658	0.8%	363	1,024	1,884	19.3	2.0%
1981	7	389	588	0.7	2,304	6.7%	198	1,041	1,695	11.7	14.9%
1980	38	369	551	0.7	2,043	4.9%	148	922	1,487	9.9	10.5%

Data as orig reptd. **1.** Incl equity in earns. of nonconsol. subs. **2.** Reflects merger or acquisition. **3.** Reflects acctg change. NM-Not Meaningful d-Deficit

Business Summary

Delta Air Lines operates a route system covering most of the U.S. and extending to 11 foreign countries. As of June 30, 1989 it served 141 domestic cities in 44 states, the District of Columbia and Puerto Rico, and 24 international cities. In December, 1986 it acquired Western Air Lines, which operated primarily in western states. Western added 34 domestic cities, three Canadian cities and seven Mexican cities to the system.

The airline's major hubs are in Atlanta, Dallas/Ft. Worth, Salt Lake City and Cincinnati. Smaller hubs are operated in Boston, Los Angeles and Orlando. About 85% of flights are involved in hub and spoke operations. Foreign countries served are Canada, Mexico, Bahamas, Bermuda, England, West Germany, France, Ireland, Japan, Korea and Taiwan (Thailand was added in December 1989). During fiscal 1989 Delta carried 64.2 million passengers.

The aircraft fleet as of September 30, 1989 consisted of 40 L-1011s, 30 B-767s, 52 B-757s, 130 B-727-200s, 13 B-737-300s, 61 B-737-200s, 46 MD-88s and 36 DC-9-32s. On order were 17 757s, 16 767s, 32 MD-88s and nine MD-11s. On option were 132 MD-88s, 21 767s, 61 757s and 31 MD-11s. Delta operates the DATAS computer reservations system.

Dividend Data

Dividends have been paid since 1949. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 26	Feb. 2	Feb. 8	Mar. 1'89
0.30	Apr. 27	May 4	May 10	Jun. 1'89
0.30	Jul. 27	Aug. 3	Aug. 9	Sep. 1'89
0.50 Spl.	Jul. 27	Aug. 30	Sep. 6	Oct. 1'89
0.30	Oct. 27	Nov. 2	Nov. 8	Dec. 1'89

Next dividend meeting: Jan. 25'90.

Capitalization

Long Term Debt: $702,107,000.

ESOP 6% Preferred Stock: $500,000,000. Conv into approx 5.96 million com.

Common Stock: 50,188,152 shs. ($3 par).
Institutions hold about 71%.
Shareholders of record: 28,634.

Office—Hartsfield Atlanta International Airport Atlanta, Ga 30320 **Tel**—(404) 765 2600 **Chrm & CEO**—R W Allen **Pres**—H L Harris **SVP-Secy**—J. W Callison **Treas**—F S Chew **Dirs**—R W Allen, B W Biedenharn III, C L Brown, E H Budd, G D Busbee, M J Evans, D C Garrett, Jr., G Grinstein, H L Harris, J Hill, Jr., J G Phillips **Transfer Agent & Registrar**—Citizens & Southern Trust Co (Georgia) Atlanta, Ga **Incorporated** in Louisiana in 1930, reincorporated in Delaware in 1967 **Empl**—58,784

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T M Canning, CFA

Deluxe Corp.

NYSE Symbol DLX Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
35¾	35¾-24	21	1.04	2.9%	A+	1.04

Summary

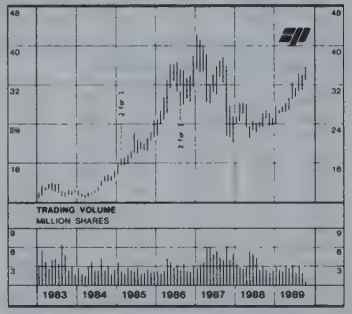
This company is the largest firm engaged principally in the printing of magnetic ink imprinted bank checks. It also produces deposit tickets for personal and business accounts; makes computer forms and related products; provides software and services to financial institutions; and is a direct marketer of selected consumer products. Earnings should resume a long-term uptrend in 1989, after a 35-year record of steadily rising profits was interrupted in 1988 by costs of investments in new technology.

Current Outlook

Earnings for 1990 should reach $2.20 a share, up 19% from the $1.85 estimated for 1989. A stronger advance is likely in 1991.

The quarterly dividend was raised 13%, to $0.26 from $0.23, with the August, 1989 declaration.

Sales for 1990 should reflect a moderate gain in check sales, double-digit growth in other businesses, and price increases. Operating margins should improve, reflecting relative stability in personnel and paper costs, the higher revenues, the implementation of new check printing technology, and reduced costs of investments in new technology.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	317	286	233	211
Jun.	311	276	233	214
Sep.	---	302	237	218
Dec.	---	333	246	224
	---	1,196	948	867

Sales for the 1989 first half rose 12%, year to year. Higher costs and expenses impacted profitability, and in the absence of a prior-year $0.04 a share nonrecurring gain, the rise in pretax income was held to 8.0%. After taxes at 38.7%, versus 34.9%, net income rose 1.7%. Share net was $0.76, compared with $0.75.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.36	0.40	0.35	0.33
Jun.	0.40	0.35	0.39	0.34
Sep	E0.46	0.40	0.50	0.35
Dec.	E0.63	0.53	0.50	0.40
	E1.85	1.68	1.74	1.42

Important Developments

Apr. '89— DLX implemented price increases averaging 5.25% on most of its checks and related products due to increases in manufacturing costs.

Jan. '89— DLX said that it was positioning itself to become a major participant in the emerging and potentially large point-of-sale (POS) market. Data Systems (DS) completed its first major POS installation at a 12-store supermarket chain in St. Louis in 1988, and was using that "showcase" installation to market its POS capabilities to potential customers. Data Systems was also pursuing international opportunities with the signing in 1989 of distributor contracts in France and the U.K. DS and IBM were selected to provide software for Canada's national POS system, which will link all Canadian financial institutions. IBM also began marketing DS software throughout the Pacific Rim.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	4.61	3.77	4.85	4.14	3.48	3.19	2.81	2.39	2.01	1.71
Earnings	1.68	1.74	1.42	1.22	1.01	0.85	0.71	0.59	0.49	0.43
Dividends	0.86	0.76	0.58	0.49	0.39	0.31	0.26½	0.22⅜	0.18⅞	0.15⅞
Payout Ratio	51%	44%	41%	40%	38%	36%	37%	38%	39%	37%
Prices—High	28⅜	42¼	38	24⅞	14½	12	10¼	7⅞	6⅞	4⅝
Low	21	20	21½	13⅝	8⅞	8¾	4¾	3	4⅛	3½
P/E Ratio—	17-13	24-11	27-15	20-11	14-9	14-10	14-7	14-5	14-8	11-8

Data as orig reptd. Adj. for stk. div(s). of 100% Sep. 1986, 100% Mar. 1985, 100% Sep. 1981. 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,196	265	22.1	78.9	38.1	5.10	227	36.7%	143	12.0
[2]1987	948	240	25.4	96.1	30.4	0.62	237	37.2%	149	15.7
[2]1986	867	244	28.1	45.8	28.5	1.05	223	45.7%	121	14.0
[2]1985	764	206	26.9	51.9	25.6	0.57	192	45.7%	104	13.6
[2]1984	683	176	25.8	30.5	23.5	0.45	163	46.1%	88	12.9
1983	620	156	25.1	32.8	20.9	0.50	144	46.7%	77	12.4
1982	550	134	24.5	34.2	19.1	0.32	123	47.4%	65	11.8
1981	504	115	22.9	32.2	16.9	0.63	103	48.3%	[3]53	10.6
1980	428	92	21.5	40.8	12.4	0.77	84	46.9%	45	10.4
1979	366	82	22.3	26.4	10.1	0.33	72	46.7%	39	10.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	22	220	167	1.3	786	17.3%	10.9	568	619	1.8	27.0%
1987	159	337	315	1.1	866	19.5%	12.9	491	551	2.3	32.9%
1986	169	322	179	1.8	661	20.5%	14.2	413	482	2.9	31.6%
1985	133	267	100	2.7	521	21.8%	13.0	354	420	3.1	32.0%
1984	115	232	91	2.6	438	21.3%	8.6	299	348	2.5	30.7%
1983	109	215	82	2.6	403	20.6%	7.6	285	321	2.4	28.6%
1982	79	173	66	2.6	350	19.8%	7.8	258	284	2.8	27.3%
1981	47	139	62	2.2	306	18.9%	8.9	219	244	3.7	26.5%
1980	29	110	56	2.0	259	18.7%	9.2	183	204	4.5	26.2%
1979	18	89	49	1.8	217	19.4%	3.3	156	168	2.0	26.7%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. prior to 1988. 2. Refl. merger or acquisition. 3. Refl. acctg. change

Business Summary

Deluxe Corp. (formerly Deluxe Check Printers) prints and sells checks and related forms to financial institutions and their customers. Operations have been expanded in recent years to include electronic funds transfer (EFT) processing, new account verification services, computer and business forms, office products, and direct marketing of selected consumer products.

The payment systems division (76% of 1988 sales and 93% of pretax income) prints checks, deposit tickets, and related transaction forms. DLX accounts for 54% of the U.S. check printing market. Data Systems is the nation's third largest third-party processor of automated teller machine (ATM) transactions and is the leading processor of interchange transactions for shared ATM networks. Chex Systems, Inc. provides new account verification services to financial institutions. Sales Development Systems provides training and marketing services to the financial industry.

The business systems division (10% of sales and 3% of income) is a major supplier of short-run computer and business forms (including checks and related supplies), and record keeping systems to small businesses and professional practices.

The consumer specialty products division (14% of sales and 4% of income) was formed with the December, 1987 acquistion of Looart Press, Inc. and its operating unit, Current, Inc. Current is the nation's largest direct mail marketer of greeting cards, stationery, and related consumer specialty products.

Dividend Data

Dividends have been paid since 1921. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Nov. 4	Nov. 15	Nov. 21	Dec. 5'88
0.23	Feb. 10	Feb. 14	Feb. 21	Mar. 6'89
0.23	May 9	May 16	May 22	Jun. 5'89
0.26	Aug. 4	Aug. 15	Aug. 21	Sep. 5'89

Next dividend meeting: early Nov. '89.

Finances

In August, 1989 the company said that capital expenditures for 1989 would be between $80 and $90 million, but spending will be down to $50-$60 million in 1990. Current spending is largely for the installation of new printing technology and prgrams to support the rapid growth of the Business Systems Division.

Capitalization

Long Term Debt: $10,243,000.

Common Stock: 85,544,133 shs ($1 par).
Institutions hold about 53%.
Shareholders of record: 23,034

Office—1080 West County Rd F, St Paul, Minn 55126-8201 **Tel**—(612) 483-7111 **Chmn**—E R Olson **Pres & CEO**—H V Haverty **Secy**—S L Peterson. **VP-CFO & Investor Contact**—C M Osborne **Dirs**—E W Asplin, H V Haverty, H W Lurton, W MacMillan, E R Olson, J Schreiner, J K Twogood, M W Wright **Transfer Agent & Registrar**—Bank of New York, NYC Incorporated in Minnesota in 1920 **Empl**—16,628

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H Donald

Dennison Manufacturing

NYSE Symbol DSN

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
26¾	32⅞-24⅛	11	1.32	4.9%	B+	0.92

Summary

This company is an important manufacturer of stationery products and systems for office, school and home use, of merchandise identification and control systems for the retailing industry, and of equipment and supplies for the packaging industry. Citing softness in markets for stationery and other key businesses, management lowered its 1989 third quarter earnings estimate to between $0.40 and $0.50 a share from $0.55, and said that it expected net income of $2.30 to $2.40 a share for the full year.

Business Summary

This diversified company is a manufacturer of stationery products, systems and packaging serving industrial, commercial and consumer markets worldwide. Segment contributions in 1988:

	Sales	Profits
Stationery products	51%	61%
Systems	27%	19%
Packaging	22%	20%

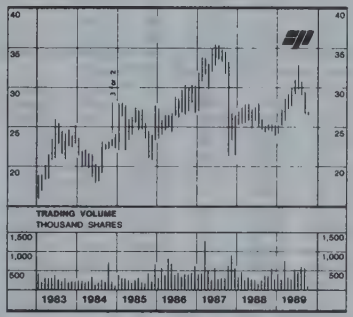
Foreign operations accounted for 26% of sales in 1988 and 28% of operating profits.

Stationery products include a wide range of record-keeping items, document protection and storage products, identification supplies, writing and marking instruments, ink and adhesive products and educational and decorating aids. Computer related products include flexible disks, inked ribbons, tape cleaners and testers, and filing, storage and work-station furniture products.

The Systems division operates in two markets: printing equipment, accessories, and supplies for product identification and control; and fastener equipment and supplies for various retail and industrial applications.

The Packaging segment provides high quality labels and labeling equipment for the packaging industry; and produces metallized papers for labels and packages and industrially treated papers used for insulation in electrical transformers.

Delphax Systems, a 50%-owned joint venture with Xerox Corp., produces medium and high speed non-impact printers, based on a process developed by Dennison. At the close of 1987 Delphax announced a three-year contract with Unisys Corp. to manufacture printers for data processing applications.



Important Developments

Sep. '89— Management reduced its third quarter earnings estimate to between $0.40 and $0.50 a share from $0.55, and said that it expected net income for the full year 1989 of $2.30 to $2.40 a share, slightly below 1988's $2.41. DSN said that it was experiencing softness in its stationery markets as well as in other key businesses, causing lower than expected margins in the third quarter. Also, costs related to consolidation and quality control measures, and new equipment start-ups have adversely affected profits. Separately, DSN noted that its market share in the new office products distribution channels continued to show strong growth.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.80	14.68	14.78	13.91	14.93	14.05	13.09	12.79	12.11	11.24
Earnings[2]	2.41	2.22	2.00	0.43	2.27	2.07	1.40	2.03	1.61	1.81
Dividends	1.28	1.24	1.20	1.20	1.10	0.98¾	0.96	0.86¾	0.77⅛	0.66¾
Payout Ratio	52%	55%	59%	285%	47%	46%	67%	41%	46%	36%
Prices—High	28	35½	30⅜	28⅛	24⅛	26	16⅞	16¾	13¾	14½
Low	23⅞	21¼	23½	20¾	17⅞	15⅞	10⅛	10½	10½	10⅛
P/E Ratio—	12-10	16-10	15-12	65-48	11-8	13-8	12-8	8-5	8-7	8-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Dec. 1984, 100% Mar. 1979. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.06 in 1986, 0.03 in 1987, -0.06 in 1986.

October 17, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	722	88.4	12.2	57.0	24.6	11.6	56.9	33.0%	38.1	5.3
1987	708	88.8	12.5	44.9	22.5	10.9	57.9	39.7%	34.9	4.9
1986	701	89.2	12.7	31.1	23.2	13.0	60.6	48.5%	31.2	4.5
[3]1985	662	69.2	10.5	37.7	23.3	11.5	13.9	51.7%	6.7	1.0
1984	684	85.7	12.5	29.1	21.0	8.2	60.4	42.5%	34.8	5.1
1983	629	83.5	13.3	30.3	20.1	8.5	56.1	44.1%	31.4	5.0
1982	577	64.1	11.1	26.9	18.4	9.3	36.0	42.6%	20.6	3.6
1981	570	63.8	11.2	34.9	15.4	7.5	51.6	41.8%	[4]30.1	5.3
1980	492	57.7	11.7	25.9	13.8	5.8	41.7	44.1%	23.3	4.7
1979	450	60.2	13.4	21.8	12.6	4.4	45.8	44.6%	25.4	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37.6	292	149	2.0	516	7.6%	84	253	351	24.0	15.6%
1987	59.6	305	145	2.1	491	7.2%	97	232	332	29.3	14.9%
1986	46.9	279	115	2.4	469	6.6%	100	229	334	29.8	13.9%
1985	58.8	281	114	2.5	463	1.5%	108	212	329	32.9	2.9%
1984	13.9	239	94	2.5	397	8.8%	51	224	295	17.3	15.7%
1983	27.8	232	100	2.3	383	8.4%	52	206	274	19.1	15.4%
1982	24.6	215	94	2.3	359	5.9%	54	190	258	21.0	10.6%
1981	15.5	208	85	2.4	341	9.5%	52	186	251	20.9	16.5%
1980	13.0	172	71	2.4	283	8.6%	28	168	212	13.4	14.1%
1979	2.7	157	58	2.7	257	10.3%	30	156	198	15.2	16.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. aft 1983. 2. Bef. spec. item(s) in 1988, 1987, 1986. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	180.3	165.5	175.0	163.4
Jun.	196.6	181.8	174.7	173.8
Sep.		176.5	173.5	170.0
Dec.		198.0	184.7	193.8
		721.8	708.0	701.1

Sales for the six months ended June 30, 1989 advanced 8.5%, year to year, reflecting gains for the systems, packaging, and stationery products segments of 5.8%, 10.1%, and 9.3%, respectively. Margins narrowed on a less favorable product mix, and pretax profits rose 7.1%. After taxes at 34.8%, versus 34.6%, net income was up 6.8%, to $1.03 a share from $0.93. Results are before extraordinary charges of $0.02 and $0.06 a share in the respective periods.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.41	0.37	0.48	0.26
Jun.	0.64	0.62	0.50	0.45
Sep.		0.54	0.53	0.48
Dec.		0.89	0.72	0.81
		2.41	2.22	2.00

Dividend Data

Dividends have been paid since 1942. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Feb. 3	Feb. 16	Feb. 23	Mar. 10'89
0.33	Apr. 26	May 4	May 10	Jun. 9'89
0.33	Jul. 27	Aug. 4	Aug. 10	Sep. 11'89
0.33	Sep. 29	Nov. 6	Nov. 10	Dec. 11'89

Next dividend meeting: early Feb.'90.

Finances

During 1989's first quarter DSN redeemed SFr 24,120,000 of its 5½% Swiss franc-denominated bonds prior to scheduled maturity, resulting in an extraordinary charge of $270,000 ($0.02 per share).

Capitalization

Long Term Debt: $60,201,000.

Cum. Preferred Stock: $900,000.

Common Stock: 15,517,329 shs. ($1 par).
Institutions hold about 50%.
Shareholders of record: 11,000.

Office—275 Wyman St., Waltham, Mass. 02254. **Tel**—(617) 890-6350 **Chrmn & CEO**—N. S. Gifford **Pres**—J. B. Gray **Sr. VP-CFO**—D. J. Sullivan. **Secy**—Joan M. Martin. **Investor Contact**—J. V. Hubbard **Dirs**—D. L. Allison, Jr., J. T. Bok, G. L. Countryman, R. T. DiBona, N. S. Gifford, J. B. Gray, W. J. Howland, Jr., H. R. Lewis, T. O'Brien, B. J. O'Keefe, D. B. Perini, R. F. Richter, C. W. Schmidt, D. J. Sullivan, R. P. Towne, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Nevada in 1962 **Empl**—7,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Kenneth A. Shea

Detroit Edison

NYSE Symbol DTE Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
24³/₈	24³/₈-17¹/₈	NM	1.68	6.9%	A-	0.38

Summary

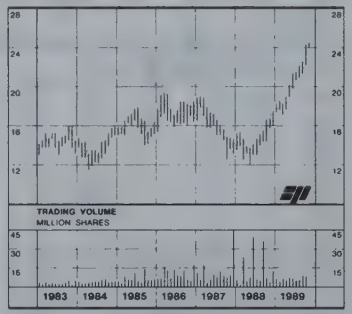
This Michigan-based utility owns the Fermi 2 nuclear plant, which it placed in commercial operation in January, 1988. In December, 1988 the Michigan Public Service Commission finalized the plant's rate structure and disallowance. DTE's near-term prospects will benefit from resolution of major regulatory issues, higher rates, some sales growth, and continuing cost controls. The longer-term outlook is enhanced by the completed construction program and substantially improved cash flow.

Current Outlook

Share earnings for 1990 are projected at $2.75, up from $2.65 estimated for 1989.

The $0.42 quarterly dividend is likely to be increased by mid-1990.

Share earnings for 1990 will benefit from higher rates, some sales growth, and continuing cost controls. Longer-term prospects are enhanced by the completed construction program.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	790	752	708	749
Jun.	758	722	688	691
Sep.	862	868	787	738
Dec	---	761	673	691
	---	3,102	2,857	2,869

Based on a brief report, revenues for the nine months ended September 30, 1989 rose 2.9%, year to year, as higher rates offset an 0.8% decrease in kwh sales. In the absence of a $79.9 million ($0.55 a share) charge for removal of the Greenwood oil plant from rate base, net income advanced 49%, $338.4 million from $227.1 million. Following preferred dividends, share earnings were $2.11, compared with $1.28, excluding a net special charge of $0.98 in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.64	d0.04	0.90	0.71
Jun	0.59	0.41	0.70	0.57
Sep.	0.89	0.91	1.05	0.70
Dec.	E0.53	d3.22	0.60	0.60
	E2.65	d1.95	3.25	2.58

Important Developments

Oct. '89— DTE reported that for the first nine months of 1989 total kwh sales were down 0.8% from the same period a year earlier, with residential sales down 2.6%, industrial sales down 0.6%, and commercial sales up 3.0%. The company noted that the decrease in residential sales for the period was due to cooler summer weather, partially offset by customer growth. The decrease in industrial sales was due to lower sales to steel and automotive customers, partially offset by higher sales to other industrial customers. The increase in commercial sales was due to customer growth, reflecting continued economic expansion in southeastern Michigan's business sector. Separately, DTE stated that a scheduled outage at its Fermi 2 nuclear plant began September 8 for refueling and preventive and scheduled maintenance.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.87	19.58	18.25	17.42	16.68	16.38	16.43	17.32	17.73	18.33
Earnings[1]	d1.95	3.25	2.58	2.33	2.20	2.21	1.75	2.02	1.75	1.90
Dividends	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.64	1.60	1.60
Payout Ratio	NM	52%	65%	72%	76%	76%	96%	81%	91%	84%
Prices—High	17¹/₂	19	19³/₈	17⁷/₈	16¹/₈	16	13⁷/₈	12⁹/₄	14¹/₄	15⁷/₈
Low	12	12¹/₂	15³/₈	14	11¹/₂	13	11	10⁷/₈	10	12¹/₄
P/E Ratio—	NM	6-4	8-6	8-6	7-5	7-6	8-6	6-5	8-6	8-6

Data as orig reptd 1. Bef spec item(s) of -0.97 in 1988 NM-Not Meaningful d-Deficit E-Estimated

November 9, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	**3,102**	**325**	**276**	**76.5%**	**0.20**	**5**	**NM**	**d235**	**NM**	**2.7**	**NM**
1987	2,857	237	246	74.4%	2.63	270	22.3%	555	19.4	9.6	16.7
1986	2,869	232	259	76.2%	2.20	246	19.8%	477	16.6	9.6	14.1
1985	2,788	219	251	78.0%	2.17	246	22.0%	438	15.7	8.9	13.3
1984	2,498	190	204	78.4%	2.15	294	24.7%	402	16.1	8.7	12.9
1983	2,310	172	188	79.1%	2.34	287	29.3%	365	15.8	8.2	13.0
1982	2,123	161	171	80.7%	---	242	27.3%	255	12.0	7.4	10.1
1981	2,054	150	165	80.8%	---	173	20.3%	234	11.4	8.0	11.0
1980	1,813	142	133	82.5%	---	106	16.7%	189	10.4	7.4	9.4
1979	1,699	130	129	83.8%	---	82	24.2%	176	10.4	7.5	9.9

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	**11,406**	**235**	**8,770**	**7.7**	**8,329**	**4,378**	**62.4**	**416**	**5.9**	**2,227**	**31.7**
1987	12,475	788	10,156	7.5	9,612	4,847	58.5	522	6.3	2,920	35.2
1986	11,062	645	9,035	7.7	8,259	3,657	51.4	742	10.4	2,716	38.2
1985	10,466	711	8,613	7.4	8,272	3,771	52.1	879	12.2	2,588	35.7
1984	9,752	938	8,076	7.0	8,043	3,845	54.0	894	12.6	2,380	33.4
1983	8,846	1,015	7,321	6.8	7,442	3,542	53.3	908	13.7	2,195	33.0
1982	8,253	1,135	6,824	6.5	6,576	3,219	54.5	802	13.6	1,885	31.9
1981	7,140	964	5,843	7.3	5,615	2,754	54.6	603	12.0	1,688	33.4
1980	6,213	645	5,026	6.6	5,081	2,450	53.6	591	13.0	1,527	33.4
1979	5,660	591	4,591	6.3	4,454	2,070	52.0	510	12.8	1,400	35.2

Data as orig reptd 1. Times int exp. & pfd divs. covered (pretax basis) 2. Bef. spec. item(s) in 1988. 3. Based on income before interest charges. 4. As reptd. by Company 5. Utility Plant NM-Not Meaningful d-Deficit.

Business Summary

Detroit Edison supplies electricity and to a lesser extent steam in southeastern Michigan. Electric revenues in recent years:

Revenues	1988	1987	1986	1985
Residential	32%	32%	31%	30%
Commercial	25%	25%	24%	23%
Industrial	37%	37%	37%	37%
Other	6%	6%	8%	10%

Sources of generation in 1988 were coal 76%, nuclear 10%, and hydro and oil 14%. Peak demand in 1988 was 9,133 mw and capability totaled 9,870 mw for a capacity margin of 7%.

DTE's 89%-owned Fermi 2 nuclear plant entered commercial operation in January, 1988. In 1988's first quarter, DTE wrote-off disallowed Fermi 2 costs of $2.35 a share. Also, in 1988's first quarter DTE removed from rate base its Greenwood oil plant, which resulted in a net charge of $0.49 a share. Following the December, 1988 rate settlement, DTE recorded in 1988's fourth quarter an additional $3.81 per share charge, mostly for disallowed Fermi 2 costs, but also for additional costs related to the Greenwood plant. DTE will be purchasing the 11% Fermi 2 interest owned by Wolverine Power Supply Cooperative in 1990, for about $550.0 million. Rate recovery for the Wolverine ownership is included in the Fermi 2 rate order.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.42	Nov. 21	Dec. 14	Dec. 20	Jan. 15'89
0.42	Feb. 27	Mar. 10	Mar. 16	Apr. 15'89
0.42	May 22	Jun. 9	Jun. 15	Jul. 15'89
0.42	Jul. 24	Sep. 14	Sep. 20	Oct. 15'89

Next dividend meeting: Nov. 27 '89.

Capitalization

Long Term Debt: $4,347,693,000.

Red. Cum. Pfd. & Pref. Stk.: $119,789,000.

Cum. Pfd. & Pref. Stk.: $288,086,000.

Common Stock: 146,830,380 shs. ($10 par). Institutions hold about 31%. Shareholders of record: 203,281.

Office—2000 Second Ave., Detroit, Mich 48226 **Tel**—(313) 237-8000 **Chrmn & CEO**—W J McCarthy, Jr **Pres**—J E Lobbia **VP-Treas**—L. L. Loomans **Secy**—S M Beale **Investor Contact**—T Howlin. **Dirs**—T E Adderley, W W Anderson, Jr., L Bauder, D Bing, D M Gates, J E Lobbia, P S Longe, W J McCarthy, Jr., F Merriman, E A Miller, D E Richardson, L M Roddis, Jr., A E Schwartz, O M Smith **Transfer Agent & Registrar**—Company's office. **Incorporated** in New York in 1903, reincorporated in Michigan in 1967 **Empl**—10,614.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Dexter Corp.

NYSE Symbol DEX Options on ASE (Jan-Apr-Jul-Oct)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
22¾	34¾-20⅛	13	0.88	3.9%	B+	1.07

Summary

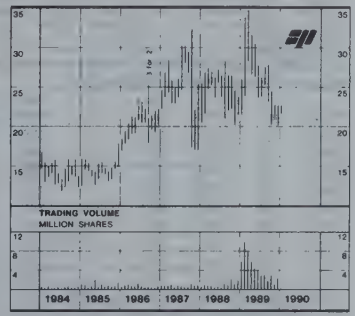
Dexter is an international producer of specialty chemical products and services and specialty materials and engineered plastics. It also has a 62% interest in Life Technologies, Inc., a large biotechnology company. In recent years DEX has completed a number of joint ventures and acquisitions, which have expanded its specialty materials and plastics, electronics, chemicals, coatings and biotechnology operations, while divesting several unprofitable businesses.

Current Outlook

Share earnings for 1990 are projected at about $1.90, up from the $1.74 expected for 1989.

The quarterly dividend was raised 10%, to $0.22 from $0.20, with the January, 1990 payment.

Profits in 1990 are expected to benefit from continued modest sales growth in key product lines, including nonwovens, coatings, water treatment chemicals, magnetic and electronic materials, plastisols, and biological and diagnostic products, and more favorable raw material costs. Slow automobile and construction markets will limit the gain. Earnings should also improve with better manufacturing efficiencies resulting from plant consolidations and expected lower new venture and product development costs.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	214.6	206.2	187.1	163.8
Jun.	221.5	213.9	201.6	165.1
Sep.	205.3	204.5	193.3	157.7
Dec.	---	202.7	200.8	163.5
	---	827.3	782.8	650.1

Sales for the first nine months of 1989 rose 2.7%, year to year, reflecting higher volumes and prices. In the absence of a onetime charge of 0.18 a share, net income advanced 10%, to $1.39 a share from $1.26, which excludes a loss from discontinued operations of $0.18 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.46	0.49	0.38	0.33
Jun	0.51	0.53	0.50	0.36
Sep	0 42	0.24	0.41	0.33
Dec	E0.35	0.35	0.43	0.33
	E1 74	1.61	1.72	1.35

Important Developments

Dec. '89— DEX said that due to weak industry conditions, fourth quarter 1989 earnings were not expected to exceed the 1988 level. Principal market factors include the U.S. automobile industry, the worldwide electronics industry, and a general erosion of the industrial economy.

Oct. '89— Third-quarter 1989 earnings included a nonrecurring gain of $0.02 a share, while the 1988 quarter included a onetime charge of $0.18 a share. Total unit sales in the third quarter were unchanged from 1988 with price increases offset by lower currency exchange rates. Gross margins (excluding unusual items) were level with the prior and year-earlier quarters. Selling prices and raw material costs were stable, compared with the previous quarter. DEX said that losses associated with several business ventures would total about $0.20 a share in 1989. DEX believed that such costs were now peaking.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980
Tangible Bk Val.	NA	8.92	8.27	6.76	8.14	7.07	6.42	6.94	6.53	6.28
Earnings[2]	NA	1.61	1.72	1.35	1.15	1.29	1.18	1.07	1.15	1.13
Dividends	0.82	0.80	0.60	0.56⅝	0.53⅛	0.50¾	0.50	0.44¼	0.42¼	0.40⅛
Payout Ratio	NA	50%	35%	42%	46%	39%	42%	42%	37%	36%
Prices—High	34¾	28¾	32⅜	23⅜	17⅞	16¾	19½	12½	13⅜	14⅛
Low	20⅛	20¼	17	16⅞	12½	11⅞	11⅜	7⅜	9⅜	8¼
P/E Ratio—	NA	18-13	19-10	17-13	15-11	13-9	17-10	12-7	11-8	13-7

Data as orig reptd Adj for stk dw(s) of 50% Oct 1986, 66⅔% Oct 1983 **1.** Reflects merger or acquisition **2.** Bef results of disc opers of 0 18 in 1988 E Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	827	102	12.3	[3]26.3	24.3	12.2	71.9	38.0%	39.9	4.8
1987	783	101	12.9	25.8	19.2	14.4	75.9	38.0%	42.8	5.5
[4]1986	650	83	12.8	38.1	16.8	12.5	56.5	38.0%	33.6	5.2
[4]1985	633	71	11.2	27.7	16.7	11.9	53.8	35.3%	[5]28.6	4.5
[4]1984	625	73	11.6	21.9	14.8	11.1	44.9	30.2%	29.7	4.8
[4]1983	561	64	11.4	39.5	12.2	8.6	48.1	42.3%	27.3	4.9
[4]1982	522	55	10.6	28.5	10.9	6.2	44.1	44.5%	24.5	4.7
[4]1981	523	61	11.7	17.1	10.4	6.1	48.3	45.2%	26.5	5.1
[4]1980	535	66	12.3	26.5	9.6	7.3	50.4	49.0%	25.7	4.8
[4]1979	457	60	13.2	36.8	8.5	5.5	48.3	49.2%	24.5	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	57.6	325	143	2.3	626	6.5%	93	307	473	19.6	13.3%
1987	71.5	312	131	2.4	606	7.3%	106	294	466	22.8	15.5%
1986	58.6	267	129	2.1	566	6.4%	113	259	429	26.3	13.7%
1985	93.0	261	132	2.0	485	6.1%	65	233	350	18.7	12.8%
1984	28.0	212	102	2.1	426	7.1%	74	200	321	23.1	15.4%
1983	26.2	199	104	1.9	410	7.3%	67	186	302	22.1	15.2%
1982	22.4	185	73	2.6	337	7.4%	56	174	262	21.5	14.4%
1981	27.3	183	75	2.5	322	8.3%	50	165	244	20.5	16.4%
1980	8.7	176	75	2.3	316	8.6%	57	156	240	23.8	17.4%
1979	6.6	158	75	2.1	283	9.5%	48	140	206	23.2	18.6%

Data as orig. reptd **1.** Incl. equity in earns. of nonconsol subs after 1979 **2.** Excludes discontinued operations **3.** Net of curr. yr retirement and disposals. **4.** Reflects merger or acquisition. **5.** Reflects accounting change

Business Summary

Dexter produces specialty materials and chemicals and life science products. Contributions in 1988 by product group were:

	Sales	Profits
Materials & services	33%	53%
Coatings & encapsulants	32%	25%
Plastics & composites	19%	3%
Life Technologies	16%	19%

Operations outside North America accounted for 28% of sales and 37% of profits in 1988.

Specialty materials and services include nonwoven fabrics formulated from natural and synthetic fibers for tea bag paper, meat casings, filters and medical and industrial disposable garments and wraps; water treatment chemicals and equipment for energy conservation, corrosion and microbiological control; and magnetic components for electronic and computer uses.

Specialty coatings and encapsulants include liquid and powder coatings for the food and beverage packaging, automotive, aerospace, building and industrial markets, powdered encapsulants and coatings for electronics applications, and plastisols for the printing and sealants and coatings markets.

Specialty plastics and composites include engineered plastics, adhesives, sealants, mold release agents, fabricated parts, and carbon fibers and reinforced composite components for the aerospace, automotive, industrial, consumer, and medical markets.

Life Technologies (62%-owned) produces cell and molecular biology research products, culture media and diagnostic materials.

Dividend Data

Dividends have been paid since 1957. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 24	Mar. 9	Mar. 15	Apr. 10'89
0.20	Apr. 27	Jun. 9	Jun. 15	Jul. 10'89
0.20	Aug. 25	Sep. 11	Sep. 15	Oct. 10'89
0.22	Oct. 27	Dec. 11	Dec. 15	Jan. 10'90

Next dividend meeting: Feb. 23'90.

Capitalization

Long Term Debt: $85,055,000.

Minority Interest: $39,006,000

Common Stock: 24,848,575 shs ($1 par); Institutions hold about 47%
Shareholders of record: 4,400

Office—1 Elm Street, Windsor Locks, Conn 06096 **Tel**—(203) 627-9051 **Chrmn**—D L Coffin **Pres & CEO**—K G Walker **EVP-Fin & Secy**—R E McGill, III **Treas & Investor Contact**—D A Willis **Dirs**—D L Coffin, W J Connolly, Jr., D W Davis, W P Frankenhoff, R E McGill, III, D Roon, P L Scott, G L Urban, K G Walker, A E Wegner, G M Whitesides **Transfer Agents**—CBT Clearing Corp, NYC Connecticut Bank & Trust Co, Hartford **Registrar**—Connecticut Bank & Trust Co, Hartford **Incorporated** in Connecticut in 1914 **Empl**—5,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O Reilly, CFA

Diebold, Inc.

NYSE Symbol DBD Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
38¾	47¾-38¼	15	1.40	3.6%	A-	1.04

Summary

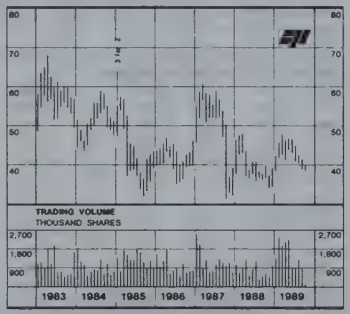
Diebold is a leading manufacturer of automated transaction systems, including automated teller machines and point-of-sale terminals, and security equipment. The company has expanded its presence in commercial markets and is also concentrating on enlarging its international business. Earnings are expected to improve slightly in 1989 in the absence of 1988 costs related to the consolidation of manufacturing, but sales will continue to be restricted by severe price competition.

Current Outlook

Earnings for 1989 are projected at $2.60 a share, up from the $2.38 reported for 1988. Earnings for 1990 could increase to $3.00 a share.

Dividends should continue at $0.35 quarterly.

Sluggish revenue growth is expected for the balance of 1989, as uncertain domestic demand and intense competition overseas continue to cloud the outlook. Orders for the 1989 first half were down 8.5% compared with the same 1988 period. Although the company is building up its service business, service revenue growth will continue to be restrained by severe competition from both third party vendors and in-house maintenance. Severe pricing pressure is expected to continue, but the consolidation of certain manufacturing and other cost containment efforts should have a positive effect on profitability. The company plans to maintain investment in new product development at current levels.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	114.4	106.8	104.0	104.6
Jun.	116.9	110.8	106.4	98.8
Sep.	---	115.8	109.3	100.4
Dec.	---	117.2	119.3	109.9
	---	450.6	439.1	413.7

Revenues for six months ended June 30, 1989 rose 6.3%, year to year. Gross margins narrowed slightly, but selling general and administrative expenses were held flat and research and development spending declined 9.0%. Pretax earnings were up 25%. After taxes at 31.4%, versus 32.8%, net income advanced 27%, to $1.25 a share from $0.98, which was before a $0.34 special credit.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.58	0.52	0.50	0.77
Jun.	0.67	0.46	0.62	0.58
Sep.	E0.65	0.70	0.70	0.55
Dec.	E0.70	0.70	0.91	0.76
		E2.60	2.38	2.72	2.66

Important Developments

Aug. '89— DBD settled a month-long strike of union employees at its Newark, Ohio manufacturing facility. Separately, in June DBD purchased certain assets of the Field Service division of the Payment Services division of Electronic Data Systems Corp. The acquisition included existing EDS hardware service contracts for automated teller machines, teller terminals and telecommunications devices as well as service parts inventories.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	¹1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	27.40	25.92	24.40	22.89	21.53	18.06	14.99	12.37	10.65	9.30
Earnings²	2.38	2.72	2.66	2.32	4.35	3.77	3.20	2.25	1.65	1.42
Dividends	1.30	1.20	1.10	1.00	0.80	0.66¾	0.53⅜	0.38⅞	0.34½	0.28⅞
Payout Ratio	55%	44%	41%	43%	18%	18%	17%	17%	21%	20%
Prices—High	48	60¾	47	57½	59	68	52	32⅞	24⅞	14¾
Low	34	31⅛	35	31⅞	43½	48½	28⅜	17⅛	12⅞	8⅜
P/E Ratio—	20-14	22-11	18-13	25-14	14-10	18-13	16-9	15-8	15-8	10-6

Data as orig. reptd. Adj. for stk. div(s) of 50% Feb 1985, 50% May 1981. 1. Reflects acctg. change. 2. Bef. spec. item(s) of +0.34 in 1988. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1988	451	47	10.4	18.4	10.3	0.59	44	28.6%	31.3	7.0
²1987	439	55	12.6	8.4	8.7	0.84	55	35.1%	35.8	8.1
1986	414	54	13.1	14.9	7.4	0.75	57	38.4%	²34.9	8.4
1985	411	44	10.6	9.4	6.4	0.92	50	38.9%	30.4	7.4
1984	474	100	21.1	10.1	5.8	1.16	108	47.3%	56.9	12.0
1983	446	89	20.0	8.0	5.5	1.39	94	47.4%	49.1	11.0
1982	428	77	17.9	10.7	4.9	1.45	80	48.1%	41.5	9.7
1981	386	52	13.4	6.5	3.9	1.61	54	46.6%	29.0	7.5
1980	347	44	12.6	3.7	2.2	1.97	40	47.1%	21.2	6.1
1979	305	38	12.3	4.6	2.2	2.47	35	47.6%	18.2	6.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	92	299	74.8	4.0	455	7.0%	5.0	361	380	1.3	8.9%
1987	84	299	88.9	3.4	442	8.4%	6.0	341	353	1.7	10.8%
1986	82	244	76.7	3.2	409	8.7%	7.0	320	332	2.1	11.2%
1985	102	267	80.8	3.3	394	7.8%	8.0	300	313	2.6	10.4%
1984	77	262	88.8	3.0	383	15.9%	9.0	282	294	3.1	22.0%
1983	86	234	80.4	2.9	331	16.5%	11.6	236	250	4.6	22.8%
1982	69	215	52.5	4.1	265	16.5%	14.8	195	212	6.9	23.3%
1981	63	193	57.4	3.4	237	13.3%	17.0	160	179	9.5	19.5%
1980	16	171	41.1	4.2	200	10.8%	19.5	137	159	12.3	16.5%
1979	13	170	51.3	3.3	194	10.3%	22.0	119	143	15.3	16.2%

Data as orig. reptd. 1. Before spec. item(s) in 1988. 2. Reflects accounting change.

Business Summary

Diebold manufactures a broad line of automated transaction systems and security systems sold primarily in the U.S. International sales contributed 9.8% of revenues in 1988.

The company's self service consumer transaction terminals include the Modular Delivery System (MDS) automated teller machines (ATMs). DBD believes it has the largest installed base of ATMs, with a 46% market share. MDS systems include through-the wall walk-up and drive-up systems, island drive-up systems, a compact cash dispenser, and a statement printer. Point-of-sale products include a credit authorization/draft capture terminal, automated fuel systems, a direct debit terminal, and a videotape dispensing machine.

Electronic security systems include IBM and Tandem host-based and a microprocessor-based monitoring systems. Other products include access control systems, video surveillance systems, film cameras, data line security, alarms, and intrusion detection systems.

Physical security products include a line of modular vault systems as well as vault doors, safe deposit boxes, security lockers, data safes, burglar- and fire-resistive safes, and bullet-resistive barriers.

Facility products feature a line of drive-up pneumatic banking sytems, enclosures for ATMs, a line of metal undercounter equipment for teller transactions and cash handling, modular counter-frontal systems, after-hours depositories, and drive-up windows.

DBD services its own and other manufacturers' equipment, offers disaster planning and recovery insurance, and supplies a line of accessories.

Dividend Data

Dividends have been paid since 1954.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32½	Oct. 26	Dec. 5	Dec. 9	Dec. 30'88
0.35	Dec. 15	Feb. 8	Feb. 14	Mar. 6'89
0.35	Apr. 5	May 9	May 15	Jun. 5'89
0.35	Jul. 20	Aug. 9	Aug. 15	Sep. 5'89

Next dividend meeting: mid-Oct. '89.

Capitalization

Long Term Debt: $5,500,000.

Common Stock: 13,198,537 shs. ($1.25 par).
Institutions hold approximately 61%.
Shareholders of record: 3,240.

Office—818 Mulberry Rd. S.E., Canton, Ohio 44711. **Tel**—(216) 489-4000. **Chrmn & CEO**—R. W. Mahoney. **Pres**—R. P. Barone. **VP-Secy**—C. Francis-Vogelsang. **VP-Fin & Investor Contact**—Harry E. Parr, Jr. **Dirs**—R. P. Baronne, L. V. Bockius III, D. T. Carroll, D. R. Gant, R. Koontz, R. W. Mahoney, W. F. Massy, H. E. Parr, Jr., F. D. Robinson, W. R. Timken, Jr. **Transfer Agent & Registrar**—AmeriTrust Co. Cleveland, Ohio. **Incorporated** in Ohio in 1876. **Empl**—4,560.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Digital Equipment

NYSE Symbol DEC Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
85	122⅜-83½	11	None	None	B+	1.30

Summary

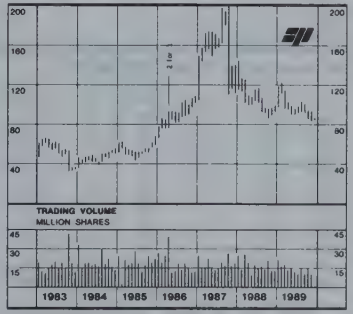
This company is the third largest U.S. manufacturer of data processing equipment, offering a broad range of networked computer systems and peripherals. Although DEC has recently enhanced its product line with new families of workstations, mid-range computers, and mainframes, revenue growth will continue to be adversely affected by the industrywide slowdown in the minicomputer market. Earnings are not expected to rebound until fiscal 1991, when volume shipments of DEC's new VAX mainframe are expected to begin.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $7.20 a share, down from fiscal 1989's $8.45.

Initiation of cash dividends is not anticipated.

Revenue growth in fiscal 1990 is estimated at about 7.5%. Although DEC has recently enhanced its product line with the VAX 6000 mid-range family, VAX and RISC-based workstations, and the VAX 9000 mainframe, the industrywide slowdown in the domestic minicomputer market is expected to continue and international sales are vulnerable to changes in foreign exchange rates. Workstation demand is likely to remain very strong, but these products carry lower gross margins compared with the VAX minicomputers. Although sales of the new VAX 9000 mainframe line, which should be attractive to DEC's installed customer base, will provide a boost to margins, shipments are not expected to begin in volume until fiscal 1991. Until then, margins are likely to remain under pressure.



Operating Revenues (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	3.13	2.94	2.53	2.04
Dec.	---	3.18	2.78	2.27
Mar.	---	3.13	2.82	2.41
Jun.	---	3.49	3.34	2.67
	---	12.74	11.48	9.39

Revenues for the three months ended September 30, 1989 rose 6.4%, year to year; sales rose 5.2%, while service and other revenues advanced 8.7%. Margins were under pressure, reflecting sluggish U.S. business, lower high-end systems revenue, the negative impact of currency translation, and continued investments in R&D and marketing. Pretax earnings fell 35%. After taxes at 24.0%, versus 27.0%, net income was down 32%. Share earnings were $1.20 on fewer shares, versus $1.71.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	1.20	1.71	2.03	1.37
Dec.	E1.62	2.20	2.48	2.02
Mar.	E1.84	2.05	2.33	2.29
Jun.	E2.54	2.51	3.08	2.85
	E7.20	8.45	9.90	8.53

Important Developments

Oct. '89— DEC announced the VAX 9000 systems, which offer mainframe power to the VAX architecture, at prices ranging from $1.24 million to $3.92 million. Model 210 systems with the VMS operating system will begin delivery in the second calendar quarter of 1990. Deliveries of the three Model 4XX systems with VMS will start in the third quarter. DEC's ULTRIX (UNIX) operating system will be available for the 9000 family in the last quarter of 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	66.12	59.47	49.87	44.54	38.44	34.42	31.42	28.65	24.66	18.13
Earnings	8.45	9.90	8.53	4.81	3.71	2.87	2.50	3.77	3.35	2.73
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[1]	122⅜	144¾	199½	109	68½	55⅝	66⅛	57½	56⅝	49½
Low[1]	83½	86⅜	104½	65⅞	42⅝	35¼	32	30⅞	40⅛	28½
P/E Ratio—	14-10	15-9	23-12	23-14	18-11	19-12	26-13	15-8	17-12	18-10

Data as orig. reptd. Adj. for stk. div(s) of 100%, May 1986. 1. Cal. yr. E-Estimated

December 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	12,742	1,995	15.7	1,223	659	39.4	1,421	24.5%	1,073	8.4
1988	11,475	2,150	18.7	1,518	516	37.8	1,741	25.0%	1,306	11.4
1987	9,389	2,047	21.8	748	435	45.2	1,689	32.7%	1,137	12.1
1986	7,590	1,213	16.0	564	384	88.1	858	28.0%	617	8.1
1985	6,686	765	11.4	572	315	82.0	431	NM	1447	6.7
1984	5,584	647	11.6	452	253	35.1	401	18.0%	329	5.9
1983	4,272	566	13.3	419	203	13.1	411	31.0%	284	6.6
1982	3,881	737	19.0	511	153	14.7	673	38.0%	417	10.7
1981	3,198	638	20.0	398	102	29.3	567	39.5%	343	10.7
1980	2,368	453	19.1	210	70	27.0	410	39.0%	250	10.6

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	1,655	6,895	2,394	2.9	10,668	10.5%	136	8,036	8,274	1.6	14.1%
1988	2,164	6,930	2,414	2.9	10,112	14.1%	124	7,510	7,697	1.6	18.9%
1987	2,118	6,201	1,825	3.4	8,407	14.7%	269	6,293	6,583	4.1	19.1%
1986	1,911	5,306	1,084	4.9	7,173	8.8%	333	5,728	6,090	5.5	11.6%
1985	1,080	4,638	944	4.9	6,369	7.4%	837	4,555	5,425	15.4	10.3%
1984	476	4,082	1,081	3.8	5,593	6.4%	441	3,979	4,513	9.8	8.6%
1983	556	3,201	824	3.9	4,541	6.6%	93	3,541	3,717	2.5	8.4%
1982	765	2,880	698	4.1	4,024	11.1%	92	3,164	3,326	2.8	14.2%
1981	666	2,657	627	4.2	3,456	10.3%	88	2,680	2,829	3.1	14.8%
1980	616	2,137	478	4.5	2,666	10.5%	490	1,652	2,188	22.4	17.2%

Data as orig. reptd. 1. Reflects accounting change. NM-Not Meaningful.

Business Summary

Digital Equipment is a leading manufacturer of computers and associated peripheral equipment, and related software and supplies. Revenues in recent fiscal years were derived as follows:

	1989	1988	1987	1986
Product sales	64%	66%	67%	67%
Service & other	36%	34%	33%	33%

International operations accounted for about 55% of revenues in fiscal 1989 and 71% of profits.

DEC's line of VAX systems ranges from the MicroVAX, a low-cost entry level system, to the largest six-processor VAX 6000 and recently introduced VAX 9000. The company's VAXcluster systems consist of a number of VAX computers linked together and sharing a common database that deliver mainframe power. Importantly, all the VAX systems use the same 32-bit architecture and same VMS operating system which makes all the computers fully compatible, thus allowing users to move from one system to another without modifying their software.

DEC makes peripheral devices such as magnetic tape transports, tape cassette and disk storage devices, displays, terminals, and printers.

DEC recently introduced a line of reduced instruction set computing (RISC)/UNIX-based workstations, systems and servers, thereby losing software portability with the VAX family. DEC is addressing the portability problem by developing a new umbrella architecture that will envelope VAX/VMS, RISC/UNIX, as well as other architectures.

Dividend Data

No cash dividends have ever been paid. A 2-for-1 stock split was distributed in May, 1986.

Finances

During 1989 DEC repurchased 8.25 million shares at a total cost of $815 million under a 10 million share repurchase program authorized in October, 1988.

In fiscal 1989 DEC spent $1.5 billion (12.0% of total revenues) on research and development, versus $1.3 billion (11.4%) the year before.

Capitalization

Long Term Debt: $136,161,000.

Common Stock: 122,081,856 shs. ($1 par). Institutions hold about 73%.
Shareholders of record: 99,084.

Office—146 Main St., Maynard, Mass. 01754-2571 **Tel**—(508) 493-5111 **Pres**—K. H. Olsen **VP-Treas**—I. B. Jacobs **Investor Contact**—M. A. Steinkrauss **Dirs**—V. R. Alden, P. Caldwell, A. de Vitry, R. R. Everett, W. H. McLean, K. H. Olsen, D. E. Rowe **Transfer Agent & Registrar**—First Chicago Trust Co., NYC **Incorporated** in Massachusetts in 1957 **Empl**—125,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Dillard Department Stores

757F

NYSE Symbol DDS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
66¼	74¼-41	18	0.20	0.3%	A+	1.16

Summary

This company operates some 168 conventional department stores located primarily in the Southwest and Midwest. In recent years Dillard has expanded aggressively through new store openings and acquisitions of clusters of department stores from leading retailers. Earnings should continue to rise in fiscal 1989-90, benefiting from acquisitions and improved apparel sales. A Dutch firm owns about 34% of the Class A shares, but members of the Dillard family hold almost all of the controlling Class B shares.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 are projected at $4.15 a share, versus the $3.53 of 1988-9. Earnings should approximate $4.85 in fiscal 1990-1.

The quarterly dividend was raised 25%, to $0.05 from $0.04, with the November, 1989 payment.

Sales increases in fiscal 1989-90 should reflect acquired stores and improved consumer spending on apparel, stemming from more acceptable fashion trends. Gross margins should widen slightly on the increased volume, and expense ratios should benefit from the integration of acquired stores, but interest expense will be higher. Earnings per share will reflect more shares outstanding.

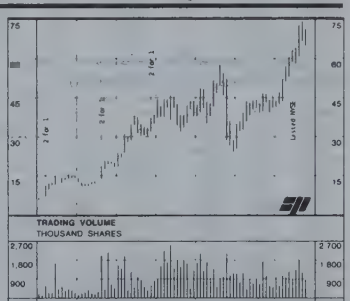
Net Sales[1] (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	598	517	417	370
Jul.	629	553	475	410
Oct.	---	606	536	443
Jan.	---	882	778	629
	---	2,558	2,206	1,851

Sales for the 26 weeks ended July 29, 1989 rose 15%, year to year; comparable store sales advanced 7%. Gross margins widened slightly, and SG&A and advertising expenses were a constant percentage of sales; pretax income rose 21%. After taxes at 36.0%, versus 38.0%, net income gained 25%, to $1.17 a share from $0.95.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.61	0.50	0.45	0.39
Jul.	0.57	0.46	0.39	0.36
Oct.	E0.66	0.54	0.45	0.43
Jan.	E2.31	2.03	1.55	1.16
	E4.15	3.53	2.83	2.35



Important Developments

Oct. '89— DDS sold $50 million of 9½% debentures due October 15, 2001; this followed the September sale of $50 million of 9½% debentures due September 1, 2009. In August the company sold 2 million of its Class A shares in a public offering. In addition, Vendamerica B.V. sold 2 million shares, reducing its stake to about 33.6%. The company called a special meeting of shareholders on October 30 to consider a proposal to increase the number of Class A common shares authorized to 144,500,000 from 76,800,000. In May DDS completed the acquisition of D.H. Holmes Co., Ltd., for 870,902 Class A shares. D.H. Holmes operates 18 department stores, primarily in Louisiana, and two clearance centers.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	[2]1988	[2]1987	1986	[2]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	23.39	20.00	17.31	12.42	10.24	7 36	5.81	4.94	4.30	3.99
Earnings	3.53	2.83	2.35	2.29	1.82	1.39	0.94	0.70	0.37	0.40
Dividends	0.16	0.14	0.12	0.10½	0.08¾	0.07½	0.05	0.05	0.05	0.05
Payout Ratio	5%	5%	5%	5%	5%	6%	5%	7%	14%	14%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	46½	57½	45¾	38½	20⅞	15¾	6⅞	3⅛	2	2¼
Low	25⅛	24	32	18⅛	10¾	5⅝	2¾	1⅝	1½	1⅞
P/E Ratio—	13-7	20-8	19-14	17-8	12-6	11-4	7-3	4-2	6-4	6-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Dec. 1985, 100% Sep. 1984, 100% Mar. 1983. 1. Incl. leased depts. 2. Reflects merger or acquisition. E Estimated

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Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	2,558	230	9.0	181	73.3	81.0	173	34.0%	114	4.4
[3]1988	2,206	199	9.0	269	63.4	64.3	155	41.2%	91	4.1
[3]1987	1,851	159	8.6	183	51.3	48.0	132	43.5%	74	4.0
1986	1,601	140	8.8	122	39.9	45.0	115	41.8%	67	4.2
[3]1985	1,277	115	9.0	180	30.4	37.7	88	43.4%	50	3.9
1984	847	76	9.0	35	22.4	23.1	60	43.0%	34	4.0
1983	711	58	8.1	36	18.5	27.3	35	37.7%	22	3.1
1982	593	50	8.5	37	15.4	27.2	27	40.4%	16	2.7
1981	471	30	6.3	27	12.7	23.1	13	32.0%	9	1.8
1980	391	26	6.6	35	10.5	19.4	12	32.3%	8	2.1

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	41.5	1,220	582	2.1	2,068	6.4%	646	752	1,485	43.5	16.3%
1988	24.5	712	336	2.1	1,498	6.7%	446	643	1,162	38.4	15.2%
1987	22.7	636	289	2.2	1,213	6.9%	314	556	924	34.0	15.6%
1986	20.9	409	262	1.6	862	8.3%	201	362	600	33.5	20.3%
1985	28.6	372	213	1.7	748	7.8%	210	298	536	39.3	19.4%
1984	23.1	233	135	1.7	451	8.0%	109	185	316	34.6	20.6%
1983	23.5	168	93	1.8	372	6.1%	124	137	279	44.6	17.3%
1982	20.4	157	80	2.0	344	5.0%	132	116	264	50.1	15.0%
1981	34.5	138	58	2.4	303	3.0%	132	101	246	53.8	8.7%
1980	19.8	109	43	2.5	257	3.1%	111	94	214	51.8	9.2%

Data as orig. reptd. 1. Incl. sales of leased depts. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition.

Business Summary

At the end of 1988-9 Dillard was operating 146 conventional department stores, ranging in size from 40,000 to 380,000 sq. ft. Most are located in suburban shopping centers in 13 states in the Southwest, Midwest and West with the heaviest concentrations in Texas, Oklahoma and Missouri.

Much of Dillard's growth has been through acquisition. The company's strategy is to enter or further penetrate markets where it can become the dominant conventional department store operator. In 1986, DDS acquired 12 Macy's units in Kansas and Missouri, two of which were sold, and in 1987 purchased the Joske's and Cain-Sloan divisions of Allied Stores for about $248 million. Of the 31 stores acquired, DDS is operating 17; the remainder were sold, closed or consolidated into existing operations. In February, 1988 DDS invested $30 million in a joint venture with The Edward J. DeBartolo Corp. to acquire The Higbee Co., with 12 department and specialty stores in Ohio.

The stores feature brand name goods, in the middle to upper-middle price range. Sales per square foot in 1988-9 amounted to $123, up from $119 the preceding year. Leased departments, which accounted for 7.6% of 1988-9 sales, include shoes and fine jewelry. Credit sales, excluding outside credit cards, accounted for 50.2% of 1988-9 sales.

Dividend Data

Cash has been paid each year since 1969.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04	Dec. 16	Dec. 23	Dec. 31	Feb. 1'89
0.04	Mar. 16	Mar. 27	Mar. 31	May 1'89
0.04	Jun. 8	Jun. 26	Jun. 30	Aug. 1'89
0.05	Sep. 12	Sep. 25	Sep. 30	Nov. 1'89

Capitalization

Long Term Debt: $727,935,000, incl. $34.3 million of capital leases (9/89).

$5 Cum. Preferred Stock: 4,400 shs. ($100 par).

Class A Common Stock: 33,650,167 shs. (no par). Vendamerica B.V. (The Netherlands) owns some 33.6%.

Shareholders: 2,552.

Class B Common Stock: 1,345,832 shs. (no par). Elects two-thirds of directors. W. D. Company, controlled by members of the Dillard family, owns 95.7%.

Shareholders: 30.

Office—900 West Capitol Ave., P.O. Box 486, Little Rock, Ark. 72203 **Tel**—(501) 376-5200 **Chrmn & CEO**—W. Dillard **Vice Chrmn**—E. R. Kemp **Pres & COO**—W. Dillard II **VP-CFO & Investor Contact**—J. I. Freeman **Dirs**—J. D. Berry, C. N. Clyde Jr., R. C. Connor, W. D. Davis, A. Dillard, M. Dillard, W. Dillard, W. Dillard II, A. C. R. Dreesmann, W. B. Harrison Jr., J. H. Johnson, E. R. Kemp, A. M. McCarthy, B. F. Vinson **Transfer Agent & Registrar**—Boatmen's Trust Co., St. Louis **Incorporated** in Delaware in 1964 **Empl**—23,114

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Dime Savings Bank of New York 757M

NYSE Symbol DME

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
11	17¾-10¾	15	0.60	5.5%	NR	NA

Summary

The Dime Savings Bank of New York is the third largest thrift institution in New York State and one of the largest in the U.S., based on assets of $12.4 billion at September 30, 1989. DME operates 52 banking offices in New York as well as 11 loan production offices in New York and other Eastern seaboard states. Reflecting the slump in the Northeast real estate market, DME's nonperforming assets have been on the rise. Further loan losses are likely in 1990.

Current Outlook

Earnings for 1990 are estimated at $1.65 a share, up from the $0.70 anticipated for 1989.

Although not covered by earnings before special items in the June or September quarters, dividends should continue at $0.15 quarterly.

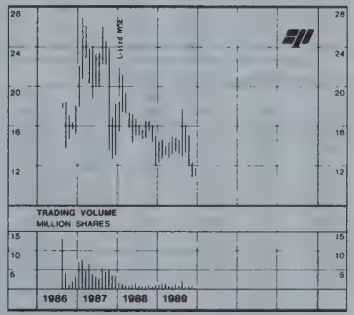
Loan originations in 1990 are expected to fall moderately, reflecting continued weakness in the Northeast housing market which is characterized by stable to declining home prices and a large overhang of properties for sale, as well as intense competition with fixed rate mortgages (which compete with DME's adjustable rate products). Spreads (1.61% for the September, 1989 quarter) could widen, based on lower projected interest rates through the first half. Credit quality has deteriorated significantly over the past year; underwriting standards have been tightened. Gains on loan sales are anticipated to increase. Cost control efforts, a top priority, have been successful thanks to geographic retrenchment, and additional gains are likely.

Review of Operations

Net interest income for the nine months ended September 30, 1989 fell 22%, year to year, reflecting tighter interest rate spreads. The provision for losses was 71% higher, at $15.1 million. Noninterest income declined 47%, mainly due to losses on asset sales of $682,000, versus gains of $22.6 million. Noninterest expenses were down 10%. Pretax income declined 70%. After taxes at 54.5%, against 49.5%, net income fell 73%. Share earnings were $0.46, against $1.72, before special credits of $0.31 and $1.14, respectively.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.35	0.27	0.67	0.77
Jun.	E0.55	0.10	0.58	0.87
Sep.	E0.40	0.09	0.47	0.76
Dec.	E0.35	E0.24	0.28	0.68
	E1.65	E0.70	2.00	3.08



Important Developments

Nov. '89— At September 30, 1989 loans 60 days or more delinquent amounted to $512.3 million (4.83% of loans), up from $341.9 million (3.32%) at December 31, 1988. DME said it believes that the substantial increase is principally the result of a greatly increased volume of loan originations from 1986 through 1988, substantially all of which were under a limited documentation program (where the borrowers income is not verified). The adverse effect of the nonaccrual loans on the company's interest income for the first nine months of 1989 was about $30.5 million.

Oct '89— DME said that it had received approval from the FDIC to buy Starpointe Savings Bank for about $63 million in cash. Starpointe operates eight branches in central New Jersey and has assets of about $475 million.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986
Tangible Bk. Val.	31.43	29.19	25.18
Earnings[1]	2.00	3.08	[2]3.77
Dividends	0.15	Nil	Nil
Payout Ratio	8%	Nil	Nil
Prices—High	21¼	27	18½
Low	12	12⅝	13¾
P/E Ratio—	11-6	9-4	5-4

Data as orig reptd 1. Bef. spec item(s) of +1.52 in 1988, +1.95 in 1987, +2.05 in 1986 2. Pro forma NA-Not Available E-Estimated

Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	897	100	1,051	748	90.9	96	52.5%	45.6	4.3	0.4	6.6
1987	712	98	924	606	85.5	134	48.2%	69.5	7.5	0.7	11.2
1986	605	141	883	591	83.3	147	42.5%	84.6	9.6	1.0	27.6
1985	567	169	759	635	98.9	8	35.9%	5.2	0.7	0.1	12.6
1984	457	182	670	630	108.6	d58	NM	d56.5	NM	NM	NM
1983	NA	NA	630	565	106.0	d38	Nil	d38.0	NM	NM	NM

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Deposits	Cash & Secs.	Loans	Loans/ Equity	Capitalization [2]Debt	Capitalization Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	12,007	8,723	1,351	10,198	14.1-1	2,464	729	3,193	0.7-0.4	
1987	10,944	8,094	1,129	9,448	12.9-1	2,106	671	2,777	0.9-0.4	
1986	8,367	6,691	1,456	6,542	20.1-1	1,056	565	1,621	0.7-0.5	
1985	8,151	6,720	1,696	5,821	NM	1,350	49	1,400	NA	
1984	6,992	6,456	NA	4,682	75.3-1	479	34	513	NA	
1983	6,562	6,125	NA	4,285	NA	316	86	402	NA	

Data as orig reptd 1. Bef. spec items in 1988, 1987, 1986, 1985, 1984. 2. Incl. curr. portion; incl. other borrowed funds. d-Deficit NM-Not Meaningful NA-Not Available

Business Summary

The Dime Savings Bank of New York, with assets of $12 billion at year-end 1988, is the third largest thrift in New York and one of the largest in the nation. It operates 54 branch offices in the New York metropolitan area, and separate loan production offices in New York and other states along the Eastern seaboard, including Connecticut, New Jersey and Florida.

At December 31, 1988 the loan portfolio (totaling $10.3 billion, up 8.0% from a year earlier) was divided: 73% home mortgage loans, 13% commercial real estate, 12% cooperative apartment loans, and 2% consumer and business loans. New loans originated in 1988 totaled $3.3 billion, down 36% from $5.2 billion in 1987. The one-year gap (excess of liabilities that would reprice before assets in one year as a percentage of assets) was -7% at 1988 year-end. Nonperforming assets amounted to 2.54% of assets at 1988 year-end, versus 1.65% a year earlier.

Of deposits of $8.7 billion at 1988 year-end, 6% were demand deposits, 10% regular savings, 15% variable rate savings and money market, 35% time deposits due within six months, 22% time deposits of between six months and a year, and 12% other.

The yield on interest-earning assets in 1988 was 9.57% (9.50% in 1987), and the cost of interest-bearing liabilities was 7.70% (7.59%), for a spread of 1.87% (1.91%).

DME sells a portion of the loans it originates, retaining the servicing rights, which are a source of fee income. At year-end 1988 it serviced $2.74 billion of loans for others.

Finances

During the second and third quarters of 1989 (as compared to recent prior periods), the company's loan originations declined significantly, as did its total commitments outstanding at September 30, 1989. Accordingly, management expects significantly reduced loan originations for the remainder of 1989 and at least through the first portion of 1989.

During periods of high interest rates, the company's net interest income is adversely affected by the drag of its residual portfolio of fixed-rate loans, bonds, and preferred stock. At December 31, 1988 DME still had $758 million of fixed-rate investment securities (exclusive of government securities held for liquidity), at an average rate of 6.84%, and $1.43 billion of fixed-rate residential property loans, at an average rate of 7.92%. By contrast, the average rate on the company's residential ARM portfolio was 9.42%, and this return is temporarily held down by about $4 billion of loans which have not reached the fully indexed rate.

Dividend Data

Dividends were initiated in October, 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Jan. 16	Feb. 1	Feb. 7	Mar. 9'89
0.15	Apr. 28	May 3	May 9	Jun. 6'89
0.15	Jul. 14	Aug. 4	Aug. 10	Sep. 7'89
0.15	Oct. 27	Nov. 8	Nov. 14	Dec. 5'89

Capitalization

FHLB Advances: $917,250,000.

Other Borrowings: $1,152,406,000.

Common Stock: 22,832,000 shs. ($1 par).
Institutions hold about 69%.
Shareholders of record: 17,000.

Office—1225 Franklin Ave., Garden City, N.Y. 11530 **Tel**—(516) 227-6030 **Chrmn & CEO**—H. W. Albright, Jr. **Pres**—R. D. Parsons **VP-Investor Contact**—Franklin L. Wright, Jr. (516) 227-6004 **Secy**—W. A. Volckhausen **Dirs**—H. W. Albright, Jr., R. H. Britton, F. H. Bruenner, F. C. Chen, J. F. Fulton, H. G. Johnson, A. J. Keen, V. M. Kopp, F. A. McDermott, Jr., J. Morning, M. Osmer-McQuade, R. D. Parsons, L. W. Peters, E. T. Pierce, R. Pratt, Jr., S. J. Zimmerman **Transfer Agent & Registrar**—Mellon Securities Transfer Services, Fort Lee, N.J. Federally chartered bank **Founded** in 1859 **Empl**—3,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

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Disney (Walt)

NYSE Symbol DIS Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
129¾	136¼-64⅞	25	0.48	0.4%	B+	1.44

Summary

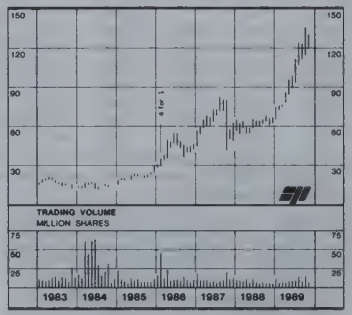
This leader in theme parks and filmed entertainment has had remarkable earnings growth since an aggressive new management took control of the company in 1984. DIS has theme park interests in Florida, California and Japan, and is developing a Euro Disneyland park which is expected to open near Paris in 1992. Filmed entertainment operations include movies and TV shows, a pay-cable channel, and a Los Angeles TV station.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are estimated at $6.00 a share, up from fiscal 1989's $5.10.

A near-term increase in the dividend, currently at $0.12 quarterly, is expected.

Revenue growth in fiscal 1990 is expected to be aided by new attractions in DIS's theme park business. Foreign theatrical releases and sales to the home video and pay-TV markets of recent U.S. theatrical movies are likely to bolster filmed entertainment results. High visibility films released by DIS in the U.S. are expected to include "Dick Tracy." Also, the syndication of "The Golden Girls" TV show is expected to help DIS's earnings, starting in fiscal 1990.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	1,044	735	661
Mar	---	1,038	775	706
Jun.	---	1,168	916	751
Sep.	---	1,345	1,013	759
	---	4,594	3,438	2,877

Revenues for the fiscal year ended September 30, 1989 (preliminary) increased 34% from those of the prior year. Net income was up 35%, to $5.10 a share from $3.80.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	E1.30	1.08	0.73	0.53
Mar.	E1.30	1.08	0.87	0.64
Jun.	E1.70	1.40	1.20	0.88
Sep.	E1.70	1.54	0.99	0.80
	E6.00	5.10	3.80	2.85

Next earnings report expected in late January.

Important Developments

Nov. '89— In fiscal 1989's fourth quarter, revenues and profit from DIS's theme park segment rose 25% and 44%, respectively, year to year. Filmed entertainment revenues and profit were up 49% and 198%, respectively, while DIS consumer products business had gains of 27% and 38%, respectively. In October, an approximately $956 million public stock offering was held in Europe of a 51% interest in Euro Disneyland SCA, which will be a major participant in a Disney theme park which is expected to open about 17 miles outside of Paris in 1992. The offering was priced in France at 72 francs per share, and as of mid-November, the shares had risen in value to 88 francs. DIS will manage the theme park, and has a 49% interest in Euro Disneyland SCA.

Per Share Data ($)

Yr. End Sep. 30	[1]1989	[1]1988	1987	1986	1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.71	14.01	10.60	8.89	8.30	9.89	9.26	9.00	8.31
Earnings[2]	5.10	3.80	2.85	1.82	1.29	0.15	0.68	0.75	0.93	1.04
Dividends[3]	0.44	0.38	0.32	0.31½	0.30	0.30	0.30	0.30	0.25	0.21
Payout Ratio	9%	10%	11%	17%	23%	197%	44%	40%	27%	20%
Prices[4]—High	136¼	68⅜	82½	54⅞	29½	17⅛	21¼	17⅞	16⅞	13½
Low	64⅞	54	41¼	28⅛	14⅞	11⅜	11⅞	11⅞	10⅞	10⅛
P/E Ratio—	27-13	18-14	29-14	30-15	23-12	NM	31-18	24-16	18-12	13-10

Data as orig reptd. Adj. for stk. div(s). of 300% Mar. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.38 in 1987, bef. spec. item(s) of +0.53 in 1984. 3. Dividends declared. 4. Cal. yr. E-Estimated. NA- Not Available. NM-Not Meaningful.

December 4, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

758M

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	3,438	1,127	32.8	835	338	37.5	842	38.0%	522	15.2
[3]1987	2,877	1,083	37.7	[4]458	377	52.7	[5]726	46.0%	392	13.6
1986	2,471	784	31.7	187	281	68.9	[6]462	46.5%	247	10.0
1985	2,015	474	23.5	189	113	87.6	[5]310	44.0%	173	8.6
[2]1984	1,656	331	20.0	193	107	75.8	[5]17	NM	22	1.3
1983	1,307	268	20.5	293	90	43.3	[5]163	43.0%	93	7.1
1982	1,030	206	20.0	651	42	[6]24.4	[6]179	44.0%	100	9.7
1981	1,005	223	22.2	333	39	1.8	[6]217	44.0%	121	12.1
1980	915	249	27.2	160	43	0.8	248	45.5%	135	14.8
1979	797	226	28.4	57	40	Nil	214	46.8%	114	14.3

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,097	NA	915	NA	5,109	11.7%	424	2,359	3,371	12.6	24.7%
1987	344	NA	642	NA	3,806	11.3%	530	1,845	2,971	17.8	24.0%
1986	70	NA	NA	NA	3,121	8.2%	[7]547	1,419	2,484	22.0	18.9%
1985	39	NA	NA	NA	2,897	6.3%	[7]823	1,185	2,396	34.3	15.1%
1984	35	NA	NA	NA	2,739	0.9%	[7]862	1,155	2,296	37.5	1.7%
1983	18	333	238	1.4	2,381	4.1%	346	1,401	2,032	17.0	6.9%
1982	14	262	237	1.1	2,103	5.3%	315	1,275	1,771	17.8	8.1%
1981	254	458	192	2.4	1,610	8.2%	105	1,167	1,362	7.7	10.8%
1980	328	506	145	3.5	1,347	10.6%	Nil	1,075	1,172	Nil	13.3%
1979	355	481	120	4.0	1,196	10.0%	Nil	961	1,058	Nil	12.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987 & spec. item(s) in 1984. 2. Reflects merger or acquisition. 3. Excludes discontinued operations. 4. Net of curr. yr. retirement & disposals. 5. Incl. equity in earns. of nonconsol. subs. 6. Reflects accounting change. 7. Incl. current portion. NM-Not Meaningful. NA-Not Available.

Business Summary

Walt Disney Co. (formerly Walt Disney Productions) is engaged in the ownership and operation of theme parks and related businesses, and is a major supplier of filmed entertainment. Business segment contributions in fiscal 1989:

	Revs.	Profits
Theme parks/resorts	56%	64%
Filmed entertainment	35%	21%
Consumer products	9%	15%

Theme parks/resorts includes Disneyland in Anaheim, Calif., and the Walt Disney World Complex near Orlando, Fla., which contains the Magic Kingdom and resort hotels, Walt Disney Village, Epcot (Environmental Prototype Community of Tomorrow) Center, and a new, major attraction called the Disney-MGM Studio Theme Park, which opened to the public in May 1989. Also, a Tokyo Disneyland has been open since April 1983. In fiscal 1988, DIS received about $700 million, representing the estimated present value of 20 years of expected royalties from the Tokyo operation. A new theme park in France, to be partly owned by DIS, is expected to open in 1992.

Filmed entertainment consists of the production and distribution of motion pictures (some of which are co-financed) to the theatrical, television, cable and home video markets. DIS also creates TV programming, owns a pay cable TV service called The Disney Channel, and acquired a Los Angeles television station in late 1988.

Dividend Data

Dividends have been paid since 1957. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Feb. 14	Apr. 10	Apr. 14	May 15'89
0.12	Jun. 21	Jul. 10	Jul. 14	Aug. 15'89
0.12	Sep. 25	Oct. 6	Oct. 13	Nov. 15'89
0.12	Nov. 27	Jan. 8	Jan. 12	Feb. 15'90

Capitalization

Total Debt: $861,400,000.

Common Stock: 134,552,000 shs. ($0.10 par).
A group that includes Sid R. Bass owns about 18.6%.
Institutions hold about 45%.
Shareholders of record: 124,000.

Office—500 South Buena Vista St., Burbank, Calif. 91521. **Tel**—(818) 840-1000. **Chrmn & CEO**—M D Eisner. **Pres & COO**—F G Wells. **Exec VP-CFO**—G L Wilson. **VP-Treas**—J H Forsgren. **VP-Secy**—D A Smith. **Investor Contact**—Marsha Gelman. **Dirs**—C L Ahmanson, R E Disney, M D Eisner, S P Gold, I E Lozano, Jr., S D Lund, R A Nunis, I. E. Russell, D B. Tatum, E C Walker, R. L. Watson, F. G. Wells, S. L. Williams, G. L. Wilson. **Transfer Agent & Registrar**—Co.'s office. **Incorporated** in California in 1938; reincorporated in Delaware in 1987. **Empl**—39,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Dixons Group

NYSE Symbol DXN

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
5⅜	8½-5⅛	9	[1]0.2646	[1]4.9%	NR	NA

Summary

Dixons Group is the U. K.'s largest specialty retailer of consumer electronics and appliances. The company also has retailing interests in the U.S. In addition, Dixons derived 33% of its profits in fiscal 1988-9 from real estate operations. Profits for 1988-9 were down sharply, due primarily to much lower profits for retailing operations in the U.K. and in the U.S.

Business Summary

Dixons Group plc is engaged in the following businesses: retailing in the U.K. and the U.S (including financial services) and property (real estate). As of fiscal year-end 1988-9 Dixons Group was operating a total of 1,566 retail stores, consisting of 1,360 outlets in the U.K. (360 Dixons, 619 Currys, 347 Supasnaps, and 34 Mastercare) and 206 (all Silo) in the U.S. Business segment contributions (including interest income) in 1988-9:

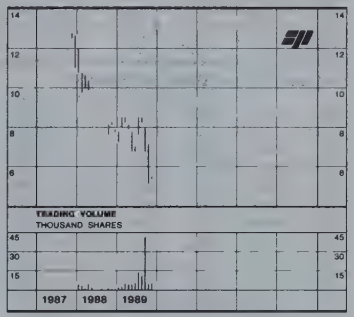
	Sales	Profits
Retail	95%	67%
Property	8%	33%

Sales and interest income by geographic area in fiscal 1988-9 were U.K. 70%, U.S. 28%, and Europe 3%.

Dixons, the largest specialty retailer of electronics and photographic products in the U.K., specializes in consumer electronic products, such as stereo equipment, microwave ovens, TVs, video cassette recorders (collectively brown goods), photographic equipment, and business products such as personal computers, fax machines and telephones. Currys, a leading retailer of domestic appliances in the U.K., sells washing machines, dishwashers and refrigerators, as well as brown goods. Supasnaps sells photographic products and develops film. Mastercare service centers provide after sales service for Dixons and Currys and others.

Silo (formerly Cyclops; acquired in 1987), a leading U.S. specialty electronics and appliance retail chain, has outlets located in Pennsylvania, the Midwest, the Rocky Mountain States, and the Pacific Northwest.

Financial services (part of the retail segment) consist primarily of re-insurance of extended warranty plans sold by Dixons and Currys.



The property segment includes real estate development throughout the U.K. (primarily retail and commercial sectors), as well as the management of real estate projects in Belgium and Germany. DXN also has a 92% interest in a developent site in Lisbon, Portugal.

Important Developments

Jul. '89— DXN said that during fiscal 1988-9 Currys superstores achieved worthwhile growth in sales per sq. ft. in comparable stores, and plans called for a significant expansion of selling space over the next few years. In addition, Dixons noted that its Silo chain had increased its number of stores in operation to 206 from 119 since it was acquired in 1987, and further substantial expansion was anticipated.

Next earnings report due in mid-January.

Per ADS Data (U.S. $)

Yr. End Apr. 30	1989	1988	[2]1987	1986	1985	1984	1983
Tangible Bk. Val.	NA	3.11	0.67	NA	NA	NA	NA
Earnings[3]	0.59	0.84	0.97	0.65	0.34	0.32	0.28
Dividends[4]	[5]0.26⅜	0.17⅜	NM	NM	NM	NM	NM
Payout Ratio	45%	21%	NM	NM	NM	NM	NM
Calendar Years	1988	1987	1986	1985	1984	1983	1982
Prices—High	12	12¾	NA	NA	NA	NA	NA
Low	7⅝	11	NA	NA	NA	NA	NA
P/E Ratio—	20-13	15-13	NA	NA	NA	NA	NA

Data as orig reptd. Prior to 1988 data as reptd in Prospectus dated Sep. 3, 1987. Conv. to U.S.$ at yr-end exch. rates. **1.** Paid in the past 12 mos. (approx.), net aft. 15% British tax to U.S. residents. **2.** Reflects merger or acquisition. **3.** Bef. spec. item(s) of + 0.08 in 1986. **4.** Incl. final div. decl. aft. yr-end. **5.** Approx. NA-Not Available NM-Not Meaningful.

November 22, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million U.S. $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**2,865**	**224**	**7.8**	**73.3**	**49.0**	**28.4**	**[2]175**	**31.9%**	**119**	**4.2**
[3]1987	1,865	182	9.8	93.4	26.4	23.6	[2]171	29.7%	120	6.5
1986	1,453	144	9.9	55.9	18.8	18.3	120	33.9%	79	5.5
1985	740	50	6.8	29.8	12.8	10.2	48	31.3%	33	4.5
1984	491	NA	NA	NA	NA	NA	29	NA	25	5.0
1983	419	NA	NA	NA	NA	NA	22	NA	19	4.6

Balance Sheet Data (Million $)

Apr. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**295**	**1,101**	**748**	**1.5**	**1,446**	**8.0%**	**123**	**388**	**549**	**22.4**	**27.0%**
1987	202	897	843	1.1	1,541	17.2%	212	384	617	34.4	59.8%
1986	79	486	427	1.1	733	10.6%	2	265	289	0.7	32.5%
1985	NA	NA	NA	NA	600	7.6%	25	138	NA	NA	21.1%
1984	NA	NA	NA	NA	319	6.5%	2	158	NA	NA	17.9%
1983	NA	NA	NA	NA	238	NA	12	130	NA	NA	NA

Data as reptd in Prospectus dated Sep. 3, 1987. Conv. to U.S.$ at yr.-end exch. rates. **1.** Bef. spec. item(s) in 1986. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Reflects merger or acquisition. NA-Not Available.

Net Sales (Million $)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Oct.	1,574	1,452	---	---
12 Mos. Apr.	2,966	2,865	1,856	1,433

Revenues (in British £) for the fiscal year ended April 29, 1989 rose 4.5%, year to year, primarily due to store expansion the U.S. which was partially offsett by lower comparable store sales in the U.K. Despite operating profit gains of 14% for retail financial services and 30% for real estate operations, earnings decreases of 49% for retail U.K (due primarily to lower comparable store sales) and 14% for retail U.S. (reduced gross margin and costs of expansion) led to a 24% decline in pretax income. Following taxes at 31.3%, against 31.9%, net income was down 23%, to £53.7 million (11.6 pence per ordinary share) from £70.0 million (16.4 pence). Earnings per ADS receded to $0.59 from $0.93, translated at the respective rates of £1=$1.69 and £1=$1.88.

Earnings Per ADS ($)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Oct.	0.31	0.41	---	---
12 Mos. Apr.	0.59	0.84	0.97	0.65

Finances

In June, 1989 Dixons sold its film processing division through a management buy-out.

In November, 1988 Dixons sold Busy Beaver Building Centers (via a management buyout), a small chain of stores in the U.S. acquired with Silo. Also, in November Dixons acquired 92% of Sociedade Imobiliaria Sajorama, SA (Portugal).

In June, 1988 Dixons sold £93.5 million of 11% 7-year Eurobonds. In May, 1988 Dixons sold 9.3 million shares in Japan raising £16 million.

In February, 1988 Dixons acquired Wigfalls plc, a Sheffield-based brown and white goods retailer. In August, 1987 DXN acquired for $30.4 million Tipton Centers (a U.S. consumer electronics retailer) which was integrated into Silo.

Dividend Data

The company has paid a cash dividend on its ordinary shares since 1962, with an interim dividend normally paid in March and a final dividend paid around September. Payments on the ADS were initiated in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.0836	---	Jan. 27	Feb. 2	Mar. 21'89
†0.181	---	Aug. 28	Sep. 1	Nov. 6'89

*Net After 15% British tax.
†Net; approx.

Capitalization (4/29/89)

Long Term Debt: £162,200,000.

Conv. Red. Preference Shares: 186,168,581 (5p par); pays annual divd. of 5 p; conv. into 0.26667 ord. shs.

Ordinary Shares: 383,735,609 shs. (10p par). Each American Depositary Share (ADS) represents 3 ordinary shares.

Office—29 Farm St., London W1X 7RD, England. **Tel**—011-44-1-499-3494 **Chrmn & CEO**—S. Kalms **Fin Dir**—T. Dignum **Secy**—G. D. Budd **Dirs**—J. Clare, T. Dignum, S. Kalms, H. N. Lewis, P. Oppenheimer, R. Shrager, M. Souhami **Depositary**—Citibank, NYC **Founded** in the U.K. in 1937 **Empl**—17,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

NJ DeVita

Dominion Resources

766J

NYSE Symbol D Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
47	47 1/4-40 3/8	12	3.32	7.1%	A	0.36

Summary

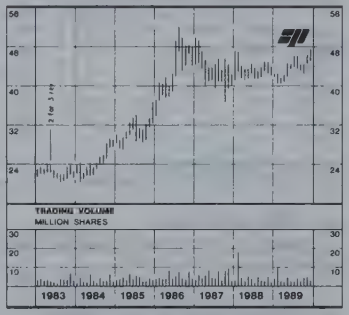
This Virginia-based utility holding company derives its power from coal and nuclear sources. D is adding capacity from cogenerators and independent power producers. Near-term prospects will be limited by rate proceedings associated with existing and new power sources. The longer-term outlook is favorable owing to the strong regional economy, the company's excellent cash flow, and its nonutility ventures. The quarterly dividend was raised 3.75% with the December, 1989 payment.

Current Outlook

Share earnings for 1990 are projected at $4.30, up from the $3.85 estimated for 1989.

The dividend was raised 3.75%, to $0.83 quarterly from $0.80, with the December, 1989 payment.

Share earnings for 1990 should benefit from higher electric sales, and a more profitable energy supply mix. Profits for 1989 were limited by higher operating costs and increased interest charges. Longer-term prospects are enhanced by strong cash flow.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	926	805	833	764
Jun.	851	767	746	685
Sep.	984	924	912	825
Dec.	---	864	761	798
	---	3,359	3,251	3,072

Revenues the nine months ended September 30, 1989 advanced 11%, year to year, owing to higher sales and increased rates. Following greater costs associated with outages at the company's nuclear facilities, and 15% higher net interest charges, net income fell 17%. Share earnings were $2.94 on 2.2% more shares, compared with $3.60.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.96	1.33	1.32	1.03
Jun	0.52	0.74	0.82	0.71
Sep	1.46	1.53	1.52	1.37
Dec.	E0.92	0.92	0.88	0.99
	E3.85	4.52	4.54	4.10

Important Developments

Nov. '89— Share earnings for 1989's third quarter were primarily restricted by higher nuclear operating expenses and unusually mild weather. The company is seeking a base rate increase to cover costs related to its nuclear as well as its coal plants, in addition to new operating facilities. On May 1, 1989 D implemented a $95.0 million interim rate increase, subject to a ruling from the Virginia State Corporation Commission. The company has reported that a portion of the rate increase is being reserved. The rate order may be completed by year-end 1989.

Jun. '89— D announced an agreement to sell its Virginia Natural Gas unit to Consolidated Natural Gas Co. The transaction, valued at about $160.0 million, may be closed by year-end 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	32.86	31.44	29.93	29.47	28.65	28.01	27.47	27.96	27.94	27.97
Earnings	4.52	4.54	4.10	3.60	3.46	3.28	2.97	2.66	2.90	2.45
Dividends	3.11	2.99	2.87	2.75	2.60	2.44	2.28 7/8	2.13 7/8	2.10	2.07
Payout Ratio	70%	67%	71%	78%	77%	76%	82%	83%	76%	91%
Prices—High	47 1/4	49 7/8	52 1/8	36 5/8	29 1/4	24 1/8	22 5/8	19 5/8	18 1/2	22 1/8
Low	40 7/8	36 5/8	33 5/8	26 3/4	20 3/8	20 3/8	16 5/8	15 1/4	13 5/8	15 3/8
P/E Ratio—	10-9	11-8	13-8	10-7	8-6	7-6	8-6	7-6	6-5	9-6

Data as orig. reptd. Adj. for 2-for-3 reverse stock split May 1983. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**3,344**	**1,464**	**43.8**	**827**	**492**	**359**	**615**	**20.2%**	**491**	**14.7**
1987	3,251	1,453	44.7	852	406	319	730	34.4%	479	14.7
1986	3,072	1,441	46.9	1,157	389	306	747	42.9%	427	13.9
1985	2,712	1,070	39.5	750	231	303	605	38.9%	370	13.6
1984	2,605	977	37.5	655	211	300	547	36.9%	345	13.2
1983	2,612	960	36.8	672	203	304	601	46.3%	323	12.4
1982	2,361	849	36.0	704	191	321	446	37.6%	279	11.8
1981	2,162	736	34.1	680	174	324	339	29.9%	238	11.0
1980	2,120	605	28.5	682	145	263	312	22.6%	242	11.4
1979	1,703	522	30.7	708	136	217	267	26.3%	196	11.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**29.4**	**814**	**847**	**1.0**	**10,282**	**4.9%**	**4,177**	**3,224**	**9,376**	**44.5**	**13.9%**
1987	48.4	834	818	1.0	9,656	5.1%	3,800	3,018	8,756	43.4	14.6%
1986	88.6	770	839	0.9	8,940	4.8%	3,483	2,813	7,979	43.6	13.6%
1985	48.5	720	1,084	0.7	8,481	4.4%	2,857	2,677	7,263	39.3	12.1%
1984	57.9	704	884	0.8	8,098	4.3%	3,066	2,496	7,060	43.4	11.9%
1983	41.9	672	788	0.9	7,691	4.2%	2,846	2,322	6,594	43.2	11.6%
1982	22.4	626	603	1.0	7,359	3.6%	3,089	2,189	6,535	47.3	10.0%
1981	16.7	575	640	0.9	7,058	3.4%	3,160	1,952	6,207	50.9	9.3%
1980	14.8	516	551	0.9	6,491	3.7%	2,887	1,862	5,770	50.0	9.9%
1979	4.9	509	498	1.0	5,961	3.4%	2,610	1,732	5,304	49.2	8.1%

Data as orig. reptd

Business Summary

Dominion Resources is a utility holding company whose main subsidiary, Virginia Electric & Power Co., provides electric service (94% of revenues) primarily in Virginia and to a lesser extent in Northern Carolina. Virginia Natural Gas, Inc. provides gas service in Virginia (4%). Nonregulated businesses contributed about 2% of revenues. Electric revenues by customer class:

Revenues	1988	1987	1986	1985
Residential	42%	41%	42%	41%
Commercial	29%	28%	28%	28%
Industrial	12%	12%	12%	13%
Other	17%	19%	18%	18%

Sources of electric generation in 1988 were 45% coal, 34% nuclear, 5% oil and other, and 16% purchased. Peak demand in 1988 was 11,756 mw and capability totaled 13,468 mw for a capacity margin of 13%. In order to meet future load, the company will be developing conservation programs and life extension projects in addition to soliciting competitive bids from independent power producers. D will also be adding capacity to existing facilities. Gas sales in 1988 were 23,691 MMcf, down from 24,873 MMcf in 1987.

The company's Virginia and North Carolina service territory has one of the fast growing economies in the nation. The economy is characterized by government installations, high-technology centers and financial services businesses. The regional economy is further enhanced by the port facilities of the Hampton Roads region in Virginia.

Dividend Data

Dividends have been paid since 1925. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.80	Feb. 17	Feb. 23	Mar. 1	Mar. 20'89
0.80	Apr. 21	May 24	May 31	Jun. 20'89
0.80	Aug. 18	Aug. 25	Aug. 31	Sep. 20'89
0.83	Oct. 28	Nov. 24	Nov. 30	Dec. 20'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $4,500,900,000.

Subsid. Red. Preferred Stock: $319,800,000.

Subsid. Preferred Stock: $461,000,000.

Common Stock: 100,243,137 shs. (no par).
Institutions hold about 36%.
Shareholders: 208,579.

Office—701 East Byrd St. (P.O. Box 26532), Richmond Va. 23261-6532. **Tel**—(804) 775-5700. **Chrmn & CEO**—W. W. Berry. **Pres**—T. E. Capps. **VP-Treas**—O. J. Peterson III. **VP-Secy**—J. K. Davis, Jr. **Investor Contact**—William C. Hall, Jr. **Dirs**—J. B. Bernhardt, W. W. Berry, J. F. Betts, T. E. Capps, B. C. Gottwald, T. J. Moore, Jr., G. C. Palmer II, W. S. Peebles III, K. A. Randall, J. T. Rhodes, W. F. Vosbeck. **Transfer Agent & Registrar**—Sovran Bank, N.A., Richmond. **Incorporated** in Virginia in 1909. **Empl**—14,043.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Domtar Inc.

NYSE Symbol DTC Options on Montreal (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
11⅛	15⅜-11	[1]18	[2]0.50	[3]3.9%	B	1.37

Summary

This Canadian-based firm manufactures and markets pulp and paper products, packaging, chemicals, and construction materials; it is the largest manufacturer of fine papers in Canada, and the third largest producer of gypsum wallboard in North America. The company is disposing of its chemicals and energy businesses (about 10% of 1988 sales) to concentrate on its core activities. Sales and earnings are very sensitive to cyclical economic fluctuations.

Current Outlook

Earnings for 1990 are projected at C$0.40 a share, compared with the C$0.55 from continuing operations estimated for 1989.

The C$0.12½ quarterly dividend could be reduced in 1990.

Pulp and paper sales should remain strong in 1990 with the new Windsor mill at full production. Packaging revenues and earnings should decline due to weak pricing. Construction materials sales are expected to be down because of a sluggish homebuilding market. Profits will be hampered by increased interest expense associated with the new paper mill.

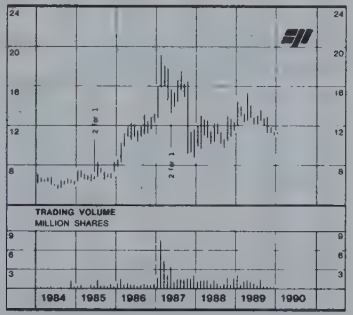
Sales (Million Can. $)

Quarter:	1990	1989	1988	1987
Mar.	---	---	673	604
Jun.	---	[5]1,246	646	657
Sep.	---	622	684	651
Dec.	---	---	700	656
	---	---	2,703	2,568

Sales from continuing operations for the nine months ended September 30, 1989 rose 2.8%, year to year, reflecting gains in fine papers and market pulp. Construction materials sales were down. Lower gypsum wallboard shipments and prices and higher interest expense led to a 39% decline in net income, to C$0.49 a share from C$0.86. Results exclude earnings from discontinued operations of $0.10 a share versus $0.06.

Common Share Earnings (Can. $)

Quarter:	1990	1989	1988	1987
Mar.	E0.10	---	0.39	0.48
Jun.	E0.10	[5]0.43	0.25	0.47
Sep.	E0.10	0.06	0.28	0.37
Dec.	E0.10	E0.06	0.23	0.41
	E0.40	E0.55	1.15	1.73



Important Developments

Nov. '89— Domtar signed an agreement to sell its Miranol subsidiary to Rhone-Poulenc. Miranol produces surfactants used in shampoo and other personal care products. Terms were not disclosed. Separately, Domtar sold another surfactant business in Ontario to Stepan Co.

Oct. '89— Domtar announced a restructuring aimed at improving effectiveness and financial performance that would eliminate approximately 500 salaried positions throughout the corporation.

Feb. '89— DTC announced its intention to divest its chemicals group and its oil and gas businesses. The two businesses accounted for slightly less than 10% of 1988 sales.

Next earnings report expected in late January.

Per Share Data (U.S. $)

Yr. End Dec. 31	1989	[3]1988	[3]1987	1986	1985	[3]1984	1983	[3]1982	[3]1981	[3]1980
Tangible Bk. Val.	NA	10.94	8.64	8.12	7.02	7.02	6.71	6.58	7.23	6.93
Earnings[4]	NA	0.96	1.33	1.09	0.84	0.87	0.45	0.10	0.71	1.21
Dividends	0.43⅛	0.40½	0.38⅜	0.30	0.28⅜	0.22⅞	0.20⅜	0.30¾	0.41⅞	0.42¾
Payout Ratio	NA	42%	28%	28%	34%	26%	46%	318%	60%	37%
Prices—High	15⅜	13	19⅛	13⅛	8⅜	7⅛	6⅝	4¾	7⅛	6¾
Low	11	9⅝	8¾	7⅞	6⅜	5⅝	4⅛	3	4¼	4⅝
P/E Ratio—	NA	14-10	14-7	12-7	10-8	8-6	15-9	47-30	11-6	5-4

Data as orig. reptd.; conv. to U.S. $ at yr.-end exchange rates. Adj. for stk. divs. of 100% May 1987, 100% June 1985. **1.** Based on current rate of exchange. **2.** In Can. funds, bef. 15% Canadian tax on nonresidents. **3.** Reflects merger or acquisition. **4.** Bef. spec. items of +0.08 in 1986, +0.13 in 1985, +0.05 in 1984, -0.02 in 1983, -0.12 in 1982, +0.05 in 1981, -0.03 in 1980. **5.** Six mos. **E**-Estimated.

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766V Domtar Inc.

Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	2,266	292	12.9	323	113.0	66.2	[3]148	36.7%	[4]93	4.1
[2]1987	1,975	300	15.2	393	78.4	43.1	[3]204	39.2%	[4]124	6.3
1986	1,689	231	13.7	332	59.9	27.5	[3]169	41.1%	99	5.9
[2]1985	1,523	179	11.8	203	53.5	25.2	[3]108	36.3%	69	4.5
[2]1984	1,548	161	10.4	101	53.3	26.6	[3]97	29.8%	68	4.4
1983	1,463	122	8.3	87	54.8	28.8	44	23.4%	[4]33	2.2
[2]1982	1,371	70	5.1	137	52.8	[4]29.2	5	NM	7	0.5
[2]1981	1,488	121	8.1	139	48.6	20.6	69	26.0%	50	3.4
[2]1980	1,384	176	12.8	98	41.3	[4]15.4	136	40.0%	81	5.8
[2]1979	1,280	191	14.9	80	41.1	14.4	143	41.1%	84	6.5

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	**37**	**646**	**440**	**1.5**	**2,671**	**3.8%**	**682**	**944**	**2,101**	**32.5**	**9.4%**
1987	45	563	296	1.9	2,196	6.4%	560	827	1,781	31.4	14.9%
1986	163	578	303	1.9	1,648	6.6%	233	709	1,257	18.6	13.8%
1985	129	502	250	2.0	1,286	5.4%	197	569	984	20.0	11.3%
1984	104	480	174	2.8	1,152	6.0%	237	519	977	24.3	12.6%
1983	71	429	167	2.6	1,086	3.0%	257	498	916	28.0	6.6%
1982	56	411	155	2.7	1,071	0.7%	269	486	913	29.5	1.4%
1981	70	490	184	2.7	1,098	4.7%	221	524	907	24.4	9.7%
1980	130	499	194	2.6	1,008	8.1%	180	487	804	22.4	17.1%
1979	34	379	182	2.1	836	10.7%	143	388	655	21.8	23.5%

Data as orig. reptd.; conv. to U.S. $ at yr.-end exchange rates. **1.** Bef. spec. items in 1986, 1985, 1984, 1983, 1982, 1981, 1980. **2.** Reflects merger or acquisition. **3.** Incl. equity in earns. of nonconsol. subs. **4.** Reflects accounting change. NM-Not Meaningful.

Business Summary

Domtar is a Canadian-based manufacturer and marketer of pulp and paper products, packaging products, chemicals, and construction materials. Contributions by segment in 1988:

	Sales	Profits
Pulp and paper products	45%	56%
Packaging products	18%	34%
Construction materials	27%	3%
Chemicals	10%	7%

Principal products of the pulp and paper products group include fine papers, standard newsprint, groundwood specialty papers, and kraft pulp. DTC is the largest manufacturer of fine papers in Canada. DTC owns or has cutting rights on some 2.0 million hectares (5.0 million acres) of forested land principally in Quebec and Ontario.

The packaging group produces containerboard, corrugated containers and composite cans, and engages in paper recycling.

The chemicals group produces Sifto salt, chemically-treated wood products, and specialty chemicals (surfactants).

DTC's construction materials group is the third largest producer of gypsum wallboard in North America.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.12½	Feb. 2	Feb. 9	Feb. 15	Mar. 15'89
*0.12½	Apr. 26	May 9	May 15	Jun. 15'89
*0.12½	Jul. 28	Aug. 9	Aug. 15	Sep. 15'89
*0.12½	Nov. 2	Nov. 9	Nov. 15	Dec. 15'89

*In Canadian funds; bef. 15% Canadian tax.

Capitalization (Can. $)

Long Term Debt: $826,000,000.

$1 Cum. Preference Stock: 392,689 shs. (no par); red. at $25 a sh.; listed Toronto S.E.

$2.25 Retractable Series A Preferred Stock: 2,600,000 shs. (no par); listed Toronto.

Adj. Rate Series B Preferred Stock: 3,000,000 shs. (no par); listed Toronto.

Common Stock: 86,505,651 shs. (no par). Two Quebec government agencies own 44.5%. Institutions own about 16%. Shareholders of record: 14,578.

Office—395 de Maisonneuve Blvd W., Montreal, Quebec H3A 1L6 **Tel**—(514) 848-5400 **Pres & CEO**—J H Smith. **VP-Fin**—D J Speirs **VP-Secy**—G Pharand. **Treas & Investor Contact**—H. M. Wilson. **Dirs**—J. A. G. Bell, P. Berthiaume, G. Blondeau, P. Desjardins, R. Despres, J. A. Drouin, M. L. Hamilton, R. E. Heneault, J. C. Lebel, J. C. Major, R. Marcoux, Y. Marcoux, R. Marcus, R. R. Pinard, J. Robb, H. A. Roy, J. H. Smith, R. Tessier, E. J. Waters, L. C. Webster. **Transfer Agents & Registrars**—Montreal Trust Co., Montreal, et al; Bank of New York, NYC **Incorporated** in Canada in 1929. **Empl**—16,053.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Donnelley (R.R.)

NYSE Symbol DNY Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 16'89	1989					
44⅞	48¼-34¼	16	0.88	2.0%	A+	1.26

Summary

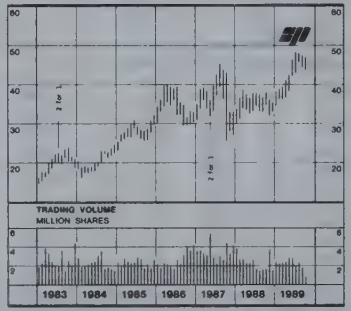
This company, the largest commercial printer in the U.S., produces catalogs, tabloids, directories, magazines, books and other printed material. Through Metromail Corp., DNY also provides listing services to the direct mail industry. Earnings from operations have grown steadily for more than a decade, and the company has made substantial investments in new plant and equipment in recent years. Long-term prospects are quite favorable.

Current Outlook

Earnings for 1990 are projected at $3.20 a share, versus the $2.90 estimated for 1989.

The $0.22 quarterly dividend, increased nearly 13% from $0.19½ in early 1989, is likely to be raised again in early 1990.

Revenues for 1990 should benefit from growth in market share and a continuing focus on faster growing areas of the business. Financial printing, a relatively small segment of DNY's business, is growing rapidly in spite of general malaise in that area, due to market share gains. Margins should benefit from operating efficiencies and the projected higher volume.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	708	638	511	492
Jun.	722	658	575	501
Sep.	---	702	625	561
Dec.	---	880	773	680
	---	2,878	2,483	2,234

Sales for the 1989 first half rose 10.3%, year to year, reflecting volume growth and an increase in the amount and price of paper furnished to customers. Operating earnings rose 8.0%. After higher other income, and taxes at 37.0% in each period, net income advanced 11%, to $1.17 a share from $1.05.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.52	0.47	0.39	0.36
Jun.	0.65	0.58	0.53	0.45
Sep.	E0.82	0.76	1.15	0.58
Dec.	E0.91	0.83	0.73	0.64
	E2.90	2.64	2.80	2.03

Important Developments

May '89— DNY continued with the expansion of its computer documentation services with the start up of a new production center in Thorp Arch, England. The facility supports U.S. and European hardware and software manufacturers, largely those based in Scotland's "Silicon Glen." DNY already has coast-to-coast operations in the U.S. and Ireland. DNY also began construction on a $30 million book manufacturing plant in Reynosa, Mexico, and is scheduled to start up in July, 1990.

Feb. '89— DNY acquired a 25% interest (with an option to acquire a majority position) in Tucson-based AlphaGraphics, a highly computerized operator of a worldwide network of retail units which provide quick printing services.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.62	11.78	12.70	11.50	10.18	8.96	7.89	7.42	6.69	6.00
Earnings	2.64	2.80	2.03	1.94	1.75	1.50	1.20	1.05	0.93	0.86
Dividends	0.78	0.70	0.64	0.58	0.50	0.41	0.35½	0.32	0.28½	0.25
Payout Ratio	30%	25%	32%	30%	29%	27%	30%	30%	31%	29%
Prices—High	38¾	45⅜	40	32¼	24⅝	24	16⅞	10⅞	9⅝	7¾
Low	29⅞	25½	29½	23	16	14⅝	9	7⅝	6	6½
P/E Ratio—	15-11	16-9	20-15	17-12	14-9	16-10	14-7	10-7	10-6	9-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1987, 100% Jul. 1983. 1. Reflects merger or acquisition. E-Estimated

October 24, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	2,878	475	16.5	188	162	15.1	317	35.2%	205	7.1
[1]1987	2,483	413	16.6	233	134	11.9	356	38.8%	[2]218	8.8
1986	2,234	363	16.3	308	113	8.8	267	40.6%	158	7.1
1985	2,038	336	16.5	159	100	6.4	256	42.0%	148	7.3
1984	1,814	293	16.2	174	80	4.5	231	42.0%	134	7.4
1983	1,546	254	16.5	171	70	3.1	201	43.0%	114	7.4
1982	1,404	219	15.6	98	69	3.2	162	43.9%	91	6.5
1981	1,244	185	14.9	107	53	2.8	147	46.1%	79	6.4
1980	1,111	163	14.7	138	43	[3]3.6	130	46.8%	69	6.2
1979	958	142	14.8	143	35	1.5	116	45.4%	63	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	118	NA	546	NA	2,346	9.3%	121	1,296	1,771	6.8	16.7%
1987	60	672	384	1.8	2,086	11.4%	194	1,155	1,676	11.6	20.3%
1986	120	664	367	1.8	1,741	9.4%	18	1,005	1,364	1.4	16.5%
1985	162	639	342	1.9	1,593	9.8%	15	896	1,238	1.2	17.5%
1984	181	601	378	1.6	1,440	10.1%	14	798	1,050	1.4	17.8%
1983	146	441	297	1.5	1,204	10.5%	14	705	907	1.5	17.2%
1982	66	303	196	1.5	969	9.9%	14	625	772	1.8	15.3%
1981	35	277	205	1.4	866	9.6%	12	560	661	1.8	14.8%
1980	42	267	197	1.4	772	9.5%	12	499	574	2.0	14.5%
1979	54	262	162	1.6	670	10.2%	13	447	508	2.5	14.9%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. NA-Not Available

Business Summary

R. R. Donnelley & Sons, also known as The Lakeside Press, is the largest commercial printer in the U.S. The sales breakdown in recent years:

	1988	1987	1986	1985
Catalogs	33%	34%	37%	40%
Magazines	21%	21%	22%	23%
Books	18%	18%	17%	18%
Directories	19%	20%	19%	15%
Other	9%	7%	5%	4%

DNY prints catalogs for customers ranging from major general mail order houses to merchandisers of specialty products or services. It also produces preprinted inserts. Magazine printing includes the production of over 250 different magazines. DNY is a leading book printer in virtually every category. In addition to telephone directories, DNY prints transportation guides, financial references, and directory needs of schools and industry.

Other services include printing of financial documents and corporate literature, computer and communications services related to graphic arts and design, and cartographic services.

DNY has an international satellite system that currently gives customers the ability to transmit data electronically between New York and London, and between Singapore and London. A controlling interest was acquired in Dowa Insatsu K.K., a Tokyo printing firm, in July 1988.

Dividend Data

Dividends have been paid since 1911. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19½	Oct. 28	Nov. 4	Nov. 11	Dec. 1'88
0.22	Jan. 26	Jan. 31	Feb. 6	Mar. 1'89
0.22	Apr. 27	May 8	May 12	Jun. 1'89
0.22	Jul. 27	Aug. 7	Aug. 11	Sep. 1'89

Next dividend meeting: Oct. 26'89.

Finances

Capital expenditures for the 1989 first half were $118.8 million. Capital spending for 1989 was budgeted at $250 million, versus $187.9 million spent in 1988. Included in 1989 spending are plans for a book manufacturing plant in Mexico and expansion of software services. In April, 1989 a documentation services production center started up near York, England, and in June another one opened in Portland, Ore.

Capitalization

Long Term Debt: $59,381,000.

Common Stock: 77,858,563 shs. ($1.25 par). Some 21% owned by the Donnelley family. Institutions hold about 62% (incl. some shs. owned by the Donnelley family). Shareholders of record: 9,500.

Office—2223 Martin Luther King Drive, Chicago, Ill. 60616. **Tel**—(312) 326-8000 **Chrmn, Pres & CEO**—J. R. Walter **VP-Secy**—D. Hart **EVP-CFO**—F. R. Jarc **Treas & Investor Contact**—R. G. Eidell **Dirs**—L. W. Cabot; M. L. Collins, A. V. Crewe, J. R. Donnelley, G. M. Dorrance, Jr., C. C. Haffner III, C. W. Lake, Jr., J. M. Richman, W. D. Sanders, J. B. Schwemm, B. L. Thomas, J. R. Walter, H. B. White **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1956 **Empl**—22,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Dover Corp.

NYSE Symbol DOV Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
32½	39½-27¼	14	0.72	2.2%	A-	1.17

Summary

Dover manufactures various machinery and equipment, such as elevators, electronic circuitry assembly equipment and control devices for the electronic, building, petroleum, aerospace and other industries. Share earnings for the first nine months of 1989 benefited from fewer shares outstanding. Forecasted higher sales coupled with likely improvement in margins and a decline in interest expense should permit a small earnings gain in 1990.

Current Outlook

Earnings for 1990 are projected at $2.45 a share, versus the $2.30 estimated for 1989.

The dividend was raised 5.9%, to $0.18 quarterly from $0.17, with the September, 1989 payment.

Sales are expected to rise at a less rapid rate in 1990 as a forecasted decline in the electronics products segment offsets continued gains in the other segments. An increase in the service component of the building division along with cost cutting in the electronics segment should lift margins. Aided by probable lower interest expense, earnings should post a small gain in 1990.

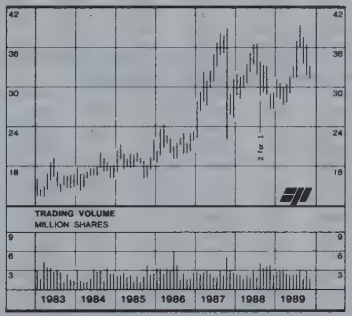
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	515	467	366	355
Jun.	549	492	392	365
Sep.	515	494	394	346
Dec.	---	501	434	374
	---	1,954	1,586	1,440

Sales for the nine months ended September 30, 1989 rose 8.7%, year to year, reflecting gains in all segments. However, margin contraction in the electronics segment and flat margins in petroleum pared the gain in operating profit to 3.1%. Penalized by sharply higher interest expense, pretax income fell 0.7%. After taxes at 37.2%, versus 37.0%, net income declined 1.0%. Share earnings were $1.69 on 3.5% fewer shares, versus $1.65.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.50	0.57	0.35	0.27
Jun.	0.66	0.57	0.44	0.32
Sep.	0.53	0.51	0.40	0.29
Dec.	E0.61	0.57	0.47	0.34
	E2.30	2.22	1.66	1.21



Important Developments

Oct. '89— DOV reported third quarter earnings of $0.53 a share, versus $0.51 in 1988's third quarter. DOV noted that net income was virtually unchanged, year to year, and that share earnings were aided by share buybacks. Three of DOV's segments recorded profit gains in the quarter, but the increases were largely offset by a decline in the electronics products segment. DOV repurchased 275,000 shares of its common stock in the third quarter at an average price of $33.50 a share, raising total purchases in the past 12 months to 2,873,000 shares. DOV stated that although 1988's fourth quarter benefited from an unusually low tax rate and a onetime gain of $0.10 a share, it expected that share earnings for 1989's fourth quarter would probably exceed that of 1988 and permit another year of record earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	[2]1984	1983	1982	1981	1980	[2]1979
Tangible Bk. Val.	6.69	7.06	6.54	6.53	5.63	5.42	5.26	4.56	3.68	2.89
Earnings	2.22	1.66	1.21	1.42	1.41	1.09	1.26	1.35	1.03	0.80
Dividends	0.62	0.51	0.45	0.42½	0.39	0.36	0.34	0.29½	0.23⅞	0.19½
Payout Ratio	28%	30%	36%	30%	28%	33%	27%	22%	23%	24%
Prices—High	36⅝	38⅞	24⅜	22	20	19⅜	16½	16½	15¾	8¼
Low	26⅛	21⅞	18½	16⅛	14⅜	13⅜	8⅞	12⅛	7¾	5
P/E Ratio—	16-12	24-13	20-15	16-11	14-10	18-12	13-7	12-9	15-8	10-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1988, 100% Sep. 1981, 100% Oct. 1979. 1. Reflects accounting change. 2. Reflects merger or acquisition. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,954	301	15.4	60.5	73.8	21.3	225	35.1%	146	7.5
1987	1,586	246	15.5	40.1	61.9	14.5	181	38.2%	112	7.0
1986	1,440	198	13.8	36.7	56.7	16.3	134	37.7%	[1]84	5.8
1985	1,440	214	14.9	35.2	53.1	12.7	160	37.5%	100	6.9
[2]1984	1,288	223	17.3	30.4	46.9	10.3	176	43.0%	100	7.8
1983	1,010	176	17.4	21.6	38.6	2.9	141	45.1%	78	7.7
1982	1,035	193	18.7	29.4	28.4	2.9	169	46.8%	90	8.7
1981	1,026	210	20.4	31.9	21.4	4.2	182	47.2%	[1]96	9.4
1980	835	160	19.2	32.5	16.0	6.8	139	47.5%	73	8.8
[2]1979	667	123	18.5	28.6	13.1	4.4	109	47.5%	57	8.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**85**	**739**	**541**	**1.4**	**1,366**	**11.7%**	**27.8**	**741**	**799**	**3.5**	**20.8%**
1987	191	722	413	1.7	1,150	10.4%	26.6	672	720	3.7	17.4%
1986	170	631	338	1.9	1,030	8.3%	33.2	628	678	4.9	13.6%
1985	184	657	288	2.3	1,017	10.4%	73.5	626	715	10.3	16.9%
1984	72	560	255	2.2	918	12.4%	73.1	559	646	11.3	19.0%
1983	85	421	154	2.7	704	11.8%	31.5	503	543	5.8	16.3%
1982	85	396	117	3.4	612	15.3%	31.0	449	488	6.4	21.4%
1981	26	362	127	2.9	562	18.5%	33.5	391	431	7.8	27.1%
1980	18	317	112	2.8	475	16.5%	35.4	318	360	9.8	25.3%
1979	17	275	116	2.4	414	15.8%	30.1	261	296	10.2	23.8%

Data as orig. reptd. 1. Reflects acctg. change. 2. Reflects merger or acquisition.

Business Summary

Dover is a diversified manufacturer serving a wide range of customers in four principal markets. Segment contributions by markets in 1988:

	Sales	Profits
Electronic products	22%	19%
Building industry	37%	33%
Petroleum industry	12%	14%
Industrial & aerospace	29%	34%

Foreign business accounted for 16% of sales and 22% of operating profits in 1988.

The electronic products segment's largest unit is Universal Instruments, a producer of electronic circuitry assembly equipment. It also includes vapor-phase soldering and cleaning equipment, and microwave and R.F. filters.

The building division makes geared and gearless traction elevators, hydraulic elevators, and replacement parts, and provides installation and repair services.

The petroleum group makes equipment for producing oil wells and for the marketing of petroleum products. The former line includes sucker rods, pumps, valves and fittings, electronic controllers and hi-slip motors; the latter includes gasoline nozzles, pumps, and compressor parts.

The industrial and aerospace segment consists of 22 businesses, each dealing in a fairly small market niche. Approximately 80% of sales are to industrial concerns and 20% to the military/aerospace market.

Dividend Data

Dividends have been paid since 1955. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Feb. 9	Feb. 22	Feb. 28	Mar. 15'89
0.17	May 3	May 22	May 28	Jun. 15'89
0.18	Aug. 3	Aug. 22	Aug. 28	Sep. 15'89
0.18	Nov. 2	Dec. 4	Dec. 10	Dec. 30'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $28,399,000.

Common Stock: 62,674,909 shs. ($1 par).
Institutions hold about 52%.
Officers and directors own some 11%.
Shareholders of record: 3,524.

Office—277 Park Ave., N.Y. 10172 **Tel**—(212) 922 1640 **Chrmn, Pres & CEO**—G. L. Roubos **Secy**—C. Laporte, Jr. **VP,Treas & Investor Contact**—J. F. McNiff. **Dirs**—T. C. Sutton (Chrmn), M. O. Bryant, M. C. Devas, F. H. Lawson, G. L. Ohrstrom, R. R. Ohrstrom, A. J. Ormsby, G. L. Roubos, D. G. Thomas. **Transfer Agent & Registrar**—Harris Trust Co. of New York, NYC. **Incorporated** in Delaware in 1947 **Empl**—20,412

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Dow Chemical

NYSE Symbol DOW Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
93¾	107⅝–83¼	6	3.90	4.2%	B	1.15

Summary

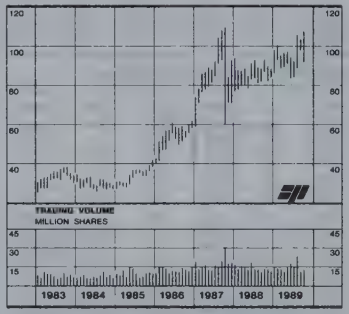
The second largest chemical company in the U.S., DOW produces basic chemicals and plastics, industrial specialties, and household, drug and agricultural products. More than half of sales and earnings generally come from foreign operations. Record earnings have been posted in recent periods, with strong demand and tight supply conditions in many product lines and geographic regions. Favorable business conditions are expected to continue for the foreseeable future. A 3-for-2 stock split is pending.

Current Outlook

Share earnings for 1990 are projected at about $12.50, down from the $14.65 expected for 1989, both before giving effect to the 3-for-2 stock split payable November 20, 1989.

The quarterly dividend was raised 22%, to $0.97½ from $0.80 (both unadjusted), with the September, 1989 declaration.

Earnings for 1990 are expected to be impacted by the decline in polyethylene and polystyrene resins prices experienced in 1989, slower economic growth, and the stronger U.S. dollar. Earnings will also be impacted by about $0.60 a share for goodwill and interest charges associated with the Marion acquisition. However, chemical and consumer specialties products should continue to advance, aided by product line and geographic extensions and recent acquisitions.



Net Sales (Billion $)

Quarter:	1989	1988	1987	[1]1986
Mar.	4.49	3.98	3.02	2.74
Jun.	4.60	4.25	3.41	2.84
Sep.	4.25	4.15	3.36	2.74
Dec.	---	4.30	3.60	2.79
	---	16.68	13.38	11.11

Sales for the nine months of 1989 rose 7.7%, year to year, reflecting price and volume increases. With strong profit gains in the U.S. and Europe and in chemicals and products, net income advanced 16%, to $11.41 a share from $9.38.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	4.08	2.67	1.28	0.92
Jun.	4.04	3.35	1.64	1.19
Sep.	3.29	3.36	1.72	0.88
Dec.	E3.24	3.44	1.86	0.88
	E14.65	12.82	6.50	3.87

Important Developments

Oct. '89— DOW said that its solid performance in its seasonally low third quarter resulted from its product and geographic diversification. Plastics profits were impacted by lower polyethylene prices and demand from China, but demand for chemicals and products was strong and consumer profits improved. DOW said that industry fundamentals were sound entering the fourth quarter and that it was confident of record earnings in 1989.

Sep. '89— DOW completed the $2.2 billion tender offer for 39% of Marion Laboratories, Inc. (MKC) as part of a two-step transaction after which DOW will control about 67% of an expanded MKC. In the second step, MKC will issue 128 million new MKC shares to DOW for the Merrell Dow Pharamceuticals unit and 92 million contingent value rights. The new company, to be called Marion Merrell Dow Inc., will have annual sales of $2.3 billion.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	1984	1983	1982	[2]1981	[2]1980	[2]1979
Tangible Bk. Val.	39.53	27.90	25.44	23.81	25.57	24.77	24.95	24.62	23.71	20.92
Earnings[3]	12.82	6.50	3.87	0.31	2.83	1.50	1.77	3.00	4.42	4.33
Dividends	2.60	2.15	1.90	1.80	1.80	1.80	1.80	1.80	1.65	1.50
Payout Ratio	20%	33%	49%	581%	62%	120%	102%	60%	37%	35%
Prices—High	94	109⅝	61¾	41⅞	34½	38⅜	28⅞	39	39¼	34⅞
Low	76¾	58¾	39⅞	27	25¾	25	19⅝	23⅜	28¼	24⅜
P/E Ratio—	7–6	17–9	16–10	NM	12–9	26–17	16–11	13–8	9–6	8–6

Data as orig. reptd. 1. Reclassified to excl. resale of excess purchased feedstock products. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of -0.06 in 1988, -0.03 in 1987, -0.05 in 1986, +0.19 in 1984, +0.21 in 1983, +0.30 in 1982. E-Estimated. NM-Not Meaningful.

November 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	16,682	5,174	31.0	1,670	976	400	3,867	37.7%	2,410	14.4
1987	13,377	3,106	23.2	995	814	397	2,131	41.6%	1,245	9.3
1986	[4]11,113	2,029	18.3	890	744	383	1,236	40.0%	741	6.7
1985	11,537	1,614	14.0	1,011	977	413	30	NM	58	0.5
1984	11,418	1,756	15.4	809	908	465	675	18.7%	549	4.8
1983	10,951	1,357	12.4	671	841	478	446	34.3%	[5]293	2.7
1982	10,618	1,226	11.5	829	870	579	314	NM	[5]342	3.2
[3]1981	11,873	1,722	14.5	1,176	806	605	744	23.7%	[5]564	4.8
[3]1980	10,626	1,940	18.3	1,184	728	[5]456	1,238	34.2%	805	7.6
[3]1979	9,255	1,968	21.3	1,268	634	359	1,313	39.2%	784	8.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	225	6,363	4,175	1.5	16,239	16.0%	3,338	7,255	11,207	29.8	37.5%
1987	418	5,752	3,455	1.7	14,356	9.4%	3,779	5,769	10,111	37.4	22.9%
1986	261	4,569	2,808	1.6	12,242	6.1%	3,404	5,168	9,043	37.6	14.8%
1985	114	4,324	2,975	1.5	11,830	0.5%	3,198	4,792	8,347	38.3	1.2%
1984	121	3,931	2,676	1.5	11,419	4.8%	2,745	5,062	8,404	32.7	11.0%
1983	178	4,405	3,138	1.4	11,981	2.5%	2,803	5,047	8,566	32.7	5.8%
1982	183	3,963	2,241	1.8	11,807	2.8%	3,502	5,040	9,313	37.6	6.8%
1981	93	4,511	2,688	1.7	12,496	4.6%	3,968	4,891	9,743	40.7	11.9%
1980	168	4,390	2,803	1.6	11,538	7.4%	3,438	4,440	8,667	39.7	19.2%
1979	252	3,753	2,615	1.4	10,252	8.2%	3,055	3,897	7,573	40.3	21.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1987, 1986, 1984, 1983, 1982. 3. Reflects merger or acquisition. 4. Reclassified. 5. Reflects accounting change. NM-Not Meaningful.

Business Summary

Dow Chemical is a major diversified chemical company. Contributions by product line in 1988:

	Sales	Profits
Chemicals & Performance products	31%	37%
Plastics	42%	45%
Hydrocarbons	9%	5%
Consumer specialties	18%	13%

Foreign operations accounted for 55% of sales and 58% of operating income in 1988.

Chemicals include inorganics (chlorine, caustic soda, chlorinated solvents, ethylene dichloride, vinyl chloride, magnesium metals) and organics (acetone, ethylene oxide/glycol, propylene oxide, phenols, and glycerine). Performance products consist of latexes, surfactants, antimocrobials, superabsorbents, cellulose ethers, ion exchange resins, heat transfer fluids, membranes systems, air separation systems, chelating agents, and plastic lined pipes.

Plastics include high-, low- and linear low-density polyethylene, Styron polystyrene resins, polyurethanes, ABS, epoxy resins, adhesives, elastomers, polyols, polycarbonates, and fabricated products (polystyrene and polyethylene foams and films).

Hydrocarbons include ethylene, propylene, benzene, and styrene.

Consumer specialties include agricultural products (herbicides, insecticides, and fumigants), pharmaceuticals (ethical drugs, antibiotics, antihistamines), and consumer products (Handi-Wrap and Saran Wrap plastic films, Ziploc bags, Spray'n Wash, Yes detergents, Fantastik and Glass Plus cleaners, and hair care products).

Dividend Data

Dividends have been paid since 1911. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.70	Nov. 10	Dec. 23	Dec. 30	Jan. 30'89
0.80	Mar. 9	Mar. 27	Mar. 31	Apr. 28'89
0.80	May 11	Jun. 26	Jun. 30	Jul. 28'89
0.97½	Sep. 14	Sep. 25	Sep. 29	Oct. 30'89
3-for-2	Sep. 14	Nov. 21	Sep. 29	Nov. 20'89

Capitalization

Long Term Debt: $3,500,000,000.

Minority Interest: $44,000,000.

Common Stock: 179,639,572 shs. ($2.50 par).
Institutions hold about 52%.
Shareholders of record: 105,769.

Office—2030 Willard H. Dow Center, Midland, Mich. 48640. **Tel**—(517) 636-1000. **Chrmn**—P. F. Oreffice. **Pres & CEO**—F. P. Popoff. **Secy**—Donna J. Roberts. **Treas**—J. P. Reinhard. **Investor Contact**—R. McFedries, Jr. **Dirs**—B. B. Butcher, A. J. Butler, W. D. Davis, H. H. Dow, M. L. Dow, J. L. Downey, E. C. Falls, B. H. Franklin, H. W. Henry, R. M. Keil, W. N. Lipscomb, Jr., K. R. McKennon, W. J. Neely, P. F. Oreffice, F. P. Popoff, D. A. Rikard, H. T. Shapiro, D. P. Sheetz, J. G. Temple, Jr. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Delaware in 1947. **Empl**—55,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard O'Reilly, CFA

Dow Jones & Co.

NYSE Symbol DJ Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
37¼	40⅝–29¼	12	0.72	1.9%	A+	1.49

Summary

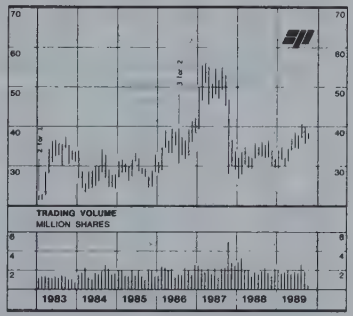
Dow Jones publishes The Wall Street Journal and Barron's, operates newswires and information retrieval services, publishes 23 local newspapers, and publishes media news reports. DJ is seeking to purchase the 33% it does not already own of Telerate Inc., a major provider of computerized financial information. Profitability is being restricted by continuing softness in financial markets, and its impact on demand for DJ's products and services.

Current Outlook

Earnings for 1990 are projected at $1.60 a share, versus the $3.15 estimated for 1989, which includes capital gains of $1.63.

An increase in the $0.18 quarterly dividend is not likely until late in 1990, or early in 1991.

Revenues for 1990 will continue to be impacted largely by softness in advertising demand and circulation at The Wall Street Journal and Barron's and weakness in financial markets. Advertising and circulation rate hikes, and lower newsprint prices will help to limit the impact of reduced linage on operating profits. Revenue and profit gains from information services, including Telerate, will continue to reflect depressed conditions for certain major customers and start-up costs.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	407	393	286	260
Jun.	438	414	313	285
Sep.	404	384	299	278
Dec.	---	413	417	312
	---	1,603	1,314	1,135

Revenues for the nine months ended September 30, 1989 rose 4.9%, year to year. Profitability was penalized by reduced advertising linage and start-up costs at Telerate, but including after-tax capital gains of $1.63 and $0.71 a share, respectively, net income advanced 50%, and share earnings rose 43%, to $2.75 from $1.92.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.99	1.08	0.69	0.64
Jun.	0.48	0.51	0.51	0.43
Sep.	0.29	0.33	0.38	0.34
Dec.	E0.39	0.43	0.52	0.48
	E3.15	2.35	2.10	1.89

Important Developments

Oct. '89— Telerate that said a committee of independent directors rejected as inadequate an $18 a share, or $576 million, tender offer from DJ for the 33% of Telerate it does not already own. DJ, which commenced its tender offer in September, said in response that it believed the offer was fair and would proceed with the current offer. The offer was due to expire November 3, unless extended.

Jul. '89— Telerate began billing for its new Trading Service which had installations at 235 sites. The service, which had been in development for more than one year, allows foreign exchange traders to execute multiple trades and exchange information simultaneously.

Jan. '89— DJ sold its 16.5% stake in Continental Cablevision for $299.8 million. The shares were purchased in 1981 for about $27.5 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	1.95	d0.01	6.97	5.63	4.66	3.85	2.99	2.32	1.73	1.31
Earnings	2.35	2.10	1.89	1.43	1.34	1.19	0.93	0.76	0.63	0.55
Dividends	0.68	0.64	0.55⅜	0.52	0.48	0.40	0.36	0.30¾	0.26¾	0.24
Payout Ratio	29%	30%	29%	36%	36%	34%	39%	40%	42%	44%
Prices—High	36½	56¼	42⅛	33⅜	34¼	38	23½	18½	10½	6¾
Low	26¾	28	28⅛	24½	23½	21⅜	11⅞	9⅞	5⅞	5⅜
P/E Ratio—	16–11	27–13	22–15	23–17	26–17	32–18	25–13	24–13	17–9	12–10

Data as orig. reptd. Adj. for stk. div(s) of 50% Jul. 1986 (Cl. B), 100% Feb. 1983, 100% Apr. 1981. 1. Reflects merger or acquisition. 2. Reflects acctg change E-Estimated d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	1,603	492	30.7	184	140	28.6	449	40.5%	228	14.2
[3]1987	1,314	386	29.3	108	90	16.5	364	41.5%	203	15.4
1986	1,135	330	29.1	75	66	8.6	331	44.7%	183	16.2
1985	1,039	296	28.5	155	53	11.6	258	46.4%	139	13.3
1984	966	275	28.4	143	44	2.5	246	47.5%	129	13.4
1983	866	248	28.6	85	39	2.3	220	48.2%	114	13.2
1982	731	178	24.4	74	29	6.3	157	43.7%	88	12.1
1981	641	166	25.8	77	19	1.9	142	49.6%	71	11.1
1980	531	112	21.0	45	15	1.5	111	47.0%	59	11.1
1979	441	100	22.6	28	14	1.7	93	45.3%	51	11.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	61	265	402	0.7	2,112	11.0%	290	1,161	1,674	17.3	22.3%
1987	63	275	392	0.7	1,943	12.8%	444	847	1,519	29.2	25.8%
1986	133	307	345	0.9	1,236	15.2%	60	728	863	6.9	27.6%
1985	34	191	258	0.7	1,177	14.0%	248	600	896	27.7	25.0%
1984	70	214	231	0.9	804	17.1%	21	506	553	3.8	28.0%
1983	99	226	230	1.0	700	17.6%	17	417	454	3.7	30.4%
1982	56	167	198	0.8	595	15.5%	35	334	384	9.1	29.0%
1981	44	150	194	0.8	532	15.3%	50	270	327	15.2	29.0%
1980	78	158	153	1.0	397	16.1%	9	221	235	3.7	28.9%
1979	60	124	125	1.0	336	16.9%	16	186	205	7.8	29.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects acctg. change

Business Summary

Dow Jones & Co. publishes The Wall Street Journal and Barron's National Business and Financial Weekly, provides information services, and publishes general circulation newspapers. The book publishing unit was sold in February, 1988, and a 16.5% interest in Continental Cablevision was sold in January, 1989. Segment contributions in 1988:

	Revs.	Profits
Business publications	47%	30%
Information services	38%	58%
Community newspapers	15%	12%

The Wall Street Journal, a financial and business daily (December 31, 1988 circulation of about 1,950,000) is published in four U.S. editions and separate editions of The Asian Wall Street Journal and The Wall Street Journal/Europe. Barron's (circulation about 246,500) is a weekly magazine covering business and finance. Information services include newswires, radio and TV programming, a news retrieval service (which offers 49 separate data bases), and database software. A 67% interest is held in Telerate, a major supplier of computerized financial information.

Ottaway Newspapers publishes 23 community newspapers with combined average circulation of 567,400 daily and 458,700 Sunday at year-end 1988. DJ also has equity or other interests in international business and financial wire services, newspapers, publications and newsprint mills.

Dividend Data

Dividends have been paid since 1906. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Oct. 19	Nov. 1	Nov. 7	Dec. 1'88
0.18	Jan. 18	Jan. 26	Feb. 1	Mar. 1'89
0.18	Apr. 19	Apr. 25	May 1	Jun. 1'89
0.18	Jun. 21	Jul. 26	Aug. 1	Sep. 1'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $172,500,000 (6/89).

Minority Interest: $126,157,000.

Common Stock: 76,697,888 shs. ($1 par).

Class B Common Stock: 24,114,228 shs. ($1 par); limited transferability; conv. sh.-for-sh. into com.; 10 votes per sh.

Bancroft family members own or control about 55% of the com. and Class B com. stk.

Office—200 Liberty St., NYC 10281. **Tel**—(212) 416-2000 **Chrmn**—W. H. Phillips **Pres & CEO**—P. R. Kann **VP-Secy**—P. G. Skinner **Treas**—L. E. Doherty. **Investor Contact**—L. A. Armour **Dirs**—W. M. Agee, R. V. Areskog, W. C. Cox, Jr., W. L. Dunn, V. E. Jordan, Jr., P. R. Kahn, B. B. Klink, R. C. McPherson, J. A. Ottaway, Jr., D. E. Petersen, W. H. Phillips, J. O. Riordan, M. S. Robes, R. D. Wood **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC. Registrar & Transfer Co., Jersey City, N.J. **Registrar**—Morgan Shareholder Services Trust Co NYC. **Incorporated** in Delaware in 1949 **Empl**—9,080

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H Donald

Dresser Industries

NYSE Symbol DI Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
44⅞	48-29	19	1.00	2.2%	B	1.20

Summary

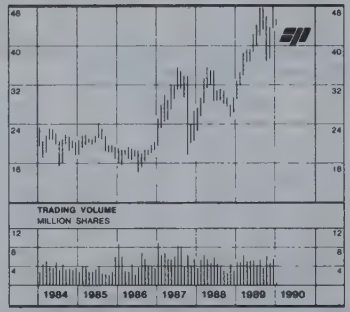
Dresser is a major supplier of products and services for industries involved in petroleum and natural gas exploration and development, energy processing and power systems, and mining and construction activities. The company's ongoing restructuring program has resulted in divestitures of units outside DI's core energy businesses and expansion into complementary markets via joint ventures and niche acquisitions. A turnaround in oil and gas drilling should enhance near-term prospects.

Current Outlook

Share earnings for the fiscal year ending October 31, 1990 are projected at $3.10, up from fiscal 1989's $2.42, which excludes $0.10 tax loss carryforward credits.

The $0.25 quarterly dividend is the minimum expectation.

Revenues in fiscal 1990 should benefit from continued gains in the energy processing segment (downstream). Margins are expected to firm in the oilfield (upstream) business.



Sales & Service Revs. (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	848	801	717	924
Apr.	1,017	1,068	787	951
Jul.	1,004	1,100	750	889
Oct	1,092	973	866	897
	3,961	3,942	3,120	3,661

Revenues for the fiscal year ended October 31, 1989 (preliminary) rose 0.5%, year to year, as gains in the downstream segment offset lower industrial revenues resulting from the divestiture of the construction equipment operations to the Komatsu Dresser joint venture. Benefiting from joint ventures, net income increased about 33%. Share earnings were $2.42 (before a $0.10 special tax credit), versus $1.78 (before earnings of $0.49 from discontinued operations and tax credits).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.33	0.13	d0.20	0.21
Apr.	0.50	0.30	d0.12	0.08
Jul.	0.62	0.46	0.22	0.24
Oct.	0.97	0.89	0.32	d0.52
	2.42	1.78	0.22	0.01

Important Developments

Dec. '89— DI announced that its November agreement to acquire Smith International, a leading manufacturer of directional drilling equipment, had been terminated. DI was exploring possible alternate transactions regarding SII. Separately, DI's upstream segment continued to be impaired by soft market conditions in the oilfield business. The U.S. Baker-Hughes rig count averaged 1,041 in Novmeber, up from 1989's year-to-date average of 849, but the 1989 year-to-date average was down from 1988's year-to-date average of 937. Profitability in the downstream (processing) segment continued to sustain the company in fiscal 1989. Demand for downstream products and services has strengthened due to expansion and modernization of energy processing facilities throughout the world. The segment's backlogs are at record levels.

Next earnings report expected in mid-March.

Per Share Data ($)

Yr. End Oct. 31	[1]1989	[1]1988	1987	1986	[1]1985	1984	1983	[1]1982	[1]1981	[1]1980
Book Value	NA	18.64	21.50	21.21	21.46	24.73	24.43	25.19	24.01	20.52
Earnings[2]	2.42	1.78	0.22	0.01	d2.58	1.24	0.06	2.19	4.04	3.35
Dividends	0.90	0.55	0.40	0.70	0.80	0.80	0.80	0.77	0.66	0.56¼
Payout Ratio	37%	30%	177%	NM	NM	63%	NM	35%	16%	17%
Prices—High[3]	48	35⅜	35⅝	20⅜	24¼	23⅜	25½	33½	54⅞	57
Low[3]	29	22½	17⅝	14	16¾	15¼	15	12¼	30⅞	23⅞
P/E Ratio—	20-12	20-13	NM	NM	NM	19-12	NM	15-6	14-8	17-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov 1980. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of +0.33 in 1988, +0.35 in 1987, bef. spec. item(s) of +0.10 in 1989, +0.16 in 1988, +0.08 in 1987, +0.11 in 1986. **3.** Cal. yr. d-Deficit. NA-Not Available. NM-Not Meaningful.

January 11, 1990

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[1]1988	3,942	248	6.3	63	97	46.6	[2]193	33.2%	123	3.1
1987	3,120	145	4.6	195	121	97.1	[2]49	97.8%	16	0.5
1986	3,661	140	3.8	84	163	75.1	[2]53	99.1%	[3]1	Nil
[4]1985	4,111	291	7.1	313	188	79.9	[2]d189	NM	d196	NM
1984	3,732	335	9.0	94	189	68.8	[2]151	35.9%	97	2.6
1983	3,473	177	5.1	123	196	67.7	[2]d53	NM	5	0.1
[4]1982	4,161	470	11.3	366	192	59.5	[2]243	29.0%	172	4.1
[4]1981	4,614	663	14.4	330	159	52.7	[2]529	40.1%	317	6.9
[4]1980	4,016	570	14.2	239	134	48.4	448	41.7%	261	6.5
1979	3,457	507	14.7	191	113	50.6	407	44.0%	228	6.6

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	188	1,647	928	1.8	2,899	4.4%	255	1,505	1,838	13.9	8.3%
1987	293	1,972	850	2.3	2,882	0.6%	271	1,550	1,892	14.3	1.1%
1986	336	1,828	941	1.9	3,110	Nil	359	1,614	1,972	18.2	Nil
1985	164	1,965	1,028	1.9	3,225	NM	403	1,646	2,049	19.7	NM
1984	355	2,095	879	2.4	3,324	3.0%	411	1,887	2,297	17.9	5.2%
1983	275	1,909	694	2.8	3,245	0.2%	471	1,953	2,424	19.4	0.3%
1982	100	1,915	805	2.4	3,311	5.2%	390	2,019	2,442	16.0	8.7%
1981	152	2,064	910	2.3	3,273	10.2%	318	1,925	2,299	13.8	17.7%
1980	200	1,890	782	2.4	2,897	9.6%	345	1,648	2,065	16.7	17.0%
1979	204	1,663	660	2.5	2,504	9.4%	354	1,422	1,802	19.6	17.2%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1988, 1987, 1986. **2.** Incl. equity in earns. of nonconsol subs. **3.** Reflects accounting change. **4.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Dresser Industries is a diversified manufacturer of products for the energy and natural resource industries. Industry segment contributions (operating profits in million $) in fiscal 1988:

	Revs.	Profits
Oilfield operations	14%	$41.9
Energy processing	32%	110.3
Mining & constr. equip.	22%	13.4
Engineering services	19%	18.6
General industry	13%	80.1

Sales outside the U. S. accounted for some 43% of fiscal 1988 revenues.

The upstream (oilfield) segment provides a broad range of products and technical services for oil and gas well drilling, production, and marketing. Principal products and services include drilling fluid systems, oil field products (bits and tools), and gasoline dispensing systems.

The downstream (processing) segment makes high technology compressors and pumps, steam turbines, mechanical power systems, and environmental control systems, primarily for oil and gas production, the conversion of oil, gas, and coal into other energy forms, and gas transmission. Engineering services consist mainly of the M.W. Kellogg Co., a major energy industry design and construction concern, acquired in January, 1988.

The industrial products segment makes walking draglines, mining machines, crawler tractors, trucks, and tools. DI also manufactures refractory products and pneumatic tools. On September 1, 1988 DI formed a 50% owned joint venture with Komatsu Ltd. to make construction equipment.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 16	Feb. 23	Mar. 1	Mar. 20'89
0.25	May 18	May 25	Jun. 1	Jun. 20'89
0.25	Aug. 17	Aug. 28	Sep. 1	Sep. 20'89
0.25	Nov. 16	Nov. 27	Dec. 1	Dec. 20'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $244,400,000.

Minority Interest: $81,000,000.

Common Stock: 67,677,098 shs. ($0.25 par).
Institutions hold about 73%.
Shareholders: 18,400.

Office—1600 Pacific Building (P. O. Box 718), Dallas, Texas 75221. **Tel**—(214) 740-6000. **Chrmn, Pres & CEO**—J. J. Murphy. **VP-Secy**—M. S. Nickson, Jr. **VP-Fin**—D. P. McElvain. **Investor Contact**—H. M. Ryan. **Dirs**—S. B. Casey, Jr., L. Edwards, R. Fulgham, J. Gavin, R. L. Hunt, J. J. Murphy, W. G. Nancarrow, L. H. Olmer, B. D. St. John, R. W. Vieser. **Transfer Agents**—The company itself, Harris Trust Co., NYC. **Registrars**—NCNB Texas National Bank, Dallas; Harris Trust Co., NYC. **Incorporated** in Delaware in 1956. **Empl**—30,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Duke Power

NYSE Symbol DUK Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
55	55⅝-42¾	13	3.12	5.7%	A	0.35

Summary

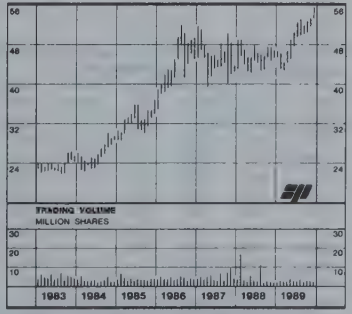
This leading electric utility serves the Piedmont sections of North and South Carolina. Near-term prospects are benefiting from strength of the regional economy, supportive regulation and strong cash flow. The company's longer-term outlook is enhanced by the development of nonutility businesses, diversified nuclear and coal generating facilities and the robust regional economy. The quarterly dividend was raised 5.4%, with the September, 1989 payment.

Current Outlook

Share earnings for 1990 are projected at $5.00, up from the $4.85 estimated for 1989.

The dividend, which was raised 5.4% with the September, 1989 payment, is expected to be maintained at $0.78 quarterly.

Share earnings for 1990 will benefit from higher kwh sales, reflecting continued regional economic growth. Longer-term prospects are enhanced by diversified fuel sources and the regional economy.



Electric Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	863	917	913	833
Jun.	877	830	858	784
Sep.	1,011	1,029	1,037	941
Dec.	---	850	899	843
	---	3,627	3,706	3,401

Revenues for the nine months ended September 30, 1989 fell fractionally (0.9%), year to year. However, following lower operating and maintenance expenses primarily in the fossil and nuclear operations, operating income was up 5.0%. Higher AFUDC more than offset increased interest charges, and net income rose 6.0%. Share earnings were $4.05, versus $3.79, which excludes a special credit of $1.01 from unbilled revenues.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.13	1.20	1.24	1.17
Jun.	1.12	0.82	0.88	0.73
Sep.	1.80	1.77	1.50	1.37
Dec.	E0.80	0.11	0.78	0.77
	E4.85	3.90	4.40	4.04

Important Developments

Nov. '89— DUK said that, to date, it had estimated total costs relating to damages caused by Hurricane Hugo, which hit the company's service area on September 22, at approximately $63 million, consisting of $20 million in extraordinary maintenance expense and $43 million of capital expenditures.

Oct. '89— Profitability in 1989's third quarter benefited from lower plant maintenance costs which more than offset the effects of a decrease in kwh sales to other utilities. DUK reported that total electric sales declined 1.2% in the third quarter, reflecting a 15% decline in other energy and wholesale sales. Sales to general service and industrial customers increased 3.6% and 2.0%, respectively, while residential sales were down 0.5% due to a cooler summer season.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	31.26	28.49	29.53	28.63	27.58	26.03	24.68	23.62	22.59	21.91
Earnings[1]	3.90	4.40	4.04	3.72	3.98	3.77	3.07	3.19	3.08	2.88
Dividends	2.88	2.74	2.64	2.54	2.42	2.32	2.24	2.08	1.95	1.83
Payout Ratio	74%	62%	65%	68%	61%	62%	73%	65%	63%	64%
Prices—High	49	51¾	52	36⅞	30⅛	26⅜	24	22½	19¼	20⅝
Low	42¼	39⅜	34⅞	28½	22¼	21¾	20¼	15⅞	13¾	16¼
P/E Ratio—	13-11	12-9	13-9	10-8	8-6	7-6	8-7	7-5	6-4	7-6

Data as orig. reptd. 1. Bef. spec. item(s) of +1.01 in 1988, +0.52 in 1982. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	3,627	418	383	82.6%	3.17	68	32.3%	448	12.4	8.3	13.4
1987	3,706	411	375	82.2%	3.88	47	42.8%	500	13.5	9.3	14.2
1986	3,401	328	291	82.8%	3.79	66	46.7%	468	13.8	9.3	13.7
1985	2,899	319	260	81.8%	3.43	80	45.7%	438	15.1	9.4	13.1
1984	2,710	303	208	79.8%	3.62	129	50.2%	461	17.0	10.0	14.8
1983	2,420	210	187	81.4%	3.38	192	39.1%	431	17.8	9.7	14.8
1982	2,244	186	178	82.6%	---	199	35.5%	350	15.6	8.9	13.9
1981	1,908	143	132	85.5%	---	222	27.7%	336	17.6	8.9	13.7
1980	1,683	131	115	83.4%	---	211	23.6%	311	18.5	8.8	13.7
1979	1,493	125	95	83.0%	---	163	26.0%	275	18.4	8.6	13.3

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	11,698	949	7,374	8.8	8,306	2,729	39.8	684	10.0	3,444	50.2
1987	10,777	790	6,917	9.7	8,016	2,723	40.9	692	10.4	3,236	48.7
1986	10,046	690	6,639	9.0	7,769	2,752	42.3	690	10.6	3,072	47.1
1985	9,426	657	6,392	8.4	7,479	2,721	42.8	697	11.0	2,932	46.2
1984	8,799	645	6,153	8.9	7,227	2,697	43.4	706	11.4	2,812	45.2
1983	8,568	680	6,162	7.2	6,998	2,746	45.2	717	11.8	2,616	43.0
1982	8,492	736	6,386	6.3	6,665	2,712	46.5	728	12.5	2,389	41.0
1981	7,841	804	5,998	4.6	6,021	2,546	47.6	697	13.0	2,109	39.4
1980	7,534	853	5,905	5.0	5,844	2,594	49.2	712	13.5	1,969	37.3
1979	6,608	828	5,209	5.2	5,282	2,342	49.0	677	14.2	1,758	36.8

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1988, 1982. 3. Based on income before interest charges. 4. As reptd. by co. 5. Electric Plant.

Business Summary

Duke Power supplies electricity to the Piedmont sections of North Carolina (70% of 1988 revenues) and South Carolina (30%), with a population of some 4.5 million. DUK completed the acquisition of Nantahala Power & Light in November, 1988. Revenues by customer class:

Revenues	1988	1987	1986	1985
Residential	33%	33%	32%	32%
Commercial	23%	22%	22%	23%
Industrial	32%	32%	31%	33%
Other	12%	13%	15%	12%

Capacity of some 15,774 mw, in 1988, was composed of nuclear 45%, coal 41%, hydro 9%, oil/gas 4% and purchases 1%. Peak demand was 13,618 mw in 1988, and the capacity margin was 14%.

Share earnings in 1988 were restricted by a $0.46 charge representing the write-off of abandoned property. Revenues associated with the write-off were refunded in 1987. Also, included in 1988 share earnings was a $0.15 charge for benefits paid to laid-off employees and a $0.21 charge for the write-off of obsolete inventory and fire-damaged property.

DUK is building the 1,000 mw Bad Creek hydro facility scheduled for completion in the early 1990's. Bad Creek completes major construction for the foreseeable future.

Dividend Data

Dividends have been paid since 1926. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.74	Jan. 31	Feb. 13	Feb. 17	Mar. 16'89
0.74	Apr. 27	May 8	May 12	Jun. 16'89
0.78	Jul. 24	Aug. 14	Aug. 18	Sep. 18'89
0.78	Oct. 31	Nov. 13	Nov. 17	Dec. 18'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $2,820,608,000.

Red. Cum. Pfd. Stock: $247,825,000.

Cum. Pfd. & Pref. Stock: $427,473,000.

Common Stock: 101,280,798 shs. (no par).
The Duke Endowment owns about 13%.
Institutions hold approximately 46%.
Shareholders of record: 120,277.

Office—422 S Church St (P O Box 33189), Charlotte, N C 28242 **Tel**—(704) 373-4011 **Chrmn & CEO**—W S Lee **Pres**—D W Booth **Secy**—L F Camp, Jr **VP-Fin & Investor Contact**—R J Osborne (704-373-5159) **Dirs**—N G Albanese, R L Albright D W Booth, C C Bowles, T H Davis, J L Fraley, A G Furman, III, S C Griffith, Jr., W H Grigg, P H Henson, G R Herbert, G D Johnson Jr., J V Johnson, W. W. Johnson, W. S. Lee, M Lennon, B. Mickel, R. A Overcash, Jr., W. H Owen, J C Self **Transfer Agents**—First Chicago Trust Co of New York, NYC; Company's office **Registrars**—First Chicago Trust Co of New York, NYC, First Union National Bank of North Carolina, Charlotte **Incorporated** in New Jersey in 1917, reincorporated in North Carolina in 1964 **Empl**— 19,630

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K Phillips

Dun & Bradstreet

NYSE Symbol DNB Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
55¼	60¼-48⅜	19	2.00	3.6%	A+	1.09

Summary

This company is best known for its business services, among which are its credit ratings and reports. Other activities include publishing, direct mail marketing, Moody's financial information services, computer software and services, and A.C. Nielsen research services. During 1988 the company sold its Official Airline Guides, and completed a number of significant acquisitions, including IMS International, as part of an ongoing restructuring and streamlining program.

Current Outlook

Earnings for 1990 are tentatively projected at $3.45 a share, up 11% from the $3.10 estimated for 1989.

The $0.50 quarterly dividend is likely to be raised again in 1990, extending a 38-year practice.

Revenues in 1990 are expected to be relatively flat, reflecting a generally cool economy, price competition in certain marketing and information services, the absence of revenues from businesses sold, and reduced sales of credit services. Operating efficiencies and faster growth in higher-margined businesses will be beneficial, but profit gains will be limited by the factors affecting revenues and costs of expanding new media measurement technology.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,060	1,009	828	752
Jun.	1,058	1,059	811	767
Sep.	---	1,066	813	770
Dec.	---	1,132	906	825
	---	4,267	3,359	3,114

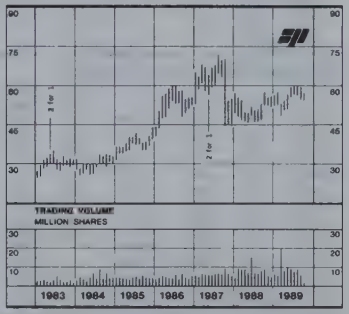
Revenues for the 1989 first half rose 2.4%, year to year (1988 restated to include IMS International). Operating income gained 12%. Following higher nonoperating income, and taxes at 38.0% versus 40.0%, net income rose 22%, to $1.57 a share from $1.29.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.67	0.65	0.56
Jun.	0.80	0.62	0.67	0.59
Sep.	E0.83	0.72	0.69	0.59
Dec.	E0.70	0.66	0.57	0.51
	E3.10	2.67	2.58	2.23

Important Developments

Jun. '89— DNB announced that it had settled a number of lawsuits seeking class-action status related to alleged improprieties by personnel at the credit services unit. The $18 million settlement had been previously provided for, so will not affect 1989 earnings. DNB said that the settlement does not effect existing or future lawsuits by individual customers, should they choose not to participate in the settlement. DNB also noted that credit services was continuing to experience softness in current sales.



Apr. '89— DNB sold Thomas Cook Travel USA to a unit of Britain's Pergamon Group PLC for an undisclosed amount. In December, 1988 DNB completed the sale of Official Airline Guides to another unit of that firm for $750 million.

Jan. '89— DNB acquired Sales Technologies, the leading supplier of salesforce automation systems based on lap-top computer technology.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	6.56	7.42	6.54	6.09	5.44	3.36	2.75	2.12	1.63	1.37
Earnings[2]	2.67	2.58	2.23	1.94	1.67	1.26	1.27	1.09	0.92	0.80
Dividends	1.68	1.44½	1.23½	1.06	0.90½	0.77⅜	0.66½	0.57	0.49⅜	0.41⅞
Payout Ratio	63%	56%	55%	55%	54%	61%	53%	53%	54%	52%
Prices—High	57½	71¾	60⅛	43⅞	33⅞	35	26	17⅝	14⅞	11¼
Low	45⅞	44½	40½	31½	25⅝	24½	14¾	13⅜	8⅝	7¾
P/E Ratio—	22-17	28-17	27-18	23-16	20-15	28-19	21-12	16-12	16-9	14-10

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1987, 100% Jun. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.02 in 1984, +0.23 in 1983; bef. spec. item(s) of +1.75 in 1984. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,267	1,032	24.2	319	231	6.6	791	36.9%	499	11.7
1987	3,359	810	24.1	228	168	10.8	661	40.5%	393	11.7
1986	3,114	736	23.7	168	152	11.5	586	42.0%	[4]340	10.9
1985	2,772	596	21.5	206	108	16.0	535	44.9%	295	10.6
[5]1984	2,397	481	20.1	165	79	11.6	448	43.6%	253	10.5
[5]1983	1,510	294	19.5	72	37	NA	276	48.5%	142	9.4
[3]1982	1,462	307	21.0	69	35	NA	276	48.5%	142	9.7
[3]1981	1,331	266	20.0	46	28	NA	242	49.8%	[4]121	9.1
[3]1980	1,176	232	19.7	62	32	NA	203	49.3%	103	8.7
[3]1979	952	194	20.4	56	24	NA	181	50.9%	89	9.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,069	2,717	1,919	1.4	5,024	11.0%	Nil	2,093	2,093	Nil	24.1%
1987	313	1,518	836	1.8	3,317	12.2%	Nil	1,664	1,664	Nil	24.9%
1986	457	1,509	983	1.5	3,118	11.7%	Nil	1,489	1,489	Nil	23.9%
1985	269	1,104	715	1.5	2,673	11.9%	Nil	1,356	1,356	Nil	22.8%
1984	548	1,278	629	2.0	2,288	13.0%	Nil	1,226	1,226	Nil	25.2%
1983	283	753	364	2.1	1,186	13.0%	Nil	580	580	Nil	26.2%
1982	152	539	292	1.8	998	14.9%	Nil	504	504	Nil	30.2%
1981	18	433	298	1.5	906	14.5%	Nil	436	436	Nil	29.5%
1980	38	389	219	1.8	770	14.2%	Nil	388	390	Nil	28.3%
1979	69	357	191	1.9	673	14.5%	Nil	334	344	Nil	28.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Excl. disc. opers. in 1984, 1983 and spec. item(s) in 1984. 3. Refl. merger or acq. 4. Refl. acctg. change. 5. Excl. disc. opers. and refl. merger or acq. NA-Not Available

Business Summary

Dun & Bradstreet is the world's largest marketer of business information and related services.

Risk-Management Information Services. D&B Business Credit Services prov ides information on U. S. businesses. D&B International provides information on businesses and furnishes risk-assessment and receivable-management services in 27 countries. D&B Receivable Recovery Systems provides debt-management and collection services. American Credit Indemnity (acquired October 1988) insures customers' trade receivables against excessive bad-debt losses.

Directory Information Services. Donnelley Directory publishes yellow pages directories of more than 30 telephone companies in the U.S. Donnelley Information Publishing publishes and manages proprietary telephone directories.

Marketing Information Services. This division, which includes Nielsen Marketing Research, Nielsen Media Research, Donnelley Marketing and IMS International provides a wide range of direct-marketing, market-planning, media and retail goods measurements, market research, information, sales promotion evaluations and other services.

Financial Information Services. Moody's Investor Services publishes financial manuals and issues debt ratings. Datastream International provides online investment information, research and portfolio-accounting services. Interactive Data provides securities-related information, software and systems to the investment community.

Business Services. Various units provide marketing, information, administrative, fulfillment and numerous other services to businesses and industries worldwide.

Overseas operations accounted for 31% of revenues and 3% of operating income in 1988.

Dividend Data

Dividends have been paid since 1934. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43½	Oct. 19	Nov. 14	Nov. 18	Dec. 9'88
0.43½	Jan. 18	Feb. 13	Feb. 17	Mar. 10'89
0.50	Apr. 19	May 15	May 19	Jun. 9'89
0.50	Jul. 19	Aug. 14	Aug. 18	Sep. 8'89

Next dividend meeting: Oct. 18'89.

Capitalization

Long Term Debt: None.

Common Stock: 187,177,507 shs. ($1 par). Institutions hold about 63%.
Shareholders of record: 17,433.

Office—299 Park Ave., NYC 10171. **Tel**—(212) 593-6800 **Chrmn & CEO**—C. W. Moritz **Pres**—R. E. Weissman. **VP-Secy**—W. H. Buchanan, Jr. **VP-Treas**—S. G. Klein **VP-Investor Services**—F. L. Alexander **Dirs**—W. E. C. Dearden, K. Douglass, Jr., H. Drake, J. C. Holt, R. J. Lanigan, J. R. Lesch, V. R. Loucks, Jr., J. R. Meyer, C. W. Moritz, J. R. Peterson, M. R. Quinlan, R. F. Schmidt, V. Taylor, R. E. Weissman. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1930. **Empl**—89,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Du Pont (E.I.) de Nemours

784

NYSE Symbol DD Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
124	126½-86⅛	12	4.80	3.9%	A-	1.17

Summary

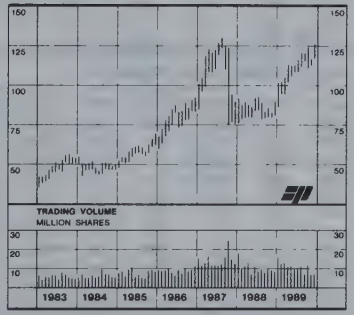
This broadly diversified company is the nation's largest chemical manufacturer, with interests in various chemicals, man-made fibers, plastics, health care, and consumer and industrial products. It also owns Conoco, which has large oil and gas and coal reserves. In January, 1989 directors authorized an 8% stock repurchase program to be funded by debt. Higher profits are expected for 1989 and 1990. A 3-for-1 stock split is pending and the dividend was raised twice in 1989.

Current Outlook

Share earnings for 1990 are projected at about $11.50, versus the $10.65 expected for 1989, before giving effect to the pending 3-for-1 stock split.

The quarterly dividend was recently raised 14%, to $1.20 from $1.05 (both unadjusted).

Earnings for 1990 are expected to improve, reflecting modest economic growth and continued strong worldwide demand and higher selling prices for the industrial chemicals, pigments, fibers, and pesticide businesses. The petroleum business is expected to advance with current oil prices and coal should improve with increased production. Possible restructurings of or cost reductions in the newer medical, electronics and imaging ventures would aid profits. The stock repurchase program should aid per-share comparisons.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	8.67	7.99	7.13	7.17
Jun.	9.28	8.50	7.81	6.91
Sep.	8.59	7.99	7.59	6.39
Dec.	---	8.44	7.94	6.68
	---	32.92	30.47	27.15

Sales for the first nine months of 1989 rose 10%, year to year, reflecting increased demand and selling prices. Aided by higher oil prices, and after taxes at 42.5% against 45.4%, net income advanced 18%, to $8.46 a share from $7.03.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	3.08	2.45	1.62	1.67
Jun.	3.02	2.67	2.08	1.88
Sep.	2.36	1.91	1.87	1.42
Dec.	E2.19	2.08	1.82	1.38
	E10.65	9.11	7.39	6.35

Important Developments

Dec. '89— Shareholders approved a 3-for-1 stock split. DD said that most businesses continued to surpass 1988 levels in the third quarter, despite a stronger U.S. dollar and a weaker housing market. The industrial products, upstream petroleum and pesticide businesses posted strong improvements. Sales for the chemical businesses rose 10%, reflecting a 6% volume gain and a 4% increase in selling prices. Domestic volumes rose 2%. Petroleum benefited from higher crude oil and natural gas prices but U.S. refined product margins were lower.

Jan. '89— Directors authorized the repurchase of up to 20 million common shares (8% of the total outstanding). The program will be funded by debt, raising DD's debt ratio to about 30%-35%. The quarterly dividend was also raised 11%. DD said that it would continue to explore initiatives to benefit shareholders.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	**61.74**	56.11	52.03	51.62	50.06	47.03	44.87	43.60	37.21	34.92
Earnings[2]	**9.11**	7.39	6.35	4.61	5.93	4.70	3.75	5.81	4.83	6.42
Dividends	**3.70**	3.30	3.05	3.00	2.90	2.50	2.40	2.75	2.75	2.75
Payout Ratio	**41%**	44%	48%	65%	49%	53%	64%	60%	57%	43%
Prices—High	**92⅞**	131	92½	69⅜	55⅛	58¾	44⅜	56	49½	48¼
Low	**75¾**	75	59½	47⅝	42⅜	35⅛	30	35¾	31⅛	37
P/E Ratio—	**10-8**	18-10	15-9	15-10	9-7	12-7	12-8	10-6	10-6	8-6

Data as orig. reptd. Adj. for stk. div(s) of 200% Jun. 1979. **1.** Reflects merger or acquisition. **2.** Bef. spec. item(s) of +1.74 in 1981. E-Estimated

January 3, 1990

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
1988	**32,917**	**6,280**	**19.1**	**4,004**	**2,466**	**553**	**3,824**	**42.7%**	**2,190**	**6.7**
1987	30,468	5,835	19.2	3,035	2,225	524	3,660	51.2%	1,786	5.9
[3]1986	27,148	5,307	19.5	2,737	2,432	515	2,985	48.5%	1,538	5.7
[4]1985	29,483	5,521	18.7	3,046	2,034	614	3,195	65.0%	[5]1,118	3.8
1984	35,915	6,047	16.8	2,931	1,904	699	3,944	63.7%	1,431	4.0
1983	35,378	5,603	15.8	2,628	1,842	792	3,418	67.0%	[5]1,127	3.2
1982	33,331	5,144	15.4	3,295	1,711	984	2,806	68.1%	894	2.7
[3]1981	22,810	3,612	15.8	2,389	1,203	611	2,181	49.2%	[5]1,081	4.7
1980	13,652	1,893	13.9	1,279	804	[5]171	1,128	35.6%	716	5.2
1979	12,572	2,321	18.5	864	787	142	1,522	37.1%	939	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**603**	**10,238**	**6,696**	**1.5**	**30,719**	**7.4%**	**3,232**	**15,343**	**21,820**	**14.8**	**14.8%**
1987	756	9,953	6,140	1.6	28,209	6.5%	3,102	14,007	20,242	15.3	13.1%
1986	584	8,960	5,636	1.6	26,733	5.9%	3,316	13,137	19,428	17.1	12.0%
1985	583	8,876	5,311	1.7	25,140	4.5%	3,284	12,422	18,354	17.9	9.1%
1984	674	8,651	5,177	1.7	24,098	5.9%	3,525	11,996	17,463	20.2	12.2%
1983	1,221	9,062	5,059	1.8	24,432	4.6%	4,733	11,235	17,527	27.0	10.2%
1982	999	9,269	4,794	1.9	24,343	3.7%	5,868	10,613	17,757	33.0	8.4%
1981	790	10,021	4,894	2.0	23,829	5.5%	6,579	10,221	17,626	37.3	11.3%
1980	219	4,490	1,928	2.3	9,560	7.7%	1,102	5,453	7,508	14.7	13.3%
1979	370	4,447	1,739	2.6	8,940	11.0%	1,104	5,075	7,072	15.6	19.3%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1981 **3.** Reflects merger or acquisition. **4.** Reflects merger or acquisition and accounting change **5.** Reflects accounting change.

Business Summary

Contributions by industry segment in 1988:

	Sales	Profits
Petroleum expl. & production	7%	2%
Petroleum ref., mkt., & trans.	27%	14%
Coal	5%	9%
Industrial products	9%	14%
Fibers	17%	28%
Polymers	18%	22%
Diversified businesses	17%	11%

Foreign operations accounted for 39% of sales and 35% of income in 1988.

Proved developed reserves at 1988 year-end were 837 million bbls. of oil, 2,799 billion bcf. of natural gas, and 6,048 million tons of recoverable coal.

Industrial products consists of commodity and specialty chemicals, including fluorcarbons and pigments. DD is a leading producer of man-made fibers for textile, carpets, and industrial uses; and polymers, elastomers, films, and fabricated and automobile products. Diversified businesses include agricultural pesticides, electronic components and materials, imaging systems, sporting arms and ammunition, instruments, environmental services, and medical products (X-ray, biological and diagnostics products, and pharmaceuticals).

Dividend Data

Dividends have been paid since 1904. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.05	Jan. 25	Feb. 9	Feb. 15	Mar. 14'89
1.05	Apr. 26	May 9	May 15	Jun. 12'89
1.05	Jul. 26	Aug. 9	Aug. 15	Sep. 12'89
1.20	Oct. 25	Nov. 9	Nov. 15	Dec. 14'89
3-for-1	Oct. 25	Jan. 22	Dec. 21	Jan. 19'90

Next dividend meeting: Jan. 24'90.

Capitalization

Long Term Debt: $3,242,000,000.

Minority Interest: $127,000,000.

$3.50-$4.50 Cum. Preferred Stock: 2,372,594 shs. (no par) in 2 series.

Common Stock: 229,381,098 shs. ($1.66⅔ par).
Seagram Co. Ltd. owns about 23%.
Institutions hold approximately 42%.
Shareholders of record: 206,155.

Office— 1007 Market St, Wilmington, Del 19898 **Tel**—(302) 774-1000 **Chrmn & CEO**—E. S. Woolard, Jr. **Secy**—R. W. Arrington **Treas**—M. G. Mand **Investor Contact**—B. A. Beardwood **Dirs**— E. P. Blanchard, Jr., A. F. Brimmer, C. R. Bronfman, E. M. Bronfman, C. L. Brown, E. B. duPont, I. duPont, Jr., L. C. Duemling, R. E. Heckert, E. G. Jefferson, H. W. Johnson, E. L. Kolber, M. P. MacKinnon, D. R. McKay, C. S. Nicandros, D. G. Sacks, H. R. Sharp III, J. Weinberg, E. S. Woolard, Jr. **Transfer Agent**—Co's office **Registrar**—Wilmington Trust Co., Wilmington, Del. **Incorporated** in Delaware in 1915 **Empl**—140,949

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

E-Systems, Inc.

NYSE Symbol ESY Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
32 3/8	37 7/8-27 1/4	13	0.50	1.5%	A	1.23

Summary

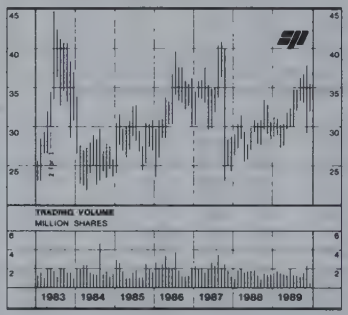
E-Systems is a major producer of advanced electronic systems and products for defense markets. A strong increase in new orders, largely for classified signal intelligence collection and processing programs, was experienced in the past two years, bringing the backlog to a record level. This should support improved earnings in 1989 and 1990.

Current Outlook

Earnings for 1990 are projected at $3.05 a share, up from the $2.70 estimated for 1989.

Dividends should continue at least at the current $0.12½ quarterly rate.

Sales for 1990 could increase approximately 10%, following an estimated gain of 12% for 1989. The rate of incoming orders has been strong in 1989, with year-end backlog likely to be at a record high. Margins should widen slightly, reflecting a smaller percentage of higher risk development contracts in the total.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	395	307	316
Jun.	---	396	364	292
Sep.	---	402	380	303
Dec.	---	---	388	316
	---	---	1,439	1,227

Sales for the first nine months of 1989 rose 13.5%, year to year, led by increased deliveries in the electronic warfare and guidance & controls product segments. Margins were maintained, but with interest expense up 17.3%, the gain in net income was held to 10.4%. Earnings per share were $1.92, compared with $1.75.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.70	0.61	0.50	0.53
Jun.	E0.70	0.63	0.62	0.34
Sep.	E0.80	0.68	0.63	0.51
Dec.	E0.85	E0.78	0.65	0.57
	E3.05	E2.70	2.40	1.95

Important Developments

Nov. '89— Total orders, including a record $778 million in the third quarter, were $1.573 billion in the first nine months of 1989, up 12.4%, year to year. More than half of the third quarter orders were in classified programs. The backlog on September 30 was $2.625 billion, up 17.9%.

Sep. '89— ESY introduced the D-500 (Egrett) high-altitude aircraft being developed for the West German government with Grob of West Germany.

Sep. '89— ESY received a $64.6 million initial production contract for the Commanders Tactical Terminal, a tactical intelligence dissemination system for the Army and Air Force.

Aug. '89— E-Systems acquired for about $23 million Engineering Research Associates.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**15.89**	13.93	12.39	10.69	9.63	8.13	6.55	5.63	5.00	4.44
Earnings[1]	**2.40**	1.95	2.00	1.95	2.02	1.82	1.21	0.84	0.47	0.78
Dividends	**0.50**	0.50	0.50	0.50	0.50	0.43¾	0.32½	0.25	0.25	0.23⅞
Payout Ratio	**21%**	26%	25%	25%	24%	23%	26%	29%	54%	30%
Prices—High	**33½**	40⅞	39⅝	32¾	33⅞	44¾	25½	13⅞	13½	8⅞
Low	**25½**	23	23½	24	21¾	23	10⅞	9¾	6⅞	4
P/E Ratio—	**14-11**	21-12	20-12	17-12	17-11	25-13	21-9	17-12	29-14	11-5

Data as orig reptd Adj for stk div(s) of 100% Jun 1983, 100% Feb 1982, 33⅓% Oct. 1979. 1. Bef results of disc opers. of -0.48 in 1985 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**1,439**	**149**	**10.3**	**53.7**	**34.1**	**9.22**	**110**	**32.0%**	**74.6**	**5.2**
1987	1,227	130	10.6	56.2	24.1	7.62	96	37.2%	60.4	4.9
1986	1,135	124	11.0	47.8	20.7	4.90	109	43.7%	[2]61.6	5.4
[3]1985	927	107	11.6	56.1	15.6	1.67	95	37.5%	59.5	6.4
1984	819	112	13.7	24.5	15.5	2.16	101	39.7%	61.1	7.5
1983	827	96	11.6	41.9	12.0	2.49	93	40.4%	55.2	6.7
1982	754	73	9.7	27.4	9.7	3.73	61	41.5%	35.8	4.7
1981	572	52	9.1	17.6	8.2	4.13	41	41.4%	23.8	4.2
1980	442	35	7.8	21.1	8.2	[2]6.11	22	41.4%	12.8	2.9
1979	394	42	10.7	12.4	7.0	3.63	32	41.8%	18.6	4.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**27.3**	**497**	**140**	**3.5**	**758**	**10.5%**	**86.2**	**491**	**616**	**14.0**	**16.2%**
1987	11.5	432	150	2.9	666	9.3%	49.8	430	514	9.7	14.9%
1986	83.1	441	132	3.4	628	11.1%	68.5	377	484	14.1	17.5%
1985	49.7	328	112	2.9	479	13.2%	19.3	321	364	5.3	19.5%
1984	62.7	297	98	3.0	415	15.5%	13.9	286	314	4.4	23.2%
1983	40.6	258	115	2.2	371	16.0%	7.9	238	253	3.1	25.5%
1982	5.4	231	96	2.4	315	11.8%	23.8	191	216	11.0	20.1%
1981	5.9	214	86	2.5	280	9.2%	27.8	159	190	14.6	15.8%
1980	6.8	178	72	2.5	236	5.2%	18.1	140	160	11.3	9.6%
1979	8.5	160	65	2.4	216	9.4%	38.5	108	148	26.0	18.3%

Data as orig reptd. 1. Bef results of discontinued operations in 1985. 2. Reflects acctg. change. 3. Excludes discontinued operations.

Business Summary

E-Systems produces and services military and commercial electronic systems. Sales and pretax profit contributions by product category in 1988:

	Sales	Profits
Electronic warfare	65%	74%
Command, control and communications	20%	13%
Guidance, controls and navigation	5%	8%
Aircraft maintenance	10%	5%

U.S. Government sales accounted for 87% of sales in 1988 and exports 10%.

The Electronic Warfare category includes "passive" systems for intelligence, reconnaissance and surveillance applications and "active" systems relating to electronic countermeasures and jamming and deception devices.

Command and Control systems allow for the gathering of information by electronic and conventional techniques and the data processing and displaying of such information in a form ready for use by the military.

The company makes automatic control products for aircraft, missile steering and tracking systems, and aircraft navigation aids. Aircraft maintenance is also provided.

Dividend Data

Dividends have been paid since 1966.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12½	Jan. 25	Mar. 13	Mar. 17	Apr. 5'89
0.12½	Jun. 2	Jun. 12	Jun. 16	Jul. 6'89
0.12½	Aug. 30	Sep. 11	Sep. 15	Oct. 4'89
0.12½	Oct. 26	Dec. 11	Dec. 15	Jan. 4'90

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $99,343,000, incl. $5.7 million of installment lease obligations.

Common Stock· 31,005,291 shs. ($1 par).
Institutions hold approximately 51%, incl. about 27% held by employee trusts.
Shareholders of record: 12,547.

Office—6250 LBJ Freeway, Dallas, Texas 75266-0248 **Tel**—(214) 661-1000 **Chrmn & CEO**—E. G. Keiffer **Pres**—A. L. Lawson **VP-Secy**—J. W. Crowley **VP-Fin & Investor Contact**—J. W. Pope **Dirs**—J. A. Bitonti, E. F. Buehring, J. W. Dixon, L. Griffis, M. R. Hoffmann, E. G. Keiffer, S. L. Kling, A. L. Lawson, F. I. Neff, W. F. Raborn, D. R. Tacke **Transfer Agent & Registrar**—MTRUST, Dallas **Incorporated** in Delaware in 1964 **Empl**—16,717.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Thomas Canning, CFA

EG&G Inc.

NYSE Symbol EGG Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
34 1/8	35 1/2-28 3/8	15	0.68	2.0%	A	0.96

Summary

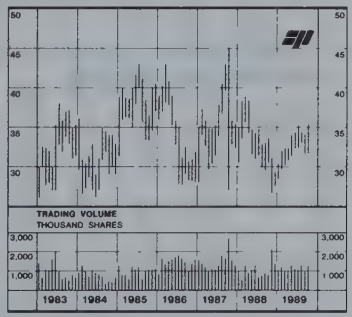
EG&G provides a variety of specialized scientific products and services to the Government and industrial customers for technical applications. Despite lower results in the instruments and components segments, earnings should increase for the third consecutive year in 1989, aided by stronger demand for services provided to the Government. A further gain is likely in 1990.

Current Outlook

Earnings for 1990 should approximate $2.85 a share, compared with the $2.50 projected for 1989.

The quarterly dividend is likely to be raised modestly late in 1989.

Revenues should grow meaningfully in 1990. EG&G's recent strategic initiative to expand its markets should result in a continuing increase in services provided to the Government, including Department of Energy support work. Somewhat restraining is likely to be a slowdown in instrument demand and weak component demand due to minimal growth in the electronics industry. Margins should benefit from the higher volume, well controlled costs and resolution of difficulties with product qualification and delivery in the commercial segment. An expansion of the company's technological base, including the use of acquisitions, and aggressive efforts to increase Government business should aid long-term results.



Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	391	332	297	276
Jun.	411	339	304	281
Sep.	---	348	319	287
Dec.	---	386	316	301
	---	1,406	1,236	1,145

Revenues for the six months ended July 2, 1989 increased 19% from those of the comparable year-earlier period. However, due to a 3.4 percentage point decline in the gross profit margin, pretax income was 3.9% lower. After taxes at 31.0%, versus 30.8%, net income declined 4.2%. Earnings per share were $1.16, compared with $1.19.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.58	0.56	0.45	0.48
Jun.	0.60	0.63	0.53	0.43
Sep.	E0.62	0.49	0.50	0.33
Dec.	E0.72	0.62	0.52	0.41
	E2.50	2.30	2.00	1.65

Important Developments

Aug. '89— EGG acquired the photoflash lamp product line from GTE's U.S. Lighting Division.

Jul. '89— EGG said its earnings declined in the second quarter due to lower income at the instruments, components and technical services segments.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[1]1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	9.78	8.41	7.53	6.50	4.97	7.13	5.93	4.86	3.97	3.89
Earnings	2.30	2.00	1.65	2.07	1.88	1.56	1.38	1.21	0.97	0.79
Dividends	0.60	0.56	0.52	0.48	0.40	0.36	0.32	0.25	0.20	0.15
Payout Ratio	26%	28%	32%	23%	20%	23%	24%	21%	21%	15%
Prices—High	39	45 1/8	43	43	36 1/8	38 1/8	30 5/8	22	24 3/8	12 3/8
Low	26 5/8	27	27 5/8	31 1/4	26 1/8	26	14 1/2	16 1/8	11 3/8	6 1/2
P/E Ratio—	17-12	23-14	26-17	21-15	19-14	24-17	22-11	18-13	25-12	16-8

Data as orig reptd. Adj. for stk. div(s) of 100% Feb 1982, 100% Feb 1980. 1. Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	1,406	123	8.7	27.9	24.6	7.5	97.4	29.5%	68.7	4.9
1987	1,236	100	8.1	22.5	21.2	7.4	81.0	31.5%	[3]55.5	4.5
1986	1,145	77	6.7	20.0	16.4	7.4	72.3	37.9%	44.9	3.9
1985	1,155	97	8.4	17.3	15.1	11.5	88.6	37.1%	55.7	4.8
1984	1,072	86	8.0	13.5	13.0	7.0	85.0	37.0%	53.5	5.0
[2]1983	904	69	7.6	11.4	9.9	2.0	77.7	40.0%	46.6	5.2
1982	801	62	7.8	9.8	9.0	2.0	66.5	39.6%	40.2	5.0
1981	704	60	8.5	10.4	7.8	1.5	60.9	44.0%	[3]34.1	4.8
[2]1980	613	52	8.4	11.4	6.3	1.3	48.4	45.6%	26.3	4.3
1979	522	40	7.7	6.8	5.6	1.1	38.0	45.6%	20.6	4.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	41.9	364	173	2.1	539	12.5%	14.8	332	356	4.2	21.9%
1987	32.0	308	198	1.6	515	11.5%	21.4	271	308	6.9	21.7%
1986	22.2	264	162	1.6	445	10.2%	20.4	236	275	7.4	20.4%
1985	17.4	268	184	1.5	430	13.5%	15.8	203	237	6.6	31.3%
1984	18.3	245	205	1.2	387	15.6%	15.3	150	178	8.6	31.4%
1983	93.5	257	103	2.5	339	15.2%	11.3	215	231	4.9	23.7%
1982	70.3	213	74	2.9	270	15.9%	12.2	175	193	6.3	25.2%
1981	52.2	188	68	2.8	225	15.9%	10.8	138	155	7.0	27.3%
1980	40.3	167	71	2.3	199	12.8%	12.4	109	125	10.0	24.4%
1979	18.3	135	64	2.1	161	15.5%	11.0	82	95	11.6	31.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. after 1980 2. Reflects merger or acquisition. 3. Reflects accounting change

Business Summary

EG&G is a technologically diversified company. Industry segment contributions in 1988:

	Sales	Profits
Instruments	11%	13%
Components	16%	19%
Technical services	17%	23%
Aerospace	8%	11%
Defense	17%	16%
Department of Energy support	31%	18%

Foreign operations accounted for 7.6% of revenues and 6.9% of pretax income in 1988.

Uses for the company's instruments include physics research, analytical chemistry, life sciences research and geophysical and oceanographic surveys.

EG&G offers standard and custom electronic, optpelectronic, mechanical, electro-mechanical, and frequency-based compnents.

The technical services segment provides testing services to both industry and government, including vehicle and toxicology testing, as well as providing services for NASA.

The aerospace segment designs and manufactures various mechanical components and subassemblies that are used in commercial and military aircraft engines, missiles and propulsion system.

Specialized services (operations, data collection and analysis) and custom hardware to agencies within the Department of Defense.

Components for nuclear weapons and support activites for underground nuclear testing, nuclear power plant safety and other programs are provided to the Department of Energy.

Dividend Data

Dividends have been paid since 1965. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Nov. 22	Jan. 13	Jan. 20	Feb. 10'89
0.17	Mar. 22	Apr. 17	Apr. 21	May 10'89
0.17	May 24	Jul. 17	Jul. 21	Aug. 10'89
0.17	Jul. 26	Oct. 16	Oct. 20	Nov. 10'89

Next dividend meeting: Nov. 21'89.

Capitalization

Long Term Debt: $14,843,000.

Common Stock: 29,980,590 shs. ($1 par).
Institutions hold about 57%.
Shareholders of record: 17,609.

Office—45 William St., Wellesley, Mass 02181 **Tel**—(617) 237-5100 **Chrmn & CEO**—J M. Kucharski **Pres**—D M Kerr **Treas**—P A Broadbent **Investor Contact**—P F Chapski **Dirs**—D W Freed, R F Goldhammer, J B Gray, K F Hansen, D M Kerr, J M Kucharski, B J O'Keefe, W. F. Pounds, S. Rubinovitz, J. F Thompson, G. R. Tod, J. F. Turley **Transfer Agent**—First National Bank of Boston **Incorporated** in Massachusetts in 1947 **Empl**—25,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H Valentine, CFA

Eastern Enterprises

NYSE Symbol EFU Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
31	33¾-22¾	12	1.40	4.5%	B-	0.81

Summary

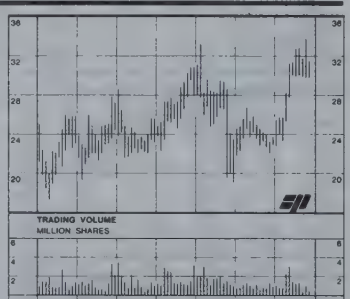
This company (formerly Eastern Gas & Fuel Associates) operates a gas utility in the Boston area, a major barge line, and through recent acquisitions has emerged as an important player in the water and wastewater treatment industry. In mid-1989 EFU disclosed plans to dispose of its 15% equity stake in Peabody Holding Co., the nation's largest coal producer. Profits should continue to advance in 1990, reflecting rising gas sales and increasing contributions from water treatment activities.

Current Outlook

Earnings for 1990 are estimated at $2.80 a share, versus the $2.50 anticipated for 1989.

Dividends at $0.35 quarterly are the minimum expected.

Profits for 1990 should improve moderately, paced by accelerating growth for Boston Gas' residential customer base and stepped up penetration of commercial and industrial markets as Boston gains access to increased gas supplies. Barge profits should advance moderately, reflecting gains for coal movements and a rebound in export grain markets. Supporting barge profits will be continued firmness in rates, reflecting tight industry capacity. Contributions from EFU'S recent acquisitions in the water treatment business should more than offset the accompanying higher interest expense. Contributions from Peabody (assuming a full-year inclusion) are likely to rise moderately, reflecting the absence of 1989's labor disruptions.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	257	232	221	392
Jun	197	154	156	270
Sep.	160	111	125	218
Dec.	---	175	175	276
	---	672	677	1,156

Revenues for 1989's first nine months rose 23%, year to year. Aided by improved operating conditions for barge activities, net income advanced 23%, to $1.80 a share from $1.46.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.35	1.12	1.00	1.06
Jun.	0.50	0.42	0.45	0.45
Sep.	d0.05	d0.08	d0.01	0.11
Dec.	E0.70	0.72	0.61	d0.80
	E2.50	2.18	2.05	0.82

Important Developments

Nov. '89— EFU completed the acquisition of Millipore Corp.'s Process Water Division (renamed Ionpure Technologies Inc.) for $54 million. The acquisitions reflects EFU's strategy to establish itself as a major force in the water treatment market. Ionpure, which manufactures and markets water purification systems for the commercial and industrial water treatment market, has annual sales of about $50 million. In November EFU terminated its agreement to buy George A. Caldwell Co., a distributor of products used in the treatment of municipal water and wastewater, for $6.8 million. In May EFU acquired Water Products Co., a Midwestern-based distributor of water systems components, for $40 million. In 1988 Water Products generated $65 million in sales.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	[2]1984	[1]1983	1982	1981	1980	1979
Tangible Bk. Val.	20.41	19.52	18.74	19.26	22.16	22.74	22.49	20.81	19.22	17.51
Earnings[3]	2.18	2.05	0.82	d0.55	0.73	1.87	3.11	2.65	2.45	2.27
Dividends	1.30	1.30	1.30	1.30	1.30	1.30	1.22½	1.07	0.96	0.86
Payout Ratio	59%	63%	157%	NM	178%	70%	39%	40%	40%	38%
Prices—High	26¾	33¼	30⅞	28⅛	27⅞	26	24⅛	30	32½	24
Low	21¾	19	22¼	21½	19¼	17¼	14¼	18	16	15
P/E Ratio—	12-10	16-9	38-27	NM	38-26	14-9	8-5	11-7	13-7	11-7

Data as orig. reptd. 1. Reflects accounting change 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -1.06 in 1985, -0.20 in 1982. E-Estimated. d-Deficit. NM-Not Meaningful.

December 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	672	98	14.6	63	33.1	26.4	63.1	19.7%	50.7	7.5
[3]1987	677	97	14.3	41	30.5	23.6	61.2	22.3%	47.6	7.0
1986	1,156	143	12.4	71	53.3	40.5	41.6	54.1%	[3]19.1	1.7
[4]1985	1,325	127	9.6	78	57.5	42.4	d40.6	NM	d12.7	NM
[5]1984	1,316	155	11.8	111	59.0	44.0	d0.1	NM	16.8	1.3
[3]1983	1,200	128	10.7	43	57.5	47.1	38.3	NM	42.7	3.6
[4]1982	1,326	173	13.0	156	56.9	49.4	94.3	24.9%	70.8	5.3
1981	1,157	152	13.1	170	47.3	36.0	92.2	34.8%	60.1	5.2
1980	1,003	139	13.8	110	43.5	24.8	84.8	35.4%	54.8	5.5
1979	860	133	15.5	88	42.8	26.6	75.2	36.3%	47.9	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	112	317	146	2.2	1,087	4.8%	308	473	903	34.1	11.0%
1987	70	229	134	1.7	1,005	4.4%	253	452	846	29.9	10.7%
1986	138	322	196	1.6	1,135	1.6%	348	432	880	39.6	4.4%
1985	38	281	214	1.3	1,210	NM	406	443	942	43.1	NM
1984	55	269	215	1.2	1,301	1.3%	392	508	1,042	37.6	3.3%
1983	57	305	202	1.5	1,266	3.3%	344	519	1,029	33.4	8.3%
1982	6	353	241	1.5	1,345	5.5%	381	511	1,071	35.5	14.4%
1981	4	317	241	1.3	1,222	5.4%	308	472	951	32.4	13.2%
1980	1	241	169	1.4	1,020	5.4%	227	435	820	27.7	13.2%
1979	4	202	159	1.3	923	5.4%	228	369	736	31.0	13.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1985, 1982. 3. Reflects accounting change 4. Excludes disc. opers. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Eastern Enterprises' (formerly Eastern Gas & Fuel Associates) net income (in million $) in recent years was derived as follows:

	1988	1987	1986
Gas	$20.1	$22.8	$25.2
Marine	15.6	13.4	12.2
Coal	14.0	7.5	---

Boston Gas Co. distributes natural gas to some 496,000 residential, industrial and commercial customers in Boston and 73 communities in eastern Massachusetts. Non-interruptible gas sales in 1988 were 65.3 billion cubic feet, versus 63.9 billion cubic feet in 1987.

Midland Enterprises Inc. is the nation's second largest barge operator, providing service over the Ohio, Mississippi and Gulf Intracoastal Waterway systems. Midland, operating with a fleet of 2,220 barges and 90 tug and tow boats, transported 50.2 million tons in 1988, up from 48.9 million in 1987. Coal accounted for 60% of tonnage, grain represented 8.6% of volume and phosphates generated 4.6%. Some 41% of Midland's revenues are generated under contract agreements.

EFU also owns 15% of Peabody Holding Co., the nation's largest coal producer. In 1988 Peabody shipped 81.5 million tons of coal, versus 79.2 million tons in 1987. Peabody's recoverable reserves at 1988 year-end were 8.66 billion tons of coal. In August, 1989 EFU reported that retention of its 15% stake in Peabody no longer fit the firm's strategic plan. While an option to sell its Peabody stake to Newmont Mining for $173 million was terminated in August, EFU continues to seek alternative means for disposing of these holdings.

Dividend Data

Dividends have been paid since 1974. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Feb. 22	Feb. 28	Mar. 6	Apr. 3'89
0.35	May 25	May 31	Jun. 6	Jul. 3'89
0.35	Jul. 27	Aug. 29	Sep. 5	Oct. 2'89
0.35	Oct. 26	Nov. 28	Dec. 4	Jan. 2'90

Capitalization

Long Term Debt: $229,326,000.

Common Stock: 23,209,691 shs. ($1 par).
Institutions hold some 67%.
Shareholders of record: 8,000.

Office—Nine Riverside Road, Weston, Mass. 02193 **Tel**—(617) 647-2300 **Chrmn**—W J Pruyn **Pres & CEO**—R W Weinig **Secy**—L W Law Jr. **Treas**—J W Burns **VP & Investor Contact**—J R Mohorovic **Trustees**—S Calderwood, J J Cullinane, N J Darling, Jr., D W Freed, R P Henderson, J. A. Ives, H. T. Miller, W. J. Pruyn, W. G. Salatich, R. K. Spence, L. E. Thompson, R. W. Weinig **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Established** in Massachusetts in 1929. **Empl**—3,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Eastman Kodak

NYSE Symbol EK Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
42⅜	52⅜-42¼	15	2.00	4.2%	A-	0.97

Summary

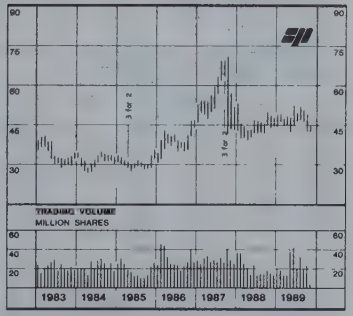
Eastman Kodak is the world's largest maker of photographic products, and also manufactures synthetic fibers, plastics and chemicals. In February, 1988 EK acquired Sterling Drug Inc., substantially expanding its presence in the health care area. A patent infringement suit brought by Polaroid Corp. could result in EK paying a large damage award or settlement in the future.

Current Outlook

Earnings for 1990 are estimated at $4.10 a share, up from the $2.20 expected for 1989. This includes 1989 restructuring charges, but excludes a potentially large damage award or settlement from a lawsuit.

The quarterly dividend may remain at $0.50.

Earnings in 1990 are expected to benefit from the absence of large restructuring charges and efforts by EK to cut costs. Also, an expected weakness in the value of the dollar should boost the translation of sales and profits from EK's sizable international operations. However, extremely weak recent profitability from EK's informations systems business is a concern, and EK's chemical business may have passed its peak-of-cycle profitability level.



Sales (Billion $)

Period:	1989	1988	1987	1986
12 Weeks: Mar.	3.90	3.33	2.66	2.35
12 Weeks: Jun.	4.50	4.13	3.21	2.69
16 Weeks: Sep.	5.11	5.03	3.91	3.48
12 Weeks: Dec.	---	4.54	3.53	3.03
	---	17.03	13.31	11.55

Sales for the 40 weeks ended October 1, 1989 increased 8.2%, year to year. However, net income fell 46%, to $1.82 a share (including a $0.70 restructuring charge) from $3.35.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Weeks: Mar.	0.62	0.80	0.53	0.15
12 Weeks: Jun.	0.18	1.20	1.07	d0.04
16 Weeks: Sep.	1.02	1.35	1.18	0.78
12 Weeks: Dec.	E0.38	0.96	0.75	0.22
	E2.20	4.31	3.52	1.11

Important Developments

Nov. '89— In 1989's third quarter, operating profit in each of EK's four business segments was flat or down, compared with year-earlier results. The biggest change was in information services, where a loss of $9 million contrasted with income of $97 million. Overall operating profit was hurt by higher costs and currency exchange rates. Also, EK said that although no additional restructuring charges were recognized in the third quarter, substantial restructuring costs are expected in 1989's fourth quarter, assuming that plans currently being considered are finalized. In 1989's second quarter, EK had $350 million (pretax) in restructuring charges, equal to $0.70 a share after taxes. Meanwhile, hearings related to a potential damage award against EK from a patent infringement suit brought by Polaroid are expected to end soon.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.69	17.23	17.71	18.85	20.37	20.18	20.25	18.37	16.58	14.83
Earnings	4.31	3.52	1.11	0.97	2.54	1.51	3.17	3.41	3.18	2.75
Dividends	1.90	1.71	1.62⅜	1.62¼	1.60	1.57⅛	1.57⅛	1.55½	1.42¼	1.28⅛
Payout Ratio	44%	47%	147%	166%	61%	104%	51%	46%	45%	47%
Prices—High	53¼	71	46¾	35½	34¾	40¾	43⅝	37⅞	33¼	29¾
Low	39⅛	41⅞	30½	27⅜	26¾	28½	29	26⅞	19	21¼
P/E Ratio—	12-9	20-12	42-28	37-28	14-11	27-19	14-9	11-8	10-6	11-8

Data as orig. reptd. Adj. for stk. div(s). of 50% Oct. 1987, 50% May 1985. 1. Reflects merger or acquisition. d-Deficit E-Estimated

November 14, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	17,034	4,121	24.2	2,764	1,183	760	2,236	37.5%	1,397	8.2
1987	13,305	3,106	23.3	1,652	995	230	1,984	40.6%	[3]1,178	8.9
1986	11,550	2,219	19.2	1,438	975	235	598	37.5%	374	3.2
1985	10,631	1,955	18.4	1,495	831	183	530	37.4%	332	3.1
[2]1984	10,600	2,305	21.7	970	758	114	1,624	43.2%	923	8.7
1983	10,170	1,679	16.5	889	652	117	1,020	44.6%	565	5.6
1982	10,815	2,435	22.5	1,500	575	89	1,872	37.9%	1,162	10.7
1981	10,337	2,512	24.3	1,190	452	64	2,183	43.2%	1,239	12.0
1980	9,734	2,296	23.6	902	399	46	1,963	41.2%	1,154	11.9
1979	8,028	2,012	25.1	603	363	25	1,707	41.4%	1,001	12.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,075	8,684	5,850	1.5	22,964	7.5%	7,779	6,780	16,124	48.2	21.8%
1987	954	6,695	4,075	1.6	14,451	8.8%	2,212	6,013	9,633	23.0	19.4%
1986	613	5,811	3,791	1.5	12,902	3.0%	911	6,388	8,508	10.7	5.8%
1985	813	5,677	3,325	1.7	12,142	2.9%	988	6,562	8,598	11.5	4.9%
1984	1,011	5,131	2,306	2.2	10,778	8.8%	409	7,137	8,269	4.9	13.0%
1983	1,562	5,420	2,172	2.5	10,928	5.2%	416	7,520	8,542	4.9	7.5%
1982	1,018	5,289	2,146	2.5	10,622	11.5%	350	7,541	8,337	4.2	16.1%
1981	1,122	5,063	2,119	2.4	9,446	13.6%	93	6,770	7,212	1.3	19.3%
1980	1,585	5,246	2,247	2.3	8,754	14.1%	79	6,028	6,378	1.2	20.2%
1979	1,541	4,522	1,741	2.6	7,554	13.9%	76	5,391	5,703	1.3	19.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change

Business Summary

Eastman Kodak is the largest producer of photographic products in the world, and is an important manufacturer of chemicals, fibers and plastics. Also, in 1988, EK acquired Sterling Drug Inc., whose products include prescription and over-the-counter medicines and other consumer products. Prior to 1988, health care-related results were included in EK's imaging segment. Also, starting in 1989, information system results are being reported as a separate segment. Industry segment contributions in 1988:

	Sales	Profits
Imaging	61%	57%
Chemicals	18%	21%
Health	21%	22%

Sales to customers outside the U.S. accounted for 41% of sales in 1988.

EK manufactures a wide variety of imaging products, including cameras, projectors, films, processing services, photographic papers, photofinishing equipment, audiovisual equipment, and office copy, microfilm and other business equipment. Also, EK's Verbatim unit provides flexible magnetic media for small computers. In 1988, EK acquired a substantial portion of IBM's copier business.

EK's chemical products are used primarily by manufacturers, including their use by EK in the manufacture of photographic products. Principal chemical product areas are olefin (ethylene and propylene), acetyl, polyester and specialty chemicals. Areas in which EK products are used include textiles and plastics packaging.

Dividend Data

Dividends have been paid since 1902. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Nov. 11	Nov. 25	Dec. 1	Jan. '89
0.50	Feb. 10	Feb. 23	Mar. 1	Apr. '89
0.50	May 10	May 25	Jun. 1	Jul. '89
0.50	Aug. 11	Aug. 28	Sep. 1	Oct. '89

Next dividend meeting: Nov. 10'89.

Finances

In 1986 the U.S. Supreme Court denied a petition by EK appealing Polaroid's lower court victories in a patent infringement suit. A suit-related payment from EK to Polaroid is likely to follow.

Capitalization

Long Term Debt: $7,607,000,000.

Common Stock: 324,414,280 shs. ($2.50 par). Institutions hold about 49%.
Shareholders of record: 174,110.

Office—343 State St., Rochester, N.Y. 14650. **Tel**—(716) 724-4000 **Chrmn & CEO**—C. H. Chandler **Pres**—K. R. Whitmore **Secy**—A. P. Donovan **Treas**—C. M. Hamilton **Investor Contact**—G. E. Clark (716) 724-4365 **Dirs**—R. E. Anderson, R. S. Braddock, J. F. Burlingame, C. H. Chandler, M. L. Collins, C. T. Duncan, J. M. Kreps, J. J. Phelan, Jr., C. D. Quillen, Jr., J. P. Samper, D. S. Saxon, P. L. Smith, K. R. Whitmore **Transfer Agent & Registrar**—Chase Lincoln First Bank of Rochester, N.Y. **Incorporated** in New Jersey in 1901 **Empl**—145,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Eaton Corp.

NYSE Symbol ETN Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
53⅞	67½-53	9	2.00	3.7%	B	0.98

Summary

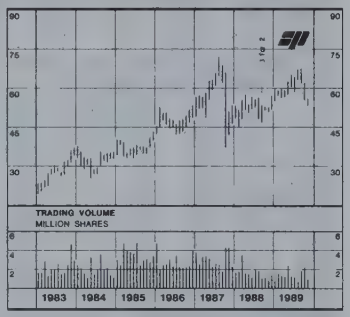
Eaton Corp. manufactures a wide range of products serving automotive, industrial, commercial and defense markets. Principal products include truck transmissions and axles, engine components, and electrical equipment and controls. In January, 1989 Rockwell International decided not to purchase the largest of ETN's discontinued defense electronics operations in the absence of definitive contracts with the U.S. Air Force on all aspects of the division's work on the B-1B program.

Current Outlook

Earnings for 1990 may decline to $5.25 a share from 1989's estimated $5.40.

The $0.50 quarterly dividend is the minimum expected.

Modest sales growth in 1990 should reflect increased use of ETN's engine valves, lifters, superchargers and other automotive parts by automakers and price increases. Demand for truck transmissions will slacken. Sales of the electronics and controls group may decline. Higher materials costs and interest expense may penalize margins and lead to lower net income.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	958	857	772	882
Jun	969	880	808	1,003
Sep.	864	840	754	898
Dec	---	891	805	1,028
	---	3,469	3,138	3,812

Sales for the nine months ended September 30, 1989 rose 8.3%, year to year. Hurt by a $17.7 million charge related to an adverse court decision, pretax income was down 7.7%. After taxes at 37.5%, against 38.0%, income from continuing operations declined 7.0%, to $4.40 a share from $4.76, before income from discontinued operations of $0.14 and $0.04, respectively, and an extraordinary charge of $0.48 in the 1988 interim.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.71	1.60	1.21	1.01
Jun.	1.68	1.70	1.44	1.07
Sep.	1.04	1.45	1.12	d0.25
Dec.	E0.97	1.35	1.11	1.02
	E5.40	6.11	4.89	2.86

Important Developments

Oct. '89— During the third quarter ETN completed the purchase of King-Seeley, Inc., a U.S. appliance controls manufacturer and sold its Microwave Products Division. ETN also agreed to acquire a West German appliance control manufacturer. ETN acquired majority ownership in Industrial Data Technologies Corp., a manufacturer of real-time industrial workstations in May.

Jan. '89— Eaton announced that Rockwell International had decided not to purchase ETN's AIL division, the largest unit of its discontinued defense electronics operations, in the absence of definitive contracts with the U.S. Air Force on all aspects of AIL's work on the B-1B program. In December, 1988 Rockwell had agreed to negotiate the purchase of the divsion from ETN for its book value of some $300 million.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	24.45	19.73	19.83	26.29	22.52	18.40	16.05	22.26	22.29	20.86
Earnings[3]	6.11	4.89	2.86	4.67	5.23	2.04	d1.69	2.01	2.90	3.93
Dividends	1.67	1.26¾	1.06¾	0.90	0.73⅞	0.53⅛	1.14¾	1.14¾	1.14¾	1.07⅜
Payout Ratio	26%	23%	34%	19%	14%	28%	NM	57%	40%	28%
Prices—High	57⅜	71⅞	53¼	43⅛	37¾	37	23⅞	27¾	23¼	19¾
Low	44⅝	37	42	33	25⅛	19⅛	15⅛	17¾	13½	15½
P/E Ratio—	9-7	15-8	19-15	9-7	7-5	18-9	NM	14-9	8-5	5-4

Data as orig. reptd. Adj. for stk. div(s) of 50% Sep 1988, 50% Oct 1979 **1.** Reflects merger or acquisition and accounting change **2.** Reflects merger or acquisition **3.** Bef. results of disc. opers. of +0.06 in 1988, -0.12 in 1987, -2.80 in 1982 and spec. item(s) of -0.48 in 1988. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,469	518	14.9	187	117	81.9	367	38.0%	228	6.6
[4]1987	3,138	482	15.4	151	106	80.0	328	37.2%	206	6.6
[5]1986	3,812	413	10.8	145	104	68.0	220	37.5%	[6]138	3.6
1985	3,675	462	12.6	116	96	61.8	387	40.3%	231	6.3
1984	3,510	497	14.2	129	92	55.2	411	38.1%	254	7.2
1983	2,674	265	9.9	88	91	50.5	116	19.7%	93	3.5
[7]1982	2,453	168	6.8	90	94	69.9	d123	NM	d71	NM
1981	3,165	290	9.2	137	92	83.8	139	40.6%	[6]82	2.6
1980	3,176	317	10.0	141	90	96.6	202	42.7%	116	3.6
1979	3,360	439	13.1	137	86	[6]90.5	296	47.9%	154	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**192**	**1,305**	**827**	**1.6**	**3,034**	**7.8%**	**655**	**1,159**	**1,938**	**33.8**	**21.2%**
1987	48	1,118	626	1.8	3,026	7.3%	795	1,067	2,167	36.7	19.2%
1986	191	1,677	646	2.6	3,025	5.0%	633	1,245	2,161	29.3	11.0%
1985	577	1,843	572	3.2	2,814	8.5%	436	1,383	2,034	21.4	17.8%
1984	493	1,685	630	2.7	2,612	10.3%	441	1,189	1,792	24.6	23.2%
1983	361	1,339	596	2.2	2,279	4.1%	417	973	1,513	27.6	9.9%
1982	53	970	575	1.7	2,030	NM	380	789	1,233	30.9	NM
1981	105	1,272	584	2.2	2,333	3.5%	546	1,001	1,652	33.1	8.1%
1980	21	1,280	607	2.1	2,302	4.9%	517	989	1,617	32.0	11.9%
1979	30	1,373	660	2.1	2,355	6.5%	608	917	1,624	37.4	17.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1987, 1982, and spec. item(s) in 1988. **3.** Reflects merger or acquisition and acctg. change. **4.** Excl. disc. opers. and reflects merger or acquisition **5.** Reflects merger or acquisition **6.** Reflects acctg. change **7.** Excl. disc. opers. d-Deficit. NM-Not Meaningful

Business Summary

Contributions by business segment in 1988 for this major industrial company were:

	Sales	Profits
Vehicle components	58%	66%
Electrical/electronic controls	42%	34%

Truck components accounted for 38% of total sales in 1988, automobile components for 12%, and off-highway vehicle components for 8%. Transmissions and axles are the principal product lines; other products include brakes, locking differentials, engine valves, valve lifters, tire valves, leaf springs, fan drives, pumps, emission control valves, superchargers, thermostats, hose tubing, motors, and couplings.

Electrical and electronic control products include electromechanical and electronic control systems, devices and assemblies; sensors and human interface devices; programmable controllers; switches; relays; counters; electrical adjustable speed drives; low-voltage power distribution equipment; aerospace power controls; fasteners and thermostats; semiconductor wafer fabrication equipment; automated materials handling systems.

Operating profits in 1988 were derived 68% from the U.S., 22% Europe, 6% Canada, and 4% Latin America and elsewhere.

In 1987 the company discontinued, for the purpose of divesting, its defense electronics operations. In 1988 these operations had sales of $768 million, a pretax loss of $43.5 million and net income of $2.3 million.

Dividend Data

Dividends have been paid since 1923. A "poison pill" stock purchase right was adopted in 1985. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 25	Jan. 31	Feb. 6	Feb. 24'89
0.50	Apr. 26	May 2	May 8	May 25'89
0.50	Jul. 26	Aug. 1	Aug. 7	Aug. 25'89
0.50	Oct. 25	Oct. 31	Nov. 6	Nov. 24'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $853,300,000.

Common Stock: 38,404,000 shs. ($0.50 par).
Institutions hold about 61%.
Shareholders of record: 19,751.

Office—100 Erieview Plaza Cleveland, Ohio 44114 **Tel**—(216) 523-5000 **Chrmn. & CEO**—J. R. Stover **Pres**—W. E. Butler **VP-Secy**—R. T. Sadler **VP-Treas**—J. M. Carmont **Investor Contact**—W. C. Hartman. **Dirs**—N. A. Armstrong, W. E. Butler, A. Dole, III, V. A. Dwyer, S. R. Hardis, C. E. Hugel, J. R. Miller, F. C. Moseley, H. G. Pattillo, A. W. Reynolds, S. K. Scovil, J. R. Stover **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland **Incorporated** in Ohio in 1916 **Empl**—44,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Echlin Inc.

NYSE Symbol ECH Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
16¼	18⅜-13¼	21	0.70	4.3%	A-	1.24

Summary

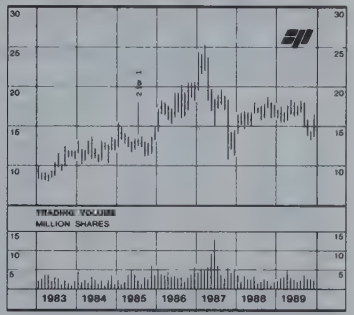
Echlin produces automotive aftermarket electrical, brake, fuel and emission systems. The company has a strong distribution system and concentrates on functional parts which tend to require a higher-than-average incidence of replacement. Lower unit sales, higher materials and service costs, and the writedown of an investment in Raytech Corp. resulted in sharply lower earnings for fiscal 1989. Continued sluggish demand led to lower earnings in the first quarter of fiscal 1990.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 may rise to about $1.00 a share from the $0.80 of fiscal 1989.

The dividend should continue at $0.17½ quarterly.

Sales for fiscal 1990 should benefit from prior year acquisitions, the offering of increasingly complex vehicle parts, and price increases of 4%-5%. Unit sales should recover from the depressed level of fiscal 1989, and margins should benefit from cost controls. A favorable trend is the rise in the number of vehicles in prime repair years, the continued rise in vehicle-miles of travel and more normal winter weather patterns this year.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov.	371	356	302	248
Feb.	---	345	306	269
May	---	381	331	282
Aug.	---	373	355	300
	---	1,455	1,294	1,100

Sales for the three months ended November 30, 1989 advanced 4.2%, year to year, reflecting acquisitions and price increases. Unit sales at comparable operations were down 2%. Hurt by higher raw materials and service costs, and the lower unit volume, net income decreased 11%, to $0.24 a share from $0.27.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov.	0.24	0.27	0.22	0.24
Feb.	E0.26	0.23	0.23	0.24
May	E0.25	0.24	0.32	0.22
Aug.	E0.25	0.06	0.35	0.18
	E1.00	0.80	1.12	0.88

Important Developments

Dec. '89— Lower first quarter earnings were the result of a decrease in unit sales and higher materials and services costs. However, ECH expected the rate of cost increases to slow, and with more normal winter weather this year, a pickup in unit sales.

Oct. '89— ECH said that after excluding acquired businesses' sales and the effect of price increases, comparable operations' unit sales were down about 4% in fiscal 1989. The decline was attributed to slack demand due to mild winter weather and an increase in interest rates which caused jobbers and warehouse distributors to reduce their rate of inventory replenishment, return inventory in lieu of payment and, in some cases, go out of business. Lower net income reflected higher costs of materials and services which were not recovered by price increases.

Next earnings report expected in mid-March.

Per Share Data ($)

Yr. End Aug. 31	1989	[1]1988	[1]1987	1986	1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	11.48	11.39	10.88	8.79	6.95	6.28	5.52	5.07	4.74	4.42
Earnings	0.80	1.12	0.88	1.11	1.10	1.06	0.75	0.65	0.35	0.28
Dividends	0.66	0.59	0.53	0.47	0.41	0.35	0.30	0.27	0.26	0.24
Payout Ratio	83%	53%	64%	46%	37%	33%	40%	42%	84%	88%
Prices[2]—High	18⅜	18¾	25⅜	20⅝	15½	13⅝	12½	10⅜	7½	9½
Low	13¼	14	10¾	14¼	11⅛	10⅛	7⅞	5⅜	5	5⅝
P/E Ratio—	23-17	17-13	29-12	19-13	14-10	13-10	17-11	16-8	21-14	34-20

Data as orig. reptd. Adj. for stk. div(s) of 100% Aug. 1985. 1. Reflects merger or acquisition. 2. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Aug. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,454	114	7.8	67.9	40.6	24.6	62.7	29.2%	44.4	3.1
[2]1988	1,294	128	9.9	59.0	35.2	13.2	93.3	33.5%	62.1	4.8
[2]1987	1,100	104	9.4	40.9	29.2	11.7	73.0	37.5%	45.6	4.1
1986	902	114	12.6	39.4	20.8	12.3	84.0	41.8%	[3]48.8	5.4
1985	771	100	12.9	29.5	16.6	11.2	76.6	40.5%	45.6	5.9
[2]1984	689	90	13.1	19.1	13.8	7.5	76.0	42.4%	43.8	6.4
[2]1983	564	69	12.2	12.6	12.6	10.4	50.0	38.5%	30.7	5.4
[2]1982	491	62	12.7	15.5	11.0	10.2	43.6	39.1%	[3]26.5	5.4
[2]1981	416	45	10.8	31.9	9.5	12.2	24.9	48.9%	12.7	3.1
1980	301	27	9.0	18.7	7.6	5.9	14.7	40.2%	8.8	2.9

Balance Sheet Data (Million $)

Aug. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	17.7	682	245	2.8	1,034	4.2%	108	641	789	13.6	7.0%
1988	14.8	649	301	2.2	1,087	6.3%	115	634	785	14.6	10.0%
1987	26.9	527	168	3.1	869	5.5%	70	603	701	9.9	8.4%
1986	11.2	413	145	2.9	686	7.2%	94	423	541	17.4	12.9%
1985	17.4	343	148	2.3	574	8.7%	118	290	427	27.6	16.5%
1984	12.4	300	123	2.4	472	10.0%	73	261	349	20.9	17.7%
1983	3.8	245	89	2.7	398	7.8%	66	232	309	21.4	13.8%
1982	5.0	251	101	2.5	388	7.3%	68	212	287	23.7	12.9%
1981	6.3	232	84	2.8	343	3.9%	54	200	259	21.0	6.6%
1980	1.7	152	38	4.0	237	3.8%	52	144	199	26.2	6.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition 3. Reflects accounting change

Business Summary

This company is a worldwide manufacturer of automotive products primarily for the aftermarket. Sales by product classes in recent fiscal years:

	1989	1988
Brake system parts	44%	43%
Engine system parts	31%	34%
Clutches & power transmission parts	18%	17%
Other products	7%	6%

Engine system parts include condensers, contacts, complete distributors, distributor caps, ignition coils, rotors, control modules, sensors, voltage regulators, wire and cable products, carburetor and emission control parts, starter drives, fuel pumps and injection systems, EGR valves and PCV valves. Brake parts include hydraulic brake master cylinders, wheel cylinders for drum brake systems, rotors and calipers for disc brake systems, and brake shoes and pads. Wheel oil seals, compressors, valves, power boosters, pressure converters, antilock brake systems, air brake actuating products, spring brakes, connectors, and slack adjustors also are produced for the heavy-duty brake market.

Hard parts include heavy-duty clutches, remanufactured clutches, transmission parts, water pumps, and steering and suspension system components. Nonautomotive products include small engine parts, fork lift truck replacement parts, security access control products, and industrial wire and cable products.

Sales in fiscal 1989 were derived 78% in the U.S., 12% in Europe and 10% in other foreign countries, while operating income was divided 56% U.S., 28% Europe and 16% other foreign countries. Members of the National Automotive Parts Association (NAPA), including Genuine Parts Co., accounted for 11.4% of consolidated sales in fiscal 1989.

Dividend Data

Dividends have been paid since 1950.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Mar. 16	Mar. 31	Apr. 6	Apr. 18'89
0.17½	Jun. 21	Jun. 29	Jul. 6	Jul. 18'89
0.17½	Sep. 14	Sep. 27	Oct. 3	Oct. 18'89
0.17½	Dec. 20	Dec. 29	Jan. 5	Jan. 18'90

Next dividend meeting: late Mar. '90.

Capitalization

Long Term Debt: $107,609,000.

Common Stock: 55,784,539 shs. ($1 par).
Institutions hold about 75%.
Shareholders of record: 5,509.

Office—100 Double Beach Rd., Branford, Conn. 06405 **Tel**—(203) 481-5751 **Chrmn & CEO**—F. J. Mancheski. **Pres**—R. H. Storey **VP-Secy**—E. D. Toole, Jr. **Treas**—R. A. Wisot. **Investor Contact**—Paul R. Ryder **Dirs**—J. F. Creamer, Jr., R. C. Curran, M. P. DeVane, J. E. Echlin, Jr., J. F. Gustafson, W. C. Hatcher, F. J. Mancheski, P. S. Myers, R. H. Storey **Transfer Agent & Registrar**—Connecticut Bank & Trust Co., Hartford, Conn. **Incorporated** in Connecticut in 1959. **Empl**—16,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M. Haran

Ecolab Inc.

805M

NYSE Symbol ECL Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
29⅞	35¾-24⅞	22	0.66	2.2%	A-	1.04

Summary

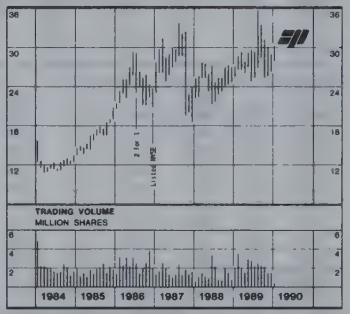
This company is a leading marketer of cleaning, sanitizing and maintenance services for the hospitality and institutional markets. It also owns ChemLawn, the nation's largest provider of lawn, tree and shrub care services. Earnings in recent years have been penalized by poor ChemLawn results, despite continued growth in the institutional and international businesses. In December, 1989 ECL sold $110 million of preferred stock (convertible into an 11.8% interest) to Henkel of West Germany.

Current Outlook

Share earnings for 1990 are projected at about $1.70, up from the $0.25 expected for 1989.

Dividends at $0.16½ quarterly are the minimum expected.

Earnings in 1990 are expected to benefit from continued growth in the institutional services and international segments, aided by product line and geographic expansions and increased contributions from the newer pest control, laundry care, and janitorial businesses. Moderating raw material costs and prices increases will also boost gains. The restructuring of ChemLawn will include cost reductions, including branch closings and personnel cuts. An improved customer base also enhances ChemLawn's outlook, assuming normal weather conditions.



Net Sales[1] (Million $)

Quarter:	1989	1988	1987	1986-7
Mar.	235	227	160	156
Jun.	360	335	286	161
Sep.	370	338	294	160
Dec.	---	312	280	286
	---	1,212	1,020	763

Sales for the first nine months of 1989 rose 7.2%, year to year, reflecting gains in all segments. Penalized by losses at ChemLawn (versus profits) due to higher payroll and marketing expenses, net income declined 25%, to $0.82 a share from $1.11.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986-7
Mar.	d0.28	d0.19	0.35	0.34
Jun.	0.43	0.60	0.73	0.34
Sep.	0.67	0.70	0.16	0.35
Dec.	Ed0.57	0.52	0.32	0.73
	E0.25	1.63	1.56	1.76

Important Developments

Dec. '89— ECL sold $110 million of 7% Series A convertible preferred stock (representing an 11.8% interest) to Henkel KGaA, West Germany. The 1.1 million shares are convertible into ECL common at $40 a share. Proceeds will be used to repurchase common stock. ECL and Henkel were also discussing possible business combinations involving their respective international cleaning operations. If definitive business relationships are formed, the preferred stock will be converted into common stock at a conversion price of $30 a share. Henkel may also raise its interest in ECL to 20%. ECL also announced a restructuring of ChemLawn, including staff reductions and a reorganization of branch operations. The restructuring will result in a $28-$32 million after-tax charge in the 1989 fourth quarter. The charge would also include a goodwill write-off related to an unsuccessful international acquisition.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31[2]	1989	1988	[3]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	2.74	0.79	9.59	8.59	7.72	6.96	6.47	5.96	5.26
Earnings[4]	NA	1.63	1.56	1.62	1.45	1.35	1.02	1.22	1.11	1.16
Dividends	0.66	0.64	0.60	0.53½	0.52	0.52	0.52	0.52	0.52	0.52
Payout Ratio	NA	40%	38%	33%	36%	39%	51%	43%	47%	45%
Prices—High	35¾	27¾	33¾	29⅜	20⅞	15¾	16⅞	15⅛	11⅝	13¾
Low	24⅞	21¼	18½	20⅝	13½	10⅞	12	7⅞	8⅛	8⅛
P/E Ratio—	NA	17-13	22-12	18-13	14-9	12-8	17-12	12-6	10-7	12-7

Data as orig. reptd. Adj. for stk. div. of 100% Jul. 1988 **1.** Prior to 1987 quarters ended Sep., Dec., Mar., Jun., respectively **2.** Years ended Jun. 30 prior to 1987 **3.** Reflects merger or acquisition. **4.** Bef. results of disc. opers. of +3.74 in 1987, -1.59 in 1983 d-Deficit E-Estimated NA-Not Available

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805M

Income Data (Million $)

Year Ended Dec. 31[1]	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	**1,212**	**179**	**14.8**	**65.8**	**69.9**	**34.3**	**78.1**	**43.5%**	**44.1**	**3.6**
[4]1987	1,020	168	16.4	56.5	38.2	27.1	90.0	53.7%	41.7	4.1
1986	813	105	12.9	29.6	30.0	8.9	72.3	39.6%	43.7	5.4
1985	727	98	13.5	31.3	29.6	10.5	66.1	40.2%	39.5	5.4
1984	704	90	12.8	43.5	25.3	9.9	60.1	39.4%	36.4	5.2
[4]1983	659	82	12.5	31.7	21.2	15.1	41.8	34.5%	27.4	4.1
1982	670	84	12.5	41.8	22.2	18.3	49.6	33.6%	32.9	4.9
1981	629	78	12.4	45.4	19.2	16.9	47.6	37.5%	29.8	4.7
[5]1980	548	72	13.1	52.5	15.1	9.0	53.8	42.1%	31.1	5.7
1979	464	65	14.0	22.8	12.1	3.8	55.6	46.1%	30.0	6.5

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	[6]Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**18.9**	**286**	**229**	**1.3**	**943**	**4.6%**	**254**	**433**	**687**	**36.9**	**10.6%**
1987	49.0	300	287	1.0	959	5.8%	254	394	649	39.2	12.9%
1986	80.2	285	129	2.2	475	9.6%	60	262	331	18.1	17.6%
1985	54.4	244	121	2.0	434	9.2%	68	235	314	21.6	17.7%
1984	58.5	241	126	1.9	420	9.1%	73	210	294	24.9	18.3%
1983	22.6	212	98	2.2	376	6.7%	78	188	278	28.1	13.4%
1982	37.2	211	93	2.3	438	7.6%	114	220	346	33.1	15.3%
1981	39.1	216	81	2.7	424	7.2%	120	211	343	35.1	14.7%
1980	41.0	221	83	2.7	403	8.8%	116	195	320	36.1	16.7%
1979	68.1	211	73	2.9	305	10.4%	47	178	233	20.0	17.7%

Data as orig reptd **1.** Years ended Jun 30 prior to 1987 **2.** Incl equity in earns. of nonconsol subs **3.** Bef results of disc opers in 1987, 1983 **4.** Excludes discontinued operations **5.** Reflects merger or acquisition **6.** Excl. defr inc tax in 1987

Business Summary

Ecolab (formerly Economics Laboratory) provides cleaning, sanitizing and maintenance products and services for the institutional and residential markets. Segment contributions in 1988:

	Sales	Profits
Institutional services	46%	76%
ChemLawn	31%	13%
International	23%	11%

The Ecolab Services Group provides cleaners and sanitizers for warewashing, laundry, kitchen cleaning and general housekeeping, product dispensing equipment, and dishwashing racks and related kitchen sundries to the domestic foodservice, lodging and healthcare industries. It also provides institutional and commercial pest elimination services, janitorial products (floor cleaners, disinfectants, hand soaps, and odor control products) and laundry care products. The Klenzade division provides cleaning and sanitizing products and services to dairy farms and plants and food and beverage processors.

ChemLawn (acquired 1987) is the nation's largest provider of residential and commercial lawn (the application of fertilizer, weed control and insect control materials) and tree and shrub care services; residential pest elimination services are also provided.

International provides institutional warewashing, laundry and janitorial products and services and Klenzade products in more than 50 countries worldwide.

Dividend Data

Cash has been paid each year since 1936. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16½	Mar. 10	Mar. 15	Mar. 21	Apr. 14'89
0.16½	May 12	Jun. 14	Jun. 20	Jul. 14'89
0.16½	Aug. 11	Sep. 13	Sep. 19	Oct. 13'89
0.16½	Nov. 10	Dec. 13	Dec. 19	Jan. 12'89

Next dividend meeting: mid-Mar.'90.

Capitalization

Long Term Debt: $259,283,000.

7% Series A Conv. Preferred stock: 1,100,000 shs. ($100 par); conv. into 2.75 million com. shs.

Common Stock: 27,364,970 shs. ($1 par).
Institutions hold about 70%.
Shareholders of record: 4,949.

Office—Ecolab Center, St. Paul, Minn. 55102 **Tel**—(612) 293-2233 **Chrmn & Pres**—P. M. Grieve **Exec VP & CFO**—M. E. Shannon **VP-Secy**—W. R. Rosengren **Treas**—B.J. Bentcover **Investor Contact**—Karen J. Kelsey **Dirs**—R. S. Block, J. F. Bourquin, R. G. Cleary, J. J. Crocker, P. M. Grieve, N. B. Grossman, R. J. Haugh, W. J. Howe, R. F. Richards, R. L. Schall, B. A. Selle, P. L. Smith **Transfer Agents & Registrars**—First Chicago Trust Co. of New York, NYC **Incorporated** in Delaware in 1924 **Empl**—13,445

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Edison Bros. Stores

NYSE Symbol EBS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
61½	68⅞-32	13	1.80	2.9%	B	1.19

Summary

This company is a leading retailer of women's footwear, and also retails apparel. Operations are conducted through numerous store chains. Profitability was resumed in calendar 1988, and earnings for the first half of the new fiscal year ending January 31, 1990 rose substantially, due to higher same-store sales, a better sales mix, and closing of marginal units. In October, 1989 EBS agreed to acquire 229 Foxmoor women's apparel stores. In early 1989 EBS changed its fiscal year-end to January 31 from December 31.

Business Summary

Edison Brothers Stores is engaged in the retail sale of shoes and apparel through the operation of numerous chains of stores. Business segment contributions in calendar 1988:

	Sales	Profits
Footwear	50%	20%
Apparel	50%	80%

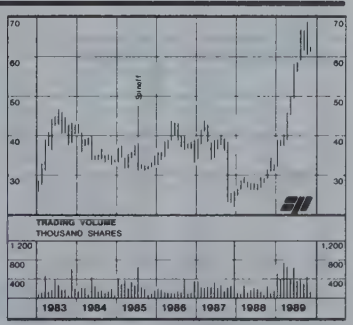
Stores in operation (not restated for Handyman spin-off in 1985) at year-end:

1988....	2,347	1985....	2,435	1982....	2,169
1987....	2,514	1984....	2,355	1981....	2,114
1986....	2,475	1983....	2,175	1980....	1,972

The shoe store division (1,116 stores and departments at year-end 1988) consists of the following chains: Bakers, Leeds, Burts, Chandlers, Wild Pair, and Sacha London stores, as well as leased shoe departments in department stores. This division's stores are concentrated in California, Texas, New York, Florida, Michigan, Illinois and Ohio. Most stores are in shopping centers in suburban communities.

The apparel division (1,231 stores at year-end 1988) consists of the following chains: Jeans West, Oak Tree, and J. Riggings (acquired in 1987) apparel stores; 5-7-9 Shops women's apparel stores; and Joan Bari accessories boutiques.

In calendar 1988, 172 new stores were opened (including 60 stores converted from Fashion Conspiracy format) and 60 marginal units were closed. The Fashion Conspiracy chain, which had been unprofitable, was phased out in 1987, and the unprofitable Gussini shoe store chain was sold to shareholders of Kobacker Co.



Important Developments

Nov. '89— EBS reported sales of $706.4 million for the 39 weeks ended October 28, up 15% year to year. Separately, in October EBS said that it agreed to acquire 229 Foxmoor women's apparel stores from Dylex Ltd., with the transaction expected to be completed in early January, 1990. Eventually, most of the outlets are to be converted to EBS's other apparel and shoe operations.

Aug. '89— EBS said that during the second quarter of fiscal 1989-90 it opened 18 stores (including three converted from Fashion Conspiracy to other chains) and closed 26, ending the period with 2,346 stores. EBS expected to open a total of about 140 stores in fiscal 1989-90.

Next earnings report expected early December.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.41	16.96	22.61	21.27	27.98	26.81	23.96	23.28	20.95	18.81
Earnings[2]	3.64	d2.11	3.36	2.14	3.19	4.51	2.09	3.84	3.68	3.87
Dividends	1.80	1.80	1.60	1.60	1.60	1.48	1.44	1.38	1.32	1.26½
Payout Ratio	50%	NM	47%	75%	50%	33%	67%	36%	36%	33%
Prices—High	34½	44	43¾	38¼	43	46¾	29½	31¼	33	35
Low	24⅝	21⅞	32½	31	32½	25¾	20¼	23¾	20¼	23½
P/E Ratio—	9-7	NM	13-10	18-14	13-10	10-6	14-10	8-6	9-6	9-6

Data as orig reptd. 1. Reflects merger or acquisition 2. Bef. results of disc opers. of +0.52 in 1985; and spec. item(s) of +0.88 in 1987. d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	919	101	11.0	43.1	31.1	12.8	60.2	39.7%	36.3	4.0
[2]1987	931	53	5.7	34.7	30.8	10.2	d34.5	NM	d20.9	NM
1986	904	79	8.7	32.4	24.7	8.5	62.4	45.7%	33.9	3.7
[3]1985	808	63	7.8	38.5	22.6	6.4	38.1	43.0%	[4]21.7	2.7
[2]1984	1,055	82	7.8	56.2	25.3	6.2	58.8	44.0%	32.9	3.1
1983	1,022	119	11.6	38.9	23.8	4.2	94.8	48.4%	48.9	4.8
1982	916	79	8.6	19.2	22.6	5.8	44.3	47.6%	23.2	2.5
1981	951	107	11.3	32.4	20.7	7.1	82.7	47.2%	43.7	4.6
1980	853	102	12.0	50.4	18.1	4.7	80.1	47.0%	42.5	5.0
1979	793	103	12.9	35.8	15.1	4.6	85.6	47.8%	44.7	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	101	290	145	2.0	513	7.8%	102	213	342	29.9	17.8%
1987	36	200	123	1.6	419	NM	65	193	286	22.6	NM
1986	80	217	106	2.1	433	8.3%	66	225	291	22.7	15.5%
1985	48	192	88	2.2	388	5.0%	67	216	283	23.6	8.7%
1984	29	237	131	1.8	473	7.0%	40	283	323	12.3	11.9%
1983	83	281	138	2.0	489	10.6%	47	287	335	13.9	18.0%
1982	57	239	114	2.1	435	5.4%	46	259	307	15.0	9.0%
1981	41	245	117	2.1	445	10.3%	49	263	313	15.6	17.5%
1980	46	223	112	2.0	412	11.0%	45	241	288	15.7	18.5%
1979	35	202	90	2.3	361	12.9%	43	216	260	16.4	22.1%

Data as orig reptd. 1. Bef results of discontinued operations in 1985; and spec. items(s) in 1987 2. Reflects merger or acquisition. 3. Excludes discontinued operations 4. Reflects accounting change. d-Deficit NM-Not Meaningful

Net Sales[1] (Million $)

Quarter:	1989-90	1988	1987
Apr.	215	219	235
Jul.	228	152	157
Oct.		223	234
Jan.		325	305
		919	931

Sales for the 26 weeks ended July 29, 1989 (new fiscal period) advanced 20%, year to year, with more than two-thirds of the gain due to increased same-store sales and the balance to new stores. Higher same-store sales, an improved merchandise mix, and the closing of underperforming stores led to a more than doubling of operating income. Following an 8.6% rise in other expenses (net), pretax income advanced to $23.9 million from $3.5 million. After taxes at 39.3%, versus 40.0%, net income increased to $14.5 million ($1.45 a share) from $2.1 million ($0.21).

Common Share Earnings[1] ($)

Quarter:	1989-90	1988	1987
Apr.	0.58	0.05	d0.11
Jul.	0.86	0.16	d0.97
Oct.		0.81	0.53
Jan.		2.60	d1.56
		3.64	d2.11

1. Prior to 1989-90, periods ended 16 wks Apr.; 10 wks. Jun.; 13 wks Sep.; 13 wks. d-Deficit

Dividend Data

Dividends have been paid since 1934. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Oct. 26	Dec. 16	Dec. 22	Jan. 6'89
0.45	Jan. 24	Feb. 15	Feb. 22	Mar. 10'89
0.45	Apr. 24	May 22	May 26	Jun. 9'89
0.45	Aug. 22	Aug. 29	Sep. 5	Sep. 12'89

Next dividend meeting: mid-Nov.'89.

Finances

During 1988 a restructuring plan that resulted in charges of $25.5 million was offset by a pretax gain of about $26.2 million on the December sale of an investment in a real estate holding company. In April, 1988 EBS obtained a three-year $40 million loan. During 1987 EBS incurred $53.9 million of restructuring charges.

Capitalization

Long Term Debt: $101,900,000, incl. $8.8 million of capital lease obligations.

Common Stock: 10,064,401 shs. ($1 par).
Institutions hold about 45%.
Shareholders of record: 4,800.

Office—501 North Broadway, (P.O. Box 14020), St. Louis, Mo. 63178 **Tel**—(314) 331-6000 **Pres**—M. K. Sneider **VP-Secy**—A. A. Sachs **VP-Treas**—S. S. Singhvi **Investor Contact**—L. G. Weeks **Dirs**—A. E. Newman (Chrmn), B. A. Edison, I. Edison, J. I. Edison, D. R. Francis, M. H. Freund, W. H. Heinecke, H. Kohn, K. Michner, A. E. Newman, E. P. Newman, M. K. Sneider, P. J. Solomon, L. G. Weeks, M. R. Wyman **Transfer Agent**—Mellon Securities Trust Co, NYC **Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Delaware in 1929 **Empl**—16,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N.J. DeVita

EDO Corp.

NYSE Symbol EDO

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
7¾	11⅞-7	11	0.28	3.6%	B+	0.71

Summary

This company manufactures advanced electronic and specialized equipment for military and commercial aerospace, marine, and industrial markets. Important products include aircraft stores suspension and ejection systems, sonar equipment, mine countermeasure systems, and horizon sensors and cameras for satellites. Although net income for the first nine months of 1989 rose 18%, share earnings rose by a much smaller percentage due to larger preferrred dividend requirements.

Business Summary

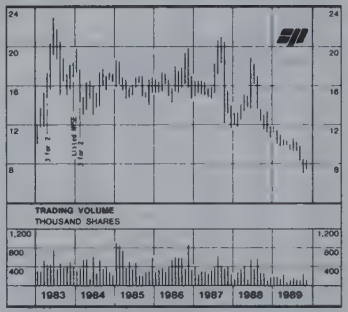
EDO Corp. designs and manufactures advanced electronic and specialized equipment for military aviation, marine and industrial markets. Contributions by major divisions in 1988 were:

	Sales	Profits
Military systems	68%	74%
Marine systems & specialized products	32%	26%

Export business accounted for 26% of sales in 1988 and U.S. Government 54%.

Military systems include aircraft stores suspension and ejection systems; anti-submarine warfare and other specialized sonoar; mine countermeasures; and command, control, communications, and intelligence. In addition, logistic support is provided following initial hardware deliveries. Such support consists primarily of training of operators and support personnel, supplying of spare parts, and providing repair and refurbishment services. Other products include seaplane and amphibious floats for general aviation aircraft.

Marine systems and specialized products consist primarily of piezoelectric products (used in sonar systems, medical instruments, ultrasonics, and specialized military products); electro-acoustic systems (acoustic transducers, sonar devices, precision navigation, and underwater positioning systems); spaceflight systems (electro-optical and related components and systems for defense, space, and commercial markets); infrared instrumentation (microthermal imagers for design and reliability analysis of semiconductors in commercial applications); laser countermeasures (laser-resistant visors); and fiber reinforced composite products (filament-wound stator rings for power turbines, water and waste holding tanks, and filament-wound composite launch tubes).



Important Developments

Nov. '89— EDO said in its third quarter report that its companywide emphasis on improving profitability continued to yield positive results, and it expected further operating improvements as it moved into 1990. The backlog at September 30, 1989 was $147.8 million, down 16%, year to year. EDO expected fourth quarter new order input to yield a higher backlog by year-end.

Jul. '89— EDO said it was notified that it was one of nine potentially responsible parties for possible environmental damage at a site in Norwalk, Conn., due to operations of its former Elinco division. The EPA estimated proposed remedial activities would cost $13.4 million. EDO believed its insurance covered its exposure.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.14	6.68	7.46	8.26	8.49	7.51	3.27	3.78	3.47	3.25
Earnings[2]	0.70	1.01	0.84	1.01	1.38	1.22	0.97	0.37	0.29	0.45
Dividends	0.28	0.28	0.28	0.27	0.23	0.17⅛	0.13⅛	0.11⅜	0.10⅞	0.10⅜
Payout Ratio	37%	24%	33%	24%	17%	15%	12%	30%	37%	24%
Prices—High	18⅞	21	19⅞	18⅝	19⅞	23	11	5⅞	7	5⅛
Low	10⅝	11⅝	14¼	14	13	10	3⅜	3⅛	3⅝	3⅛
P/E Ratio—	27-15	21-12	24-17	18-14	14-9	19-8	11-3	16-8	24-12	11-7

Data as orig reptd Adj for stk divs of 50% Feb 1984, 50% Apr. 1983, 50% Oct. 1982, 10% Jun 1981 and 50% Oct 1979 **1.** Reflects merger or acquisition. **2.** Bef results of disc opers. of -1 19 in 1982, and spec. item(s) of +0.84 in 1988

December 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	138	11.3	8.2	8.6	4.97	2.94	[2]6.1	21.8%	4.8	3.5
1987	127	13.8	10.8	5.6	4.94	3.04	[2]10.7	35.2%	[3]7.0	5.5
[4]1986	113	12.9	11.4	4.1	4.14	0.87	[2]11.8	46.2%	6.3	5.6
1985	116	11.3	9.7	10.4	3.45	0.47	14.2	43.1%	8.1	6.9
1984	123	14.5	11.8	5.9	3.13	0.51	21.2	44.1%	11.8	9.6
1983	111	13.3	12.0	6.6	2.67	0.57	18.0	44.0%	10.1	9.1
[5]1982	102	12.2	12.0	8.5	2.11	0.73	12.9	42.3%	7.4	7.3
1981	113	6.7	5.9	4.8	2.15	0.84	5.3	37.4%	3.3	2.9
1980	97	6.5	6.7	2.8	1.70	1.04	4.0	36.7%	2.6	2.6
1979	89	7.7	8.7	3.4	1.37	1.49	5.2	37.5%	3.3	3.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	32.8	104	49.1	2.1	162	3.1%	56.5	43.6	113	50.2	9.3%
1987	40.8	102	53.4	1.9	155	4.6%	38.0	50.5	101	37.5	13.5%
1986	74.0	125	52.0	2.4	174	4.0%	38.6	62.4	122	31.7	10.4%
1985	66.6	106	56.8	1.9	139	5.8%	4.5	58.7	82	5.4	13.5%
1984	96.7	134	69.6	1.9	158	7.7%	3.7	69.0	89	4.2	18.2%
1983	95.9	131	78.5	1.7	152	8.2%	4.6	62.8	73	6.3	22.4%
1982	27.3	58	44.8	1.3	76	11.1%	5.5	22.0	31	18.0	29.5%
1981	9.1	58	25.7	2.3	75	4.7%	8.5	36.4	49	17.2	9.4%
1980	2.7	51	20.0	2.6	65	4.2%	9.4	33.7	45	20.7	7.8%
1979	0.4	43	14.0	3.1	56	5.6%	10.5	31.6	42	25.0	10.8%

Data as orig. reptd. **1.** Bef. results of discontinued operations in 1982, and spec item(s) in 1988. **2.** Incl. equity in earns. of nonconsol subs **3.** Reflects accounting change. **4.** Reflects merger or acquisition. **5.** Excludes discontinued operations

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	32.7	34.0	31.2	25.3
Jun.	35.4	33.4	32.1	27.7
Sep.	35.3	32.0	30.0	29.3
Dec.		38.5	34.0	31.0
		137.9	127.3	113.2

Sales for the first nine months of 1989 rose 4.0%, year to year. Improved results at the Barnes Engineering division, as well as slight gains in other areas of operations (including a companywide focus on improving profitability) enabled overall income from operations to move ahead 53%. After interest and other charges of $1.9 million, in contrast to other income of $130,000, and taxes at 18.0%, versus 23.3%, net income was up 18%. After substantialy larger preferred dividends, share earnings were $0.59 (based on 11% fewer shares outstanding), versus $0.56 (before a special credit of $0.79 for cumulative effect of accounting change).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.19	0.20	0.23	0.23
Jun.	0.21	0.21	0.26	0.20
Sep.	0.19	0.15	0.22	0.21
Dec.		0.13	0.30	0.20
		0.70	1.01	0.84

Finances

In July, 1988 EDO sold to its employee stock ownership plan $19.2 million of 8% convertible preferred shares Series A.

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Nov. 29	Dec. 8	Dec. 14	Jan. 2'89
0.07	Jan. 30	Mar. 1	Mar. 7	Mar. 31'89
0.07	May 3	Jun. 5	Jun. 9	Jun. 30'89
0.07	Aug. 23	Sep. 5	Sep. 11	Sep. 29'89

Next dividend meeting: late Nov.'89.

Capitalization

Long Term Debt: $56,140,000, incl. $35 million of 7% sub. debs. conv. into com. at $22 a sh.

Minority Interest: $3,410,000.

$17.10 Conv. Pref. Stk. Series A: 89,766 shs. ($213.71 stated value), each conv. into 10 com. shs. Held by ESOP.

Common Stock: 5,447,262 shs. ($1 par).
Institutions hold about 47%.
Shareholders of record: 3,515.

Office—14-04 111th St., College Point, N.Y. 11356 **Tel**—(718) 445-6000 **Chrmn**—W R Ryan **Pres & CEO**—G Albert. **VP-Secy, Treas & Investor Contact**—M J Hegarty **Dirs**—G. Albert, J S Coles, F A Fariello, M J. Hegarty, H S Hensel, R A Lapetina, J H Meyn, J T Pyle, R Rachals, R O Romaine, W R Ryan **Transfer Agent & Registrar**—Mellon Securities Trust Co., NYC **Incorporated** in New York in 1925 **Empl**—1,527

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N.J DeVita

Eldon Industries

NYSE Symbol ELD

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
13⅞	17½-12⅜	16	0.24	1.7%	B+	0.69

Summary

Eldon manufactures office products, as well as production equipment for assembly and repair of electronic circuits. Sales and earnings have risen steadily in recent years, and the uptrend continued in 1989's first half, reflecting good demand for the company's products. Management was optimistic about ELD's prospects for 1989's second half, assuming a healthy economy. The shares were split 4-for-3 in June, 1989 and the dividend was effectively raised 33⅓%.

Business Summary

Eldon Industries is primarily engaged in the manufacture of office products, and production equipment for assembly and repair of electronic circuits. Business segment contributions in 1988:

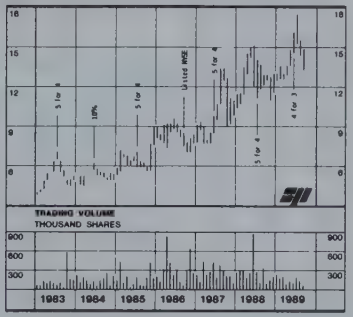
	Sales	Profits
Office products	86%	90%
Production equipment for assembly and repair of electronic circuits	14%	10%

Foreign operations (mainly in Canada) accounted for about 18% of total sales in 1988.

The Eldon Office Products division manufactures a line of products for the storage and handling of traditional commercial office paper flow and computer printouts; desk accessories; and office aids. These products, most of which are made of molded plastic, are moderately priced for use primarily in the business office and, to a lesser extent, in the home. Higher priced designer desk accessory lines are also sold. Products marketed under the Davson name include information boards (bulletin boards, changeable letter boards, dry erase melamine and porcelain marker boards, and chalk boards). Conference room furniture, primarily cabinets, credenzas and lecterns are sold under the LP Products name. The Movitex division's products include (in Australia only) information boards and planning systems.

Production equipment for assembly and repair of electronic circuits is produced under the Ungar name. These products include a line of sophisticated soldering systems, pencil type soldering tools, and a complete line of desoldering equipment. Other products include heat guns and a glue gun for industrial, general purpose, and consumer use.

The company also markets a line of swim and scuba products in Canada through its Canadian subsidiary, which also acts as a distributor of rechargeable batteries in Canada.



Important Developments

Aug. '89— Management said that results for the first half of 1989 were in line with expectations, as the company posted a record second quarter for net income as well as its 26th consecutive quarter of record sales. ELD also noted that it continued to have a strong market position and many opportunities for growth, including new product introductions scheduled for the balance of the year. Management was optimistic about prospects for 1989's second half, provided there is no further softening in the economy.

Aug. '89— ELD's Ungar division entered into an agreement with Marshall Industries to distribute Ungar's SMR 1000 surface mount repair system. Marshall stated it will stock the SMR 1000 at three distribution centers in California, Texas and Massachusetts and sell it through 47 U.S branch offices.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	4.94	4.25	3.63	3.16	2.91	2.72	2.15	1.92	1.59	1.40
Earnings[2]	0.81	0.67	0.54	0.47	0.45	0.38	0.33	0.35	0.19	0.30
Dividends	0.17⅓	0.12	0.09¼	0.07⅜	0.06	0.05½	0.04	0.02⅞	Nil	Nil
Payout Ratio	21%	18%	17%	16%	13%	15%	12%	8%	Nil	Nil
Prices—High	15¼	13⅜	9⅝	9	5⅞	7⅛	4⅛	2⅛	1⅜	1⅜
Low	10⅜	7¾	7⅛	5¼	4⅜	3¾	1⅝	1	¾	¾
P/E Ratio—	19-13	20-12	18-13	19-11	13-10	19-10	12-5	6-3	7-4	4-2

Data as orig reptd Adj for stk divs of 33 1/3% Jun 1989, 25% Jul 1988, 25% Jul 1987, 25% Jul 1985, 10% Jun 1984, 25% Jul 1983, 50% Jul 1982, 10% Aug 1981, 10% Sep 1980 **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of -0.07 in 1982

October 10, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	101	15.3	15.1	[3]3.76	2.97	0.44	12.3	38.4%	7.57	7.5
1987	84	12.5	14.9	3.54	2.57	0.25	10.1	38.5%	6.19	7.4
1986	73	10.5	14.4	3.21	2.15	0.09	8.7	42.7%	4.95	6.8
1985	67	9.1	13.7	2.37	1.83	0.23	7.6	43.1%	4.29	6.4
[3]1984	59	7.6	12.8	2.44	1.34	0.24	6.8	39.9%	4.07	6.8
1983	46	5.8	12.5	2.18	0.80	0.06	5.4	44.4%	3.03	6.5
[4]1982	40	5.4	13.6	1.59	0.65	0.13	4.7	46.1%	2.55	6.4
1981	50	6.6	13.2	1.26	0.87	0.80	5.1	48.8%	2.60	5.2
1980	46	4.6	9.9	1.17	0.73	1.02	2.8	50.1%	1.41	3.1
1979	47	5.7	12.1	1.69	0.55	0.74	4.4	48.8%	2.27	4.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	5.6	45.2	11.4	4.0	61.0	12.6%	Nil	47.4	48.4	Nil	17.1%
1987	6.0	43.3	15.6	2.8	58.3	11.6%	Nil	41.0	41.0	Nil	16.2%
1986	6.4	33.9	11.1	3.1	47.5	10.9%	Nil	35.1	35.6	Nil	15.0%
1985	6.8	31.1	10.9	2.9	42.9	10.5%	Nil	30.9	31.3	Nil	14.7%
1984	7.5	28.5	10.1	2.8	38.1	11.6%	Nil	27.3	27.5	Nil	15.9%
1983	10.4	26.4	7.3	3.6	31.8	10.4%	Nil	23.8	24.2	Nil	14.3%
1982	4.2	18.9	6.1	3.1	22.8	10.8%	Nil	16.1	16.5	Nil	16.6%
1981	2.3	18.9	7.3	2.6	23.9	11.0%	1.90	14.4	16.6	11.4	19.8%
1980	2.9	18.4	7.4	2.5	23.3	5.8%	3.57	11.9	15.8	22.6	12.5%
1979	2.6	20.3	9.9	2.0	25.0	10.4%	4.29	10.5	15.1	28.4	24.3%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1982 **2.** Net of curr. yr. retirement and disposals. **3.** Reflects merger or acquisition. **4.** Excl. disc. opers.

Net Sales (Million $)

Period:	1989	1988	1987	1986
12 Wks. Mar.	25.1	21.4	17.1	16.4
16 Wks. Jul.	32.2	30.5	24.4	20.7
12 Wks. Oct.		23.5	20.1	16.5
12 Wks. Dec.		26.0	22.5	19.2
		101.4	84.2	72.8

Sales for the 28 weeks ended July 15, 1989 advanced 10%, year to year, primarily reflecting greater volume, higher selling prices and new product introductions for the office products segment. Margins narrowed slightly, but following interest income of $241,000, versus interest expense of $47,000, pretax profits also rose 10%. After taxes at 38.8%, against 38.3% net income was up 9.5%, to $0.45 a share from $0.41 (adjusted).

Earnings Per Share ($)

Period:	1989	1988	1987	1986
12 Wks. Mar.	0.21	0.18	0.14	0.12
16 Wks. Jul.	0.24	0.23	0.19	0.15
12 Wks. Oct.		0.19	0.16	0.13
12 Wks. Dec.		0.21	0.19	0.14
		0.81	0.67	0.54

Dividend Data

Cash dividends were initiated in 1981.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Nov. 16	Dec. 9	Dec. 15	Jan. 2'89
0.06	Feb. 22	Mar. 9	Mar. 15	Mar. 31'89
4-for-3	May 9	Jun. 30	Jun. 15	Jun. 29'89
0.06	May 9	Jun. 9	Jun. 15	Jun. 30'89
0.06	Aug. 2	Sep. 11	Sep. 15	Sep. 29'89

Next dividend meeting: Nov. '89.

Finances

The company has short-term credit agreements with two banks totaling $12.0 million which are available for both domestic and foreign operations. At July 15, 1989 there were no borrowings under these lines of credit.

Capitalization

Long Term Debt: None.

Common Stock: 9,251,269 shs. ($0.01 par).
About 36% owned by officers & directors.
Institutions hold approximately 31%.
Shareholders of record: 595.

Office—9920 La Cienega Blvd., Inglewood, Calif. 90301. **Tel**—(213) 642-7716. **Chrmn & Pres**—R. Silverstein. **VP-CFO**—J. Stinnett **VP-Secy & Investor Contact**—Richard Agins **Dirs**—J. E. Anderson, R. S. Dickerman, D. J. Factor, Jr., I. Feintech, B. Hoberman, H. M. Rome, R Silverstein **Transfer Agent & Registrar**—First Interstate Bank, Los Angeles. **Incorporated** in California in 1937; reincorporated in Delaware in 1987 **Empl**—676

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Emerson Electric

NYSE Symbol EMR Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
36½	38¼-29½	14	1.26	3.5%	A+	1.19

Summary

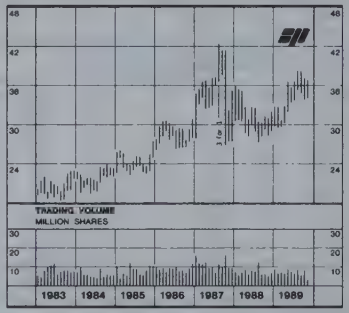
This established manufacturer of electrical and electronic products has compiled an outstanding record of earnings growth, aided by strong management, cost reductions and acquisitions. Higher earnings were reported in fiscal 1989, based largely upon an upturn in capital spending, strong international sales and well controlled costs. Improved results are also likely in fiscal 1990. The company has an active program of divestitures and acquisitions. The dividend was recently increased 12.5%.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 should approximate $2.85 a share, up from the $2.63 reported for fiscal 1989.

The quarterly dividend was raised 12.5%, to $31½ from $0.28, with the November, 1989 declaration.

Revenues for fiscal 1990 are expected to advance moderately, led by higher capital goods sensitive sales, which comprise the majority of the company's sales and appear to be in a long-term upturn. Consumer related businesses are likely to experience only modest growth, while defense operations are likely to have flat sales. Despite the recent strengthening of the dollar, exports and international sales should rise. Margins should be aided by the productivity gains, an improved pricing environment, and an on-going program of cost containment, as well as the company's leading market share in its markets.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	1,720	1,578	1,431
Mar.	---	1,805	1,628	1,533
Jun.	---	1,784	1,699	1,566
Sep.	---	1,763	1,747	1,640
	---	7,071	6,652	6,170

Sales for the fiscal year ended September 30, 1989 (preliminary) advanced 6.3%, year to year. Excluding divestitures, sales grew approximately 10%. Margins widened on the higher volume due to well controlled costs, productivity improvements and the divestiture of some lower margined businesses. Pretax income was 11% higher. After taxes at 38.4%, versus 38.5%, net income also advanced 11%, to $2.63 a share from $2.31.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	E0.67	0.61	0.54	0.47
Mar.	E0.73	0.66	0.58	0.49
Jun.	E0.75	0.69	0.60	0.51
Sep.	E0.70	0.67	0.59	0.53
	E2.85	2.63	2.31	2.00

Important Developments

Oct. '89— EMR said that it and Robert Bosch GmbH had executed a definitive joint venture agreement for their previously announced acquisition of Vermont American Corporation, a producer of cutting tools, power tool accessories, hand tools, and lawn and garden products. The agreement was subject to regulatory approval.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	[1]1987	1986	[1]1985	[1]1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	8.80	8.08	9.99	9.32	8.34	8.28	7.58	7.23	6.43
Earnings	2.63	2.31	2.00	1.87	1.81	1.70	1.47	1.46	1.42	1.24
Dividends	1.12	1.00	0.97	0.92	0.86⅜	0.76¾	0.70	0.66¾	0.58¾	0.53⅛
Payout Ratio	43%	43%	48%	49%	48%	45%	48%	46%	41%	43%
Prices—High[2]	38¼	36	42⅜	30⅞	27½	23⅞	22⅛	21⅜	16⅝	13⅝
Low[2]	29½	27¼	26¾	22¼	19½	18⅜	13⅜	12	9⅞	10¾
P/E Ratio—	11-15	16-20	21-13	16-14	15-12	14-11	16-12	15-9	12-8	11-8

Data as orig. reptd. Adj. for stk. div(s). of 200% Sep. 1987. 1. Reflects merger or acquisition. 2. Cal. yr. E-Estimated NA-Not available.

November 27, 1989

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	6,651	1,191	17.9	236	195	76.2	860	38.5%	529	8.0
[2]1987	6,170	1,109	18.0	200	187	83.5	811	42.4%	467	7.6
1986	4,953	907	18.3	152	150	49.1	715	42.8%	409	8.3
[2]1985	4,649	876	18.8	207	136	36.8	694	42.2%	401	8.6
[2]1984	4,179	772	18.5	167	123	27.5	618	43.5%	349	8.4
1983	3,476	637	18.3	177	104	16.4	538	43.7%	303	8.7
1982	3,502	649	18.5	140	102	20.1	535	43.9%	300	8.6
1981	3,429	615	17.9	139	92	27.8	491	44.4%	273	8.0
[2]1980	3,067	535	17.4	121	82	29.0	430	44.7%	238	7.8
[2]1979	2,614	464	17.8	116	67	24.1	371	45.8%	201	7.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	108	2,764	1,438	1.9	5,027	10.8%	481	2,820	3,302	14.6	19.4%
1987	130	2,655	1,325	2.0	4,868	10.5%	553	2,703	3,256	17.0	17.9%
1986	288	2,432	867	2.8	3,769	11.7%	328	2,374	2,702	12.1	17.9%
1985	89	2,085	778	2.7	3,257	12.4%	115	2,222	2,337	4.9	18.9%
1984	103	1,921	885	2.2	2,980	12.8%	130	1,869	2,000	6.5	19.6%
1983	256	1,737	645	2.7	2,493	12.6%	146	1,702	1,848	7.9	18.6%
1982	164	1,638	622	2.6	2,320	12.8%	139	1,559	1,697	8.2	19.7%
1981	126	1,586	651	2.4	2,202	13.2%	164	1,386	1,551	10.6	20.9%
1980	48	1,370	520	2.6	1,929	12.7%	180	1,230	1,409	12.7	20.3%
1979	29	1,198	472	2.5	1,698	13.2%	181	1,045	1,225	14.7	20.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition.

Business Summary

Emerson Electric is a diversified manufacturer of a broad range of electrical and electronic products. Industry segment contributions in fiscal 1988 were:

	Sales	Profits
Commercial & industrial	70%	73%
Consumer	20%	24%
Government/defense	10%	3%

Foreign sales accounted for 22% of both revenues and operating income in fiscal 1988.

Commercial and industrial products include motors, drives, valves, switches, power supplies, power conditioning and distribution equipment, modular power systems, meters and control systems, as well as components and systems for refrigeration.

Consumer products include non-residential lighting fixtures, electrical products for residential markets, professional and hardware tools, portable electric tools, gas cutting and welding equipment, bench power tools, and other products.

Government and defense products include radar systems, electronic warfare systems, missile launching systems, communications systems, and guidance and control systems.

Dividend Data

Dividends have been paid since 1947. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Feb. 7	Feb. 13	Feb. 17	Mar. 10'89
0.28	May 2	May 15	May 19	Jun. 9'89
0.28	Aug. 1	Aug. 14	Aug. 18	Sep. 11'89
0.31½	Nov. 7	Nov. 13	Nov. 17	Dec. 11'89

Next dividend meeting: early Feb.'90.

Finances

In fiscal 1988 EMR divested its A. B. Chance and in fiscal 1987 its Beaird-Poulan/Weed Eater. During fiscal 1987 the Liebert Corporation was acquired.

Capitalization

Long Term Debt: $623,800,000.

Common Stock: 222,702,614 shs. ($1 par).
Institutions hold some 64%.
Shareholders of record: 35,800.

Office—8000 W. Florissant Ave., St. Louis, Mo. 63136. **Tel**—(314) 553-2000 **Chrmn & CEO**—C. F. Knight **Pres**—J.F. Hardymon **VP-Secy**—C. Hansen **VP-CFO**—W. C. Bousquette **Investor Contact**—Phillip Roth **Dirs**—J. J. Adorjan, L. L. Browning, Jr., A. A. Busch III, L. J. Conti, D. C. Farrell, J. A. Frates, T. F. Hardymon, R. B. Horton, C. F. Knight, G. A. Lodge, V. R. Loucks, Jr., R. B. Loynd, B. A. Schriever, R. W. Staley, W. M. Van Cleave, J. K. Ver Hagen, E. F. Williams, Jr. **Transfer Agent & Registrar**—Centerre Trust Co., St. Louis **Incorporated** in Missouri in 1890. **Empl**—70,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Paul H. Valentine, CFA

Empresa Nacional

828H

NYSE Symbol ELE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
21⅞	23⅜-14⅛	9	[1]0.5939	[2]2.7%	NR	NA

Summary

This company is the largest producer of electricity in Spain. ELE supplies electricity to other Spanish utilities and its subsidiaries serve about 2.7 million customers. ELE is approximately 76%-owned by Instituto Nacional de Industria, a Spanish government agency which sold publicly 53 million ELE shares world-wide in May, 1988, of which 14 million American Depositary Shares were sold in the U.S. and immediately listed on the NYSE.

Business Summary

Empresa Nacional de Electricidad, S.A., with its subsidiaries (together the ENDESA Group), is the largest producer of electricity in Spain, accounting for approximately 30% of the country's total electric energy produced in 1988. ELE supplies electricity to other major utilities in Spain, which accounted for 57% of total revenues in 1987, and subsidiaries distribute electricity to about 2.7 million customers in northeastern Spain and in the Balearic and Canary Islands.

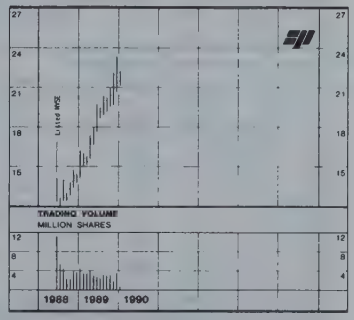
Contributions to retail sales by class of customer in recent years:

	1988	1987	1986	1985
Commercial and industrial	70%	71%	67%	69%
Residential	30%	29%	33%	31%

At December 31, 1988 ELE owned power plants with total installed electric capacity of 10,016 mw, representing 23% of Spain's total capacity. In 1988 approximately 52% of ELE's total production was generated by coal-fired facilities, 25% by nuclear facilities, 13% by hydro-electric plants, and 10% by fuel oil and gas facilities. ELE's coal mining operations produce a substantial portion of the coal required by its coal-fired power stations.

ELE supplies electricity to other utilities through a national high voltage transmission network which is approximately 50%-owned by ELE and its subsidiaries, with the remainder primarily owned by other Spanish utilities.

ELE owns 91.5% of Empresa Nacional Hidroeléctrica del Ribagorzana, S.A., which operates in Catalonia; 62.7% of Electricas Reunidas de Zaragoza, S.A., which serves Aragón; 99.6% of Unión Eléctrica de Canarias, S.A., serving the Canary Islands; and 55.3% of Gas y Electricidad, S.A., which operates in the Balearic Islands. Shares of these subsidiaries not owned by ELE are publicly held and traded on the Spanish stock exchanges.



Instituto Nacional de Industria (INI), a Spanish government agency which acts as an industrial holding company for the Kingdom of Spain, holds about 76% of ELE's outstanding shares.

Important Developments

Nov. '89— ELE said that Spain's nuclear regulatory commission had suspended the operating license of the Vandellos 1 nuclear power plant. ELE holds a 23% interest in HIFRENSA, owner and operator of the plant. An October 19 accident at the plant did not cause any release of radioactivity or injuries, according to a commission report, but "certain deficiencies" were found in safety devices and procedures. Management said that improvements to be made at the plant will cost about $85 million, which will be included in customer rates.

Next earnings report expected in February.

Per ADS Data (U.S. $)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	NA	13.66	12.92	9.61	7.60	NA	NA
Earnings	NA	2.09	1.83	0.98	1.42	0.99	1.22
Dividends[2]	NA	0.60⅛	NM	NM	NM	NM	NM
Payout Ratio	NA	29%	NM	NM	NM	NM	NM
Prices—High	23⅜	14¾	NA	NA	NA	NA	NA
Low	14⅛	12	NA	NA	NA	NA	NA
P/E Ratio—	NA	7-6	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1988 data as reptd. in Prospectus dated May 31, 1988. Based on Spanish GAAP, conv. to U.S. $ at yr.-end exch rates. 1. Pd. in the past 12 mos. (apx.), net aft. Spanish tax to U.S. residents. 2. Pd. from yr.'s earns., incl. final divd. decl. aft. yr.-end. NA-Not Available. NM-Not Meaningful.

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Income Data (Million U.S. $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	4,125	751	NA	68.6%	1.86	95	17.3%	544	13.2	15.1	16.2
1987	3,973	652	NA	71.8%	1.89	354	17.0%	475	12.0	12.5	14.8
1986	2,958	512	NA	75.5%	1.51	223	18.1%	254	8.6	NA	10.6
1985	1,937	243	NA	74.9%	2.16	261	13.1%	246	12.7	NA	14.3
1984	1,472	NA	NA	71.4%	NA	NA	4.2%	160	10.8	NA	13.1
1983	861	NA	NA	67.8%	NA	NA	5.3%	158	18.4	NA	NA

Balance Sheet Data (Million U.S. $)

Dec. 31	[3]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Com.	% Com.	[4]Other	[4]% Other
1988	14,415	731	10,098	12.8	8,346	4,388	52.6	3,551	42.5	407	4.9
1987	14,472	1,165	10,706	10.7	9,423	5,662	60.1	3,359	35.6	402	4.3
1986	10,925	1,017	8,368	9.4	7,300	4,489	61.5	2,500	34.2	311	4.3
1985	NA	2,523	6,811	8.5	NA	NA	NA	1,977	NA	NA	NA
1984	NA	NA	4,155	NA	NA	NA	NA	1,297	NA	NA	NA
1983	NA	NA	3,985	NA	NA	NA	NA	1,254	NA	NA	NA

Data as orig. reptd., prior to 1988 data as reptd. in Prospectus dated May 31, 1988. Based on Spanish GAAP, conv. to U.S. $ at yr.-end exch rates. 1. Times int. exp. covered (pretax basis). 2. Based on income bef. interest charges. 3. Utility plant. 4. Inc. minority interest and capital subsidies. NA-Not Available.

Operating Revenues (Million U.S. $)

Period:	1989	1988	1987
3 Mos. Mar.	---	---	---
6 Mos. Jun.	2,162	1,780	---
9 Mos. Sep.	3,410	---	---
12 Mos. Dec.		4,125	3,973

Based on a brief report, revenues for the nine months ended September 30, 1989 advanced 22%, year to year. Net income was up 21%, to $1.69 per ADS from $1.40. All figures were translated at Ptas 119.08 = $1.

For the September, 1989 quarter alone, revenues increased 18%, year to year, and net income rose 27% to $0.55 per ADS from $0.43.

Earnings Per ADS (U.S. $)

Period:	1989	1988	1987
3 Mos. Mar.	---	---	---
6 Mos. Jun.	1.09	0.95	---
9 Mos. Sep.	1.69	---	---
12 Mos. Dec.		2.09	1.83

Finances

ELE estimated that capital expenditures for 1989 would be approximately Ptas 95.6 billion. For the period 1989 through 1993, expenditures were projected at Ptas 518.4 billion. ELE expects to finance such capital spending with internally generated funds.

On May 31, 1988 underwriters led by Goldman, Sachs & Co. and Morgan Stanley & Co. offered 14 million ELE American Depositary Shares in the U.S. at $12.29 each. Concurrently, 33 million ELE capital shares were offered in Spain at Ptas 1,400 per share and 6 million shares were offered outside of Spain and the U.S.

Dividend Data

ELE has paid cash dividends since 1949. Normally, directors declare an interim dividend in the fourth quarter of each year which is paid the following month. A final dividend is generally recommended by directors following the end of the year to which it relates and paid during the second quarter of each year. Payments on the ADS were initiated in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.2633	---	Jun. 9	Jun. 15	Jul. 7'89
†0.3306	---	Dec. 20	Dec. 27	Jan. 19'90

*Net aft. 20% Spanish tax to U.S. res.
†Net aft. 25% Spanish tax to U.S. res.

Capitalization

Long Term Debt: $4,679,467,000.

Minority Interest: $374,000,000.

Capital Stock: 260,005,599 shs. (Ptas 800 nom. val.).
Each American Depositary Share (ADS) represents one capital share.
Instituto Nacional de Industria, a Spanish Government agency, owns about 75.6% of the stock.

Office—Principe de Vergara, 187, Madrid 28002, Spain **Tel**—563 09 23 **Chrmn & CEO**—F. Fuster Jaume **CFO**—A. Llorente Legaz **Secy**—I. de la Mata Gorostizaga **U. S. Investor Contact**—Fernando Larrio (212) 764-0550 **Dirs**—F. Calleja Sanchez, J. M. Fernandez Osorio, E. Garcia Alvarez, R. Herranz de Miguel, J. M. Kindelan Gomez de Bonilla, J. Gallerro Fortes, F. Lozano Cuervo, J. A. Pina Barrio, A. Rodriguez Andia, J. Rubio Bosch, E. J. Vicent Pastor **Depositary**—Morgan Guaranty Trust Co., NYC **Formed** in Spain in 1944 **Empl**—15,676

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Engelhard Corp.

NYSE Symbol EC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
21¼	25⅞–17¼	11	0.56	2.6%	B	0.86

Summary

Engelhard is a leading producer of catalysts (including petroleum cracking) and pigments and additives for paper, paint and plastics. It is also a major fabricator of engineered products made from precious and base metals and is engaged in precious metals dealing and management. EC intends to enhance its technological leadership through increased capital and R&D spending, while expanding its international businesses. Operating earnings should improve in 1990 after the decline expected for 1989.

Current Outlook

Share earnings for 1990 are projected at $1.60, versus 1989's estimated $1.90, which includes a onetime gain of $0.48.

Dividends at $0.14 quarterly are the minimum expected.

Operating earnings for 1990 should rise on continued gains in the pigments and additive business with healthy paper and coatings markets as well as better demand for chemical catalysts. Precious metals management should benefit from higher metal prices. However, soft construction markets will limit growth of the engineered material business, while continued pricing pressures in petroleum catalysts and soft domestic auto catalyst demand will also restrict earnings gains.

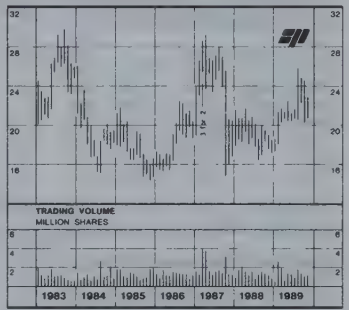
Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	587	511	538	526
Jun.	603	530	601	493
Sep.	586	614	612	568
Dec	---	695	728	702
	---	2,351	2,479	2,290

Sales for the first nine months of 1989 rose 7.3%, year to year, reflecting acquisitions. With increased pigments and engineered materials profits and a nonrecurring gain of $0.48 a share, and despite lower catalyst earnings and higher interest expense, net income advanced 54%, to $1.52 a share from $0.99.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.32	0.30	0.60	0.28
Jun.	0.34	0.31	0.40	0.38
Sep.	0.87	0.38	0.33	0.30
Dec	E0.37	0.43	0.28	0.35
	E1.90	1.42	1.60	1.31



Important Developments

Oct. '89— Third-quarter earnings included a $16.9 million onetime gain ($0.48 a share) from the public sale of a portion of the EC's Japanese joint venture, while the 1988 quarter included an $0.08 a share gain from a petroleum refining contract settlement. The lower quarterly sales were due to reduced metal prices. Excluding the onetime gains, operating profits were slightly higher, year to year, led by gains in pigments and engineered materials. The decline in catalysts profits reflected the absence of the onetime gain, higher manufacturing costs, and competitive pricing for petroleum catalysts. Separately, EC agreed to purchase Process Minerals Inc. (PMI), a unit of Canadian Pacific, for $110 million. PMI produces wollastonite and tripoli based products. In September EC started up a new fluid cracking catalyst plant in The Netherlands.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.00	16.36	9.24	12.69	11.91	11.33	10.21	9.34	8.40	7.09
Earnings[2]	1.42	1.60	1.31	1.05	1.15	1.82	1.61	1.77	1.62	1.22
Dividends	0.54	0.52	0.49⅜	0.48	0.45⅝	0.40	0.37⅜	0.28	NA	NA
Payout Ratio	38%	33%	38%	45%	39%	22%	23%	16%	NA	NA
Prices—High	21¾	29¼	22½	21⅞	26⅛	29⅞	21¾	20½	NA	NA
Low	16⅜	14¾	15¼	14⅜	15⅛	20⅛	12¼	11⅜	NA	NA
P/E Ratio—	15-12	18-9	17-12	21-14	23-13	16-11	13-8	12-6	NA	NA

Data as orig reptd., prior to 1981 pro forma from proxy dated 4-22-81, reflecting opers. of precious metals fabrication and nonmetallic minerals division of former Engelhard Minerals & Chemicals. Adj. for stk. div(s) of 50% Apr 1987, 100% Jan 1980. **1.** Reflects merger or acquisition **2.** Bef. spec. item(s) of -0.13 in 1981. E-Estimated. NA-Not Available

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	2,351	154	6.5	[3]125.0	56.7	[4]27.0	[5]87	26.9%	63.7	2.7
1987	2,479	131	5.3	[3]94.0	44.4	[4]16.5	[5]100	30.0%	69.8	2.8
1986	2,290	123	5.4	[3]52.0	42.7	[4]14.5	[5]71	25.2%	[6]53.3	2.3
[2]1985	2,264	106	4.7	[3]43.1	38.9	28.0	[5]59	27.6%	42.7	1.9
1984	2,511	134	5.3	[3]48.9	33.2	17.7	[5]41	NM	46.3	1.8
1983	2,099	135	6.5	[3]47.8	33.9	20.5	[5]96	23.5%	73.5	3.5
1982	2,019	110	5.5	[3]61.3	31.5	20.5	[5]71	9.1%	64.8	3.2
1981	2,192	129	5.9	72.1	29.0	25.8	[5]91	21.0%	71.6	3.3
1980	3,171	181	5.7	61.6	28.2	42.7	113	41.5%	65.9	2.1
1979	1,924	118	6.1	45.0	23.2	28.2	69	30.2%	48.2	2.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	49	657	355	1.9	1,413	4.8%	221	760	1,059	20.9	8.5%
1987	121	700	297	2.4	1,216	5.9%	119	730	919	13.0	10.4%
1986	83	604	316	1.9	1,043	5.4%	117	581	727	16.0	9.9%
1985	87	529	277	1.9	936	4.7%	115	512	659	17.5	8.6%
1984	35	563	305	1.8	863	5.3%	61	480	559	10.9	9.9%
1983	20	559	333	1.7	889	8.8%	70	456	557	12.6	17.0%
1982	24	462	273	1.7	776	8.7%	66	412	503	13.1	16.5%
1981	15	422	292	1.4	705	NA	25	376	413	6.2	NA
1980	20	685	543	1.3	929	6.7%	30	344	386	7.8	20.5%
1979	16	805	679	1.2	1,010	6.3%	31	290	331	9.4	17.8%

Data as orig reptd., prior to 1981 pro forma data as reptd. in proxy dated 4-22-81, reflecting opers. of precious metals fabrication and nonmetallic minerals division of former Engelhard Minerals & Chemicals. **1.** Bef. spec. item(s) in 1981. **2.** Reflects merger or acquisition. **3.** Net of curr. yr. retirement and disposals. **4.** Net of interest inc. **5.** Incl. equity in earns. of nonconsol. subs. **6.** Reflects accounting change. NM-Not Meaningful. NA-Not Available

Business Summary

EC primarily produces specialty chemicals and engineered materials. Contribution by segments in 1988:

	Sales	Profits
Catalysts and Chemicals	17%	50%
Pigments and additives	14%	36%
Engineered materials & precious metals mgmt.	69%	14%

Foreign operations accounted for 33% of sales in 1988 and 30% of profits.

Catalysts and chemicals include catalysts used in the petroleum refining, chemical, petrochemical, pharmaceutical, food processing, and environmental protection industries, and the Asphalt Residual Treatment (ART) process to pretreat heavy crude oils prior to further processing.

Pigments and additives consists of kaolin-based coatings and extender pigments and additives used in papers, plastics, paints, inks and rubber compounds, color pigments, and adsorbents and gellants for industrial and consumer uses.

Engineered materials includes precious and base metal products for industrial, electronic, jewelry, coinage and investment markets; metal coating, finishing and plating chemicals; and crystals and radiation monitoring devices. EC also conducts secondary refining to recover precious metals and is a precious metals dealer.

Dividend Data

Dividends have been paid since 1981. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Dec. 15	Dec. 20	Dec. 27	Dec. 30'88
0.14	Mar. 2	Mar. 8	Mar. 14	Mar. 31'89
0.14	Jun. 15	Jun. 20	Jun. 26	Jun. 30'89
0.14	Sep. 7	Sep. 12	Sep. 18	Sep. 30'89

Next dividend meeting: Dec. 14'89.

Capitalization

Long Term Debt: $219,979,000.

Common Stock: 44,790,783 shs. ($1 par).

Minerals & Resources Corp. (39% held by Anglo American Corp. of South Africa) owns about 30%.

Institutions hold about 44%.

Shareholders of record: 11,791.

Office—Menlo Park CN40, Edison, N.J. 08818. **Tel**—(201) 632-6000. **Chrmn**—R. F. Richards. **Pres & CEO**—O. R. Smith. **Exec VP & COO**—C. H. Holley. **VP-Secy**—A. A. Dornbush II. **SVP & CFO**—R. K. Elliott. **Treas**—A. J. Shaw. **Investor Contact**—F. X. Vitale, Jr. **Dirs**—M. H. Antonini, R. K. Elliott, F. M. Guist, C. H. Holley, J. V. Napier, N. T. Pace, J. R. Phillimore, R. F. Richards, H. R. Slack, O. R. Smith. **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, NYC. **Incorporated** in Delaware in 1938. **Empl**—8,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard O'Reilly, CFA

Enron Corp.

NYSE Symbol ENE Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
57⅝	61-35½	25	2.48	4.3%	B+	0.80

Summary

This company operates the largest natural gas pipeline system in the U.S., and is also involved in oil and gas exploration and production, and liquid products extraction, marketing and transportation. Share earnings for the first nine months of 1989 benefited from higher profits at all business segments and lower preferred dividend payments. In October, 1989 the company sold a 16% interest in its oil and gas unit through a public offering.

Current Outlook

Share earnings for 1990 are projected at $2.50, up from an estimated $2.25 for 1989.

Dividends should continue at $0.62 quarterly, supported by a strong cash flow.

Gas pipeline profits for 1990 are expected to rise, reflecting an increase in gas throughput due to expansion of service and increased demand for gas. Exploration and production profits should be slightly higher on an increase in gas prices. Profits from liquid fuels operations should benefit from continued strong demand growth. Share earnings will benefit from lower interest charges and preferred dividend payments.

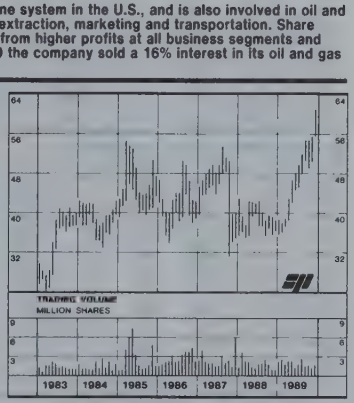
Operating Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	1.71	1.79	1.59	3.09
Jun.	1.46	1.27	1.42	1.69
Sep.	1.21	1.19	1.46	1.29
Dec.	---	1.46	1.44	1.53
	---	5.71	5.92	7.59

Revenues for the nine months ended September 30, 1989 rose 3.0%, year to year, reflecting strength at liquid fuels operations. Benefiting from higher profits at all operating segments, net income advanced 9.9%. After lower preferred dividends, share earnings were up 18%, to $1.88 from $1.59, which excludes a special charge of $0.39.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.69	1.42	0.90	1.41
Jun.	0.06	0.66	d0.17	d0.54
Sep.	0.14	d0.47	d0.05	d0.89
Dec.	E0.36	0.40	d0.08	d2.98
	E2.25	1.99	0.58	d2.92



Important Developments

Dec. '89— The company signed a letter of intent with representatives of the Fuel-Energy Complex of the Council of Ministers of the USSR to pursue energy opportunities in the Soviet Union, including possibilities of a joint venture of oil and gas exploration, and the enhancement of gas pipeline and gas liquids operations.

Oct. '89— ENE sold 11.5 million common shares of Enron Oil & Gas Co. (EOG) in its initial public offering at $18.75 per share; ENE retained a 84% interest in EOG. Separately, ENE filed a registration statement with the SEC relating to the initial public offering of up to 6.93 million preference units of Enron NGL Partners L.P.; the units would represent an 80% interest in the partnership, and the indicated offering range was $19-$21 per unit.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	[2,1]1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	**29.54**	20.07	21.65	28.02	35.57	33.25	30.80	29.91	26.45	23.47
Earnings[3]	**1.99**	0.58	d2.92	2.65	5.61	5.29	4.06	5.43	4.70	4.09
Dividends	**2.48**	2.48	2.48	2.48	2.40	2.22	2.12	1.96	1.72½	1.40
Payout Ratio	**125%**	447%	NM	94%	42%	42%	52%	36%	37%	34%
Prices—High	**43**	53½	50⅝	54⅝	42½	41	32	43½	49¾	29⅜
Low	**34⅞**	31	33¾	39	32¾	24⅛	21	27½	25¼	16⅞
P/E Ratio—	**22-18**	92-53	NM	21-15	8-6	8-5	8-5	8-5	11-5	7-4

Data as orig reptd. Adj. for stk. div(s). of 100% Apr. 1980. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -1.44 in 1987, +3.13 in 1986, +0.86 in 1985, -0.52 in 1983, -1.05 in 1982; bef. spec. item(s) of -0.45 in 1988, -4.93 in 1985. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,1]1988	5,708	695	12.2	294	389	[4]433	165	21.0%	130	2.3
[5]1987	5,916	711	12.0	184	376	[4]479	20	NM	[3]54	0.9
[5]1986	7,453	702	9.4	208	443	452	d203	NM	[3]d108	NM
[5,6]1985	10,253	938	9.1	4,334	393	350	231	45.9%	125	1.2
[3,6]1984	7,510	866	11.5	626	285	146	542	45.3%	297	4.0
[6]1983	4,997	746	14.9	985	247	146	481	46.9%	255	5.1
[5]1982	4,159	561	13.5	361	229	130	236	23.1%	181	4.4
1981	3,655	628	17.2	453	205	125	381	36.2%	243	6.7
1980	3,038	589	19.4	384	175	[4]100	358	40.8%	212	7.0
1979	2,499	536	21.4	359	144	[4]57	355	47.7%	186	7.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Invest. Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	**131**	**1,357**	**1,363**	**1.0**	**8,695**	**1.4%**	**3,335**	**1,399**	**6,895**	**48.4**	**6.8**
1987	415	1,685	2,167	0.8	9,529	0.6%	3,428	1,374	6,905	49.6	0.8
1986	351	2,351	2,886	0.8	8,484	NM	3,287	961	5,198	63.2	NM
1985	79	2,256	4,764	0.5	9,596	1.6%	2,243	1,251	4,473	50.1	5.4
1984	114	2,371	2,253	1.1	6,122	5.4%	1,116	1,561	3,738	29.9	16.4
1983	234	1,554	1,368	1.1	5,010	5.7%	1,056	1,473	3,519	30.0	16.5
1982	57	1,186	1,064	1.1	3,954	4.7%	951	1,362	2,792	34.1	13.4
1981	28	1,175	1,051	1.1	3,810	6.7%	883	1,321	2,658	33.2	19.4
1980	285	1,231	875	1.4	3,486	6.7%	984	1,179	2,530	38.9	18.8
1979	30	745	726	1.0	2,786	7.2%	538	1,044	2,000	26.9	18.6

Data as orig reptd. 1. Incl equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers in 1987, 1986, 1985, 1983, 1982, and bef. spec item(s) in 1988, 1985. 3. Reflects accounting change. 4. Net of interest income. 5. Excludes discontinued operations. 6. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

Enron (formerly InterNorth) is involved in the wholesale transmission of natural gas; exploration for and production of oil and gas; and the production, transportation and marketing of liquid hydrocarbons. Segment contributions in 1988 (profits in million $):

	Revs.	Profits
Natural gas	61%	$339.1
Liquid fuels	36%	33.2
Expl. & prod.	3%	-39.6

Following the July, 1985 $2.4 billion acquisition of Houston Natural Gas, the Natural Gas Group operates a 38,000 mile pipeline system which extends from the Canadian to the Mexican borders, and from the Florida Peninsula to California. Gas transported for others in 1989 totaled 1,447 Mcf, up from 1,038 Mcf in 1987. ENE's take-or-pay liability was estimated to be about $160 million at December 31, 1988.

Enron Liquid Fuels produces, buys, transports and sells natural gas liquids and helium. It also acquires, transports and markets crude oil, refined fuels and pipeline condensates.

Oil and gas exploration and production activities are conducted primarily in the U.S., Canada. At year-end 1988 proved reserves were estimated at 1.3 Tcf of gas equivalent, with about 88% of the reserves natural gas, and 12% crude oil and gas liquids.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62	Feb. 14	Feb. 28	Mar. 6	Mar. 20'89
0.62	May 2	May 25	Jun. 1	Jun. 20'89
0.62	Aug. 8	Aug. 28	Sep. 1	Sep. 20'89
0.62	Nov. 16	Nov. 27	Dec. 1	Dec. 20'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $3,318,683,000.

Red. Preferred Stock: $6,538,000.

Conv. Preferred Stock: $237,663,000.

Common Stock: 50,274,700 shs. ($10 par).
Institutions hold about 52%.
Shareholders of record: 29,995.

Office—1400 Smith St., Houston, Tex. 77002 **Tel**—(713) 853-6161 **Chrmn & CEO**—K. L. Lay **Vice Chrmn**—R. D. Kinder **Secy**—Peggy B. Menchaca. **VP-Treas**—R. L. Gray. **Investor Contact**—E. P. Segner. **Dirs**—W. A. Anders, A. B. Belfer, R. A. Belfer, W. F. Dinsmore, R. E. Dougherty, J. H. Duncan, J. H. Foy, J. M. Harbert III, R. K. Jaedicke, R. D. Kinder, K. L. Lay, C. A. LeMaistre, P. S. Linder, R. W. Roskens, G. H. Sheldon, A. B. Thayer, C. E. Walker, H. S. Winokur. **Transfer Agent & Registrar**—Texas Commerce Bank, Houston. **Incorporated** in Delaware in 1930. **Empl**—6,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Maitke

ENSERCH Corp.

NYSE Symbol ENS Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
24½	26¼-18⅝	37	0.80	3.3%	B	1.00

Summary

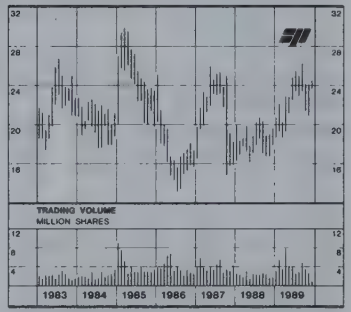
This diversified concern operates a large, primarily intrastate, natural gas utility and is also engaged in oil and gas exploration and production, oil field services, and engineering and construction services. Results in recent years have been hurt by low energy prices. In October, 1989 ENS exchanged ENS common shares and cash for units of Enserch Exploration Partners, Ltd.

Current Outlook

Share earnings from continuing operations for 1990 are projected at $1.15, up from an estimated $0.95 for 1989.

Dividends should continue at $0.20 quarterly, supported by cash flow.

Gas utility profits for 1990 should rise slightly on higher throughput, assuming normal weather conditions and customer additions. Exploration and production profits should improve slightly on higher natural gas prices. Engineering and construction services earnings should advance on higher revenues from construction projects by Ebasco Services



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	761	794	755	765
Jun	578	587	659	597
Sep.	633	646	642	665
Dec	---	712	741	695
	---	2,739	2,796	2,723

Revenues from continuing operations for the nine months ended September 30, 1989 fell 2.7%, year to year. Benefiting from the absence of a $29.2 million after-tax charge related to the engineering and construction segment and slightly higher exploration and production profits, net income advanced to $47.1 million from $3.8 million. After preferred dividends, share earnings were $0.62, versus a per-share loss of $0.13, which excludes a special credit of $0.47 and a loss from discontinued operations of $3.54.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.55	0.61	0.33	0.17
Jun.	0.01	d0.17	0.01	d0.07
Sep	0.06	d0.59	d0.06	d0.22
Dec.	E0.33	0.05	0.05	0.13
	E0.95	d0.07	0.33	0.01

Important Developments

Dec. '89— ENS said that directors had authorized capital expenditures for 1990 at approximately $140 million for exploration and production, $71 million for natural gas tranmission and distribution, and $20 million for engineering and construction activities and general corporate requirements; the company estimated expenditures for 1989 would total $198 million.

Oct. '89— ENS said about 12.0 million depository units of Enserch Exploration Partners Ltd. (EXP) were tendered to ENS in a offer to exchange 0.5 ENS common share and $1 in cash for each EXP unit tendered; following the exchange, ENS held 99% of EXP's units outstanding.

Apr. '89— ENS decided to defer the sale of its Pool Co. subsidiary until a reasonable market value could be obtained for the unit.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.71	12.37	12.80	13.92	16.69	16.52	16.77	16.92	13.54	11.07
Earnings[1]	d0.07	0.33	0.01	d1.12	1.67	1.20	2.70	3.55	2.82	1.90
Dividends	0.80	0.80	1.20	1.60	1.60	1.60	1.60	1.36	1.12	0.94
Payout Ratio	NM	242%	NM	NM	96%	145%	55%	39%	41%	50%
Prices—High	20¾	26	25⅛	29⅞	22¾	26¾	25	35⅛	40	20¼
Low	16⅛	14¾	13⅛	19¾	17½	17⅜	15¾	22⅝	16¼	11⅜
P/E Ratio—	NM	79-45	NM	NM	14-10	22-14	9-6	10-6	14-6	11-6

Data as orig. reptd. Adjusted for stock div(s). of 50% May 1981. 1. Bef. results of disc. opers. and spec. item(s) of -3.07 in 1988, -0.06 in 1987, +0.16 in 1986, +0.36 in 1979. NM-Not Meaningful. d-Deficit. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,739	223	8.2	197	118	96	3	NM	11	0.4
1987	2,796	272	9.7	215	143	114	56	38.5%	34	1.2
1986	2,723	268	9.9	226	142	116	23	20.0%	18	0.7
1985	3,391	404	11.9	415	162	111	d39	NM	d39	NM
1984	3,545	444	12.5	372	174	113	184	35.3%	119	3.4
1983	3,502	404	11.5	299	190	112	132	41.4%	77	2.2
1982	3,788	490	12.9	524	161	102	246	36.1%	157	4.2
1981	3,362	508	15.1	450	140	77	312	36.9%	197	5.9
1980	2,695	411	15.2	355	111	64	254	40.9%	150	5.6
1979	2,238	305	13.6	13	96	61	150	37.6%	94	4.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	25.7	772	827	0.9	2,970	0.3%	819	563	1,558	52.6	NM
1987	37.2	800	856	0.9	3,336	1.0%	921	783	2,290	40.2	2.5%
1986	24.5	746	761	1.0	3,234	0.5%	900	798	2,295	39.2	0.1%
1985	14.6	890	894	1.0	3,358	NM	799	853	2,277	35.1	NM
1984	15.8	831	807	1.0	3,363	3.6%	841	999	2,465	34.1	9.3%
1983	21.7	937	829	1.1	3,259	2.3%	867	986	2,307	37.6	6.2%
1982	16.5	898	834	1.1	3,079	5.6%	862	906	2,191	39.3	16.5%
1981	18.5	829	791	1.0	2,690	7.9%	658	903	1,840	35.8	22.4%
1980	15.6	654	544	1.2	2,187	6.9%	591	733	1,580	37.4	20.7%
1979	17.8	550	429	1.3	1,681	5.2%	620	540	1,396	44.4	15.9%

Data as orig. reptd. 1. Bef. results of disc. opers. and spec. item(s) in 1988, 1987, 1986, 1979. NM-Not Meaningful. d-Deficit

Business Summary

ENSERCH is a diversified energy company. Business segment contributions in 1988 (operating profits in million $):

	Revs.	Profits
Gas utility	48%	$134.0
Eng. & constr. services	43%	-51.7
Exploration & production	9%	41.7

Lone Star Gas, the primary unit of ENS's gas utility division, transmits and distributes natural gas to about 1.2 million customers in Texas and Oklahoma. Total gas sales volume in 1988 was 325.1 Bcf, versus 340.0 Bcf the year before. Gas transported for others was 232.8 Bcf in 1988, compared with 189.0 in 1987.

Engineering and construction services are conducted primarily by Ebasco Services, which provides services to the energy, environmental and infrastructure markets, and H & G Engineering, which designs and constructs facilities for oil and gas production platforms.

Enserch Exploration (including Enserch Exploration Partners) produces oil, gas, and natural gas liquids. At 1988 year-end proved reserves were 1,009 Bcf of gas and 29.4 million barrels of oil and natural gas liquids.

Pool Company (discontinued in 1988) provides oil field services, including workover, maintenance, abandonment of existing oil and gas wells, development drilling, completion and solid control. Samson Ocean Systems, Inc. manufactures rope and floatation products.

Dividend Data

A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 14	Feb. 17	Feb. 24	Mar. 6'89
0.20	May 9	May 15	May 19	Jun. 5'89
0.20	Aug. 1	Aug. 14	Aug. 18	Sep. 5'89
0.20	Oct. 24	Nov. 13	Nov. 17	Dec. 4'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $793,282,000.

Adj. Pfd. Stk.: $175,000,000.

Common Stock: 64,387,016 shs. ($4.45 par).
Institutions hold about 61%.
Shareholders of record: 28,534.

Office—ENSERCH Center, 300 South St. Paul St., Dallas, Texas 75201 **Tel**—(214) 651-8700 **Chrmn, CEO & Pres**—W. C. McCord **Secy**—M. G. Fortado **Treas**—A. E. Gallatin. **VP-Investor Contact**—B. A. Brown **Dirs**—W. B. Boyd, B. A. Bridgewater, Jr., T. C. Cochran, Jr., P. M. Geren, Jr., E. R. Haggar, W. C. McCord, D. J. Phillips, W. R. Wallace. **Transfer Agents**—Company's office, Mellon Bank, Pittsburgh; Harris Trust Co. of New York. **Registrars**—Pittsburgh National Bank; MTrust Corp., N.A., Harris Trust Co. of New York. **Incorporated** in Texas in 1942.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Entergy Corp.

NYSE Symbol ETR Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
21⅞	21⅞-15½	11	1.00	4.6%	B	0.89

Summary

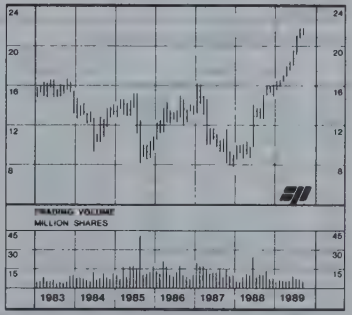
This major utility holding company (formerly Middle South Utilities) serves portions of Arkansas, Louisiana, Mississippi and Missouri. In June, 1988 the U.S. Supreme Court upheld the Federal allocation of costs for ETR's Grand Gulf nuclear plant. The High Court decision is expected to enable ETR's New Orleans subsidiary to recover its deferred Grand Gulf costs. The common dividend, resumed in September, 1988, was raised 25% in 1989's third quarter. Auditors noted in their report on the company's 1988 financial statements the existence of material uncertainties with ETR's nuclear construction program.

Current Outlook

Including a $4.15 a share write-off for the Grand Gulf 2 nuclear plant, a per share loss of $2.05 is likely for 1989, before a projected extraordinary gain of $0.36 a share for the Grand Gulf 1 unit. Share earnings for 1990 could reach $2.25.

The dividend was raised 25%, to $0.25 quarterly from $0.20, with the July, 1989 declaration. ETR is projected to maintain above-average dividend growth for the foreseeable future.

Results in 1989 will reflect the write-off of the Grand Gulf 2 plant. In 1989 ETR's New Orleans Public Service unit is projected to recover the $135 million of disallowed Grand Gulf 1 costs.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	837	787	770	805
Jun.	901	820	832	811
Sep.	---	1,095	1,075	1,073
Dec.	---	863	779	797
	---	3,565	3,455	3,486

Revenues for the six months ended June 30, 1989 rose 8.2%, year to year, reflecting increased rates and higher sales. After lower rate deferrals, operating income dropped 3.4%. Following lower interest charges, net income was up 5.9%. Share earnings were $0.94, versus $0.88.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.47	0.45	0.49	0.56
Jun.	0.46	0.43	0.46	0.51
Sep.	Ed3.30	0.84	0.91	0.84
Dec.	E0.32	0.29	d0.12	0.30
	Ed2.05	2.01	1.74	2.21

Important Developments

Aug. '89— The electric rate dispute between ETR's New Orleans Public Service subsidiary and the city of New Orleans will be heard by the U.S. District Court of Louisiana. The case was remanded to the District Court following the June, 1989 U.S. Supreme Court ruling that Federal courts have jurisdictional authority over state courts in electric rate disputes. NOPSI is seeking to reverse a February, 1988 decision by the New Orleans City Council that disallowed some $135.0 million of deferred Grand Gulf 1 costs. NOPSI will introduce as evidence a June, 1988 U.S. Supreme Court ruling that upheld the authority of the Federal Energy Regulatory Commission to allocate interstate plant costs. The U.S. District Court may decide the case by year-end 1989.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.70	21.86	21.04	18.93	18.22	18.25	18.04	17.96	18.03	18.68
Earnings[1]	2.01	1.74	2.21	2.01	2.76	2.46	2.33	2.44	2.01	2.13
Dividends	0.20	Nil	Nil	0.89	1.75	1.71	1.67	1.63	1.59	1.53½
Payout Ratio	10%	Nil	Nil	44%	63%	70%	72%	67%	79%	72%
Prices—High	16⅛	16¼	15	15¼	14⅜	16¾	15¾	13⅞	14¼	16⅜
Low	8½	7¾	10½	8⅛	9¼	13⅛	12¼	11	10¼	12¼
P/E Ratio—	8-4	9-4	7-5	8-4	5-3	7-5	7-5	6-5	7-5	8-6

Data as orig reptd 1. Bef spec item(s) of +0.10 in 1984 E-Estimated d-Deficit

October 2, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	3,565	391	238	70.0%	1.82	16	31.5%	411	11.5	9.0	8.7
1987	3,455	384	256	70.8%	1.82	9	37.6%	357	10.3	9.0	8.2
1986	3,486	346	242	66.7%	2.19	9	48.8%	451	12.9	10.8	10.9
1985	3,238	266	176	77.9%	1.80	364	37.1%	401	12.4	10.1	10.9
1984	3,146	192	161	82.4%	2.01	537	31.7%	491	15.6	10.3	15.7
1983	2,910	183	149	84.7%	1.86	426	29.4%	378	13.0	9.9	13.8
1982	2,902	168	143	85.0%	---	353	31.0%	311	10.7	10.2	13.3
1981	2,772	159	136	85.3%	---	301	34.8%	281	10.0	10.4	13.8
1980	2,342	142	112	87.3%	---	240	cr0.5%	196	8.4	9.0	11.0
1979	1,823	119	111	88.0%	---	213	cr12.9%	182	10.0	8.2	11.8

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	[5]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	14,101	346	11,111	9.6	13,808	6,448	53.1	794	6.5	4,901	40.4
1987	13,955	417	11,240	9.2	12,929	6,190	53.6	827	7.2	4,528	39.2
1986	13,470	410	11,075	10.0	12,351	5,983	53.5	839	7.5	4,354	39.0
1985	14,144	891	12,063	6.1	11,101	5,681	54.7	798	7.7	3,907	37.6
1984	13,295	1,392	11,439	5.1	10,719	5,877	57.9	808	8.0	3,472	34.1
1983	11,942	1,513	10,248	4.6	9,275	5,032	57.2	761	8.7	3,002	34.1
1982	10,464	1,445	8,912	5.3	8,039	4,429	58.3	686	9.0	2,482	32.7
1981	9,080	1,228	7,673	5.7	7,163	3,896	58.0	631	9.4	2,190	32.6
1980	7,894	940	6,629	4.8	6,293	3,392	57.4	614	10.4	1,906	32.2
1979	7,002	858	5,863	4.0	5,588	3,018	57.9	524	10.1	1,664	32.0

Data as orig reptd. 1. Times int exp. & pfd divs. covered (pretax basis). 2. Bef. spec item(s) in 1984. 3. Based on income before interest charges. 4. As reptd by co. 5. Utility Plant. cr-Credit

Business Summary

Entergy Corp. (formerly Middle South Utilities) is the holding company for Arkansas Power & Light, Louisiana Power & Light, Mississippi Power & Light and New Orleans Public Service. ETR also owns System Energy Resources, which operates the Grand Gulf nuclear plant. Revenues in 1988 were 97% electric and 3% gas. Electric revenues:

Electric Revs.	1988	1987	1986	1985
Residential	37%	36%	37%	36%
Commercial	25%	24%	24%	23%
Industrial	28%	27%	28%	32%
Other	10%	13%	11%	9%

Sources of internal generation in 1988 were nuclear 44%, oil and gas 33% and coal 23%. Peak demand in 1988 was 11,816 mw and system capability was 15,766 mw, including 306 mw of purchased power, for a capacity margin of 25%.

ETR's 90%-owned Grand Gulf 1 nuclear plant began commercial operation in July, 1985. The 34% completed Grand Gulf 2 nuclear plant was abandoned and in the 1989 third quarter the company took a write-off its investment in the plant, along with additional charges related to ETR's nuclear construction program. ETR reported earlier that the pretax charge would be $914.0 million ($850.0 net or $4.15 a share).

Dividend Data

Common dividends were resumed in September, 1988 after having been omitted in August, 1985. With the resumption of preferred dividends by ETR's New Orleans Public Service unit in November, 1988, preferred dividends of all ETR's units are current. A dividend reinvestment plan is not available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Sep. 30	Nov. 3	Nov. 9	Dec. 1'88
0.20	Jan. 27	Feb. 6	Feb. 10	Mar. 1'89
0.20	Apr. 28	May 8	May 12	Jun. 1'89
0.25	Jul. 28	Aug. 7	Aug. 11	Sep. 1'89

Next dividend meeting: Oct. 27 '89.

Finances

In their report on ETR's 1988 financial statements auditors noted the existence of material uncertainties with the incomplete Grand Gulf 2 nuclear plant and other regulatory and financial matters.

Capitalization

Long Term Debt: $6,357,647,000.

Subsidiary Preferred Stock: $749,285,000.

Common Stock: 204,581,092 shs. ($5 par). Institutions hold about 74%. Shareholders of record: 88,346.

Office—225 Baronne St., New Orleans, La. 70112 **Tel**—(504) 529-5262 **Chrmn & Pres**—E Lupberger **Secy**—D E Stapp **Treas**—H S Ball **Investor Contact**—Rick Strawn **Dirs**—W C Battle, W F Blount, J B Campbell, J A Cooper, Jr., B H Duncan, K Hodges, Jr., E Lupberger, J R Nichols, R D Pugh, H D Shackelford, W C Smith, W Washington **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Florida in 1949 **Empl**—13,136

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Equitable Resources

NYSE Symbol EQT

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
39⅜	44-32	18	1.28	3.3%	A-	0.48

Summary

This natural gas company provides gas distribution and transmission services to the Greater Pittsburgh area and portions of West Virginia and Kentucky, and explores for, develops and produces natural gas and oil and extracts natural gas liquids. Modest growth in utility profits in future years is expected to be enhanced by greater contributions from the energy resources segment. Earnings for the 1989 first half declined, reflecting warmer weather and lower energy resources profits.

Current Outlook

Share earnings for 1989 are estimated at $2.45, up from 1988's $2.27. An increase in earnings to $2.75 a share is projected for 1990.

Dividends are expected to continue at $0.32 quarterly.

Gas utility profits for 1989 should advance, assuming more normal weather conditions during the 1989 fourth quarter heating season and an increase in rates and throughput. Profits from the energy resources segment are expected to decline slightly, reflecting a small decline in average gas prices and higher production expenses. Earnings for 1990 should benefit from higher gas sales and gas prices.

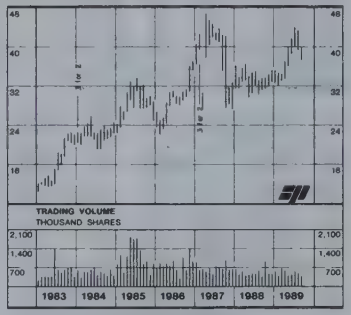
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	159.3	153.4	156.0	193.3
Jun.	84.8	71.6	76.8	86.8
Sep.	---	53.3	60.8	56.5
Dec.	---	128.1	113.7	118.3
	---	406.3	407.4	454.9

Operating revenues for the six months ended June 30, 1989 rose 8.5%, year to year, reflecting higher retail gas rates. Penalized by warmer weather conditions, lower energy resources profits, and higher interest charges, net income declined 5.7%, to $1.35 a share from $1.44.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.14	1.29	1.04	1.57
Jun.	0.21	0.15	0.16	0.48
Sep	E0.10	d0.11	0.08	0.07
Dec.	E1.00	0.93	0.43	0.56
	E2.45	2.27	1.69	2.67



Important Developments

Jul. '89— EQT said that it was involved in a pipeline construction project which would allow the company to serve Pittsburgh's rapidly growing northern suburbs. Separately, EQT filed a $3.9 million general rate increase with the West Virginia Public Service Commission.

Feb. '89— EQT said that authorized capital expenditures for 1989 were $104.4 million, up from expenditures of $100.8 million in 1988; planned expenditures for the energy resources segment in 1989 were $60 million, up from 1988's $57 million. The majority of the $60 million would be spent developing oil and gas in the Appalachian Basin. Separately, EQT filed with FERC a plan to direct bill its customers $179 million over a period not to exceed seven years for higher prices EQT should have received for gas production from 1979 to 1983.

Next earnings report expected early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.90	21.90	20.44	19.21	17.75	14.58	12.40	11.20	9.66	8.24
Earnings[1]	2.27	1.69	2.67	2.85	4.13	2.89	1.87	2.21	1.94	1.45
Dividends	1.24	1.20	1.14⅝	1.14¾	0.96¾	0.72¾	0.66¾	0.53¾	0.52⅛	0.46⅞
Payout Ratio	55%	71%	43%	40%	23%	25%	36%	27%	27%	32%
Prices—High	36½	46⅞	37⅛	33¾	25¾	22½	17⅞	16	15⅛	7½
Low	29⅝	27¼	22⅛	22½	19	10¼	8⅜	11½	5⅞	4¾
P/E Ratio—	16-13	28-16	14-8	12-8	6-5	8-4	10-4	7-5	8-3	5-3

Data as orig. reptd. Adj. for stk. div(s) of 50% Apr. 1987, 50% Feb. 1984, 50% Apr. 1981, 100% Jul. 1979. 1. Bef. spec. item(s) of +0.32 in 1987. E-Estimated. d-Deficit.

October 10, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Int. Exp.	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	406	37.3	22.5	82.6%	3.54	25.1	25.9%	47.1	11.6	8.1	10.1
1987	407	33.2	24.1	84.8%	3.72	21.4	24.4%	34.6	8.5	7.6	8.0
1986	455	25.4	22.3	84.5%	5.84	18.5	39.5%	54.1	11.9	9.9	13.5
1985	473	19.6	23.4	85.7%	6.49	16.8	40.5%	55.0	11.6	11.0	15.6
1984	552	19.2	24.6	83.2%	6.91	22.4	43.9%	74.2	13.4	16.8	25.6
1983	447	16.5	15.8	84.7%	5.80	19.7	45.6%	51.6	11.5	14.7	21.4
1982	418	14.0	20.8	88.5%	---	16.8	44.0%	33.2	7.9	11.8	15.8
1981	411	12.8	19.1	86.8%	---	17.4	43.1%	39.4	9.6	14.7	21.1
1980	363	12.0	17.3	86.3%	---	15.6	44.5%	35.7	9.8	14.7	21.7
1979	284	12.6	16.7	86.2%	---	13.7	43.3%	27.1	9.5	13.0	18.7

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,222	91	889	8.2	917	265	35.7	Nil	Nil	448	64.3
1987	1,157	73	841	7.5	868	234	34.0	Nil	Nil	454	66.0
1986	1,097	100	805	9.3	782	201	32.7	Nil	Nil	415	67.3
1985	984	105	712	10.1	688	158	29.1	Nil	Nil	387	70.9
1984	883	89	624	16.4	623	190	37.3	Nil	Nil	320	62.7
1983	747	60	506	14.2	530	179	40.7	Nil	Nil	261	59.3
1982	690	57	463	10.9	443	142	39.2	Nil	Nil	221	60.8
1981	637	60	420	13.7	407	146	42.4	Nil	Nil	198	57.6
1980	582	42	374	13.8	366	123	38.9	22.5	7.1	170	54.0
1979	543	47	343	12.0	335	127	43.2	22.7	7.7	144	49.1

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges.

Business Summary

Equitable Resources (formerly Equitable Gas) is divided into two segments-utility services (integrated natural gas utility and central heating and cooling service) and energy resources (eight different subsidiaries conducting a wide variety of energy-related activities). Revenues and operating income contributions (before income taxes) in 1988:

	Revs.	Profits
Utility services	69%	47%
Residential	38%	
Commercial	16%	
Industrial	4%	
Other	11%	
Energy resources	31%	53%

The utility serves more than 260,000 customers in southwestern Pennsylvania, northern West Virginia, and eastern Kentucky. Gas sales volume for 1988 amounted to 55.7 Bcf, up from 52.3 Bcf in 1987. During 1988, 46% of the utility's total supply was from production, 17% from Appalachian purchases, and 37% from Southwest pipeline purchases.

The energy resource segment consists of exploration, development, production, gathering, transportation and marketing of natural gas and oil in the Appalachian, Southwest and Rocky Mountain areas, extraction and sale of liquid hydrocarbons and contract drilling. Proved reserves at year-end 1988 were estimated at 609.2 Bcf of gas and 9.79 million bbls. of oil.

Dividend Data

Dividends have been paid since 1950. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Oct. 28	Nov. 1	Nov. 7	Dec. 1'88
0.32	Jan. 20	Feb. 1	Feb. 7	Mar. 1'89
0.32	Mar. 17	May 4	May 10	Jun. 1'89
0.32	Jul. 21	Aug. 7	Aug. 11	Sep. 1'89

Next dividend meeting: Oct. 6'89.

Capitalization

Long Term Debt: $256,647,000, incl. $6.3 million of debs. conv. into com. at $16.59 a sh.

Common Stock: 20,946,674 shs. (no par).
Institutions hold about 57%.
Shareholders of record: 11,151.

Office—420 Boulevard of the Allies, Pittsburgh, Pa. 15219. **Tel**—(412) 261-3000 **Pres & CEO**—D I. Moritz **Secy**—A C Moeller **VP-Treas & Investor Contact**—R. E. Daley. **Dirs**—F. H. Abrew, C. L. Alexander, Jr., J. C. Bertges, M. E. Gilland, E. L. Keyes, Jr., D. I. Moritz, M. M. Prine, D. M. Rooney, D. S. Shapira, B. B. Sullivan **Transfer Agent & Registrar**—Mellon Bank, Pittsburgh **Incorporated** in Pennsylvania in 1925 **Empl**—2,297

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Ethyl Corp.

NYSE Symbol EY Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
25⅝	29-21	14	0.60	2.3%	A+	1.21

Summary

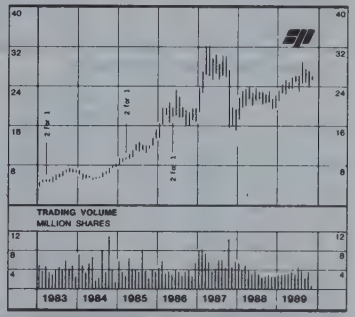
Ethyl makes petroleum and specialty industrial chemicals and owns First Colony Life Insurance, a rapidly growing insurance company. Despite the phase-out of lead antiknock gasoline additives (once the dominant product line) in the U.S., EY has been able to maintain earnings growth through acquisitions and increased R&D. EY completed a tax-free spin-off of its aluminum, plastics and energy businesses as Tredegar Industries in the 1989 third quarter.

Current Outlook

Share earnings for 1990 are projected at $2.00, versus the $1.80 from continuing operations expected for 1989.

The quarterly dividend was raised 25%, to $0.15 from $0.12, with the October, 1989 declaration. A special $1.50 dividend was also declared in October.

Profits in 1990 are expected to benefit from stronger worldwide demand and capacity expansions for most industrial and petroleum products, some easing of raw material costs, and a further reduction in the losses of the polysilicon electronic business. The pharmaceutical business should continue to post losses with heavy R&D expenses. First Colony Life operating profits should continue to post good gains with strong annuity sales.



Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	570	648	389	378
Jun.	603	649	420	406
Sep.	614	688	440	405
Dec.	---	732	471	390
	---	2,718	1,720	1,579

Sales from continuing operations for first nine months of 1989 rose 18%, year to year, primarily reflecting increased insurance revenues. Pretax net gained 9%. After taxes at 33.4%, against 35.7%, net income advanced 12%, to $1.30 a share from $1.15, excluding income from discontinued operations of $0.10 versus $0.27.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.43	0.44	0.37	0.28
Jun.	0.42	0.47	0.39	0.38
Sep.	0.45	0.51	0.37	0.38
Dec.	E0.50	0.49	0.44	0.36
	E1.80	1.91	1.57	1.40

Important Developments

Oct. '89— EY said that its third quarter results were on target with its expectations and it was particularly pleased with First Colony's strong performance. Chemicals results were mixed, but profits were up 7% with higher selling prices offsetting lower volumes. Insurance revenues rose 49%, reflecting increased immediate annuity premiums. EY increased the quarterly dividend 25% to relate more closely to earnings, and a special $1.50 dividend was intended to be a catch-up payment to reflect recent growth.

Jul. '89— EY completed the spin-off of the aluminum, plastics and energy groups as Tredegar Industries Inc. to shareholders of record July 10. EY received a favorable ruling from the IRS that the spin-off would be tax free. These groups had sales of $625 million and operating profit of $59 million in 1988. EY's remaining businesses consists of chemicals and insurance.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	[3]1986	[3]1985	[3]1984	[3]1983	[3]1982	1981	[3]1980	[3]1979
Tangible Bk. Val.	8.12	7.00	7.04	5.86	5.29	4.91	4.55	4.15	3.75	3.38
Earnings	1.91	1.57	1.40	0.91	0.86	0.66	0.59	0.57	0.57	0.62
Dividends	0.45	0.40	0.33½	0.28½	0.21⅜	0.21⅜	0.18⅞	0.18⅞	0.18⅞	0.16⅞
Payout Ratio	24%	25%	24%	31%	25%	33%	31%	33%	33%	28%
Prices—High	24⅛	32¼	23⅜	15⅜	8⅜	7½	4⅜	4½	4⅝	3⅞
Low	17¼	15	13½	7⅞	5	3⅝	2⅜	2⅛	2⅛	2⅜
P/E Ratio—	13-9	21-10	17-10	17-9	10-6	11-6	7-4	8-5	8-5	6-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun 1986, 100% Apr. 1985, 100% Apr. 1983 1. Net sales prior to 1988 2. Reflects accounting change 3. Reflects merger or acquisition E-Estimated

November 29, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	2,718	511	18.8	151	115.6	68.7	353	34.6%	231	8.5
[1]1987	1,720	339	19.7	138	94.9	61.0	[2]309	37.4%	193	11.2
[3]1986	1,579	324	20.5	134	84.8	49.8	[2]291	38.9%	[1]178	11.3
[3]1985	1,547	276	17.9	90	81.6	52.1	[2]190	38.2%	117	7.6
[3]1984	1,675	268	16.0	103	82.3	39.1	[2]178	25.9%	132	7 9
[3]1983	1,745	273	15.6	85	93.1	40.5	[2]167	36.4%	106	6.1
[3]1982	1,615	229	14.2	97	81.5	34.7	[2]149	36.7%	94	5.8
1981	1,757	222	12.6	141	76.4	21.0	148	38.7%	[1]91	5.2
[3]1980	1,741	223	12.8	156	64.4	[1]21.9	153	41.4%	90	5.2
[3]1979	1,657	243	14.7	129	61.2	23.0	180	45.8%	[1]98	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	116	NA	NA	NA	5,251	6.4%	608	1,123	2,086	29.1	22.3%
1987	62	536	228	2.3	1,981	10.7%	608	951	1,727	35.2	20.9%
1986	54	457	203	2.2	1,714	10.8%	408	935	1,482	27.5	20.6%
1985	80	455	215	2.1	1,556	7.8%	399	782	1,301	30.7	15.6%
1984	69	450	194	2.3	1,481	9.8%	421	726	1,248	33.7	18.6%
1983	73	479	227	2.1	1,510	6.7%	293	840	1,267	23.2	12.6%
1982	94	483	209	2.3	1,524	6.9%	359	741	1,303	27.6	12.5%
1981	121	518	231	2.2	1,262	7.4%	172	702	1,022	16.8	13.1%
1980	109	512	205	2.5	1,208	7.6%	203	647	996	20.4	13.9%
1979	119	543	192	2.8	1,142	8.7%	222	588	946	23.5	16.8%

Data as orig. reptd. 1. Reflects accounting change. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition NA-Not Available

Business Summary

Ethyl Corp. is a producer of specialty industrial and petroleum chemicals and has interests in insurance. In July, 1989 EY completed the spin-off of the plastics, aluminum and energy businesses to shareholders as Tredegar Industries. Pro forma segment contributions in 1988:

	Sales	Profits
Chemicals	66%	70%
Insurance	34%	30%

Foreign operations accounted for 16% of sales and 17% of profits in 1988.

Chemicals operations consists of industrial chemicals (intermediates and additives for detergents, plastics and rubber polymers); bromine chemicals (flame retardants, oil well drilling and completion fluids, and water purification chemicals); agricultural pesticide and pharmaceutical intermediates; electronic materials (polysilicon for use in electronic semiconductors); and fuel and petroleum lubricant additives. Ethyl is the largest producer of lead antiknock additives. Whitby Pharmaceuticals conducts pharmaceutical R&D and distributes generic drugs.

First Colony Life Insurance provides life insurance, individual annuity and employee benefit products.

At December 31, 1988 First Colony had $44.4 billion of life insurance in force and $3.6 billion in assets.

Dividend Data

Dividends have been paid since 1957. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Jan. 26	Mar. 9	Mar. 15	Apr. 1'89
0.12	May 25	Jun. 9	Jun. 15	Jul. 1'89
*Stk.	Jul. 3	Jul. 25	Jul. 10	Jul. 24'89
0.12	Jul. 27	Sep. 11	Sep. 15	Oct. 1'89
0.15	Oct. 26	Dec. 11	Dec. 15	Jan. 1'90
1.50 Spl	Oct. 26	Dec. 11	Dec. 15	Jan. 1'90

*0.1 sh. of Tredegar Industries, Inc.
Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $507,858,000.

Cum. Preferred Stock: $215,000.

Common Stock: 119,228,160 shs. ($1 par).
About 18.6% held by Gottwald interests.
Institutions hold approximately 41%.
Shareholders of record: 12,806.

Office—330 South Fourth St., Richmond, Va. 23217. **Tel**—(804) 788-5000 **Chrmn & CEO**—F. D. Gottwald, Jr. **Pres**—B. C. Gottwald. **VP-Secy**—E. W. Elmore. **VP-CFO**—C. B. Walker. **Treas**—B. C. Gottwald, Jr. **Investor Contact**—J. P. Patton. **Dirs**—L. B. Andrew, W. W. Berry, L. E. Blanchard, Jr., J. C. Carter, Jr., M. F. Gautreaux, B. C. Gottwald, F. D. Gottwald, Jr., G. M. Grosvenor, A. B. Horn, Jr., A. B. Lacy, A. M. McBurney, E. J. Rice, S. B. Scott, G. T. Stewart, III, C.B. Walker, R. Wilkins, Jr. **Transfer Agents & Registrars**—Sovran Bank, Richmond, Va. & c/o J. Henry Schroder Bank & Trust Co., NYC. **Incorporated** in Virginia in 1887. **Empl**—5,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard O'Reilly, CFA

Exxon Corp.

NYSE Symbol XON Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
45 3/4	46 7/8-40 1/2	15	2.40	5.2%	A	0.68

Summary

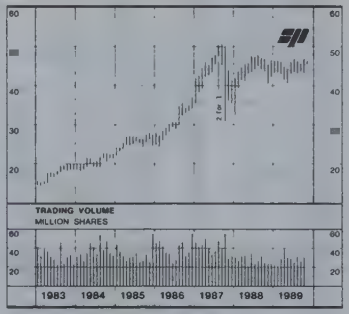
Exxon is generally regarded as the world's leading factor in the oil and petrochemical industry. Earnings in 1989 have been impaired by clean-up costs associated with the grounding of the Exxon Valdez in Alaska in March, 1989. Pending legal matters are not expected to alter the company's strong fundamental position. XON continues to augment its portfolio of oil and gas properties with high quality exploratory ventures and attractively priced acquisitions. The company remains a dominant factor in refining and distribution and XON is seeking to expand its market share of branded products.

Current Outlook

Share earnings for 1990 could reach $3.95, up from 1989's estimated $3.00, which includes a nonrecurring charge of about $0.70 related to the oil spill.

The quarterly dividend was raised 9.1%, to $0.60 from $0.55, with the September, 1989 payment.

Revenues in 1990 may show some modest improvement, reflecting higher natural gas and crude oil production and higher natural gas prices. Increased production should boost upstream profits. Potentially soft feedstock costs should aid downstream and chemical margins. The nonrecurring charges of 1989 will be absent. Per share earnings will be enhanced by the expected continuation of share repurchases.



Gross Oper. Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	22.0	21.6	19.1	21.7
Jun.	23.4	21.3	19.9	17.7
Sep.	---	21.6	21.7	17.0
Dec.	---	22.7	21.5	18.6
	---	87.3	82.1	75.0

Total revenues for the nine months ended September 30, 1989 rose 6.1%, year to year, reflecting higher crude oil prices and increased crude and natural gas production and greater refinery runs. As a result of weak downstream and chemical margins and nonrecurring charges, net income fell 35%, to $1.99 a share on 5.7% fewer shares from $2.89.

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.99	1.06	0.75	1.18
Jun.	0.13	0.90	0.81	0.77
Sep.	0.87	0.93	0.75	0.73
Dec.	E1.01	1.06	1.12	1.03
	E3.00	3.95	3.43	3.71

Important Developments

Oct. '89— Through September 30 XON's worldwide exploration and production earnings rose 7.9%, year to year, as higher crude oil prices offset lower natural gas realizations, North Sea production outages, and higher taxes. Worldwide refining and marketing profits fell 41%, reflecting increasing feedstock costs. Earnings in the chemical segment declined slightly as margins in the commodity sector began to soften. Included in 1989 results was a $850 million ($0.69 a share) charge (in the second quarter) for actual and anticipated expenses, net of insurance, related to the grounding of the Exxon Valdez. The charge does not include potential litigation which has not yet been quantified. In 1989's first quarter XON took a $30 million ($0.02) charge for salvage expense and partial loss of cargo.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**24.64**	24.38	22.29	19.90	18.43	17.40	16.42	16.42	14.71	12.85
Earnings	**3.95**	3.43	3.71	3.23	3.39	2.89	2.41	3.22	3.25	2.44
Dividends	**2.15**	1.90	1.80	1.72 1/2	1.67 1/2	1.55	1.50	1.50	1.35	0.97 1/2
Payout Ratio	**53%**	54%	48%	52%	47%	53%	62%	47%	41%	40%
Prices—High	**47 3/4**	50 3/4	37 1/8	27 7/8	22 7/8	19 7/8	16 1/8	20 1/2	22 1/4	15 3/8
Low	**32**	33 1/4	24 1/4	22 1/8	18 1/8	14 3/8	12 1/2	14 7/8	13	12 1/4
P/E Ratio—	**12-8**	15-10	10-7	9-7	7-5	7-5	7-5	6-5	7-4	6-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep 1987, 100% Jun 1981. 1. Incl. excise taxes. E-Estimated

November 9, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**79,557**	**13,077**	**16.4**	**5,918**	**4,790**	**1,042**	**8,654**	**36.1%**	**5,260**	**6.6**
1987	76,416	11,247	14.7	5,787	4,239	582	7,809	34.6%	4,840	6.3
1986	69,888	12,266	17.6	5,402	4,415	1,045	8,805	36.3%	5,360	7.7
1985	86,673	14,397	16.6	8,844	4,274	998	9,797	47.9%	[2]4,870	5.6
1984	90,854	13,865	15.3	7,842	4,073	668	10,807	46.9%	5,528	6.1
1983	88,561	12,896	14.6	7,124	3,528	1,020	9,907	48.2%	4,978	5.6
1982	97,173	10,378	10.7	9,040	3,333	877	7,875	45.4%	[2]4,186	4.3
1981	108,108	11,177	10.3	9,003	2,948	1,015	9,912	42.5%	5,567	5.2
1980	103,143	12,269	11.9	6,465	2,282	772	11,273	48.2%	5,650	5.5
1979	79,107	14,256	18.0	5,351	2,027	494	12,886	65.6%	4,295	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**2,409**	**14,846**	**17,479**	**0.8**	**74,293**	**7.3%**	**4,689**	**31,767**	**50,583**	**9.3**	**16.6%**
1987	2,531	15,391	15,296	1.0	74,042	6.9%	5,021	33,626	52,284	9.6	15.0%
1986	3,816	16,320	15,220	1.1	69,484	7.8%	4,294	32,012	48,677	8.8	17.7%
1985	2,474	17,355	19,089	0.9	69,160	7.6%	4,820	29,096	46,340	10.4	17.4%
1984	3,290	17,239	15,265	1.1	63,278	9.1%	5,105	28,851	44,166	11.6	19.7%
1983	4,096	18,596	15,039	1.2	62,963	8.0%	4,669	29,443	44,337	10.5	17.4%
1982	3,449	19,793	16,465	1.2	62,289	6.7%	4,556	28,440	42,858	10.6	14.7%
1981	3,884	23,848	17,744	1.3	62,931	9.3%	5,153	28,517	43,002	12.0	20.6%
1980	4,926	23,459	16,884	1.4	56,577	10.7%	4,717	25,413	37,662	12.5	23.7%
1979	4,508	20,478	15,883	1.3	49,490	9.5%	4,258	22,552	32,088	13.3	20.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change

Business Summary

Exxon Corp. is regarded as the world's leading petroleum enterprise with substantial energy, chemical and mineral operations in the U.S. and 79 other countries.

Profits	1988	1987
U.S. expl. & prod.	13%	25%
U.S. ref. & mkt.	11%	Nil
Foreign expl. & prod.	30%	47%
Foreign ref. & mkt.	19%	9%
Hong Kong power	3%	3%
U.S. chemical	13%	7%
Foreign chemical	9%	7%
Coal & other	2%	2%

In 1988 net crude oil and natural gas liquids production averaged 1,919,000 barrels a day, of which 42% of consolidated production was from the U.S.; natural gas available for sale 5.2 billion cubic feet a day (50% U.S.), refinery crude oil runs 3,042,000 b/d, and petroleum product sales 4,306,000 b/d.

Net proved reserves at the end of 1988 stood at 7,468 million barrels of crude oil (7,446 million barrels at 1987 year-end) and natural gas liquids, of which 35% was in the U.S., and 38,760 billion cubic feet of natural gas (38,804 Bcf), 24% U.S.

Dividend Data

Dividends have been paid since 1882. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Jan. 25	Feb. 6	Feb. 10	Mar. 10'89
0.55	Apr. 26	May 9	May 15	Jun. 10'89
0.60	Jul. 26	Aug. 8	Aug. 14	Sep. 11'89
0.60	Oct. 25	Nov. 7	Nov. 13	Dec. 11'89

Next dividend meeting: late Jan. '90.

Finances

During the first nine months of 1989 XON repurchased 38.6 million of its shares for approximately $1.7 billion. In 1988 XON bought back 94.4 million of its shares at a cost of about $4.2 billion; some 58.5 million shares were acquired for $2.6 billion in 1987. The share repurchases are an ongoing program contingent upon board approval.

Capitalization

Long Term Debt: $7,162,000,000.

Capital Stock: 1,251,600,000 shs. (no par).
Institutions hold about 35%.
Shareholders of record: 709,455.

Office—1251 Ave. of the Americas, NYC 10020-1198 **Tel**—(212) 333-1000 **Chrmn & CEO**—L. G. Rawl **Pres**—L. R. Raymond **VP-Secy**—E. R. Cattarulla **VP-Treas**—E. A. Robinson **Shareholder Services**—(212) 333-6900 **Dirs**—W. A. Andres, R. W. Bromery, D. W. Calloway, J. G. Clarke, J. Hay, W. R. Howell, Sir H. Laing, P. E. Lippincott, M. L. A. MacVicar, D. K. McIvor, B. Phillips, L. G. Rawl, L. R. Raymond, C. R. Sitter, J. H. Steele, J. D. Williams **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New Jersey in 1882. Employees: 148,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

FMC Gold

NYSE Symbol FGL

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 28'89	1989					
11 3/4	14 1/4–8 1/2	14	[1]0.05	[1]0.4%	NR	NA

Summary

FMC Gold, formerly a wholly-owned subsidiary of FMC Corp., is engaged in the exploration for gold and the mining and processing of gold and silver ore on properties located in Nevada. Despite higher sales volumes, earnings decreased in the first nine months of 1989, due to sharply lower gold and silver prices. FMC Corp. holds about 89% of the common stock.

Business Summary

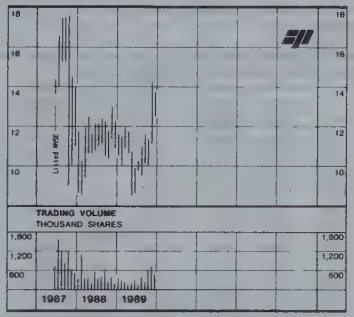
FMC Gold explores for gold and mines and processes gold and silver ore. It is the successor to the North American precious metals exploration, mining and processing business and assets of FMC Corp. FGL's two producing properties are Paradise Peak and Jerritt Canyon, both located in Nevada. In addition, the company has 26 properties totaling 356 square miles in its exploratory inventory. FGL is among the top five gold producers in the U.S.

The Paradise Peak mine, which was developed and is operated by FGL, began gold and silver production in April, 1986. The grades of ore processed in 1988 were 0.176 ounces of gold per ton and 4.221 ounces of silver per ton, versus 0.137 ounces of gold per ton and 3.019 ounces of silver per ton in 1987. The mill recovery rates for gold and silver held constant, year to year, at 94% and 75%, respectively. The average cash cost of production was reduced 17% during 1988 to $94 per gold equivalent ounce, making Paradise Peak one of the lowest cost mines in the world.

The Jerritt Canyon mine is operated pursuant to a joint-venture, in which FGL holds a 30% interest, with Freeport-McMoRan Gold Co. FGL's share of 1988 gold sales was 93,400 ounces, versus 94,800 ounces in 1987. Gold recovery rates were 92% for milled gold in both 1988 and 1987.

FGL also operates a third mine, the Austin property, pursuant to a joint-venture with WESTGOLD, in which FGL holds a 27.6% interest. Sales in 1988 were 9,300 ounces of gold, versus 10,200 ounces in 1987. FGL projected that this property would be shut down in December, 1989 due to uneconomical ore grades.

At December 31, 1988 FGL had estimated proven/probable reserves of 20,642,000 tons of ore containing about 1,963,000 ounces of gold and 33,897,000 ounces of silver, compared with 20,290,000 tons of ore containing 1,991,000 oz. of gold and 37,753,000 oz. of silver at year-end



1987. During 1988 FGL sold 331,800 oz. of gold (293,000 in 1987) and 4,312,200 oz. of silver (3,084,800) at average realized prices of $434.00 ($447.00) per oz. of gold and $6.52 ($7.09) per oz. of silver. Cash cost of production per gold equivalent ounce was $122.00 ($140.00).

FGL projected that it would produce approximately 335,000 ounces of gold and 5,000,000 oz. of silver in 1989.

Important Developments

Dec. '89— FGL estimated that gold production would total 300,000 oz., 275,000 oz. and 300,000 oz. for 1990, 1991 and 1992, respectively, while silver production was expected to approximate 6.5 million oz. in 1990 before declining to 4.5 million and 3.0 million in 1991 and 1992. FGL said that the estimates do not include any additional production that may result from the company's active exploration and acquisition program.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986
Tangible Bk. Val.	1.57	0.69	[2]0.11
Earnings	0.93	0.76	0.27
Dividends	0.05	0.05	Nil
Payout Ratio	5%	7%	Nil
Prices—High	13	17 5/8	NA
Low	8 1/2	9	NA
P/E Ratio—	14–9	23–12	NA

Data as orig. reptd., prior to 1987 pro forma data as reptd. in Prospectus dated Jun. 25, 1987. 1. Annual divd. paid in Dec. 1989. 2. As of Mar. 31, 1987. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	171	101	58.8	20.3	17.5	1.41	82.7	26.0%	61.2	35.8
1987	153	87	56.7	6.2	16.4	6.22	65.1	23.5%	49.8	32.5
1986	87	40	46.1	26.3	13.3	9.62	17.7	0.4%	17.6	20.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	5.05	32.8	18.8	1.7	129	50.1%	Nil	103	110	Nil	82.6%
1987	5.00	20.4	19.7	1.0	115	NA	37.5	45	95	39.3	NA

Data as orig. reptd., prior to 1987 pro forma data as reptd. in Prospectus dated Jun. 25, 1987. NA-Not Available.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	36.8	37.4	32.4	---
Jun.	40.2	41.9	37.1	---
Sep.	38.5	47.1	41.4	---
Dec.		44.7	42.4	---
		171.1	153.3	87

Revenues for the nine months ended September 30, 1989 fell 8.7%, year to year, as sharply lower gold and silver prices were only partially offset by higher sales volumes. Margins narrowed, and despite net interest income of $2.6 million, versus net interest expense of $887,000, pretax income declined 19%. After taxes at 21.7%, against 25.2%, net income decreased 15%, to $0.59 a share from $0.70.

Common Share Earnings ($)

Quarter:	1989	1988	1987	[1]1986
Mar.	0.21	0.20	0.15	d0.05
Jun.	0.21	0.23	0.18	Nil
Sep.	0.17	0.27	0.22	0.17
Dec.		0.23	0.21	0.22
		0.93	0.76	0.34

Dividend Data

The company anticipates that cash dividends in the foreseeable future will be modest. FGL intends to retain appropriate levels of its earnings to support its mining, processing and exploration activities. The following annual dividend was paid in 1989:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Nov. 29	Dec. 1	Dec. 7	Dec. 31'89

Finances

In May, 1989 FGL noted that voters in Nevada had approved new legislation increasing the net proceeds taxes paid by mining companies in Nevada. The company estimated that the impact would be about $2.6 million in additional taxes on an annual basis. FGL recorded total income taxes of $21.4 million for 1988.

In 1988 the company generated $51 million cash flow after capital improvements, enabling it to retire its debt to FMC Corp. FGL repaid all outstanding debt ($37.5 million) in July, 1988.

Capital spending during 1988 totaled $20.3 million, versus $6.2 million in 1987. Major capital expenditures for 1988 included enlargement of the Paradise Peak tailings dam, the development of the Burns Basin ore body at Jerritt Canyon, and the expansion of the Jerritt Canyon mill. In 1988 directors authorized spending for a major upgrade and expansion of the Jerritt Canyon extraction process. FGL's share of the estimated cost is about $20 million, of which $3.5 million was spent during 1988.

On June 25, 1987, in its initial public offering through underwriters led by Morgan Stanley & Co. and Dean Witter Reynolds Inc., FGL sold 7,484,395 common shares at $14 each, including 484,395 to cover overallotments. Of the $97,310,730 net proceeds to FGL, $85.5 million was used to repay a portion of the long-term debt owed to FMC. FGL acquired its assets from FMC in exchange for equity, long-term debt in the principal amount of $175 million, and elimination of the intercompany account. Any remaining net proceeds were to be used for general corporate purposes.

Capitalization

Long Term Debt: None.

Common Stock: 65,484,395 ($0.01 par).
FMC Corp. owns about 89%.
Shareholders of record: 701.

1. Pro forma d-Deficit

Office—5011 Meadowood Way, Reno, Nev. 89502 **Tel**—(702) 827 3777 **Chrmn & CEO**—R. N. Burt **Pres**—B. J. Kennedy **VP-Treas & CFO**—S. K. Kushner **Secy**—R. L. Day **Investor Contact**—Pat Brozowski (312) 861 6104 **Dirs**—W. F. Beck, R. N. Burt, P. L. Davies, Jr., B. J. Kennedy, E. W. Littlefield, A. D. Lyons, R. H. Malott, R. C. Tower **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Delaware in 1987. **Empl**—272

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Adam J. Penn

FPL Group

846N

NYSE Symbol FPL Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
33⅞	34⅝–29	10	2.28	6.7%	A	0.43

Summary

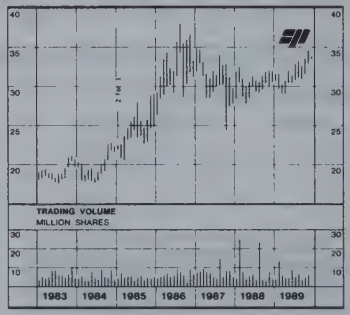
This diversified electric utility holding company serves Miami and much of Florida's commercial and residential economy. Nonutility operations consist primarily of the insurance and other financial services of Colonial Penn Group. In September, 1989 the FPSC held hearings regarding recoverability of replacement fuel costs due to outages from mid-1988 and the first half of 1989 at the Turkey Point nuclear units. The FPSC is scheduled to consider this issue in December, 1989.

Current Outlook

Share earnings for 1990 are projected at $3.15, unchanged from the $3.15 estimated for 1989.

The dividend is expected to continue at $0.57 quarterly.

Share earnings for 1990 are expected to be limited as scheduled outages at both of the St. Lucie nuclear units, and continued losses at the Colonial Penn insurance subsidiary, offset the benefit of increased kwh sales.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,366	1,345	968	943
Jun.	1,530	1,464	1,062	999
Sep.	1,813	1,653	1,308	1,170
Dec.	---	1,392	1,100	979
	---	5,854	4,439	4,092

Revenues for the nine months ended September 30, 1989 rose 5.5%, year to year, as higher kwh sales in all customer classes more than offset lower rates. However, after a substantial increase in depreciation of utility property, primarily due to higher accelerated depreciation relating to transmission lines, net income declined 6.0%. Share earnings were $2.59, versus $2.76.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.54	0.70	0.70	0.62
Jun.	0.85	0.73	0.69	0.60
Sep.	1.20	1.33	1.16	1.19
Dec	E0.56	0.65	0.55	0.48
	E3.15	3.42	3.10	2.90

Important Developments

Oct. '89— FPL reported that for 1989's third quarter its utility unit contributed $1.26 to share earnings, versus $1.34 in the 1988 period. Total electric sales for the period were up 5.9%, owing mostly to a 6.7% increase in electric sales to residential customers and a 5.4% increase to commercial customers. Nonutility operations contributed losses of $0.06 and $0.01 a share, respectively, in the 1989 and 1988 third quarters. Nonutility losses were primarily due to adverse developments in Colonial Penn's property and casualty business, principally in the personal auto line. Separately, FPL said that in September, 1989 the FPSC held hearings on the recoverability of replacement fuel costs due to outages at the Turkey Point nuclear units. The FPSC is scheduled to consider this issue in December, 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**23.44**	23.67	22.83	21.25	20.24	19.49	18.80	17.82	17.46	17.15
Earnings[1]	**3.42**	3.10	2.90	3.11	2.62	2.51	2.39	2.13	1.97	2.11
Dividends	**2.18**	2.10	2.02	1.94	1.86	1.77	1.64	1.48	1.32	1.16
Payout Ratio	**64%**	68%	70%	62%	71%	71%	69%	70%	67%	55%
Prices—High	**32½**	34⅞	38	29	22⅞	21⅛	18⅞	16	14⅛	14½
Low	**27¾**	24⅜	26⅜	20½	17⅝	17½	14⅛	11⅞	9⅞	12⅛
P/E Ratio—	**10–8**	11-8	13-9	9-7	9-7	8-7	8-6	8-6	7-5	7-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1985. 1. Bef. spec. item(s) +0.36 in 1982. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
[4]1988	5,853	616	373	87.7%	2.80	16	31.1%	448	7.6	9.0	14.1
1987	4,439	447	338	84.7%	2.82	31	37.2%	403	9.1	8.7	13.2
1986	4,092	337	308	83.5%	2.95	76	46.4%	365	8.9	8.6	13.1
1985	4,349	332	259	84.9%	3.19	70	46.8%	372	8.6	8.9	15.0
1984	3,941	286	227	85.0%	2.78	65	47.7%	303	7.7	8.8	13.2
1983	3,353	241	215	85.0%	2.71	114	43.2%	267	8.0	8.6	13.1
1982	2,941	209	180	85.7%	---	128	39.7%	229	7.8	8.5	13.0
1981	3,089	188	173	87.0%	---	70	43.0%	224	7.3	8.6	12.0
1980	2,347	160	142	86.8%	---	77	41.8%	198	8.4	7.6	11.1
1979	1,934	150	100	84.4%	---	59	43.3%	205	10.6	7.9	12.6

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	**11,534**	**668**	**7,940**	**9.2**	**9,151**	**3,412**	**47.3**	**535**	**7.4**	**3,265**	**45.3**
1987	10,679	671	7,573	9.1	8,890	3,325	47.7	541	7.8	3,098	44.5
1986	10,054	628	7,331	9.3	8,473	3,110	46.9	534	8.0	2,989	45.1
1985	9,487	670	7,125	9.4	8,152	3,341	51.9	506	7.9	2,588	40.2
1984	8,881	667	6,872	8.8	7,475	2,979	50.7	512	8.7	2,382	40.6
1983	8,258	835	6,561	7.9	6,810	2,667	49.6	518	9.6	2,194	40.8
1982	7,603	930	6,105	7.3	6,077	2,548	52.0	456	9.3	1,896	38.7
1981	6,771	745	5,415	7.8	5,301	2,268	52.5	425	9.9	1,625	37.6
1980	6,083	655	4,903	6.6	4,803	2,000	50.6	429	10.8	1,524	38.6
1979	5,459	575	4,422	7.1	4,371	1,838	50.1	432	11.8	1,400	38.1

Data as orig. reptd. **1.** Times int. exp. & pfd. divs. covered (pretax basis). **2.** Bef. spec. item(s) in 1982; bef. subsid. pfd. stk. divs. in 1981-1979 **3.** Based on income before interest charges. **4.** Reflects consol. of nonutility subs. **5.** Incl. long-term liabs. to Dept. of Energy prior to 1985; incl. capital lease oblig. in 1987.

Business Summary

FPL Group, formed in 1984, is the holding company for Florida Power & Light Co., its principal subsidiary. FPL also has substantial nonutility operations. FP&L provides electricity to a population of some 6 million along Florida's east coast and southcentral and southwest coasts. Electric revenues by class of customer in recent years:

Revenues	1988	1987	1986	1985
Residential	54%	54%	55%	53%
Commercial	37%	36%	36%	36%
Industrial	5%	6%	6%	6%
Other	4%	4%	3%	5%

Sources of power in 1988 were nuclear 30%, oil 26%, gas 17%, coal 2%, and purchased power 25%. Peak load in 1988 was 12,382 mw and capability was 16,110 mw for a capacity margin of 23%. Energy sales are projected to increase about 3.5% annually for the next 10 years. In order to meet demand, FPL will be purchasing power primarily from Southern Co. FPL also is planning to build a coal gasification unit.

FPL has diversified extensively into nonutility businesses. At year-end 1985 FPL acquired Colonial Penn Group, Inc., which markets property and liability, life and health insurance and financial services. Also, FPL engages in energy services, agriculture, real estate, equipment leasing, cable television and consulting. Nonutility operations accounted for 21% of revenues and 11% of operating profit in 1988.

Dividend Data

Dividends have been paid since 1944. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Feb. 13	Feb. 17	Feb. 24	Mar. 15'89
0.57	May 9	May 16	May 22	Jun. 15'89
0.57	Aug. 21	Aug. 28	Sep. 1	Sep. 15'89
0.57	Nov. 20	Nov. 28	Dec. 4	Dec. 15'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $3,408,000,000.

Subsidiary Red. Pfd. Stock: $173,050,000.

Subsidiary Pfd. Stock: $346,250,000.

Common Stock: 132,200,000 shs. (no par). Institutions hold about 48%. Shareholders of record: 70,296.

Office—Golden Bear Plaza, 11770 U.S. Highway #1, North Palm Beach, Fla. 33408 **Tel**—(407) 694-6300 **Chrmn**—M. McDonald **Pres & CEO**—J. L. Broadhead **Secy**—A. E. Pfeiffer **Treas**—R. N. Sears **Investor Contact**—Jack G. Milne **Dirs**—M. P. Anthony, D. Blumberg, J. L. Broadhead, J. H. Brown, M. M. Criser, J. M. Davis, R. B. Knight, V. Malek, M. McDonald, R. W. Ohman, E. H. Price, Jr., R. E. Tallon. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Florida in 1925, reincorporated in Florida in 1984. **Empl**—19,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Family Dollar Stores

NYSE Symbol FDO

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
10 3/4	14 1/8-10 1/8	14	0.36	3.3%	A-	1.02

Summary

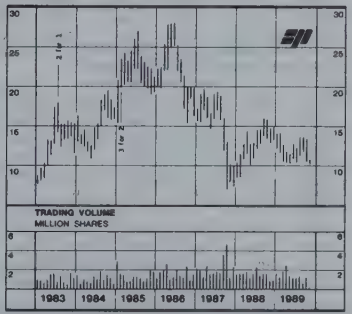
Family Dollar Stores operates a chain of nearly 1,600 retail discount stores, with most units located in communities having a population of less than 50,000. FDO provides a no-frills, low overhead, standardized approach to merchandising. Earnings in fiscal 1989 were hampered by costs related to the company's expansion program and poor inventory control; however, profits should improve in fiscal 1990, aided by sales gains at existing stores and slightly wider margins.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 are projected at $0.90 a share, up from the $0.78 of fiscal 1989.

An increase in the $0.09 quarterly dividend is likely in early 1990.

Sales for fiscal 1990 are expected to advance modestly, aided by the addition of new stores and contributions from an aggressive advertising program which should lead to a resumption of sales gains at existing stores. Profitability should be aided by slightly better gross margins, volume efficiencies and improved inventory control. The tax rate is expected to remain at about 38%. Share repurchases would benefit per-share earnings comparisons.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	171.8	146.5	126.3	109.1
Feb.	195.5	178.9	146.7	133.0
May	187.6	173.9	146.6	124.4
Aug.	202.0	170.2	140.8	121.2
	756.9	669.5	560.3	487.7

Sales for the fiscal year ended August 31, 1989 (preliminary) rose 13% from those of the prior year, reflecting a larger number of stores in operation. Margins narrowed on flat volume in existing stores, markdowns taken to clear merchandise bought in anticipation of higher sales levels, and expenses related to the store expansion program. Pretax income fell 21%. After taxes at 38.7%, versus 38.1%, net income also declined 21%, to $0.78 a share (on 1.0% fewer shares) from $0.98.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	0.20	0.17	0.20	0.22
Feb.	0.28	0.33	0.28	0.31
May	0.17	0.29	0.23	0.26
Aug.	0.13	0.19	0.15	0.27
	0.78	0.98	0.86	1.06

Important Developments

Oct. '89— The company reported that it had opened 151 new stores during fiscal 1989, including the first stores in Iowa and the District of Columbia, bringing the number of units in operation at August 31 to 1,580. The company said that it plans to add about 100 new stores during fiscal 1990.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	6.03	5.49	4.88	4.01	3.18	2.45	1.95	1.66	1.39
Earnings	0.78	0.98	0.86	1.06	0.98	0.83	0.55	0.38	0.33	0.31
Dividends	0.34	0.30	0.26	0.22	0.17 3/8	0.10 3/4	0.08 1/8	0.07 5/8	0.06 1/2	0.05 7/8
Payout Ratio	44%	30%	30%	21%	18%	13%	16%	20%	20%	20%
Prices[1]—High	14 1/8	16	19 3/4	28 1/8	27	19 1/2	18 1/8	8 3/4	3 3/8	2 3/4
Low	10 1/4	8 1/2	7	15 3/8	15 3/8	10 7/8	7 3/4	2 7/8	2 3/8	1 1/2
P/E Ratio—	18-13	16-9	23-8	27-15	28-16	24-13	33-14	23-8	10-7	9-5

Data as orig. reptd. Adj. for stk. divs. of 50% Feb. 1985, 100% Jul. 1983, 50% Jan. 1983, 50% Oct. 1981. 1. Cal. yr. NA-Not Available

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Income Data (Million $)

Year Ended Aug. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	669	50.0	7.5	25.8	10.1	0.85	44.2	38.1%	27.3	4.1
1987	560	50.1	8.9	26.0	8.5	Nil	46.8	47.0%	24.8	4.4
1986	488	56.3	11.5	20.3	6.8	Nil	57.5	47.0%	30.5	6.3
1985	410	51.4	12.5	22.4	4.8	Nil	52.0	46.1%	28.0	6.8
1984	341	42.7	12.5	11.1	3.8	Nil	44.5	47.0%	23.6	6.9
1983	264	29.6	11.2	8.3	3.0	0.02	30.2	48.0%	15.7	5.9
1982	207	20.3	9.8	4.1	2.5	0.02	20.4	47.5%	10.7	5.2
1981	182	17.9	9.9	2.3	2.3	0.06	17.5	48.0%	9.1	5.0
1980	167	16.7	10.0	4.4	2.1	0.38	15.9	47.5%	8.3	5.0
1979	152	14.7	9.7	9.8	1.4	0.01	14.7	47.3%	7.7	5.1

Balance Sheet Data (Million $)

Aug. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	7.0	192	113	1.7	291	10.5%	Nil	167	177	Nil	17.1%
1987	13.3	159	75	2.1	242	10.8%	Nil	160	167	Nil	16.5%
1986	25.0	151	70	2.2	217	15.4%	Nil	141	147	Nil	23.7%
1985	21.7	125	57	2.2	177	17.7%	Nil	116	120	Nil	27.0%
1984	32.0	102	44	2.3	138	18.8%	Nil	91	94	Nil	29.2%
1983	22.4	85	42	2.1	113	15.7%	Nil	70	72	Nil	25.1%
1982	11.1	64	31	2.1	87	13.6%	Nil	55	56	Nil	21.0%
1981	3.9	49	23	2.1	70	13.3%	Nil	46	47	Nil	21.2%
1980	2.3	45	26	1.7	66	12.8%	Nil	39	39	Nil	23.6%
1979	2.2	43	32	1.3	64	14.1%	Nil	32	32	Nil	27.2%

Data as orig. reptd.

Business Summary

This company operates a chain of self-service retail discount stores under the Family Dollar name. As of August 31, 1989 there were 1,580 stores operating in 27 states, ranging as far north as Wisconsin, east to New York, south to Florida, and west to Texas. States with significant concentrations of stores include North Carolina, Georgia, South Carolina, Virginia, Tennessee, Alabama, Florida, Kentucky, Louisiana and Ohio.

Stores in operation at fiscal year-end (August 31):

1989	1,580	1986	1,107	1983	635
1988	1,429	1985	920	1982	529
1987	1,272	1984	765	1981	455

Each Family Dollar store has a wide variety of mostly first-quality merchandise, with some 45% of sales derived from soft goods, such as apparel, shoes, linen, blankets, bedspreads and curtains; the stores also carry hard goods, including automotive supplies, paints, toys, housewares, school supplies, candy and health and beauty aids.

Merchandise, the majority of which is priced at $17.99 or less, is purchased from about 1,150 suppliers. About 75% of the items carried are manufactured in the U.S.

Stores are located in both rural and urban areas, but most are in communities having a population of less than 50,000. The units are free-s tanding or located in shopping centers, with the typical store averaging about 6,000 to 8,000 sq. ft. of total area. Most of the stores are leased.

Dividend Data

Cash dividends were initiated in 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Jan. 19	Mar. 9	Mar. 15	Apr. 14'89
0.09	May 15	Jun. 9	Jun. 15	Jul. 14'89
0.09	Aug. 15	Sep. 11	Sep. 15	Oct. 16'89
0.09	Nov. 1	Dec. 11	Dec. 15	Jan. 15'90

Next dividend meeting: mid-Jan. '90.

Finances

As of August 31, 1989 FDO had repurchased about 1.3 million of its common shares under a program to buy up to 2.0 million shares.

Capitalization

Long Term Debt: None.

Common Stock: 27,740,401 shs. ($0.10 par).
About 42% controlled by Leon Levine.
Institutions hold some 42%
Shareholders of record: 3,900.

Office—10401 Old Monroe Rd. (P. O. Box 25800), Charlotte, N.C. 28212 **Tel**—(704) 847-8961 **Chrmn & Treas**—Leon Levine **Pres**—R. D. Dillon **VP-Secy & Investor Contact**—G. R. Mahoney Jr. **Dirs**—M. R. Bernstein, R. D. Dillon, L. Levine, G. R. Mahoney, Jr., T. R. Payne **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1969 **Empl**—10,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Fedders Corp.

NYSE Symbol FJQ Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
13½	18⅜-11⅞	11	0.40	3.0%	B	0.90

Summary

Fedders manufactures a complete line of room air conditioners. Since 1985, FJQ has increased its market share from 10% to about 30% in 1989. Market share is expected to exceed 30% in 1990. Acquisitions, increased market share, and greater exports should continue to boost future earnings growth. About 55% of the voting control in election of directors under certain circumstances is held by the Giordano family.

Current Outlook

Earnings for 1990 are projected at $1.42 a share, up from the $1.20 estimated for 1989.

The $0.10 quarterly dividend should be increased in 1990.

Sales for 1990 should exceed $415 million, assuming normal weather conditions, reflecting increased market share in North America and higher export sales. Margins should widen slightly on the full integration of FJQ's most recent acquisitions, benefits from increased volume and economies of scale, and higher market penetration. Interest charges should be lower. There may be fewer shares outstanding, reflecting the October, 1989 share repurchase program.

Sales & Other Income (Million $)

Quarter:	1989	1988	1987	1986
Mar.	107.0	56.8	35.0	28.3
Jun.	125.7	63.0	41.1	27.8
Sep.	60.5	34.2	23.0	18.4
Dec.	---	67.2	29.6	19.9
	---	221.1	128.7	94.4

Revenues for the first nine months of 1989 rose 90%, year to year, reflecting increased market share due to acquisitions and greater exports. Margins narrowed, and net income rose 54%. After preferred dividends, share earnings were $0.94 ($0.90 fully diluted), versus $0.65 ($0.61), excluding special credits of $0.32 ($0.24) in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.42	0.24	0.15	0.07
Jun.	0.41	0.28	0.17	0.04
Sep.	0.13	0.14	0.07	0.03
Dec.	E0.24	0.22	0.10	0.08
	E1.20	0.87	0.49	0.22

Important Developments

Oct. '89— FJQ projected its sales for 1989 at $370 million, up 67% from 1988's $221 million. Net income was expected to exceed $22 million, almost 50% greater than 1988's $14.9 million. FJQ added that its share of the North American room conditioner market should approximate 30% in 1989, versus 20% in 1988 and 15% in 1987. Market share was anticipated to exceed 30% in 1990. FJQ said that its 1990 sales may exceed $415 million, assuming normal summer weather and continuation of favorable economic trends. Profitability was also expected to improve, reflecting the integration of FJQ's most recent acquisitions. Separately, the company said it repaid $27.8 million of short- and long-term debt during the third quarter of 1989. Directors authorized the repurchase of up to $25 million of the company's common stock.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31[1]	[2]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	2.31	1.15	0.63	d0.46	d1.04	d2.00	d7.52	d1.57	d0.91	1.88
Earnings[3]	0.87	0.49	0.22	0.21	0.38	0.10	d0.25	d0.66	d2.79	d3.09
Dividends	0.30	0.23	0.13	0.06	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	33%	46%	59%	29%	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[4]	12⅞	10⅞	12⅞	6½	7½	9¼	4⅜	9¼	6½	6¾
Low[4]	6⅛	4½	5⅛	4⅛	4¼	3¾	2¾	3⅜	3	3
P/E Ratio—	15-7	22-9	59-23	31-20	20-11	93-38	NM	NM	NM	NM

Data as orig. reptd. **1.** Prior to 1982 fis. yr. ended Oct. 31. **2.** Reflects merger or acquisition. **3.** Bef. results of disc. opers. of +0.17 1986, +0.23 in 1985, -3.41 in 1982, -0.52 in 1979, and spec. item(s) of +0.51 in 1988, +0.40 in 1987, +0.25 1986, +0.16 in 1985, +0.33 in 1984, +1.40 in 1983, -1.10 in 1982, +0.14 in 1979. **4.** Cal. yr. E-Estimated d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31[1]	[2]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	221	23.9	10.8	2.72	1.48	NA	24.1	38.3%	14.9	6.7
1987	129	14.9	11.6	1.47	0.80	NA	14.4	40.2%	8.6	6.7
[5]1986	94	9.7	10.3	1.46	1.10	3.1	5.5	47.5%	2.9	3.0
[5]1985	104	11.5	11.1	2.43	1.99	4.4	5.1	48.0%	2.7	2.6
1984	120	15.1	12.6	2.20	1.92	5.7	7.5	35.0%	4.9	4.1
1983	81	8.7	10.8	2.00	2.27	4.0	2.5	51.3%	1.2	1.5
[5]1982	85	4.5	5.3	2.70	2.37	2.4	0.4	322.8%	d0.8	NM
1981	157	0.7	0.4	2.80	3.00	5.6	d7.9	NM	d5.4	NM
1980	137	d15.1	NM	3.40	[6]3.84	6.3	d28.7	NM	d29.0	NM
[5]1979	176	d11.7	NM	2.00	5.34	6.2	d31.3	NM	d32.3	NM

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	11.1	105	42.0	2.5	140	13.1%	22.4	30.6	96	23.4	51.8%
1987	22.5	80	25.1	3.2	86	7.5%	Nil	15.2	58	Nil	56.1%
1986	6.7	70	23.6	3.0	145	2.5%	26.9	8.3	35	76.4	247.9%
1985	2.7	57	23.0	2.5	85	3.0%	59.7	d5.8	54	NM	NM
1984	0.9	59	37.0	1.6	95	5.4%	63.2	d13.2	50	NM	NM
1983	1.6	47	45.0	1.0	85	1.3%	54.7	d25.0	30	NM	NM
1982	1.5	50	58.0	0.9	91	NM	66.5	d83.0	23	NM	NM
1981	8.4	102	52.0	1.9	147	NM	66.9	d17.0	88	76.2	NM
1980	10.4	118	58.0	2.0	163	NM	66.6	d10.0	96	69.5	NM
1979	9.3	154	61.0	2.5	197	NM	66.3	21.0	128	51.6	NM

Data as orig. reptd. **1.** Prior to 1982 fis. yr. ended Oct. 31. **2.** Incl. other income. **3.** Bef. results of disc. opers. in 1986, 1985, 1982, 1979, and spec. item(s) in 1988, 1987, 1986, 1985, 1984,1983, 1982, 1979. **4.** Reflects merger or acquisition. **5.** Excludes discontinued operations. **6.** Reflects accounting change. NA-Not Available. d-Deficit. NM-Not Meaningful

Business Summary

Fedders is the largest domestic manufacturer of room air conditioners, including through-the-wall type of air conditioners principally for the residential market.

Air conditioners are manufactured in models ranging in capacity from 4,700 BTU per hour to 29,000 BTU. Products are sold under the brand names of Fedders, Airtemp, Climatrol, as well as private label. While each brand provides similar capacity, the differences are due to special features and appearance. FJQ is also the only high-volume producer in the world of portable, plastic-cabinet window air conditioners.

Air conditioners are sold through distributors and retail buying groups and retail chains. About 6.0% of sales in 1988 were foreign, versus 4.4% in 1987.

In September, 1988 FJQ acquired a producer of portable, plastic cabinet window air conditioners, and in December, 1988 acquired a Canadian assembler of room air conditioners. In June, 1989 FJQ acquired the Rotorex subsidiary of NYCOR; Rotorex produces rotary compressors. In January, 1987 FJQ spun off its NYCOR, Inc. subsidiary, a manufacturer of auto parts and rotary compressors, to shareholders.

Dividend Data

Quarterly dividends were resumed in 1985 after omission since 1974.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jan. 24	Feb. 9	Feb. 15	Mar. 1'89
0.10	Apr. 25	May 11	May 17	Jun. 1'89
0.10	Jul. 25	Aug. 14	Aug. 18	Sep. 1'89
0.10	Oct. 24	Nov. 10	Nov. 16	Dec. 1'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $53,433,000.

Common Stock: 16,449,152 shs. ($1 par). Institutions hold about 35%. Shareholders of record: 6,403.

Class B Common Stock: 2,543,071 shs. ($1 par). 10 votes per sh. in certain circumstances in election of directors; divd. 10% below com. divd.; conv. sh.-for-sh. into com. About 89% owned by the Giordano family.

Office—158 Highway 206 (P.O. Box 265), Peapack, N.J. 07977. **Tel**—(201) 234-2100. **Chrmn**—S. Giordano. **Vice Chrmn & CEO**—S. Giordano, Jr. **Pres & COO**—R. D Tyler, Jr. **CFO & VP**—R.L. Laurent, Jr. **Investor Contact**—B H. VanBiarcum **Dirs**—W J Brennan, J Giordano, S Giordano, S Giordano, Jr., H. S. Modlin, C R Moll, R. D Tyler, Jr. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in New York in 1913; reincorporated in Delaware in 1984 **Empl**—2,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Federal Express

865M

NYSE Symbol FDX Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
47 1/4	57 7/8-42 1/8	19	None	None	B	0.84

Summary

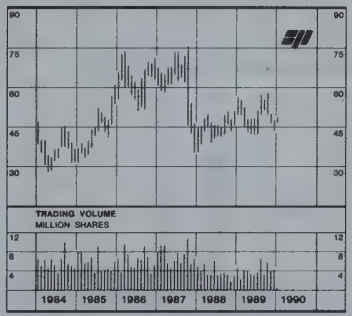
Through an integrated air-ground transportation system, this company provides overnight delivery of small packages and documents throughout the U.S. and Canada and parts of Europe and Asia. FDX is undertaking a major expansion in international markets, which thus far has produced large losses. In early 1989, it acquired Tiger International, parent of Flying Tiger Line. The acquisition of Tiger substantially expands international operations and gives FDX a strong position in large shipment air transport.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 are projected at $2.60 a share, down from the $3.18 of fiscal 1988-9.

Dividends on the common are unlikely soon.

Revenues for fiscal 1989-90 should rise at a strong rate, reflecting the inclusion of Tiger for a full year. Domestic operations should continue to improve through stricter control of discounting and productivity gains. Some pressure on margins should continue through the second fiscal half, reflecting costs of integrating Tiger. Interest expense will be higher, and the effective tax rate should continue above 50% because of non-deductible losses of foreign subsidiaries.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	1,647	1,078	909	726
Nov.	1,724	1,136	944	784
Feb.	---	1,284	977	799
May	---	1,669	1,053	870
	---	5,167	3,883	3,178

Revenues for the six months ended November 30, 1989 increased 52%, year to year. Margins narrowed, and with the tax rate higher, net income (excluding a tax adjustment credit) decreased 33%, to $1.27 a share from $1.93.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.58	0.92	1.00	1.03
Nov.	0.70	1.01	0.83	0.66
Feb.	E0.40	0.47	0.70	0.69
May	E0.92	0.78	1.04	0.84
	E2.60	3.18	3.56	3.21

Important Developments

Jan. '90— As part of a five-carrier group, FDX received a $724-million, 33-month contract for military airlift transportation.

Oct. '89— Federal Express pilots rejected representation by the Airline Pilots Association in a National Mediation Board election.

Aug. '89— Federal Express integrated the routes of the Flying Tiger Line into its system as of August 7. Tiger had been operated as a separate subsidiary since acquisition of its parent, Tiger International, in February 1989 for $880 million. Flying Tiger, a leading all-cargo airline, adds extensive international routes to the FedEx system.

Next earnings report expected in late March.

Per Share Data ($)

Yr. End May 31	1990	[1]1989	1988	1987	[1]1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	NA	17.22	25.17	20.87	21.46	17.24	15.44	11.43	8.40	6.95
Earnings[2]	NA	3.18	3.56	3.21	2.64	1.61	2.52	2.04	1.85	1.45
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	57 7/8	51	75 1/2	73 3/4	61	47	48 1/2	39 1/2	36 1/8	24 1/2
Low	42 1/8	35 3/8	35 1/4	51	31 3/8	27 3/4	32 5/8	20 7/8	20 3/8	9 3/4
P/E Ratio—	NA	16-11	21-10	23-16	23-12	29-17	19-13	19-10	20-11	17-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1983, 100% Nov. 1980. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of 4.48 in 1987 and spec. item(s) of +0.35 in 1989. E-Estimated NA-Not Available.

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	5,167	812	15.7	749	387	140	298	44.2%	166	3.2
1988	3,883	669	17.2	785	290	83	302	37.9%	188	4.8
[3]1987	3,178	604	19.0	722	239	63	312	46.5%	[4]167	5.3
[2]1986	2,606	425	16.3	675	212	66	164	19.7%	132	5.1
1985	2,031	309	15.2	590	172	72	83	8.8%	76	3.7
1984	1,436	277	19.3	649	112	36	152	24.2%	115	8.0
1983	1,008	228	22.6	230	77	23	150	40.8%	89	8.8
1982	804	176	21.9	155	56	16	131	40.2%	78	9.8
1981	589	141	23.9	171	39	15	100	40.9%	59	10.1
1980	415	91	21.9	176	23	10	61	36.9%	39	9.3

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	157	1,100	1,089	1.0	5,293	4.0%	2,139	1,494	3,632	58.9	11.9%
1988	55	630	572	1.1	3,009	6.7%	839	1,331	2,169	38.7	15.4%
1987	22	507	504	1.0	2,500	6.9%	745	1,077	1,824	40.8	15.3%
1986	185	613	432	1.4	2,276	6.1%	562	1,092	1,655	33.9	13.3%
1985	12	423	317	1.3	1,900	4.4%	608	812	1,583	38.4	9.8%
1984	38	328	256	1.3	1,526	9.0%	435	718	1,270	34.3	18.4%
1983	105	265	175	1.5	992	10.1%	247	504	816	30.3	20.1%
1982	61	194	115	1.7	730	11.8%	224	350	616	36.4	24.2%
1981	66	167	106	1.6	570	11.9%	163	275	464	35.1	25.2%
1980	12	86	59	1.5	398	12.9%	146	172	339	42.9	28.9%

Data as orig. reptd. 1. Bef. results of disc. operations in 1987 and spec. item(s) in 1989. 2. Reflects merger or acquisition. 3. Excludes discontinued operations. 4. Reflects accounting change

Business Summary

Federal Express, following its 1989 acquisition of Tiger International, is the largest all-cargo airline. Through its traditional express service it operates an overnight and second day, door-to-door package and document delivery service covering most of the U.S. and Canada and to points in Europe and Asia. For this service maximum package weight is 150 pounds. Contributions, including Tiger from February 1, 1989, by geographical area for fiscal 1988-9 were (operating profits in million $):

	Revs.	Profits
Domestic	80%	$467
International	20%	-43

Addition of the operations of Flying Tiger extended service to all weights for second-day domestic delivery and added heavyweight service to ten nations in Asia and three in Latin America. For domestic express service, aircraft are operated over a "hub and spokes" pattern, with Memphis as the principal hub. Each weekday evening, most packages are gathered from cities on the system and brought to Memphis, where they are sorted and reloaded to be flown to the destination city. A significant amount of traffic by-passes Memphis to be handled in regional hubs at Newark, Oakland and Indianapolis.

As of August 7, 1989, the operating fleet consisted of 21 747s (including two for military passenger charters), 24 DC-10s, six DC-8s, 114 727s, 156 Cessna 208s and seven F-27s.

Dividend Data

No cash dividends have ever been paid on the common.

Capitalization

Long Term Debt: $1,903,959,000.

Common Stock: 52,698,281 shs. ($0.10 par). Institutions hold about 71%; officers & directors own about 9%.
Shareholders of record: 7,034.

Office—2005 Corporate Ave.; Mail Address Box 727, Memphis, Tenn. 38194 **Tel**—(901) 369-3600 **Chrmn & Pres**—F. W. Smith. **EVP**—J. L. Barksdale **Secy**—R. L. Cox **SVP-Fin**—D. C. Anderson **Investor Contact**—E. Clark **Dirs**—R. H. Allen, J. L. Barksdale, A. J. A. Bryan, P. Greer, J. R. Hyde, III, R. D. DeNunzio, J. W. Smart, Jr., F. W. Smith, J. B. Tigrett, P. S. Wilmott **Transfer Agent & Registrar**—First National Bank of Chicago, Chicago, Ill **Incorporated** in Delaware in 1971 **Empl**—80,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. M. Canning, CFA

Federal-Mogul

866

NYSE Symbol FMO Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
20 1/8	29 1/2-18 5/8	13	0.92	4.6%	B+	1.10

Summary

This leading producer of heavy-duty parts for automobiles and trucks commenced a restructuring early in 1989 which included the sale of convertible preferred stock to a newly-established employee stock ownership plan, the purchase of two million shares of common stock on the open market, and the planned sale of its construction tool business. In October, 1989 FMO said that it repurchased 565,000 of its shares from Nortek, Inc. and entered into a 10-year standstill agreement with them.

Current Outlook

Earnings for 1990 may rise to about $1.60 a share from 1989's estimated $1.40.

The quarterly dividend is expected to continue at $0.23.

Sales in 1990 should rise modestly, reflecting increased aftermarket parts demand and price increases, partially offset by lower original equipment sales. Demand for aerospace fasteners should continue to rise. Improved manufacturing efficiency and reductions in interest expense should lead to higher earnings. Preferred stock dividend requirements will be greater but fewer shares will be outstanding.

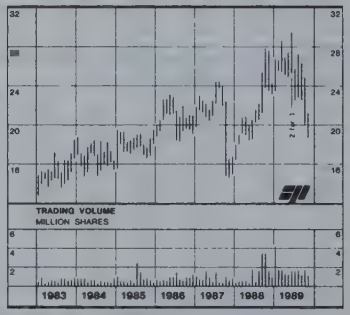
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	289	296	261	239
Jun.	295	317	277	252
Sep.	250	295	268	231
Dec.	---	268	269	221
	---	1,177	1,075	942

Sales for the nine months ended September 30, 1989 declined 8.3%, year to year, reflecting the absence of divested businesses. Following a $5.3 million ($0.23 a share) after-tax net gain from restructuring costs and the sale of businesses, net income declined 8.0%, to $1.22 a share (after preferred dividend requirements) from $1.36 (adjusted), which excludes a $0.07 special charge.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.18	0.36	0.32	0.35
Jun.	0.83	0.56	0.45	0.44
Sep.	0.22	0.45	0.33	0.30
Dec.	E0.17	0.37	0.52	d0.89
	E1.40	1.74	1.62	0.20



Important Developments

Oct. '89— FMO repurchased 565,000 common shares from Nortek, Inc. for $23.50 each and entered into a 10-year agreement whereby Nortek agrees not to acquire any FMO securities and to refrain from taking any action to influence the affairs of the company. In early 1989 FMO began a restructuring that included the sale of its Target division (a noncore operation) and a 90% interest in a Brazilian bearing and bushing operation; the establishment of an employee stock ownership plan (ESOP), and the planned open market purchase of at least two million common shares. The ESOP purchased a new series of FMO 7 1/2% preferred stock convertible into two million common shares using funds obtained from a private placement guaranteed by FMO. So far, FMO has repurchased 2.9 million shares including those bought from Nortek at an average cost of $24.75 each.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	**13.71**	12.72	11.57	12.18	11.38	10.37	9.34	9.14	8.21	8.52
Earnings[2]	**1.74**	1.62	0.20	1.95	1.81	1.47	1.10	1.41	1.44	1.66
Dividends	**0.86**	0.80	0.80	0.77	0.73	0.67	0.66	0.64 1/2	0.58 1/2	0.54
Payout Ratio	**50%**	49%	400%	40%	40%	46%	60%	46%	40%	33%
Prices—High	**27 7/8**	24 1/2	23 1/8	19 1/2	18 3/4	18 1/2	15	13 3/8	11	10 1/8
Low	**16 3/8**	14 5/8	18 1/4	15 1/2	14 3/4	12 3/4	9	9 3/8	6 1/4	6 5/8
P/E Ratio—	**16-9**	15-9	NM	10-8	10-8	13-9	14-8	9-7	8-4	6-4

Data as orig reptd. Adj. for stk div(s) of 100% Jun. 1989, 100% Mar 1979. **1.** Reflects merger or acquisition **2.** Bef spec item(s) of -0.07 in 1988, -0.08 in 1986, +0.08 in 1983 E-Estimated d-Deficit NM-Not Meaningful

December 8, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**1,177**	**134**	**11.4**	**61**	**43.3**	**25.7**	**81**	**44.9%**	**43.4**	**3.7**
1987	1,075	128	11.9	74	41.3	27.8	77	45.4%	41.1	3.8
[3]1986	942	113	12.0	112	36.4	22.2	18	69.2%	[4]5.1	0.5
[3]1985	895	131	14.6	72	34.2	21.5	104	48.6%	52.0	5.8
1984	912	141	15.5	44	32.2	20.6	95	47.7%	48.4	5.3
1983	747	102	13.7	34	31.1	20.1	69	41.3%	39.0	5.2
1982	735	95	12.9	41	28.8	24.5	45	38.4%	28.4	3.9
1981	833	115	13.9	56	26.7	25.7	65	44.2%	36.2	4.3
[3]1980	721	99	13.7	87	20.1	16.5	67	42.1%	36.7	5.1
1979	663	97	14.7	42	15.9	6.8	79	43.9%	42.1	6.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**18**	**446**	**229**	**1.9**	**811**	**5.4%**	**124**	**362**	**540**	**23.0**	**12.3%**
1987	15	428	246	1.7	804	5.4%	132	342	530	24.9	12.5%
1986	4	369	182	2.0	739	0.7%	161	320	526	30.6	1.6%
1985	102	382	154	2.5	682	8.0%	125	339	509	24.5	15.9%
1984	47	349	118	3.0	629	8.0%	126	323	501	25.1	15.5%
1983	23	299	103	2.9	581	6.7%	127	298	469	27.1	13.5%
1982	19	280	105	2.7	561	4.9%	143	262	443	32.2	10.7%
1981	12	328	146	2.3	597	6.2%	144	258	436	33.0	14.4%
1980	12	320	129	2.5	565	7.5%	157	234	428	36.6	16.1%
1979	7	266	117	2.3	415	10.9%	43	213	290	14.7	20.8%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. aft. 1984 **2.** Bef. spec. item(s) in 1988, 1986, 1983 **3.** Reflects merger or acquisition. **4.** Reflects acctg. change.

Business Summary

Federal Mogul is one of the largest producers or distributors of engine bearings and a major producer of oil seals and of antifriction bearings for vehicles other than passenger cars.

1988	Sales	Profits
Aftermarket	45%	64%
Auto & light truck components	21%	11%
Heavy truck, farm & construction equipment components	14%	5%
General industry	15%	20%
Aerospace	5%	Nil

Foreign activities, serving customers in 90 countries, accounted for 25% of total sales and 33% of operating profits in 1988. In 1988 engine and transmission products accounted for 28% of total sales, ball and roller bearings 20%, sealing devices 17%, fastening systems 10%, materials processing products 10%, fuel systems 6%, electrical and lighting products 4%, and Sinta Forge Parts 5%.

Products include tapered, cylindrical, engine and ball bearings, forged products, pistons, bushings, washers, oil seals, O-rings, fuel systems, signal lamps, switches, self-tensioning pulleys, fastening systems, and aerospace components.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Feb. 8	Feb. 17	Feb. 24	Mar. 10'89
0.46	Mar. 29	May 22	May 26	Jun. 9'89
2-for-1	Mar. 29	Jun. 12	May 26	Jun. 9'89
0.23	Jul. 26	Aug. 21	Aug. 25	Sep. 8'89
0.23	Sep. 28	Nov. 16	Nov. 22	Dec. 8'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $180,636,000.

Minority Interest: $7,058,000.

Series C Conv. Pfd. Stock: 1,000,000 shs.; conv. into two com. shs.; held by ESOP.

Common Stock: 22,302,000 shs. ($5 par).
Co. stk. purchase plan owns some 9.0%.
Institutions hold about 51%.
A group led by Mario Gabelli holds 16%.
Shareholders of record: 9,836.

Office—26555 Northwestern Hwy., Southfield, Mich. 48034. P.O. Box 1966, Detroit, Mich. 48235. **Tel**—(313) 354-7700. **Chrmn**—T. F. Russell. **Pres & CEO**—D. J. Gormley. **Vice-Chrmn**—W. C. Adams. **VP-Secy**—G. N. Bashara, Jr. **VP-Treas**—L. Gay. **Investor Contact**—B. M. Murphy (800) 521-8607. **Dirs**—W. C. Adams, J. J. Fannon, D. J. Gormley, R. W. Hague, R. M. Hills, W. J. McCarthy, Jr., E. L. McNeely, R. W. Muzzy, J. C. Pope, T. F. Russell, R. W. Skeddle. **Transfer Agent & Registrar**—National Bank of Detroit. **Incorporated** in Michigan in 1924.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Federal Nat'l Mtge. Ass'n

NYSE Symbol FNM Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
42⅜	46⅜–16¾	15	0.56	1.3%	NR	1.41

Summary

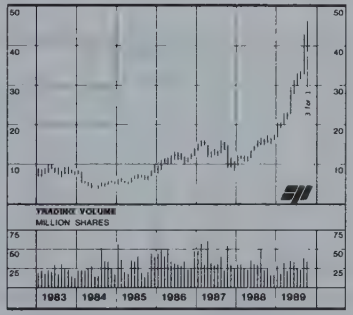
"Fannie Mae," a U.S. Government-sponsored, publicly-held company, is the nation's largest mortgage lender. It uses mostly borrowed funds to buy a variety of mortgages, thereby creating a secondary market for mortgage lenders. Earnings have risen dramatically since the fourth quarter of 1987, aided by a wider investment spread, higher guaranty fee income, and reduced loss provision. The shares were split 3-for-1 in October, 1989.

Current Outlook

Earnings for 1990 are projected at $3.75 a share, up from the $3.05 likely for 1989, after giving effect to the 3-for-1 split.

Dividends, currently at $0.14 quarterly, are likely to be increased in 1990.

Net interest income for 1990 is expected to increase moderately, aided principally by the purchase of new mortgages at attractive yields due to shrinkage of the thrift industry, FNM's rollover of high cost debt, and the adjustment of variable rate mortgages held in the portfolio up to fully indexed levels. The investment spread should widen and possibly approach 1.0%. Attainment of a spread this high would be significant given that FNM is highly leveraged. Guaranty fee income is anticipated to continue to increase as the trend to securitize mortage debt continues. Further declines in the loss provision are likely, since the great majority of bad loans, (acquired before new underwriting standards were adopted in 1986) have been provided for. One worry for investors is whether lawmakers might decide to divert FNM's profits to help the troubled thrift deposit insurance fund.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.67	0.43	0.24	0.16
Jun.	0.76	0.51	0.25	0.21
Sep.	0.82	0.55	0.27	0.23
Dec.	E0.80	0.64	0.79	0.23
	E3.05	2.14	1.55	0.83

Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 40%, year to year, reflecting a wider investment spread. Guaranty fee income rose 25%. After a $6.1 million gain on mortgage sales, versus $11.7 million, 1.0% higher miscellaneous income, a 16% reduction in the loss provision, and 14% higher administrative costs, pretax income was up 69%. After taxes at 26.6%, versus 22.8%, net income advanced 61%. Share earnings were $2.24, versus $1.50 (adjusted).

Important Developments

Oct. '89— Fannie Mae reported that its monthly average investment spread continued to climb in September, reaching 0.79%, up from 0.76% in August, 0.73% in July and 0.71% in June. The primary contributors to the widening of the spread were the refinancing of high cost debt and new mortgage purchases made at attractive yields.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.55	7.67	6.60	5.67	5.73	6.15	5.87	6.80	7.91	8.22
Earnings[1]	2.140	1.55	0.83	0.17	d0.29	0.38	d0.73	d1.073	0.08	0.94
Dividends	0.24	0.12	0.06⅝	0.05⅜	0.05⅜	0.05⅜	0.05⅜	0.13⅜	0.37⅜	0.42⅝
Payout Ratio	11%	8%	8%	31%	NM	14%	NM	NM	NM	46%
Prices—High	17½	16⅛	14	9⅞	8⅜	10	9⅛	4	5¾	6½
Low	9⅝	8⅜	7⅝	4⅝	3⅝	6⅝	2⅜	2⅛	3½	5⅛
P/E Ratio—	8–5	10–5	17–9	57–27	NM	26–17	NM	NM	72–44	7–5

Data as orig reptd. Adj. for stk div(s). of 200% in Oct 1989 **1.** Bef spec. item(s) of +0.16 in 1982 E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	[1]Mtge. Revs.	Commitment Fees	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	9.629	Nil	10,635	9,389	93.8	663	23.5%	507	4.8	0.5	24.9
1987	9,586.000	11	10,078	8,953	94.4	568	33.8%	376	3.7	0.4	25.1
1986	9,911.000	279	10,540	9,723	96.8	336	45.5%	183	1.7	0.2	12.5
1985	9,873.000	196	10,342	9,926	99.3	68	45.6%	37	0.4	NM	2.9
1984	8,858.000	114	9,294	8,996	101.2	d110	NM	d57	NM	NM	NM
1983	7,922.000	151	8,472	7,989	98.4	139	45.6%	75	0.9	0.1	6.1
1982	6,807.000	264	7,384	7,328	103.5	d257	NM	d134	NM	NM	NM
1981	5,597.000	113	5,862	5,997	106.1	d360	NM	d190	NM	NM	NM
1980	5,013.000	59	5,203	4,924	99.5	26	46.2%	14	2.7	NM	1.0
1979	4,154.000	51	4,292	3,746	93.0	300	46.0%	162	3.8	0.3	11.3

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Cash & Secs.	[3]FHA VA Mtges.	[3]Conv. Mtges.	ST Debt	Capitalization Debt	Capitalization Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	112,258	8,148	16,632	86,381	36,599	68,860	2,260	71,120	1.8	1.0
1987	103,459	5,925	17,788	78,958	29,718	67,339	1,811	69,150	2.1	1.1
1986	100,406	1,862	20,820	77,013	31,294	62,269	1,593	63,862	2.1	1.1
1985	99,087	538	32,365	66,184	31,939	61,957	1,342	63,299	1.7	0.8
1984	88,359	314	34,076	53,864	31,261	52,458	1,208	53,666	1.5	0.6
1983	78,918	257	36,148	42,108	26,860	47,734	1,276	49,010	1.6	1.1
1982	73,467	653	39,026	32,788	25,781	43,833	1,203	45,036	1.5	0.4
1981	62,096	434	39,977	21,435	17,563	41,186	1,243	42,429	0.6	0.3
1980	58,470	498	38,969	18,358	15,844	39,338	1,457	40,795	0.7	0.4
1979	51,300	856	34,991	16,106	13,308	35,116	1,500	36,616	0.8	0.6

Data as orig reptd. **1.** Net of servicing fees aft. 1984. **2.** Bef. spec item(s) in 1982 **3.** Gross amount NM-Not Meaningful. d-Deficit

Business Summary

This company is a stockholder-owned corporation chartered by the U.S. Congress for the purpose of providing a secondary market for mortgage loans. Although converted to private status in 1970, it remains subject to certain Federal regulation: five of its directors are appointed by the President of the U.S.; its debt securities have the status of Federal agency securities.

FNM is one of the largest providers of residential mortgage funds in the U.S. The company buys and holds mortgages in its portfolio, financing these investments with equity and borrowed funds. FNM also earns commitment and guaranty fees from the purchase of mortgages which are then issued as Guaranteed Mortgage-Backed Securities and sold to investors. In 1988 FNM issued $54.9 billion of these securities ($63.2 billion in 1987), and at year-end 1988 $178.3 billion ($140.0 billion) were outstanding.

FNM purchased $23.1 billion of mortgages in 1988 ($20.5 billion in 1987) at an average yield of 9.40% (9.63%), and issued $64.3 billion of debt ($45.7 billion) at an average cost of 7.84% (7.49%). The spread between purchase yield and cost of debt in 1988 was 1.56% (2.14% in 1987).

Gross mortgages outstanding of $103 billion at year-end 1988 (up 6.5% from 1987) were divided: government insured 12%, conventional long-term 42%, intermediate fixed rate 17%, adjustable rate 20%, second mortgage 2%, and multifamily 3%. In 1988 average yield on assets was 9.78% (10.40% in 1987), and average cost of debt was 9.23% (9.76%), for a spread of 0.55% (0.64%).

Dividend Data

Dividends have been paid since 1956. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.24	Jan. 17	Jan. 25	Jan. 31	Feb. 25'89
0.32	Apr. 18	Apr. 24	Apr. 28	May 25'89
0.32	Jul. 18	Jul. 25	Jul. 31	Aug. 25'89
3-for-1	Sep. 19	Oct. 17	Oct. 2	Oct. 16'89
0.14	Sep. 19	Oct. 25	Oct. 31	Nov. 25'89

Next dividend meeting: mid-Jan. '89.

Capitalization

Short Term Debt: $35,584,000,000.

Long Term Debt: $69,082,000,000.

Common Stock: 238,591,000 shs. (no par). Institutions hold approximately 87%. Shareholders of record: 35,000.

Office—3900 Wisconsin Ave., N.W. Washington, D.C. 20016. **Tel**—(202) 537-7000 **Chrmn & CEO**—D. O. Maxwell. **Pres**—R. E. Birk. **VP-Secy**—C. S. Bernstein. **VP & CFO**—B. C. McMillen. **Investor Contact**—Paul Paquin (202) 752-7115. **Dirs**—J. A. Alper, S. W. Bartholomew, Jr., F. M. Beck, R. E. Birk, E. Broad, A. R. Cardenas, H. C. Cashen II, J. P. Hayden, D. O. Maxwell, V. C. Miller, J. M. O'Mara, R. D. Parsons, S. J. Simmons, C. J. Sumner, M. Walker, K. H. Williams. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; First National Bank of Chicago; First Interstate Bank of California. **Incorporated** under the laws of the United States in 1938. **Empl**—2,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Federal Paper Board

870

NYSE Symbol FBO Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
22 1/8	29 7/8 - 19 5/8	4	1.00	4.5%	B+	1.58

Summary

This company manufactures solid bleached paperboard, pulp, recycled paperboard, folding cartons and wood products. While earnings will continue to be affected by the level of economic activity, long-term prospects are enhanced by expanded productive capacity and improved manufacturing efficiencies. Dividends were raised 25% with the July, 1989 payment.

Current Outlook

Earnings for 1990 are projected at $5.00 a share, compared with the $5.30 estimated for 1989.

Dividends were raised 25%, to $0.25 quarterly from $0.20, with the July, 1989 payment.

Sales for 1990 are expected to remain strong in the bleached paperboard, recycled paperboard and folding carton segments, given a continued healthy economy. Pulp prices could weaken somewhat due to industry capacity additions later in the year. Lumber sales and earnings should be strong. Improved operating efficiencies should bolster earnings.

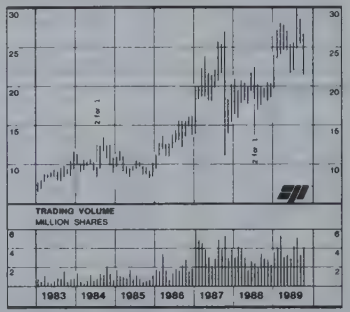
Net Sales (Million $)

Period:	1990	1989	1988	1987
12 Wks. Mar.	---	285	246	230
12 Wks. Jun.	---	309	248	241
12 Wks. Sep.	---	295	255	238
16 Wks. Dec.	---	---	369	317
	---	---	1,117	1,026

Sales for the 36 weeks ended September 9, 1989 rose 19%, year to year, reflecting increased volumes and higher prices for pulp and paperboard, and acquisitions. Margins widened on the higher prices, and pretax earnings increased 74%. After taxes at 39.3%, versus 39.0%, net income was up 73%. Following preferred dividends, share earnings were $3.59 on 2.5% more shares outstanding, compared with $2.07.

Common Share Earnings ($)

Period:	1990	1989	1988	1987
12 Wks. Mar.	E1.10	1.16	0.52	0.34
12 Wks. Jun.	E1.20	1.25	0.70	0.40
12 Wks. Sep.	E1.10	1.19	0.85	0.51
16 Wks. Dec.	E1.60	E1.70	1.43	0.60
	E5.00	E5.30	3.51	1.86



Important Developments

Oct. '89— The company completed the purchase of the Imperial Cup Corp., a paper cup manufacturer with facilities in Ohio, California, Georgia and Maryland, and annual sales of approximately $80 million. Terms were not announced.

May '89— The company acquired Thomas Tait & Sons, Ltd. of Scotland for an undisclosed sum. Tait is a major producer of white paper with 1988 revenues of about $93 million.

Feb. '89— FBO projected capital spending for 1989 at $425 million, of which about $280 million was earmarked for the Augusta, Ga. mill. FBO announced a further expansion, consisting of a fourth bleached paperboard machine for the Augusta mill, to start up in 1992.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.77	9.79	8.38	7.47	7.69	6.65	6.57	6.33	6.58	6.04
Earnings[2]	3.51	1.86	0.99	0.27	1.47	0.50	0.66	1.16	0.99	0.79
Dividends	0.64 1/2	0.41 3/8	0.35	0.35	0.33 7/8	0.30	0.30	0.28 1/4	0.25 3/4	0.23 1/4
Payout Ratio	19%	23%	41%	133%	24%	63%	47%	22%	27%	31%
Prices—High	22 3/8	27	16 3/8	11 7/8	13 1/2	11 3/4	7 3/4	9 7/8	8 7/8	8 1/4
Low	15 7/8	11	9 1/2	8 1/4	8 3/8	6 1/2	4 1/2	6 1/8	5 3/4	5 1/4
P/E Ratio—	6-5	15-6	16-10	44-30	9-6	24-13	12-7	9-5	9-6	10-7

Data as orig reptd Adj for stk div(s) of 100% Jul 1988, 100% Jul 1984 **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of +0.05 in 1979, & spec. item(s) of -0.23 in 1987, -0.57 in 1986 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,117	311	27.8	204	58.3	46.4	228	37.0%	143	12.8
1987	1,026	224	21.9	180	52.9	49.3	138	46.3%	[2]74	7.2
1986	949	169	17.8	185	46.5	57.6	67	50.0%	33	3.5
[3]1985	784	110	14.0	303	40.2	55.9	18	37.4%	11	1.4
[3]1984	637	117	18.3	59	29.7	29.7	65	43.3%	37	5.8
1983	569	77	13.6	31	27.6	33.6	19	33.9%	12	2.2
1982	510	67	13.2	66	25.6	34.5	15	NM	16	3.2
1981	520	82	15.8	114	22.7	25.9	42	26.2%	31	6.0
1980	476	78	16.4	70	22.3	15.5	45	34.6%	29	6.1
1979	419	62	14.7	58	19.5	[2]13.2	32	32.0%	21	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3.7	251	148	1.7	1,335	11.3%	383	499	1,164	32.9	30.6%
1987	4.4	219	143	1.5	1,183	5.9%	373	379	1,019	36.6	19.4%
1986	4.8	212	116	1.8	1,053	3.1%	461	260	901	51.2	10.7%
1985	3.5	208	112	1.8	918	1.5%	418	195	770	54.2	3.5%
1984	7.0	157	101	1.5	607	6.3%	216	200	478	45.2	19.7%
1983	9.8	124	80	1.5	556	2.2%	245	169	466	52.5	7.2%
1982	7.4	135	94	1.4	566	2.8%	254	161	462	54.9	9.9%
1981	18.6	145	74	2.0	577	6.5%	296	150	492	60.1	20.0%
1980	28.6	132	57	2.3	473	6.3%	167	195	405	41.1	15.2%
1979	18.1	127	44	2.9	412	5.2%	149	166	356	41.7	12.7%

Data as orig. reptd **1.** Bef. results of disc. opers. in 1979, and spec. item(s) in 1986. **2.** Reflects accounting change. **3.** Reflects merger or acquisition. NM-Not Meaningful.

Business Summary

FBO produces forest products (paperboard, pulp and wood products), folding cartons, recycled paperboard and other items. Segment contributions:

1988	Sales	Profits
Bleached paperboard & pulp	66%	88%
Wood products	10%	3%
Recycled paperboard	5%	5%
Packaging & printing	19%	3%
Other	1%	1%

Exports accounted for about 14% of 1988 sales.

During 1988 FBO's mills produced 1,205,000 tons of softwood and hardwood pulp, of which some 59% was converted into bleached paperboard and the balance was sold to outside customers. About 72% of FBO's bleached paperboard production was used in packaging applications and 28% for printing. FBO operates five sawmills, with a total capacity of 448 million board feet per year. The company owns or leases some 688,000 acres of timberland in the vicinity of its Riegelwood and Augusta mills.

Recycled paperboard is produced at the Sprague, Conn. mill. FBO operates nine folding carton plants which produce specially designed packaging. Some 70% of the paperboard converted at these plants is produced by FBO.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Dec. 20	Dec. 23	Dec. 30	Jan. 15'89
0.20	Mar. 21	Mar. 27	Mar. 31	Apr. 15'89
0.25	Jun. 20	Jun. 26	Jun. 30	Jul. 15'89
0.25	Sep. 19	Sep. 25	Sep. 30	Oct. 15'89

Next dividend meeting: late Dec.'89.

Capitalization

Long Term Debt: $478,872,000.

$1.20 Conv. Preferred Stock: 93,000 shs. ($1 par); conv. into 2.51 com.

$2.875 Cum. Conv. Preferred Stock: 2,800,000 shs. ($1 par); conv. into 0.909 com.

Common Stock: 39,494,313 shs. ($5 par). Institutions hold about 70%. Shareholders of record: 5,872.

Office—75 Chestnut Ridge Rd., Montvale, N.J. 07645 **Tel**—(201) 391-1776 **Pres & CEO**—J. R. Kennedy **VP-Treas**—S. J. Pope **VP-Secy**—Q. J. Kennedy **Dirs**—R. D. Baldwin, B. W. Bowie, T. L. Cassidy, W. R. Clerihue, E. J. Kelly, J. L. Kelsey, J. R. Kennedy, Q. J. Kennedy, P. R. Kinsey, R. A. Lenon, J. H. Millikin, W. E. Reid, R. E. Roberson **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; First Fidelity Bank of N.J., Newark **Incorporated** in New York in 1916 **Empl**—5,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Ferro Corp.

NYSE Symbol FOE Options on Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
24 1/8	41 3/8-22 3/8	11	0.64	2.6%	B	1.29

Summary

This company is a manufacturer of specialty materials including coatings, plastics, chemicals, ceramics and colorants for the construction, appliance, furnishings, industrial and transportation markets. Foreign business has historically accounted for more than half of net income. Record earnings were achieved in recent years, reflecting strong worldwide demand and benefits of a restructuring program. The stock, which was split 3-for-2 in September 1989, has traded actively in recent months on takeover rumors.

Business Summary

Ferro is a worldwide producer of specialty materials for the construction, major appliance and industrial markets. Contributions by business segment in 1988:

	Rev.	Profits
Coatings & Colors	49%	76%
Plastics	31%	8%
Chemicals	13%	10%
Ceramics	7%	6%

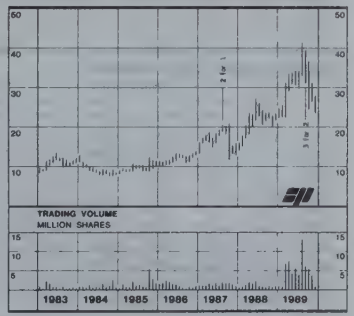
Foreign operations accounted for 55% of sales and 79% of net income in 1988.

Specialty coatings include porcelain enamel frit for appliances, architectural panels, and other uses; ceramic glaze frit; organic powder coatings; and engineering services. Specialty colors consists of inorganic color pigments for porcelain enamel and ceramic glaze coatings, plastics and paint; forehearth glass colorants; and enamels for glass decorating. Electronics materials include dielectric ceramics, thick film inks and sealing glasses, and enamel substrates. Ceramic polishing powders are also produced.

Plastics include compounded filled and reinforced thermoplastic materials, color and additive concentrates for plastics, gel coats for fiberglass reinforced plastic products, engineering plastics, and reinforced materials and composites.

Specialty chemicals include polymer additives such as heat and light stabilizers, antimicrobials, and antioxidants; flame retardants; lubricant and fuel additives and petroleum process chemicals; and intermediate and industrial chemicals.

Specialty ceramics include abrasion resistant linings, crucibles, retorts, kiln furniture, refractories and mold powders, cements, grinding media, road markings, and porous ceramics for industrial, foundry and steel markets.



Important Developments

Oct. '89— FOE reported some softening in its domestic businesses, compared with the strong gains in 1988, but it expected its international business to surpass 1988's outstanding performance. Competitive pricing pressures in coating markets have prevented price increases, while plastics were being affected by slower demand in key markets and a drop in polypropylene prices which provoked strong downward pricing pressure in compound products. Separately, directors authorized the repurchase of one million shares.

Apr. '89— FOE estabilised a $70.5 million ESOP, equal to a 10% interest in the company. Proceeds to FOE may be used to repurchase common stock. FOE also amended its shareholders rights plan. In March, 1989 Phillip Frost, chairman of IVAX Corp., filed notice with the FTC that he intended to acquire at least 15% of FOE's common stock.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	[1]1983	1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	13.65	12.17	10.63	9.57	9.26	9.29	9.01	9.60	9.53	8.70
Earnings	2.27	1.53	1.18	0.44	0.85	1.01	0.46	1.10	1.26	1.36
Dividends	0.46 6/8	0.44 6/8	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.38
Payout Ratio	21%	29%	34%	91%	48%	42%	70%	36%	32%	28%
Prices—High	27 1/8	20 7/8	13 7/8	12 5/8	12 7/8	13 1/4	10 1/4	10 5/8	8 1/8	9 7/8
Low	14	11 5/8	10 1/8	8 1/8	7 3/8	8 1/4	6 1/4	7	5 5/8	6 3/8
P/E Ratio—	12-6	14-8	12-9	28-18	15-9	13-8	22-14	10-6	6-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Sep 1989, 100% Sep 1987 1. Reflects merger or acquisition

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,009	122.7	12.2	49.3	26.1	17.3	90.3	46.3%	46.6	4.6
1987	871	93.9	10.8	30.7	22.5	14.1	61.2	46.2%	31.7	3.6
1986	725	74.2	10.2	23.6	19.2	16.4	44.8	45.6%	[2]24.1	3.3
1985	651	50.0	7.7	27.1	17.0	14.1	18.7	50.2%	8.9	1.4
1984	663	62.9	9.5	29.4	16.6	14.8	32.8	47.2%	16.9	2.5
[3]1983	619	63.8	10.3	20.3	15.7	14.3	39.5	49.8%	19.2	3.1
1982	596	47.2	7.9	22.7	14.7	9.9	20.9	48.5%	10.3	1.7
1981	702	68.3	9.7	24.2	15.4	13.7	43.7	39.3%	[2]25.5	3.6
[3]1980	696	70.4	10.1	31.5	12.9	[2]14.3	50.4	40.3%	29.0	4.2
[3]1979	592	66.7	11.3	40.3	10.2	8.6	50.4	38.6%	30.9	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	28.4	357	194	1.8	588	8.3%	63.2	295	379	16.7	16.7%
1987	43.2	329	175	1.9	532	6.5%	64.1	260	346	18.5	13.1%
1986	40.5	272	132	2.1	449	5.7%	68.1	223	309	22.1	11.4%
1985	23.2	227	110	2.1	393	2.3%	68.4	196	277	24.7	4.6%
1984	14.3	207	95	2.2	362	4.6%	61.0	188	261	23.3	9.0%
1983	20.5	218	109	2.0	367	5.1%	55.9	188	254	22.0	10.4%
1982	18.7	200	95	2.1	349	3.1%	74.2	165	248	29.9	6.1%
1981	21.2	240	108	2.2	392	6.2%	41.3	225	279	14.8	11.4%
1980	30.3	282	133	2.1	434	7.0%	60.7	224	295	20.6	13.6%
1979	24.8	262	133	2.0	391	8.7%	40.9	204	253	16.2	16.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs 2. Reflects accounting change 3. Reflects merger or acquisition

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	271	241	205	175
Jun.	275	259	219	185
Sep.	267	248	214	177
Dec.		261	233	188
		1,009	871	725

Sales for the nine months ended September 30, 1989 rose 8.7%, year to year, reflecting a 7% volume gain and 4% higher selling prices, partly offset by adverse currency exchange rates. All major geographic areas posted increased sales. Profits were penalized by competitive pricing pressures, weakness in some plastics and electronics markets, and high start-up costs for new facilities. Pretax income was down 4.8%. After taxes at 41.6%, against 47.7%, net income advanced 7.3%. After preferred dividends in 1989 only, share earnings were $1.69, versus $1.69 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.60	0.55	0.33	0.23
Jun.	0.58	0.58	0.35	0.25
Sep.	0.51	0.57	0.40	0.34
Dec.		0.57	0.45	0.37
		2.27	1.53	1.18

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available. An amended "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Jan. 27	Feb. 9	Feb. 15	Mar. 10'89
0.21	Apr. 28	May 9	May 15	Jun. 9'89
3-for-2	Jul. 28	Sep. 5	Aug. 15	Sep. 1'89
0.16	Jul. 28	Aug. 9	Aug. 15	Sep. 8'89
0.16	Oct. 27	Nov. 9	Nov. 15	Dec. 8'89

Next dividend meeting: Jan. 26 '90.

Finances

In the 1988 Annual Report FOE anticipated that capital spending for 1989 would be about $60 million, versus the $49.3 million of 1988.

Research and development spending for 1988 was $16.5 million, up 7.2% from the $15.4 million of 1987.

Capitalization

Long Term Debt: $133,429,000, incl. $70.5 million ESOP loan.

Common Stock: 19,545,669 shs. ($1 par).
Institutions hold approximately 52%.
Shareholders of record: 3,685.

Office—1000 Lakeside Ave., Cleveland, Ohio 44114 1183 **Tel**—(216) 641 8580 **Chrmn & CEO**—A. Posnick **Pres**—A. C. Berstickier **Secy**—P. B. Campbell. **VP-Finance & Investor Contact**—H.R. Ortino **Dirs**—A. C. Berstickier, P. S. Brentlinger, G. R. Brown, A. J. Freeman, R. A. Gentles, R. M. Ginn, J. C. Morley, K. O'Donnell, H. G. Piper, A. Posnick, R. A. Sebastian **Transfer Agent & Registrar**—National City Bank, Cleveland **Incorporated** in Ohio in 1919 **Empl**—7,920

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly CFA

First Bank System

889M

NYSE Symbol FBS

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 12'89	1989					
25⅞	26⅞-19	NM	1.64	6.3%	B+	1.19

Summary

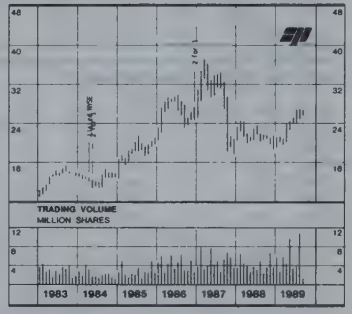
This regional bank holding company, headquartered in Minneapolis-St. Paul, is the 28th largest in the U.S.; it owns 44 banks in the upper Midwest, Colorado and Washington, as well as several nonbank subsidiaries. FBS has been boosting efficiency by consolidating banks and benefiting from improving domestic loan quality. Rising interest rates led to a $507 million loss on its large bond portfolio in 1988. With a restructured balance sheet, FBS should return to profitability in 1989.

Current Outlook

Including tax credits, but excluding gains on the sale of assets, earnings for 1989 could reach $3.10 a share, against the loss of $5.25 in 1988. A further rise to $3.30 is projected for 1990.

Dividends should continue at $0.41 quarterly.

Loan growth could be modest this year and into 1990 in a slowing economy. While capital remains adequate following the 1988 loss, efforts to rebuild it to former levels should also limit growth. The net interest margin could improve considerably without hedging costs for the large, low-yielding bond portfolio sold in January, 1989. Interest rate risk should also be lower. Domestic loan quality has been improving and exposure to LDC countries is conservatively reserved for, allowing the provision for loan losses to remain low. Removal of major uncertainty surrounding FBS's bond portfolio could improve business opportunities, but continued cost reductions will be necessary for a full earnings recovery. Profitability at the Colorado bank could also improve with the regional economy. Reported earnings should benefit from about $40 million of tax loss carryforward credits and gains on sale of assets.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.56	0.95	0.80
Jun.	0.77	0.58	d1.81	0.84
Sep.	E0.78	0.73	0.89	0.86
Dec.	E0.78	d7.04	0.69	0.92
	E3.10	d5.25	0.73	3.42

Review of Operations

Net interest income for the six months ended June 30, 1989 advanced 26%, year to year, reflecting the acquisition of Central Bancorp., Colorado in December, 1988 and a wider net interest margin (3.64% versus 2.66%) following the sale of low-spread bonds. The provision for loan losses was 24% higher, at $43 million. Higher credit card fees led to a 24% gain in noninterest income, while noninterest expense increased 22%. Pretax income advanced 37%. After taxes at 4.5% (including $16.4 million, of tax credits), versus 9.8%, net income was up 45%. Share earnings were $1.54, compared with $1.14.

Important Developments

Jul. '89— FBS said first half earnings included a $37 million increase in noninterest income largely reflecting the Central Banks acquisition and improved levels of fee income. The company said it was successfully intergrating Central Banks into FBS and was encouraged by the future prospects for its Colorado businesses.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	14.37	21.82	22.74	20.47	18.54	16.69	15.38	13.92	12.96	11.68
Earnings[3]	d5.25	0.73	[4]3.42	[4]2.84	[4]2.08	[4]2.12	[4]1.92	[4]1.60	[4]1.86	[4]1.70
Dividends	1.64	1.50	0.91	0.80	0.74	0.70	0.66	0.61	0.56	0.51
Payout Ratio	NM	205%	27%	28%	36%	33%	34%	38%	30%	30%
Prices—High	24½	37⅛	29⅞	21½	14¾	15½	10⅞	11⅛	10	11⅛
Low	18⅝	17⅝	20⅜	12⅝	10⅝	8⅞	8⅞	8¼	8¼	9
P/E Ratio—	NM	51-24	9-6	8-4	7-5	7-4	6-4	7-5	5-4	7-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Dec. 1986, 100% May 1984. 1. Reflects merger or acquisition and acctg. change. 2. Reflects acctg. change. 3. Aft. gains/losses on securities trans. of -0.06 in 1987, +4.12 in 1986, +0.13 in 1985, 0.06 in 1984, -0.05 in 1983, -0.02 in 1982, 0.17 in 1981, +0.01 in 1980, 0.03 in 1979. 4. Ful. dil. 3.38 in 1986, 2.78 in 1985, 2.03 in 1984, 2.05 in 1983, 1.83 in 1982, 1.52 in 1981, 1.76 in 1980, 1.62 in 1979. NM-Not Meaningful. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1987	621	121	335	260	58.00	62	19.70%	50	2.88	0.18	3.30
[1,2]1986	686	192	320	507	61.70	177	NM	203	3.60	0.76	16.00
1985	640	135	300	180	54.00	195	14.50%	167	3.63	0.70	14.60
1984	523	131	224	135	55.90	115	NM	131	3.51	0.63	12.00
[2]1983	447	101	230	89	57.30	137	5.50%	130	3.45	0.72	13.60
1982	411	92	194	69	58.50	126	9.00%	115	3.68	0.73	13.10
1981	359	100	158	52	57.70	91	NM	97	3.91	0.70	11.80
1980	336	84	132	29	55.20	135	17.30%	112	4.08	0.92	15.10
1979	311	64	107	22	53.70	133	23.40%	102	4.06	0.93	15.40
1978	277	63	88	18	53.45	116	22.53%	90	4.15	0.93	15.14

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1987	26,850	3,268	7,623	8,797	4,518	3.21	2,892	12,907	84.30	1,204	1,297	4.60
1986	28,012	2,393	8,079	9,698	5,397	2.35	3,469	12,792	92.20	1,219	1,317	4.60
1985	25,484	2,649	5,696	9,509	5,124	1.58	3,331	12,708	90.30	1,051	1,140	4.50
1984	22,438	3,738	2,867	8,847	4,609	1.30	2,852	11,930	90.20	572	1,012	4.80
1983	20,871	3,344	4,026	7,263	3,967	1.07	2,841	10,590	82.70	432	1,005	5.20
1982	16,899	2,821	2,656	5,812	3,613	1.03	2,889	8,988	78.40	431	913	5.50
1981	14,911	2,335	2,233	4,542	3,660	0.96	2,780	8,243	73.20	357	846	6.00
1980	13,475	1,576	2,509	4,288	3,228	0.96	2,901	6,868	75.40	343	782	6.10
1979	12,119	1,042	2,159	3,989	3,136	0.92	3,168	5,814	77.60	254	701	6.10
1978	10,436	725	1,998	3,231	3,036	0.87	2,887	5,082	76.75	195	626	6.16

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. NM-Not Meaningful.

Business Summary

First Bank System is a multistate bank holding company whose First Bank subsidiary, with 35 offices in the Minneapolis metropolitan area is the largest bank in Minnesota; it also owns 43 community banks and trust companies with 97 offices in Minnesota, Montana, North and South Dakota, Wisconsin, Washington and Colorado. Together, they provide banking services to consumers and businesses, including lending, corporate finance, trading and selling securities, discount brokerage and trust and investment management. Nonbank subsidiaries are engaged in commercial finance, insurance, and mortgage banking.

During 1988 average earning assets of $24.0 billion (down 6.8% from 1987) were divided: commercial loans 38%, real estate loans 11%, consumer loans 7%, investment securities 33%, temporary investments 9%. Average sources of funds were interest-free deposits 10%, savings deposits 13%, other time deposits 36% (total deposits were $15.2 billion, down 3.6% from 1987), short-term borrowings 26%, long-term debt 6%, equity 5% and other 4%.

At year-end 1988 nonperforming assets were $503 million (2.07% of loans), down from $633 million (2.36%) a year earlier. The reserve for loan losses was 2.82% of loans, versus 3.21%. Net chargeoffs in 1988 were 0.71% of average loans, versus 1.28%.

Dividend Data

Dividends have been paid since 1930. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41	Nov. 16	Nov. 21	Nov. 28	Dec. 13'88
0.41	Feb. 15	Feb. 23	Mar. 1	Mar. 15'89
0.41	May 17	May 24	May 31	Jun. 14'89
0.41	Aug. 16	Aug. 24	Aug. 30	Sep. 13'89

Next dividend meeting: mid-Nov. '89

Capitalization

Long Term Debt: $1,473,000,000.

Adjustable Rate Pfd. Stock: $175,000,000.

10.5% Preferred Stock: $89,000,000.

Common Stock: 62,199,114 shs. ($1.25 par).
Institutions hold about 60%.
Shareholders of record: 14,803.

Office—1200 First Bank Place East, Box 522, Minneapolis, Minn. 55480. **Tel**—(612) 370-5100. **Chrmn & Pres**—D. H. Ankeny, Jr. **VP-CFO**—R. A. Zona. **VP-Secy**—F. E. Porter. **VP-Investor Contact**—P. J. Strother. **Dirs**—D. H. Ankeny, Jr., C. Bloomfield, C. M. Denny, Jr., R. L. Hehe, C. H. Hansen, J. H. Kareken, D. G. Knudson, K. A. Macke, T. F. Madison, M. C. Nelson, E. J. Phillips, J. J. Renier, S. G. Rothmeier, G. C. Ryan, R. L. Schall, W. P. Schmachel, J. E. Schroeder, W. A. Strauss. **Transfer Agent & Registrar**—First Trust Co., Minneapolis. **Incorporated** in Delaware in 1929. **Empl**—9,004.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

First Chicago

891K

NYSE Symbol FNB Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
49	49⅝-29¼	6	1.80	3.7%	B	1.17

Summary

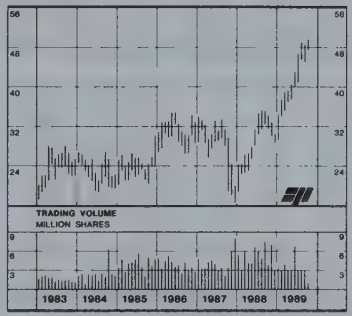
This bank holding company owns the 10th largest bank in the nation, First National Bank of Chicago, and 17 smaller banks. Operations are primarily geared to serve commercial customers, but highly profitable retail banking services, including substantial credit card operations, are being aggressively expanded. FNB has sharply reduced its LDC loan exposure and deemphasized certain unprofitable international and large corporate services. These moves, together with improved domestic loan quality, helped earnings recover in 1988 and should benefit profits in 1989 and 1990.

Current Outlook

Earnings for 1990 are projected at $7.50 a share, compared with 1989's estimated $8.00, which includes tax credits of about $0.45 and an estimated $0.60 gain from the sale of a unit.

Dividends should continue at $0.45 quarterly.

FNB is expanding the more profitable areas of lending to smaller corporations, credit card and other retail banking businesses, and investment banking-like businesses, while deemphasizing international lending. Thus, the drag of poor profitability in the Global Banking segment should diminish, and earnings are expected to benefit in 1990. However, a significant amount of the Global bank's earnings are derived from potentially riskier sources such as its large portfolio of investment in highly leveraged companies and bond and currency trading. FNB has reduced to its exposure to LDC loans from $3.1 billion at year-end 1987 to $1.9 billion at mid-1989, and plans to further cut LDC debt to $1.5 billion by year-end 1990. FNB is conservatively reserved at 67% of original outstanding LDC loans. Rapid growth of the credit card portfolio should result in rising loss provisions.



Review of Operations

Net interest income for the six months ended June 30, 1989 advanced 5.9%, year to year, as a 1.2% decline in earning assets was offset by benefits of rising interest rates and a higher yielding mix of assets. The provision for loan losses was 30% lower, at $110 million in the absence of provisions for LDC debts. Higher credit card fees and service charges and commissions offset lower foreign exchange trading profits and equity securities gains, and noninterest income rose 4.4%. With noninterest expense up 12%, pretax earnings increasede 9.3%. After taxes at 26.6%, versus 18.1%, net income was down 2.0%. Earnings were equal to $3.83 a share, compared with $4.40.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.85	2.38	1.06	1.06
Jun.	1.98	2.02	d10.96	1.08
Sep.	E2.35	1.73	1.05	1.24
Dec.	E1.82	2.07	d1.86	1.32
	[1]E8.00	[1]8.20	d10.71	4.70

Important Developments

Sep. '89— FNB entered into an agreement in principle to sell First Chicago Investment Advisors, (FCIA) its institutional investment management subsidiary, for $70 million in cash, a $15 million subordinated note, and a 10% common stock ownership interest. FNB will also receive a $17 million dividend from FCIA. FNB said it expects to to recognize a pretax gain of $60 to $65 million from the sale.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[2]1987	1986	1985	[2]1984	1983	1982	[3]1981	1980	1979
Tangible Bk. Val.	31.29	24.21	36.91	34.10	34.12	35.65	33.40	31.81	30.20	29.88
Earnings[4]	8.20	d10.71	4.70	2.84	1.19	3.92	3.33	2.98	1.59	2.83
Dividends	1.50	1.50	1.32	1.32	1.32	1.26	1.20	1.20	1.20	1.15
Payout Ratio	18%	NM	28%	46%	111%	32%	36%	40%	75%	41%
Prices—High	35¼	34	34⅞	30⅛	27	28	23⅛	20¾	16⅝	19⅞
Low	18¾	16⅜	26⅜	20⅛	18⅝	17⅛	13½	15⅛	10¾	14⅜
P/E Ratio—	4-2	NM	7-6	11-7	23-16	7-4	7-4	7-5	10-7	7-5

Data as orig. reptd. **1.** Incl. 0.45 of tax loss carryforward credits in 1989 and 1.63 in 1988 **2.** Reflects merger or acquisition. **3.** Reflects accounting change **4.** Aft gains/losses on sec. trans of -0.12 in 1988, +0.06 in 1987, +0.27 in 1986, +0.01 in 1985, -0.19 in 1982, -0.08 in 1981, -0.09 in 1980, -0.08 in 1979; ful dil: 7.92 in 1988 E-Estimated d-Deficit NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	1,177	40	1,044	257	58.4	633	18.9%	513	2.99	1.12	39.6
[1]1987	1,159	67	748	1,305	63.7	d650	NM	d571	3.14	NM	NM
1986	1,038	75	836	440	56.7	356	22.3%	276	3.20	0.71	16.1
1985	1,053	92	657	411	61.6	190	11.1%	169	3.27	0.43	10.3
[1]1984	895	95	472	465	57.6	60	NM	86	2.89	0.22	4.1
1983	709	76	383	150	58.3	262	29.8%	184	2.57	0.53	13.1
1982	616	65	311	113	61.8	187	27.0%	137	2.23	0.39	10.7
[2]1981	494	64	284	90	63.7	145	18.3%	119	2.13	0.39	9.6
1980	373	64	241	112	66.0	48	NM	63	1.77	0.22	5.3
1979	406	58	190	84	56.1	138	19.0%	112	2.09	0.44	9.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	**44,432**	**9,315**	**2,093**	**11,034**	**16,840**	**4.72**	**5,541**	**26,477**	**87.1**	**1,157**	**1,950**	**2.7**
1987	44,209	8,981	2,669	10,664	17,348	5.52	5,323	26,214	88.8	1,191	1,369	3.1
1986	39,148	7,306	2,043	10,032	15,378	2.30	6,083	20,942	94.0	953	2,022	4.1
1985	38,893	8,225	2,012	8,753	15,437	1.78	5,420	21,727	89.1	1,083	1,765	3.4
1984	39,846	7,931	1,750	9,252	16,324	1.14	4,696	23,896	89.5	725	1,599	3.4
1983	36,323	8,185	1,974	8,226	14,024	0.98	3,194	24,486	80.4	603	1,492	3.6
1982	35,876	7,867	1,315	8,424	13,800	0.92	3,638	23,781	80.9	687	1,366	3.6
1981	33,562	7,399	1,528	8,250	12,344	0.90	3,498	22,057	80.5	436	1,272	4.1
1980	28,699	5,546	1,621	6,261	11,076	0.87	3,260	18,102	81.0	329	1,205	4.2
1979	30,182	7,554	2,133	6,492	9,633	0.87	3,371	17,735	76.2	362	1,187	4.5

Data as orig. reptd.: **1.** Reflects merger or acquisition. **2.** Reflects accounting change. d-Deficit NM-Not Meaningful.

Business Summary

First Chicago Corp. is the parent of First National Bank of Chicago, the nation's 10th largest bank, American National Bank, and 16 smaller banks with 59 branches in the Chicago area. The Global Financial business provides traditional and specialized lending, financial management and capital markets trading services to large corporate and other clients. FNC also provides a variety of banking services to consumers, including credit cards (6 million cardholders), and financial services to smaller (middle-market) corporations. International operations accounted for 26% of assets in 1988. Contributions by line of business in 1988 were:

	Op. Inc.	Assets
Global	53%	73%
Consumer	33%	17%
Middle market	14%	10%

At year-end 1988 nonperforming assets were $876 million (3.1% of loans), including $502 million of LDC loans, against $1,080 million (3.9%) a year earlier. The reserve for loan losses was 4.72% of loans, versus 5.52%. Net chargeoffs during 1988 were 1.82% of average loans, against 1.51% in 1987.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37½	Nov. 18	Nov. 28	Dec. 2	Jan. 1'89
0.45	Jan. 13	Feb. 27	Mar. 3	Apr. 1'89
0.45	Apr. 14	May 26	Jun. 2	Jul. 1'89
0.45	Jul. 14	Sep. 1	Sep. 8	Oct. 1'89

Next dividend meeting: Nov. 10'89.

Finances

At June 30, 1989 FNB had $1.8 billion of securitized credit card receivables outstanding.

At December 31, 1988 the company had $65 million of tax loss carryforward credits available.

Capitalization

Long Term Debt: $1,345,000,000.

Adjust. Rate Cum. Pfd. Stock: $310,980,000.

$3.75 Red. Cum. Pfd. Stk.: 2,151,451 shs. ($50 stated value); conv. into 1.391 com.

Common Stock: 63,531,493 shs. ($5 par).
Institutions hold about 71%.
Shareholders of record: 12,232.

Office—One First National Plaza, Chicago, Ill 60670 **Tel**—(312) 732-4000 **Chrmn & CEO**—B. F. Sullivan. **Pres**—R. L. Thomas **Secy**—K G. Arnesen. **VP-Treas**—J. M. Thomas. **Investor Contact**—Colleen Mulligan **Dirs**—J. H. Bryan, Jr., F. W. Considine, D. P. Jacobs, C. S. Locke, W. E. Massey, W. J. McDonough, M. A. Miles, R. M. Morrow, E. L. Neal, J. J. O'Connor, J. K. Pearlman, E. M. Reclin, J. F. Reichert, P. G. Ryan, G. A. Schaefer, R. W. Stone, B. F. Sullivan, R. L. Thomas, F. L. Turner **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Delaware in 1969. **Empl**—16,069

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

First Executive Corp.

3876G

NASDAQ Symbol FEXC (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
10	17⅛-9⅝	36	None	None	B+	NA

Summary

This holding company engages in the life insurance business through its wholly owned Executive Life Insurance Co. (California) and its 99%-owned Executive Life Insurance Co. of New York (ELNY). In 1988, I.C.H. Corp. purchased 6.3 million FEXC common shares through a tender offer, raising its FEXC stake to about 20%. In May 1989, FEXC signed a definitive agreement to sell ELNY for $400 million plus adjustments and other consideration. In October 1989, FEXC issued approximately 19.9 million preferred shares (convertible into common stock on a share for share basis) and warrants to purchase a like number of common shares through a rights offering which netted the company $284 million.

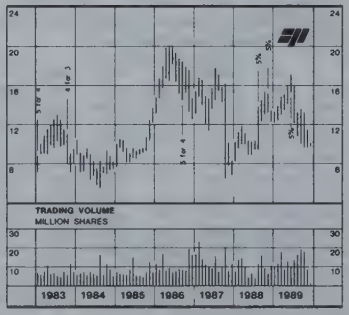
Business Summary

First Executive Corporation is a holding company engaged through its subsidiaries in the life insurance business. Its principal operating life insurance subsidiaries are Executive Life Insurance Company, and its 99%-owned Executive Life Insurance Company of New York. (In May 1989, FEXC agreed to sell this unit.) Life insurance policies and annuities are marketed through independent, nonexclusive general agents and insurance brokers and by registered representatives of securities brokerage firms.

Total revenues in 1988 were derived as follows: investment income 62%, life insurance premiums 23%, and annuity premiums 15%.

At year-end 1988, FEXC's Irreplaceable Life series of individual and group nonparticipating whole life insurance products accounted for a significant amount of sales of annual premium life insurance. These policies offer favorable interest rates which reflect available market investment yields as well as overall portfolio returns and mortality charges. Universal-life products represented about 17% of first year life premiums in 1988. Annuity products sold by the company consist of single premium deferred annuities and single premium immediate annuities. During 1988 FEXC reduced the volume written on certain products, primarily single premium life and annuity contracts, that create greater surplus strain on a statutory accounting basis.

Total investments at year-end 1988 amounted to $17.1 billion and were divided as follows: fixed maturities 87%, equity securities 4%, short-term investments 6%, and other 3%.



Important Developments

Oct. '89— FEXC said it issued 19,931,074 Depositary Preference Shares (convertible into common on a share for share basis) and warrants to purchase 19,931,074 common shares following completion of a rights offering. Net proceeds of $284 million were earmarked to expand insurance operations and bolster statutory capital and surplus. Also, FEXC warned that there was no assurance that the planned sale of its Executive Life Insurance Co. of New York (ELNY) unit would be completed. In May, FEXC agreed definitively to sell its 99% stake in ELNY to WW Acquisition Corp. for $400 million, increasing 15% annually from December 31, 1988 to the date of closing. FEXC would also receive a 10-year profit participation in an investment and merchant banking unit of WW, and warrants to purchase 19.9% of WW's fully-diluted common equity.

Next earnings report expected in February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**16.16**	12.86	11.94	9.58	7.58	6.71	3.51	1.90	2.68	0.91
Oper. Earnings[1]	**1.73**	1.50	1.32	1.05	0.80	0.69	0.54	0.35	0.19	0.11
Earnings[2,1]	**1.82**	1.54	1.52	1.42	1.05	2.42	1.12	0.85	0.50	0.14
Dividends	**Nil**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	**Nil**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	**15½**	17⅞	20⅛	13¾	10½	13	7⅜	5⅜	3⅛	1¼
Low	**8¼**	6⅜	12½	7¾	5½	7⅛	3⅛	2¼	1	½
P/E Ratio—	**9-5**	12-4	15-9	13-7	13-7	19-10	13-6	15-6	16-4	12-4

Data as orig reptd Adj for stk divs of 5% Jun 1989, 5% Nov 1988, 5% Aug 1988, 25% Sep 1986, 33 1/3% Oct 1983, 25% Jan 1983, 100% Nov 1981, 50% Nov 1980, 50% Feb 1980, 10% May 1979 1. Bef spec item of +0.01 in 1979 2. Aft gains/losses on security trans NA Not Available

December 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income: Life & Annuity	Premium Income: Net Inv. Income	Premium Income: Total Revs.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On: Revs.	% Return On: Assets	% Return On: [1]Equity
1988	57,276	1,157	1,892	3,049	295	197	205	6.4	1.1	9.9
1987	54,119	1,848	1,633	3,482	279	174	178	5.0	1.1	9.2
1986	46,109	2,414	1,214	3,629	218	141	157	3.9	1.2	8.8
1985	35,298	2,031	868	2,899	143	97	123	3.3	1.3	8.7
1984	28,284	1,139	615	1,755	99	67	86	3.8	1.2	8.2
1983	20,412	862	480	1,342	58	44	152	3.3	1.1	12.0
1982	9,719	1,373	333	1,707	35	26	54	1.5	1.0	20.4
1981	3,304	1,106	150	1,258	21	15	35	1.2	1.1	22.5
1980	2,404	493	58	552	9	7	19	1.3	1.3	19.2

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[2]Premiums Due	Investment Assets: [3]Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	% Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	**424**	**100**	**15,842**	**703**	**295**	**17,090**	**11.6**	**610**	**18,225**	**Nil**	**1,615**
1987	336	141	14,590	471	211	15,418	11.3	508	16,403	Nil	1,453
1986	342	107	12,785	567	117	13,551	11.2	385	14,384	Nil	1,375
1985	252	109	7,539	446	84	8,098	12.6	282	8,741	Nil	850
1984	174	245	5,335	274	78	5,702	12.0	198	6,320	Nil	709
1983	116	24	4,180	261	75	4,527	12.4	143	4,810	Nil	499
1982	107	15	3,058	99	82	3,247	13.3	82	3,451	Nil	170
1981	54	16	1,579	89	83	1,760	12.0	46	1,876	27	75
1980	22	17	657	27	43	728	11.4	32	798	Nil	45

Data as orig. reptd. 1. Based on net oper. inc. (aft. pfd. divs.) to avg. com. equity. 2. Incl. other assets. 3. Incl. short-term investments

Review of Operations

Total revenues for the nine months ended September 30, 1989, rose 9.5%, year to year (1988 restated), attributable to a 25% increase in premiums and other considerations as well as growth in net investment income. Following a 16% rise in total benefits and expenses, including an expected $112 million loss on the sale of ELNY, pretax earnings were down 38%. After taxes at 96.4%, versus 33.3%, net income was 97%, to $4.2 million from $126 million. After preferred dividends, there was a per share loss of $0.17, versus a profit of $1.09. Results in the 1989 interim exclude a $0.57 a share special gain from a change in accounting for income taxes.

Net Oper. Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d1.10	0.42	0.36	0.30
Jun.	0.45	0.42	0.37	0.32
Sep.	0.47	0.45	0.38	0.34
Dec.		0.46	0.39	0.34
		1.73	1.50	1.32

Dividend Data

No common cash payments have been made. Common stock dividends of 5% were distributed June 26, 1989, December 20, 1988 and September 9, 1988.

d-Deficit

Finances

In October 1989, Rosewood Financial Partners, holders of about 10% of FEXC common stock, filed with regulatory authorities to increase its stake to 49.9%. Rosewood also expressed interest in acquiring the 20% of FEXC held by ICH Corp. after ICH disclosed it was considering selling its holdings.

In March 1986, FEXC sold 10,350,000 Series G cumulative convertible preferred shares at $25 each, convertible into common at $20.50 per share (adjusted).

In October 1985, FEXC exchanged 1,000,000 depositary preferred shares of Series F cumulative preferred stock for $17.5 million and 200,000 shares of outstanding Series D cumulative convertible preferred stock.

Capitalization

Total Debt: $325,000,000 (9/89).

Minority Interest: $143,068,000.

Ser. F Cum. Pfd. Stk.: 600,000 shs. ($1 par).

Ser. E Adj.-Rate Pfd. Stk.: 1,208,416 shs. ($1 par).

$1.5625 Ser. G Cum. Conv. Pfd. Stk.: 10,342,300 shs. ($1 par); ea. conv. into com. at $20.50 a sh.

Common Stock: 84,934,477 shs. ($2 par).
I.C.H. Corp. holds about 20%.

Office—11444 W. Olympic Blvd., Los Angeles, Calif. 90064 **Tel**—(213) 312-1000 **Chrmn & Pres**—F. Carr **VP-Secy**—W. J. Adams **VP-Treas**—M. A. Horst **Dirs**—N. Barker Jr., W. G. Bennis, S. B. Bing, F. Carr, A. G. Handschumacher, E. B. Nelson, G. I. Rosenthal **Transfer Agent**—First Interstate Bank of California, Los Angeles **Incorporated** in Delaware in 1969 **Empl**—1,050.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

First Fidelity Bancorp.

894M

NYSE Symbol FFB In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
26	34-25¾	NM	2.00	7.7%	B	0.82

Summary

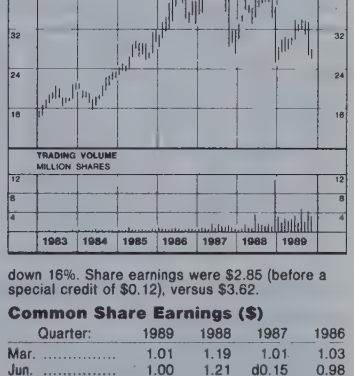
On February 29, 1988 First Fidelity merged with Fidelcor to form the 19th largest banking organization in the U.S. with 484 offices in New Jersey and eastern Pennsylvania. Loan quality problems found at the acquired bank led to a large fourth quarter loss in 1988, as well as to the resignation of certain top managers. While earnings for 1989 are expected to recover, a slowing regional economy could limit growth potential in 1990.

Current Outlook

Earnings for 1990 could reach $4.15 ($4.10 fully diluted), up from the $3.85 a share ($3.75) projected for 1989.

Dividends should continue at $0.50 quarterly.

Loan growth could pick up slightly in 1990 but is expected to be limited by a slowing regional economy, mainly in the real estate sector. Growth could also be restrained by tighter credit quality review procedures implemented to prevent a recurrence of the 1988 reserve boosting. FFB has sold off some low-yielding securities to conserve capital which will continue to restrict overall asset growth. Deteriorating real estate markets in FFB's region has led to a rise in problem loans; at September 30 these loans were about $430 million. With the allowance for credit losses covering 77% of nonperforming loans, the provision for credit losses could rise. LDC loan exposure is modest at about $127 million, with reserves covering 64%. FFB has grown rapidly via acquisitions in recent years but has not realized many of the potential efficiencies from those acquisitions. Recent management changes may also mean that any efficiencies will be realized more slowly than earlier expected. FFB's goal of zero-growth in noninterest expense in 1990 will aid profitability.



Review of Operations

Net interest income for the nine months ended September 30, 1989 fell 3.3%, year to year, mainly due to a 2.5% decline in earning assets as FFB reduced lower yielding assets, a more expensive funding mix, and a higher levels of nonperforming loans. The provision for loan losses was 62% higher at $88 million, due to the rise in nonperforming assets. Aided by a $29.8 million gain from the settlement of pension obligations, noninterest income rose 24%. With noninterest expenses up 5.9%, pretax earnings fell 17%. After taxes at 20.6%, versus 21.3%, net income was down 16%. Share earnings were $2.85 (before a special credit of $0.12), versus $3.62.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.01	1.19	1.01	1.03
Jun.	1.00	1.21	d0.15	0.98
Sep.	0.84	1.22	1.14	1.03
Dec.	E1.00	d3.33	d0.77	1.10
	E3.85	0.29	1.23	4.12

Important Developments

Oct. '89— FFB attributed the year-to-year decline in earnings to narrowing interest margins, lower levels of earning assets, slower growth in commercial and industrial loan activity, and the higher loan loss provision and operating expenses.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[3]1986	[3]1985	[3]1984	[3]1983	[3]1982	1981	[3]1980	1979
Tangible Bk. Val.	18.69	20.12	23.88	22.12	20.15	18.01	19.20	18.45	16.61	15.68
Earnings[4]	0.29	1.23	[5]4.12	[5]3.59	[5]3.34	[5]3.64	3.30	2.83	2.42	2.11
Dividends	1.92	1.76	1.62	1.50	1.38	1.26	1.15	1.06	1.04⅞	1.04⅞
Payout Ratio	662%	143%	39%	42%	41%	35%	35%	37%	43%	50%
Prices—High	40⅞	46½	42½	31⅞	23½	21⅛	17	12⅛	11⅞	12
Low	25¼	27	28⅜	22¾	15⅝	14⅛	10¾	9½	7	9⅝
P/E Ratio—	NM	38-22	10-7	9-6	7-5	6-4	5-3	4-3	5-3	6-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1986, 5% Sep. 1981. **1.** Refl. acctg. change. **2.** Major merger resulted in formation of new company. **3.** Refl. merger or acquisition. **4.** Bef. spec. item of +0.19 in 1984; all. gains/losses on securities trans. of +0.05 in 1987, +0.11 in 1986, +0.14 in 1985, -0.01 in 1984, -0.07 in 1983, +0.01 in 1982, -0.06 in 1981, +0.01 in 1980, -0.02 in 1979. **5.** Ful. dil.: 3.95 in 1986, 3.41 in 1985, 3.16 in 1984, 3.48 in 1983. NM-Not Meaningful. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	1,014	86	286	289	67.4	77	56.9%	34	4.14	0.12	1.1
[3]1987	953	119	250	244	66.0	92	5.9%	86	4.49	0.32	4.4
[4]1986	476	96	133	24	65.0	132	9.6%	120	4.97	0.90	15.0
[4]1985	404	73	113	25	65.6	111	15.5%	94	5.22	0.87	14.3
[4]1984	380	59	97	29	64.9	99	18.0%	81	5.09	0.81	14.6
[4]1983	186	34	51	8	63.8	56	14.7%	47	4.91	0.91	16.8
[4]1982	153	25	41	7	66.2	42	16.7%	35	5.15	0.84	16.0
1981	130	26	36	7	65.0	33	8.7%	30	4.81	0.77	15.2
[4]1980	85	20	24	4	64.6	22	2.6%	21	4.19	0.69	13.4
1979	81	18	23	6	65.2	18	NM	18	4.13	0.64	12.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	29,777	1,240	6,042	9,830	10,101	1.86	4,817	16,745	90.6	563	1,357	5.0
1987	28,850	2,343	5,755	9,462	8,551	1.79	5,012	15,926	84.6	440	1,356	5.5
1986	15,170	468	3,279	4,134	5,047	1.05	3,916	8,138	74.9	287	805	5.6
1985	12,620	566	2,930	3,618	3,625	1.07	3,393	6,386	72.7	138	667	5.5
1984	10,680	781	2,131	3,024	2,957	1.04	2,998	5,713	67.6	89	516	4.9
1983	6,417	601	1,481	1,718	1,732	1.04	1,557	3,414	68.0	90	265	4.8
1982	4,868	443	1,288	1,173	1,345	1.01	1,176	2,465	67.3	42	243	5.2
1981	4,105	427	756	1,077	1,200	0.98	1,156	1,959	71.3	43	203	5.0
1980	3,919	284	766	1,015	1,208	0.95	1,095	1,963	70.9	44	186	5.2
1979	3,110	NA	605	670	1,066	0.99	927	1,492	69.8	41	150	5.1

Data as orig. reptd. **1.** Bef. spec. item in 1984. **2.** Refl acctg. change. **3.** Major merger resulted in formation of new company **4.** Refl merger or acquisition. NM-Not Meaningful NA-Not Available.

Business Summary

First Fidelity Bancorporation, the 19th largest bank holding company in the nation, was formed in 1988 through the merger of First Fidelity, with four banks and one thrift and some 300 offices in New Jersey, and Fidelcor, with three banks and some 200 offices in the eastern part of Pennsylvania. Financial services for corporate clients are emphasized, though retail operations are also important. Nonbank subsidiaries include brokerage, insurance, mortgage banking, and commercial and trade finance. Trust operations include $10 billion of assets under management.

During 1988 average earning assets of $26.6 billion (up 11% from 1987) were divided: commercial loans 39%, consumer loans 14%, mortgages 14%, foreign loans 1%, investment securities 23%, money market assets 6%. Average sources of funds were demand deposits 15%, consumer deposits 32%, other deposits 25%, short-term borrowings 17%, long-term debt 2%, equity 6% and other 3%.

At December 31, 1988 nonperforming assets were 2.11% of loans and related assets, up from 1.63% a year earlier. The reserve for loan losses was 1.86%, versus 1.79%. Net chargeoffs during 1988 were 1.30% of average loans, against 0.76% during 1987.

Dividend Data

Dividends have been paid since 1812. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Feb. 16	Feb. 23	Mar. 1	Apr. 1'89
0.50	May 16	May 25	Jun. 1	Jul. 1'89
0.50	Aug. 17	Aug. 28	Sep. 1	Oct. 1'89
0.50	Nov. 16	Nov. 27	Dec. 1	Jan.1'90

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $783,901,000.

Preferred Stock: $157,273,000; includes 4.9 million shs. of $2.15 pref. stk., ea. sh. conv. into 0.7801 com. sh.

Common Stock: 58,338,236 shs. ($1 par).
Institutions hold about 50%.
Shareholders of record: 35,076.

Offices—550 Broad St., Newark, N.J. 07192. Broad & Walnut Sts., Philadelphia, Pa. 19109 **Tel**—(201) 565-3200 (215) 985-6000 **Chrmn, Pres & CEO**—R. R. Ferguson, Jr. **Secy**—S. B. Mygatt. **Investor Contact**—S. J. Hails **Dirs**—L. E. Azzato, E. E. Barr, M. L. Besson, L. A. Butz, Jr., L. R. Campbell, Jr., J. G. Christy, J. G. Cullen, R. R. Ferguson, Jr., E. J. Farland, A. M. Goldberg, L. E. Goodman, F. M. Henry, W. J. Howe, W. F. Hyland, J. R. Kennedy, E. R. Kirkman, E. D. Knapp, R. J. Marano, J. A. McBride, M. Meyerson, J.D. Morrisey, Jr., J. Neubauer, R. M. Scott, H. W. Sonn, S. Stallard, N. Tanzman, W. P. Tuggle, III, B. C. Watson. **Transfer Agent & Registrar**—First Fidelity Bank, Newark, N.J. **Incorporated** in New Jersey in 1987. First National State Bank founded in 1812. **Empl**—14,071

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard M. Levine, CFA

First Interstate Bancorp

895M

NYSE Symbol I Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
51¼	70⅜-43⅜	9	3.00	5.9%	B+	0.90

Summary

First Interstate is the nation's eighth largest bank holding company, conducting multistate banking operations through 56 banks in 13 western states. The company is focusing on improving profitability; under a restructuring plan, it has divested about $5 billion of underperforming assets, and segregated problem loans and other assets to be sold to a separate management unit. In the 1989 third quarter the company boosted reserves at it's Arizona banking unit, reflecting that state's weak real estate market. An earnings recovery is possible in 1990.

Current Outlook

Earnings for 1990 could reach $7.50 a share, up from the $5.00 (before special credits) projected for 1989.

The dividend is expected to continue at $0.75 quarterly.

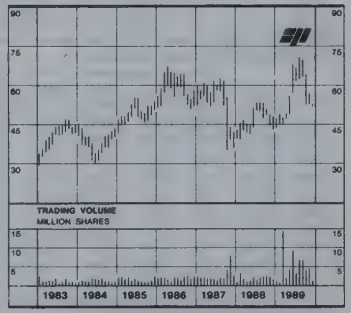
Mounting problem loans at the company's Arizona banking operations will likely restrain earnings in 1990. While reserves for these loans were boosted in 1989, future reserve building is anticipated. An increased focus on higher-return consumer and small corporate banking business should protect margins. The restrucuring program (about $5 billion in assets have been sold) is expected to lead to greater operating efficiencies. At Septemer 30, 1989 non-trade LDC loans amounted to $294 million, or 0.78% of total loans, and are reserved at 49%.

Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 8.4%, year to year, primarily reflecting higher loan volume and a wider net interest margin. The provision for loan losses was 60% higher, at $750 million, due to a sharp increase in reserves at the Arizona bank. Aided by gains on loan sales and a gain on the settlement of pension obligations, noninterest income rose 26%. With noninterest expense down 5.2%, pretax earnings rose 6.9-fold. After tax items, net income was $173.8 million ($3.27 a share), versus a loss of $14.6 million ($0.47), before a special credit of $0.99 a share in the 1989 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.98	1.87	1.76	1.71
Jun.	1.86	1.90	d10.01	1.80
Sep.	d0.57	d4.24	d1.63	1.89
Dec.	E1.73	2.50	d2.11	1.79
	E5.00	2.03	d11.99	7.19



Important Developments

Oct. '89— The company strengthened the provision for loan losses at its Arizona banking operation by $350 million, reflecting the continuing weakness of real estate construction and commercial mortgage markets in Arizona. As a result, the bank reported a third quarter operating loss of $174 million. Included in the 1989 third quarter results was an $80 million pretax gain on sale of a non-relationship credit card portfolio and mortgage loans, a $37 million pretax gain from the settlement of a portion of its pension obligations, a reversal of $37 million of state tax accruals, and a $20 million gain for adjustment to accrued interest on a Federal tax audit agreement. In September the company sold its capital equipment financing unit for $190 million cash. No gain was recognized on the sale.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1,2]1988	1987	[2]1986	[2]1985	[2]1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	41.14	38.43	58.65	55.02	51.29	47.42	43.85	41.24	37.24	33.14
Earnings[3]	[4]2.03	d11.99	[5]7.19	[5]6.84	[5]6.16	[5]5.76	5.35	5.83	5.70	5.38
Dividends	2.89	2.76½	2.62	2.46	2.31½	2.21½	2.11½	1.99	1.79	1.57
Payout Ratio	142%	NM	36%	36%	38%	38%	40%	34%	31%	29%
Prices—High	53½	62¾	67⅜	55⅜	45¼	47	38	44⅞	36	35
Low	39⅛	35	50¾	41½	30¼	29¼	21⅝	32¾	23¼	23¾
P/E Ratio—	26-19	NM	9-7	8-6	7-5	8-5	7-4	8-6	6-4	7-4

Data as orig. reptd. 1. Refl. acctg. change 2. Reflects merger or acquisition. 3. Aft. gains/losses on security trans. of +0.15 in 1987, +0.10 in 1986, +0.35 in 1985, -0.01 in 1983, -0.17 in 1982, -0.25 in 1981, -0.21 in 1980, -0.30 in 1979. 4. Bef. spec. item of +0.80 in 1988. 5. Ful. dil 7.13 in 1986, 6.64 in 1985, 6.01 in 1984, 5.72 in 1983. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1,2]1988	2,366	109	974	590	73.6	209	51.1%	102	5.00	0.18	4.6
1987	2,073	151	830	1,254	77.9	d720	NM	d556	5.02	NM	NM
[1]1986	2,019	232	917	475	64.5	425	20.6%	338	5.32	0.68	13.1
[1]1985	1,935	205	692	376	66.7	379	17.5%	313	5.43	0.67	13.3
[1]1984	1,683	189	547	229	68.4	347	20.3%	276	5.23	0.64	12.9
[1]1983	1,447	181	464	216	66.5	302	18.1%	247	4.81	0.61	13.3
1982	1,228	206	381	183	67.2	208	NM	221	4.69	0.58	13.1
1981	1,209	54	303	120	70.4	268	11.3%	236	4.61	0.71	15.8
1980	1,142	47	226	104	67.4	294	22.4%	225	4.87	0.75	17.2
1979	1,066	6	189	97	66.7	293	29.3%	203	4.82	0.75	17.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	58,194	3,825	8,189	16,627	22,107	3.16	12,779	31,370	85.6	3,339	1,880	3.6
1987	50,927	5,110	5,904	14,505	19,085	3.72	11,412	26,158	87.2	3,138	2,013	5.0
1986	55,422	5,925	5,052	15,702	19,563	1.55	13,538	25,919	87.5	3,427	2,757	5.1
1985	48,991	3,975	4,436	14,828	18,725	1.38	11,392	24,162	92.1	2,991	2,394	4.9
1984	45,544	3,689	4,435	13,117	16,514	1.34	10,204	23,400	86.2	2,019	2,153	4.8
1983	44,423	5,957	4,852	11,569	14,770	1.36	9,256	22,775	80.6	1,443	1,967	4.5
1982	40,884	5,976	4,164	9,785	14,527	1.16	8,239	22,303	77.5	1,003	1,789	4.4
1981	36,982	3,903	4,342	8,991	13,104	1.20	8,594	18,813	79.5	679	1,598	4.5
1980	32,110	2,627	4,809	7,437	11,435	1.23	8,682	16,182	74.7	686	1,401	4.4
1979	29,687	2,006	4,317	6,995	10,865	1.24	8,760	14,871	74.2	562	1,222	4.2

Data as orig. reptd. 1. Reflects merger or acquisition 2. Refl. acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

First Interstate Bancorp is the nation's eighth largest banking organization, with 56 banks in 13 western states, including First Interstate Bank of California, the fifth largest bank in that state (30% of total assets). Combined retail banking operations are conducted through over 1,030 branches; lending to middle-market corporations and trust operations is also important. Nonbank subsidiaries include commercial and consumer finance (107 offices), leasing, mortgage banking (to be sold) and venture capital. First Interstate also has franchise agreements with 44 other banks (assets of $5.5 billion) in 11 states.

During 1988, average earning assets of $49.6 billion (up 12% from 1987) were divided: 33% commercial loans, 19% real estate loans, 19% consumer loans, 4% foreign loans, 15% securities and 10% other. Average sources of funds were 35% core deposits, 30% other consumer deposits, 10% other time deposits, 17% other borrowed funds, 4% equity and 4% other.

At December 31, 1988 the reserve for loan losses was 3.16% of loans, against 3.72% a year earlier. Nonperforming assets were $1,896 million (4.95% of related assets), up from $1,502 million (4.55%). Net chargeoffs during 1988 were 2.22% of average loans, against 1.71% in 1987.

Dividend Data

Dividends have been paid since 1958. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.73	Feb. 21	Mar. 13	Mar. 17	Mar. 31'89
0.75	Jun. 12	Jun. 15	Jun. 21	Jun. 30'89
0.75	Aug. 21	Sep. 1	Sep. 8	Sep. 29'89
0.75	Nov. 20	Dec. 4	Dec. 8	Dec. 29'89

Next dividend meeting: late Feb.'90.

Capitalization

Long Term Debt: $4,031,260,000.

Preferred Stock: $544,641,000.

Class A Common Stk.: 43,028,276 shs. ($0.01 par); conv. into reg. com. in 1992 based on performance of former Allied Bank.

Common Stock: 47,513,707 shs. ($2 par).
Institutions hold about 73%.
Shareholders of record: 48,840.

Office—707 Wilshire Blvd. (P O Box 54068), Los Angeles Calif 90054 **Tel**—(213) 614-3001 **Chrmn & CEO**—J J Pinola **Pres**—E M Carson **Secy**—K K Kaufmann, Jr. **CFO**—T P Marnie **SVP-Investor Contact**—Christine M McCarthy **Dirs**—R. A. Anderson, E M Carson, W Christopher, J. P. Cobb, R P Davidson, M. DuBain, D C. Frisbee, S Ginn, J. G. M Keller, W. F Kieschnick, J. A. MacAllister, W F. Miller, J J Pinola, F N Shumway **Transfer Agent & Registrar**—First Interstate Bank of California, Los Angeles **Incorporated** in Delaware in 1957 **Empl**—38,270

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Lovise, CFA

First Mississippi

NYSE Symbol FRM Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
15	20½–13⅛	23	0.30	2.0%	B	1.36

Summary

FRM has interests in industrial and specialty chemicals, nitrogen fertilizers, oil and gas exploration and development, coal and gold mining, and ventures in high technology businesses. The company plans to continue to upgrade its existing businesses while investing in new business ventures. Future restructuring actions may include acquisitions, stock repurchases or special dividends.

Current Outlook

Share earnings for the fiscal year ending June 30, 1990 are projected at about $1.20, versus the $0.81 of 1989.

Dividends are expected to continue at $0.07½ quarterly.

Profits in fiscal 1990 should benefit from the first full year output of a new gold mine and mill, while industrial chemicals should remain relatively strong; sluggish construction and automotive markets and higher raw material costs will limit earnings somewhat. The depressed fertilizer business may turn only modestly profitable as 1990 crop plantings are expected to increase. Further restructuring actions, including the possible public stock offering of the industrial chemicals business, acquisitions, and/or stock repurchases, would have a significant impact on reported earnings.

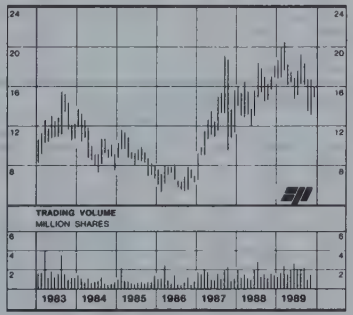
Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	102.5	81.9	79.1	55.2
Dec.	---	96.3	85.8	62.3
Mar.	---	118.2	62.3	71.3
Jun.	---	137.0	90.9	90.1
	---	433.5	318.1	278.9

Sales for the three months ended September 30, 1989 rose 25%, year to year. Reflecting lower profits from industrial chemicals, fertilizers, and coal, and increased interest expense, net income fell 80%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.05	0.22	0.72	0.33
Dec.	E0.15	0.30	0.16	Nil
Mar.	E0.50	0.42	0.06	0.12
Jun.	E0.50	d0.13	0.67	0.48
	E1.20	0.81	1.61	0.93



Important Developments

Oct. '89— FRM said that the short-term outlook was improving with fertilizer prices moving up. Gold production of the new mill should reach the design rate of 174,000 ounces of gold a year in fiscal 1990's second half. Industrial chemicals should remain strong but will reflect some near-term weakening in demand in construction and automotive markets. Directors increased to $20 million the funds authorized for the stock repurchase program. FRM acquired EKC Technology, a supplier of chemicals to the semiconductor industry.

Aug. '89— FRM agreed with Mobay Corp., a unit of Bayer of Germany, to provide technology and act as general constractor for the construction of a 250 million pound a year aniline plant at Mobay's Baytown, Texas facility. FRM will market all aniline not consumed by Mobay. Plant completion is scheduled for the first half of 1992.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	[4]1989	1988	[1]1987	1986	[1]1985	1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	**9.73**	9.31	7.95	7.28	8.91	8.21	7.66	7.19	6.43	5.28
Earnings[2]	**0.81**	1.61	0.93	d1.42	0.90	0.77	0.69	1.11	1.38	0.99
Dividends	**0.28½**	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.23	0.18
Payout Ratio	**34%**	15%	26%	NM	27%	31%	34%	21%	17%	18%
Prices[3]—High	**20⅛**	18⅜	19⅛	8⅛	11⅝	13¾	15½	16	26⅛	30⅜
Low	**13⅛**	12	6½	5¼	6⅝	7¼	8¼	6	13⅛	7½
P/E Ratio—	**25–16**	11–7	21–7	NM	13–7	18–9	22–12	14–5	19–10	31–8

Data as orig. reptd. Adj. for stk. div(s) of 150% Dec. 1980. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers of +0.04 in 1985, +0.01 in 1983, -0.30 in 1982 3. Cal. yr 4. Reflects accounting change. E-Estimated d-Deficit. NM-Not Meaningful

December 13, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	433	47.8	11.0	107	24.2	6.4	26.1	32.9%	16.5	3.8
1988	318	38.5	12.1	61	24.3	3.4	47.7	31.8%	[3]32.5	10.2
[4]1987	279	30.0	10.8	23	27.1	7.0	14.5	NM	18.6	6.7
[4]1986	269	54.3	20.2	32	39.2	8.6	d57.5	NM	d28.1	NM
[4]1985	273	66.6	24.4	64	37.1	11.1	25.4	28.3%	18.2	6.7
1984	270	64.3	23.8	41	33.0	10.8	25.0	36.6%	15.8	5.9
1983	204	69.0	33.8	47	31.6	11.3	27.5	48.6%	14.1	6.9
[5]1982	223	97.3	43.6	68	[3]35.0	16.0	44.2	47.4%	23.2	10.4
1981	358	75.1	21.0	58	23.7	[3]7.1	49.4	39.9%	29.7	8.3
[4]1980	243	54.0	22.2	37	17.4	5.6	35.5	40.3%	21.2	8.7

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**21.7**	**157**	**94**	**1.7**	**477**	**4.1%**	**144**	**192**	**378**	**37.9**	**8.8%**
1988	12.1	93	61	1.5	330	10.4%	39	186	231	16.7	18.8%
1987	13.1	87	47	1.8	296	6.1%	58	159	216	26.7	12.2%
1986	15.9	73	44	1.6	304	NM	82	142	225	36.7	NM
1985	13.4	86	57	1.5	395	4.7%	87	181	268	32.5	10.5%
1984	20.8	104	68	1.5	381	4.2%	78	167	245	31.8	9.8%
1983	19.6	100	79	1.3	379	3.7%	85	155	301	28.1	9.4%
1982	8.3	131	135	1.0	395	6.7%	47	145	246	19.2	16.9%
1981	14.3	154	98	1.6	319	10.7%	53	138	221	24.1	23.6%
1980	5.0	106	49	2.2	237	9.6%	57	114	188	30.2	20.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs 2. Bef. results of disc. opers. in 1985, 1984, 1982 3. Reflects acctg change 4. Reflects merger or acquisition 5. Excl. disc. opers. & reflects merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

This diversified company has interests in chemicals, energy, gold and technology-based ventures. Segment contributions (profits in million $):

Fiscal 1989	Sales	Profits
Fertilizer	41%	-$7.2
Industrial chemicals	30%	34.1
Oil and gas	11%	4.3
Coal	8%	0.8
Minerals	5%	6.0
Other	5%	-5.4

About 18% of fiscal 1989 sales were exports.

Triad Chemical (50%-owned) operates at Donaldsonville, La. an ammonia plant (annual capacity of 420,000 tons) and an urea plant (520,000). AMPRO (100%-owned) operates an ammonia plant (446,000 tons) at Donaldsonville.

First Chemical, at Pascagoula, Miss., produces aniline, nitrobenzene, nitrotoluenes, toluidines, and other nitrated aromatic industrial chemicals, as well as specialty chemicals. A 23% interest is held in Melamine Chemicals, Inc.

Proved developed reserves at June 30, 1989 were 4,590,419 bbls. of oil and 41,560 MMcf of gas. FRM also operates an intrastate gas pipeline. Pyramid Mining mines coal in Kentucky, with reserves of 72 million tons. FirstMiss Gold Inc. (82%-owned) conducts gold heap leach operations at Getchell, Nevada. A gold mill and mine at Getchell started up in early 1989. The other segment includes thermal plasma energy systems, horizontal continuous casting systems, steel melting and casting, ceramic refractory fibers, and biopesticide research.

Dividend Data

Dividends have been paid since 1973. A dividend reinvestment plan is available. An amended "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Mar. 1	Mar. 27	Mar. 31	Apr. 27'89
0.07½	May 31	Jun. 26	Jun. 30	Jul. 27'89
0.07½	Aug. 28	Sep. 5	Sep. 11	Oct. 26'89
0.07½	Dec. 1	Dec. 22	Dec. 29	Jan. 25'90

Next dividend meeting: early Mar. '90.

Capitalization

Long Term Debt: $146,465,000, incl. gold loan of $58.8 million.

Minority Interests: $7,624,000.

Common Stock: 19,754,640 shs. ($1 par).
About 5% closely held.
Institutions hold approximately 50%.
Shareholders of record: 7,220.

Office—700 North St. (P.O. Box 1249), Jackson, Miss. 39215-1249 **Tel**—(601) 948-7550 **Chrmn, Pres & CEO**—J. K. Williams **Secy**—A. L. Price **VP-CFO**—R. M. Summerford **Investor Contact**—J. L. McArthur. **Dirs**—R. P. Anderson, P. A. Becker, J. W. Crook, R. P. Guyton, C. P. Moreton, P. W. Murrill, W. A. Percy, II, M. T. Reed, Jr., F. G. Smith, Jr., L. R. Speed, R. G. Turner, J. K. Williams **Transfer Agents**—AmeriTrust Co., Cleveland, Ohio; Company offices. **Registrars**—AmeriTrust Co. Cleveland, Ohio, Deposit Guaranty National Bank, Jackson, Miss. **Incorporated** in Mississippi in 1957 **Empl**—680

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard O'Reilly, CFA

First Union Corp.

NYSE Symbol FTU Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
23¾	27-20⅜	9	1.00	4.2%	A	0.78

Summary

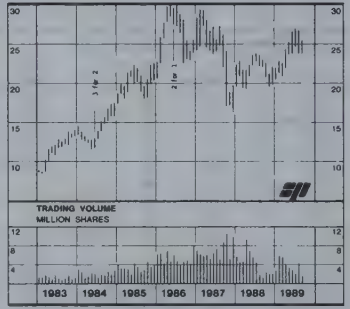
Since mid-1985, this North Carolina-based super-regional banking company (the third largest in the Southeast and the 22nd largest in the nation) has tripled in size through an aggressive program of acquisitions in Florida, Georgia and South Carolina. Pending regulatory approval, FTU wil acquire Florida National Banks of Florida Inc., a $7.5 billion-asset bank holding company, in the fourth quarter of 1989. While the acquisitions have been dilutive, superior loan quality and efficiencies from merging operations could lead to earnings growth in 1990 and beyond.

Current Outlook

Earnings for 1990 could reach $3.05 a share, up from the $2.80 estimated for 1989.

Dividends should continue at $0.25 quarterly.

Loan growth should remain robust in 1990 (through June, 1989 loan increased some 20%, year to year), reflecting the demands of a strong regional economy and the acquistion of Florida National Banks (expected to be completed by year-end 1989). However, as FTU has financed this growth through higher-cost purchased funds, it has seen its net interest margin trimmed. Earnings should continue to benefit from FTU's superior loan quality, which keeps loan loss provisions low. However, there may be an increase in loss reserves, given recent growth and the rise in problem loans (at the end of the June quarter coverage was 101% of problem assets). Efficiencies from completing the integration of acquired banks should begin to benefit earnings. While the proposed FNB acquisition presents opportunities to improve profitability, the acquisition should be minimally dilutive in 1990.



Review of Operations

Net interest income for the six months ended June 30, 1989 rose 2.6%, year to year, reflecting a 5.0% increase in earning assets, partially offset by rising funding costs. The net margin fell to 4.48% from 4.65%. The provision for loan losses was nominally higher, at $28.8 million. FTU realized a $9.6 million ($0.06 a share) gain on sale of mortgage servicing portfolio, but significantly lower pretax gains on the sale of securities ($748,000 versus $34.7 million) and lower mortgage banking fees led to an 8.9% decline in noninterest income. With noninterest expense up 1.0%, pretax net fell 5.9%. After taxes at 17.5%, versus 18.5%, net income was down 4.8%, to $1.37 a share from $1.41.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.68	0.71	0.71	0.60
Jun.	0.69	0.70	0.54	0.62
Sep.	E0.71	0.69	0.69	0.61
Dec.	E0.72	0.66	0.61	0.74
	E2.80	2.76	2.55	2.57

Important Developments

Jul. '89— Shareholders of Florida National Banks of Florida, Inc., a $7.5 billion bank holding company, approved FTU's proposed acquistion of FNB for $750 million. The acquisition was expected to be completed in late 1989. FTU said that following the acquisition it would be the 14th largest bank holding company in the U.S.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	'1987	'1986	'1985	1984	'1983	1982	'1981	1980	1979
Tangible Bk. Val.	14.20	13.46	11.93	12.95	12.50	10.66	9.20	8.19	8.30	7.16
Earnings[2,3]	2.76	2.55	2.57	2.18	2.17	1.80	1.44	1.01	[4]1.30	[4]1.13
Dividends	0.86	0.77	0.65	0.57½	0.48⅞	0.44½	0.39½	0.36	0.33½	0.31
Payout Ratio	31%	30%	25%	27%	23%	25%	27%	36%	26%	27%
Prices—High	23⅞	29½	30	22⅝	17½	14⅛	9⅞	8¼	5⅞	5½
Low	19¼	16¼	20⅝	17⅜	11⅝	8½	6	5¾	3¼	4½
P/E Ratio—	9-7	12-6	12-8	10-8	8-5	8-5	7-4	8-6	4-3	5-4

Data as orig. reptd. Adj. for stk. divs. of 100% Jun. 1986, 50% Jun. 1984. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. and/or spec. items of -0.04 in 1986, +0.13 in 1981. 3. Aft. gains/losses on security trans. of +0.21 in 1988, +0.16 in 1987, +0.53 in 1986, -0.12 in 1985, -0.16 in 1984, -0.20 in 1983, -0.24 in 1982, -0.48 in 1981, -0.05 in 1980, -0.04 in 1979. 4. Ful. dil. 1.18 in 1980, 1.03 in 1979. E Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	1,038	135	410	61	67.0	362	17.9%	297	4.72	1.06	16.2
[2]1987	989	173	416	82	63.8	347	18.5%	283	5.07	1.10	16.5
1986	883	220	365	95	63.9	327	14.8%	279	5.43	1.22	18.7
[2]1985	573	126	257	53	56.7	215	19.4%	174	5.29	1.18	18.0
1984	246	59	120	15	57.1	98	18.0%	80	5.23	1.22	18.8
[2]1983	200	46	100	17	60.1	63	7.7%	59	4.94	1.04	18.1
1982	174	40	74	16	61.2	43	0.8%	43	4.88	0.85	16.6
[2]1981	134	33	73	8	63.1	23	NM	28	4.62	0.67	12.9
1980	108	19	53	7	67.7	31	11.6%	27	4.60	0.84	16.5
1979	100	16	48	11	66.1	27	13.1%	23	4.74	0.81	16.2

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	28,978	522	5,509	7,099	11,974	1.33	4,231	15,802	94.5	634	1,923	6.6
1987	27,630	1,679	7,170	6,465	9,053	1.71	4,008	13,417	88.3	654	1,794	6.7
1986	26,820	1,046	8,430	6,097	8,100	1.68	4,427	12,576	82.5	621	1,602	6.6
1985	16,567	510	4,983	4,204	5,124	1.60	2,490	7,395	93.1	269	1,064	6.5
1984	7,320	810	1,575	2,001	2,208	1.49	990	3,103	101.3	146	496	6.5
1983	6,803	949	1,573	1,696	1,879	1.55	881	3,438	81.4	121	384	5.8
1982	6,168	1,366	999	1,406	1,616	1.41	842	2,831	81.5	79	278	5.2
1981	5,297	924	984	1,299	1,394	1.24	788	2,472	81.1	85	244	5.2
1980	3,282	337	519	910	1,050	1.48	812	1,458	84.2	104	176	5.1
1979	3,121	354	534	792	962	1.49	910	1,293	76.9	109	154	5.0

Data as orig. reptd.; 1. Bef. results of disc. oper. and/or spec. item(s) in 1986 and 1981. 2. Refl. merger or acquisition. NM-Not Meaningful

Business Summary

First Union Corp. is an interstate bank holding company headquartered in North Carolina, where it conducts banking operations through 273 offices. Since 1985, it has acquired banks in Florida (220 offices), Georgia (137), Tennessee (2), and South Carolina (67). Mortgage banking operations are also significant ($11 billion of mortgages serviced), conducted through 64 offices nationwide. In addition, First Union has home equity lending (172 offices) and consumer finance (200) subsidiaries.

Average earning assets of $24.9 billion for 1988 (up 8.5% from 1987) were divided: commercial loans 28%, real estate loans 23%, consumer loans 17%, investment securities 28%, money market assets 4%. Average sources of funds were: interest-free deposits 13%, savings and money-market accounts 26%, time deposits 26% (average total deposits of $18.3 billion were up 9.8% from 1987), short-term borrowing 24%, long-term debt 2%, equity 7% and other 2%.

At year-end 1988, the reserve for loan losses was 1.33% of loans, against 1.71% a year earlier (restated). Nonperforming assets were $206 million (1.08% of loans), versus $200 million (1.29%). Net chargeoffs during 1988 were 0.57% of average loans, versus 0.43% in 1987.

Dividend Data

Dividends have been paid since 1914. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Oct. 18	Nov. 23	Nov. 30	Dec. 15'88
0.25	Feb. 21	Feb. 27	Mar. 3	Mar. 15'89
0.25	Apr. 18	May 24	May 31	Jun. 15'89
0.25	Aug. 15	Aug. 25	Aug. 31	Sep. 15'89

Next dividend meeting: Oct. 17'89.

Capitalization

Long Term Debt: $808,963,000.

Common Stock: 106,780,930 shs. ($3.33⅓ par). Institutions hold about 42%.
Shareholders of record: 38,024.

Office—First Union Plaza, Charlotte, N C 28288 **Tel**—(704) 374-6565 **Chrmn & CEO**—E E Crutchfield, Jr **EVP-Treas & CFO**—J R. Lee **SVP-Secy**—M. A. Cowell, Jr **Investor Contact**—Priscilla Walters **Dirs**—B. L. Bennett, T. M. Blanchard, W. W. Bradley, C. C. Cameron, G. H. V. Cecil, D. H. Connolly, T. G. Cousins, E. E. Crutchfield Jr., R. D. Davis, R. S. Dickson, B. F. Dolan, R. Dowd, Sr., J. R. Georgius, H. H. Haworth, T. E. Hemby, Jr., L. G. Herring, J. A. Laughery, M. Lennon, R. D. Lovett, H. D. Perry Jr., C. B. Presley, L. L. Smith, D. L. Trogdon, B. J. Walker, K. G. Younger **Transfer Agent & Registrar**—First Union National Bank, Charlotte. **Incorporated** in North Carolina in 1967; bank chartered in 1908 **Empl**—19,761

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

First Virginia Banks

NYSE Symbol FVB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
31⅞	35⅝-23¾	10	1.20	3.8%	A+	0.93

Summary

This bank holding company owns the fifth largest bank in Virginia, with a strong presence in the Washington, D.C. area. FVB has been expanding through acquisitions, and in 1988 it issued about 480,000 common shares to acquire a Tennessee-based bank with $86 million of assets. Earnings for the first nine months of 1989 were enhanced by growth in loans, a higher net interest margin, and a good control of noninterest expenses.

Business Summary

First Virginia Banks (formerly First Virginia Bankshares) is a bank holding company controlling 22 member banks with combined assets of approximately $4.9 billion at June 30, 1989. FVB conducts its operations through 255 offices statewide, plus 25 offices in Maryland and 16 in Tennessee. The greatest concentration of offices is in the suburbs of Washington, D.C. Other subsidiaries are engaged in mortgage banking and insurance activities.

The flagship bank is First Virginia Bank, the fifth largest in the state, with assets of $1.99 billion at 1988 year-end. Second largest is First Virginia Bank of Tidewater, with assets of $378 million, followed by First Virginia Bank Southwest, with assets of $296 million.

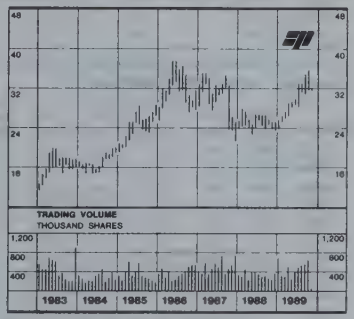
Average loans outstanding in recent years were divided as follows:

	1988	1987	1986	1985
Installment	65%	62%	60%	61%
Real estate	14%	16%	18%	19%
Other	21%	22%	22%	20%

In 1988 loans outstanding accounted for 71% of average earning assets, investment securities 26%, and Federal funds sold and resale agreements 3%.

Average sources of funds in 1988 were certificates of deposit 32%, demand deposits 16%, fixed rate transaction accounts 15%, money market accounts 13%, savings accounts 12%, shareholders' equity 8%, and short term debt and other 4%.

The allowance for loan losses was 1.26% of loans outstanding at year-end 1988, unchanged from a year earlier. Net charge-offs were 0.25% of average loans in 1988, versus 0.28% in 1987. At year-end 1988 nonperforming assets (consisting of nonaccruing and restructured loans and foreclosed real estate) were $17.6 million (0.55% of total loans), versus $14.2 million (0.50%) in 1987.



Several nonbanking subsidiaries generate and service first and second mortgage loans, and underwrite and sell an array of insurance products.

Important Developments

Oct. '89— Commenting on results for the first nine months, management noted that earnings benefited from a higher net interest margin and continued growth in loans, together with good control of noninterest expenses. Nonperforming assets at September 30, 1989 were equal to 0.56% of total loans, against 0.53% a year earlier, while the allowance for loan losses remained steady at 1.25% of loans.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	18.81	17.08	16.07	14.48	12.85	11.59	10.65	9.93	9.52	8.71
Earnings[2]	2.90	2.75	2.78	2.59	2.44	2.30	2.00	1.60	1.42	1.31
Dividends	1.12	1.04	0.96	0.88	0.80	0.72	0.64	0.56¼	0.52¾	0.50½
Payout Ratio	39%	38%	35%	34%	33%	31%	32%	35%	37%	39%
Prices—High	28	35	37½	28¾	20	20	12½	10	7½	8⅝
Low	22⅝	21¼	25[13]/[32]	19	14¾	11¼	8¾	8¼	5½	6⅝
P/E Ratio—	10-8	13-8	13-9	11-7	8-6	9-5	6-3	6-4	5-4	6-5

Data as orig reptd 1. Reflects merger or acquisition 2. Aft. gains/losses on security trans. of +0.01 in 1987, +0.01 in 1986, +0.02 in 1985, -0.01 in 1984, -0.10 in 1981, -0.03 in 1980, -0.04 in 1979

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	Net Int. Margin	—% Return On— Assets	Equity
[1]1988	209	10	61.6	11.4	63.69	80.7	24.46%	60.9	5.19	1.32	15.55
[1]1987	202	14	55.3	11.7	61.00	80.2	29.83%	56.3	5.53	1.31	16.16
[1]1986	172	20	47.0	10.2	58.94	67.9	29.70%	47.7	5.93	1.35	17.49
[1]1985	143	18	41.4	7.7	60.50	54.9	27.03%	40.0	5.98	1.36	17.93
[1]1984	125	17	36.0	6.2	60.71	46.4	24.64%	35.0	6.14	1.37	18.66
[1]1983	112	15	26.9	5.0	61.98	38.7	25.04%	29.0	6.47	1.34	19.14
[1]1982	96	12	24.6	6.1	61.49	33.3	24.73%	25.0	6.40	1.33	19.04
[1]1981	80	8	19.6	4.9	63.09	25.1	28.56%	17.9	6.03	1.10	16.26
[1]1980	69	6	16.5	4.7	63.65	22.1	31.33%	15.2	5.69	1.01	15.54
1979	64	5	13.0	2.9	64.88	20.4	32.55%	13.8	5.58	0.97	15.80

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets— Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	Depos./ Loans	Long Term Debt	Common Equity	% Equity To Assets
1988	4,796	NA	1,091	529	3,034	1.26	807	3,416	75.56	38.1	411	8.46
1987	4,433	NA	1,057	522	2,631	1.26	748	3,166	72.24	43.7	367	8.12
1986	3,881	NA	946	412	2,150	1.26	695	2,747	66.53	43.3	289	7.71
1985	3,144	NA	863	340	1,806	1.24	550	2,215	68.78	46.0	237	7.54
1984	2,687	NA	624	311	1,582	1.23	481	1,892	70.64	43.7	199	7.33
1983	2,360	NA	640	283	1,318	1.23	408	1,669	67.87	45.8	161	6.94
1982	2,016	NA	559	179	1,162	1.25	377	1,398	65.79	21.1	139	6.92
1981	1,713	41	453	175	967	1.06	347	1,164	66.73	45.3	114	6.65
1980	1,570	28	374	172	895	0.89	388	1,002	69.55	44.7	101	6.36
1979	1,458	34	313	135	880	0.81	384	911	71.79	44.5	90	6.00

Data as orig reptd.; income data prior to 1983 based on net operating income (bef securities transactions). 1. Reflects merger or acquisition NA-Not Available

Review of Operations

Total interest income for the nine months ended September 30, 1989 increased 13%, year to year. With total interest expense up 15%, net interest income advanced 11%. The provision for loan losses expanded 7.9%, to $8.6 million from $8.0 million. Following a 3.4% rise in other income, and a 5.6% increase in other expenses, pretax earnings rose 17%. After taxes at 27.1%, versus 24.4%, net income advanced 13%, to $50.8 million from $45.2 million. After preferred stock dividends, share earnings were $2.41, versus $2.15.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	0.71	0.67	0.70
Jun.	0.79	0.70	0.70	0.69
Sep.	0.83	0.75	0.71	0.69
Dec.		0.74	0.67	0.70
		2.90	2.75	2.78

Finances

In August, 1988 First Virginia acquired, for approximately 480,000 common shares, Tennessee-based Monroe Bancshares, Inc., the parent of Bank of Madisonville, which operates five branches in the Knoxville area and had approximately $86 million of assets.

Dividend Data

Dividends have been paid since 1960. A dividend reinvestment plan is available. Directors adopted a "poison pill" stock purchase right in July, 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Nov. 16	Dec. 23	Dec. 30	Jan. 9'89
0.29	Feb. 22	Mar. 27	Mar. 31	Apr. 17'89
0.30	May 25	Jun. 26	Jun. 30	Jul. 17'89
0.30	Aug. 23	Sep. 25	Sep. 29	Oct. 16'89

Next dividend meeting: Nov. 15 '89.

Capitalization

Debt: $37,802,000.

5%-8% Conv. Pfd. Stock: $1,177,000.

Common Stock: 21,032,000 shs. ($1 par).
Institutions hold about 24%.
Shareholders of record: 20,547.

Office—6400 Arlington Blvd., Falls Church, Va. 22046. **Tel**—(703) 241-4000. **Chrmn & CEO**—R. H. Zalokar. **Pres**—P. H. Geithner, Jr. **SVP-Secy**—H. W. Allen. **SVP-Treas & Investor Contact**—R. Locke **Dirs**—E. C. Brand, E. L. Breeden, III, P. H. Geithner, Jr., L. H. Ginn III, T. K. Greer, E. C. Gruver, E. M. Holland, O. F. Johnson, Sr., E. C. Kendrick, T. K. Malone, Jr., W. L. Phillips, Jr., R. T. Selden, J. H. Wallace, R. H. Zalokar, A. F. Zettlemoyer. **Transfer Agent & Registrar**—American Security Bank, Baltimore, Md **Incorporated** in Virginia in 1949 **Empl**—4,343

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark S Basham

Fleet/Norstar

NYSE Symbol FNG In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
28¼	30⅞-24⅞	9	1.28	4.5%	A+	0.95

Summary

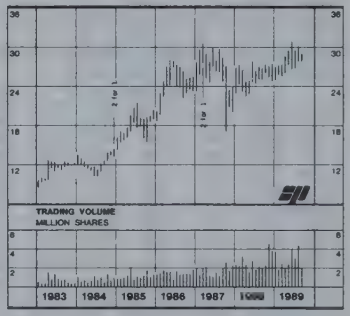
This superregional bank holding company, formed through the early 1988 merger of Fleet Financial Group and Norstar Bancorp, owns nine banks in Rhode Island, New York, Connecticut, Maine, New Hampshire and Massachusetts as well as subsidiaries engaged in mortgage banking, consumer and commercial finance, and discount brokerage. Despite an expected slowdown in lending activity, good credit quality and expense controls could enable earnings to reach new highs in 1989 and beyond.

Current Outlook

Earnings for 1989 could rise to $3.35 a share ($3.30 fully diluted) from the $3.07 ($3.01) reported for 1988. A further increase in earnings to $3.70 a share is projected for 1990.

A modest boost in the $0.32 quarterly dividend is likely.

Slower growing Northeastern and New England economies are expected to lead to a moderation in loan demand in 1990. Average loans are expected to increase about 9% in the aggregate. Loan quality is good, despite rising nonperforming loans in the commercial real estate portfolio, which constitutes a moderate 18% of total loans. Nonperforming assets have been rising, but are still only 1.34% of loans at June 30 (1.11% at year-end 1988). FNG has indicated that nonperforming assets will continue to rise, and the provision for loan losses could follow. FNG plans to cut its workforce by about 5% as part of a $50 million cost reduction program. That, plus consolidation of branches should boost banking profits. Consumer banking operations should remain highly profitable and the leasing and student loan servicing businesses should continue expanding, offsetting any weakness in the mortgage banking business due to low business volumes.



Review of Operations

Net interest income for the six months ended June 30, 1989 advanced 12%, year to year, reflecting 9.2% growth in average earning assets and a wider net interest margin (5.16% versus 5.03%). The provision for loan losses was 27% higher, at $63 million, as chargeoffs increased. Despite lower trading and brokerage income, noninterest income rose 5.7%, due to a significant increase in student loan processing fees. With noninterest expense up 6.1%, pretax earnings rose 16%. After taxes at 31.0%, versus 28.7%, net income was up 12%. Share earnings were $1.65 ($1.62 fully diluted), compared with $1.49 ($1.46).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.84	0.73	0.69	0.60
Jun.	0.81	0.76	0.44	0.62
Sep.	E0.85	0.79	0.71	0.67
Dec.	E0.85	0.79	0.01	0.69
	E3.35	3.07	1.85	2.58

Important Developments

Aug. '89— Fleet Credit Corp., FNG's asset-backed lending unit, acquired the Equipment Financing Division of Signal Capital Corp. The acquisition of Signal's $750 million equipment leasing portfolio increases Fleet Credit's assets to more than $2 billion. Separately, FNG said that it planned to reduce its workforce by about 1,000 jobs, or 5%, by year-end 1990.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[1,2]1988	[3]1987	[1]1986	1985	1984	[1]1983	1982	1981	1980	1979
Tangible Bk. Val.	12.41	10.12	13.25	12.21	10.82	9.44	8.66	7.61	6.65	5.89
Earnings[4,5]	3.07	1.85	2.58	2.34	1.95	1.73	1.57	1.33	1.14	0.98
Dividends	1.19¾	0.88	0.74	0.67½	0.61½	0.56¼	0.51¼	0.45½	0.41	0.37
Payout Ratio	39%	48%	29%	29%	32%	33%	33%	34%	36%	38%
Prices—High	27⅞	30⅝	28⅛	21½	14½	12¾	9⅞	8⅞	5⅜	5½
Low	22⅜	17	18⅝	14¼	10⅛	8½	5¼	4⅞	3¾	4
P/E Ratio—	9-7	17-9	11-7	9-6	7-5	7-5	6-3	5-4	5-3	5-4

Data as orig reptd. Adj. for stk. div(s) of 100% Apr. 1987, 100% Jan. 1985. 1. Reflects merger or acquisition. 2. Refl. acctg. change. 3. Major merger resulted in formation of new company. 4. Aft. gains/losses on security trans. of +0.07 in 1988, +0.27 in 1987, +0.26 in 1986, +0.08 in 1985, -0.02 in 1984, -0.01 in 1983, -0.02 in 1982, -0.06 in 1981, -0.03 in 1979. 5. Ful. dil. 3.01 in 1988, 1.82 in 1987, 2.50 in 1986, 1.84 in 1984, 1.60 in 1983, 1.51 in 1982, 1.30 in 1981, 1.12 in 1980, 0.97 in 1979. E-Estimated.

October 4, 1989
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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1,2]1988	1,311	85	325	107	61.8	478	29.7%	336	5.11	1.25	18.2
[3]1987	1,087	105	274	182	66.1	252	26.6%	185	5.08	0.80	11.4
[1]1986	415	84	201	59	56.1	187	27.0%	137	5.47	1.37	20.1
1985	264	49	136	39	55.2	118	30.1%	82	5.84	1.38	19.0
1984	208	52	117	27	57.5	81	20.1%	65	5.56	1.24	17.9
[1]1983	158	39	86	20	56.4	64	19.0%	52	4.74	1.12	16.9
1982	138	33	67	21	58.8	43	9.9%	39	4.93	0.99	18.3
1981	115	29	57	15	57.9	38	12.9%	33	4.72	0.95	17.3
1980	97	24	49	15	57.3	34	16.4%	28	4.25	0.87	16.6
1979	91	20	39	14	56.9	29	16.9%	24	4.26	0.82	15.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	29,052	402	4,656	10,782	10,335	1.55	3,962	16,739	98.2	1,495	1,914	NA
1987	24,531	363	4,115	7,400	10,420	1.70	3,537	13,994	97.4	1,328	1,552	6.7
1986	11,690	583	1,672	3,465	4,895	1.36	1,104	5,609	119.6	863	721	6.7
1985	7,122	551	1,005	2,304	2,832	1.45	490	3,454	123.2	527	461	6.9
1984	5,747	565	678	1,892	2,251	1.46	432	2,688	125.7	393	368	6.4
1983	5,736	958	947	1,452	1,849	1.44	547	2,996	89.1	314	313	6.2
1982	4,536	967	399	1,133	1,662	1.28	445	2,613	89.2	193	226	5.4
1981	4,223	713	610	1,102	1,402	1.36	429	2,291	89.4	203	198	5.5
1980	3,452	193	771	923	1,229	1.50	440	2,039	84.5	144	177	5.2
1979	3,225	77	612	744	1,340	1.26	441	1,677	95.5	105	159	5.1

Data as orig reptd. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Major merger resulted in formation of new company. NA-Not Available.

Business Summary

Fleet/Norstar, created through the January 1, 1988 merger of Fleet Financial Group and Norstar Bancorp, is the nation's 21st largest banking organization. Its nine subsidiary banks, located in Rhode Island, Maine, New York, Connecticut, New Hampshire and Massachusetts, operate through some 577 branches. Mortgage banking operations are the second largest in the nation (88 offices nationwide; $31 billion loans serviced); consumer finance (184 offices) is important, as are asset-based lending (commercial finance, leasing, factoring), discount brokerage, and venture capital investment. Contributions to operating income:

	1988	1987	1986
Commercial/consumer	62%	61%	65%
Mortgage banking and real estate	18%	19%	17%
Consumer finance	10%	11%	10%
Asset-based lending	7%	5%	5%
Trust	3%	2%	3%

At December 31, 1988 nonperforming assets were $220 million (1.11% of related assets), against $157 million (0.88%) a year earlier (restated). The reserve for loan losses was 1.60% of loans, down from 1.71%. Net charge-offs during 1988 were 0.52% of average loans, versus 0.67% in 1987.

Dividend Data

Dividends have been paid since 1791. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Nov. 16	Dec. 9	Dec 15	Jan '89
0.32	Feb. 15	Mar. 9	Mar. 15	Apr. '89
0.32	May 17	Jun. 9	Jun. 15	Jul. '89
0.32	Jul. 19	Sep. 11	Sep. 15	Oct. '89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $1,386,940,000.

Adj. Rate Preferred Stock: $125,335,000.

Common Stock: 108,638,180 shs. ($1 par).
Institutions hold about 40%.
Shareholders of record: 45,288.

Office—55 Kennedy Plaza, Providence, R.I. 02903 **Tel**—(401) 278-5800 **Chrmn, Pres & CEO**—J. T. Murray **Secy**—W. C. Mutterperl **Treas**—R. R. Pannone **Investor Contact**—R. W. Lougee, Jr. **Dirs**—W. Barnet III, B. R. Boss, J. E. Chandler, P. J. Choquette, Jr., B. C. M. Dudley, S. A. Furbacher, R. M. Kavner, L. Keeney, E. D. Kenna, R. C. Kennedy, A. C. Milot, J. T. Murray, T. D. O'Connor, F. H. Odell, M. B. Picotte, J. J. Preble, J. D. Reardon, J. A. Reeves, J. R. Riedman, J. S. Scott, R. P. Straetz. **Transfer Agents**—Fleet National Bank, Providence, Mellon Financial Securities, NYC **Registrars**—Citizens Trust Co., Providence, Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1968. **Empl**—20,054.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Fleetwood Enterprises

NYSE Symbol FLE Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
23⅞	30⅝-22	9	0.76	3.2%	B+	1.30

Summary

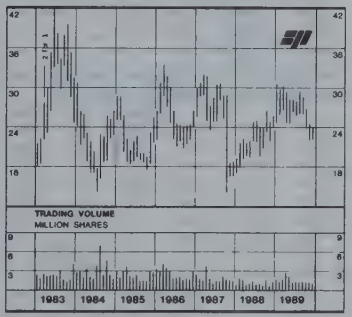
Fleetwood is the leading manufacturer of recreational vehicles and manufactured housing. Sales and earnings are extremely sensitive to cyclical economic fluctuations and especially to the level of interest rates. The long-term outlook is enhanced by FLE's growing market share in both of its major product groups and its strong financial position.

Current Outlook

Earnings for the fiscal year ending April 30, 1990 are estimated at $2.30 a share, compared with fiscal 1988-9's $3.06.

The quarterly dividend was raised 19%, to $0.19 from $0.16, with the August, 1989 payment.

Recreational vehicle sales should slow in fiscal 1989-90, reflecting consumers' worries about the economy. Manufactured housing sales should slip as well, but FLE should continue to gain market share. Margins should narrow on the sluggish sales.



[1]Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	395	427	362	314
Oct.	376	419	360	304
Jan.	---	347	309	292
Apr.	---	425	374	349
	---	1,619	1,406	1,259

Sales for the 26 weeks ended October 29, 1989 declined 9.0%, year to year, reflecting decreases in both manufactured housing and recreational vehicles. Margins narrowed on the lower sales, and pretax earnings fell 30%. After taxes at 36.2%, versus 38.2%, net income was down 28%. Per-share earnings were $1.25, compared with $1.75.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.68	0.83	0.61	0.43
Oct.	0.57	0.92	0.47	0.37
Jan.	E0.40	0.54	0.35	0.37
Apr.	E0.65	0.77	0.65	0.53
	E2.30	3.06	2.08	1.70

Important Developments

Nov. '89— The company said that fiscal 1989-90 second quarter manufactured housing sales were $136.6 million, down 2.0% from $139.4 million a year before. Unit shipments of manufactured housing declined 6.3%. Recreational vehicle sales were $228.2 million, down 16% from $273 million a year earlier. The company said that it continued to outperform the industry, despite lower year-to-year sales comparisons, and predicted it would emerge from the current slowdown with a better market share position.

May '89— FLE announced a stock repurchase program of up to 1.2 million shares of common stock.

May '89— Fleetwood said that its share of the manufactured housing market had risen to 15.8% in 1988, from 14.8% the year before.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	[2]1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	17.49	15.02	13.56	12.37	11.10	9.25	6.85	4.87	4.78	4.93
Earnings	3.06	2.08	1.70	1.69	2.29	2.71	1.33	0.41	0.11	d0.38
Dividends	0.64	0.60	0.52	0.44	0.36	0.30	0.27	0.26	0.26	0.26
Payout Ratio	21%	28%	31%	26%	16%	11%	21%	64%	239%	NM
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	26⅝	32	33½	28¾	30¾	41⅞	20⅝	7½	4⅞	6½
Low	17	14	20¾	17½	14⅛	18	5¼	4⅛	2⅝	3½
P/E Ratio—	9-6	15-7	20-12	17-10	13-6	15-7	16-4	18-10	45-23	NM

Data as orig. reptd. Adj. for stk. div(s). of 100% Apr. 1983. 1. Sales prior to 1988-9. 2. Reflects accounting change. E-Estimated. d-Deficit. NM-Not Meaningful

January 5, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1989	1,619	119	7.4	32.7	12.0	6.78	114	38.0%	70.5	4.4
1988	1,406	75	5.3	25.3	10.3	1.21	[2]76	36.8%	48.2	3.4
1987	1,259	75	5.9	18.2	9.7	1.21	[2]74	46.3%	39.7	3.2
1986	1,218	66	5.4	21.0	8.1	1.24	[2]71	44.8%	39.3	3.2
1985	1,277	95	7.4	15.8	7.1	1.10	[2]100	46.7%	53.6	4.2
1984	1,420	117	8.3	21.3	5.4	0.63	[2]122	47.5%	63.9	4.5
1983	858	56	6.5	8.8	4.8	0.34	[2]57	47.5%	29.7	3.5
1982	581	19	3.2	7.4	4.6	0.32	[2]18	49.1%	9.2	1.6
1981	428	2	0.3	5.2	4.4	0.39	[2]3	20.8%	2.4	0.6
1980	472	d12	NM	10.5	4.9	1.69	[2]d16	NM	d8.5	NM

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Curr. Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	25	NA	NA	NA	718	11.4%	Nil	401	401	Nil	18.9%
1988	136	360	160	2.2	514	9.8%	Nil	344	354	Nil	14.7%
1987	145	354	155	2.3	482	8.6%	Nil	316	327	Nil	13.1%
1986	124	315	146	2.2	443	9.4%	Nil	288	297	Nil	14.4%
1985	135	308	132	2.3	397	14.1%	Nil	259	265	Nil	22.6%
1984	100	287	137	2.1	368	19.6%	Nil	218	232	Nil	33.7%
1983	84	218	115	1.9	283	12.4%	Nil	161	168	Nil	21.6%
1982	29	128	80	1.6	189	5.1%	Nil	109	109	Nil	8.5%
1981	17	110	62	1.8	169	1.5%	Nil	107	107	Nil	2.2%
1980	5	107	55	1.9	166	NM	Nil	110	110	Nil	NM

Data as orig. reptd.; finance sub. consol. after 1988. 1. Reflects accounting change. 2. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful. NA-Not Available

Business Summary

Fleetwood Enterprises designs, manufactures and sells recreational vehicles (motor homes and travel trailers) and manufactured housing. The company is the nation's largest producer of recreational vehicles and manufactured housing. Industry segment contributions in fiscal 1988-9:

	Sales	Profits
Recreational vehicles	65%	73%
Manufactured housing	33%	20%
Other	2%	7%

Recreational vehicles (RVs) are primarily self-contained units designed and equipped to provide comfortable temporary living quarters. Motor homes (priced from $32,000 to over $100,000) are self-propelled vehicles built on a truck chassis, while travel trailers ($6,000 to $45,000) are designed to be towed. As of September, 1989 the company was operating 26 manufactured housing plants, and 20 recreational vehicle plants.

FLE's manufactured housing products are built in sizes ranging from 560 to 1,960 sq. ft. and retail from about $10,000 to $50,000, although most are designed to sell for less than $25,000. Assembly line techniques are used to manufacture the homes, primarily from components made by others.

Dividend Data

Dividends have been paid since 1965. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Mar. 14	Apr. 3	Apr. 7	May 10'89
0.19	Jun. 13	Jun. 30	Jul. 7	Aug. 9'89
0.19	Sep. 12	Oct. 2	Oct. 6	Nov. 8'89
0.19	Dec. 12	Dec. 29	Jan. 5	Feb. 14'90

Next dividend meeting: mid-Mar. '90.

Capitalization

Long Term Debt: None.

Common Stock: 22,597,502 shs. ($1 par).
J. C. Crean owns 19%.
Institutions hold approximately 67%.
Shareholders of record: 2,500.

Office—3125 Myers St., P. O. Box 7638, Riverside, Calif. 92523 **Tel**—(714) 351-3500. **Chrmn & CEO**—J. C. Crean **Pres**—G. F. Kummer **VP-Secy**—W. H. Lear. **Treas**—D. R. Marriner **VP-Investor Contact**—P. M. Bingham **Dirs**—A. Crean, J. C. Crean, G. F. Kummer, D. M. Lawson, M. E. Pickman, D. T. Skinner, C. D. Stretch, W. W. Weide. **Transfer Agent & Registrar**—First National Bank of Boston, Mass. **Incorporated** in Calif. in 1950; reincorporated in Del. in 1977. **Empl**—12,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Fleming Cos.

903K

NYSE Symbol FLM In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
31¾	40-30¼	12	1.00	3.2%	A	0.93

Summary

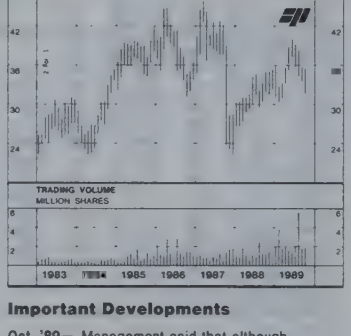
This company became the largest wholesale distributor of food and related products to retail food stores through the $600 million acquisition of Malone & Hyde in July, 1988. Fleming also provides support services to its customers and operates its own retail food stores as does Malone & Hyde. Increased purchasing power and expansion into new markets bode well for longer-term growth.

Current Outlook

Earnings for 1990 are projected to rise to about $3.00 a share from the $2.60 estimated for 1989.

The $0.25 quarterly dividend is the minimum expected.

Sales for 1990 should increase moderately as new stores come on stream. Margins should improve, reflecting the integration of Malone & Hyde with its wider margins. Reduction in overhead costs and improved computerization should also benefit margins. Interest expense should decline.



Net Sales (Billion $)

Period:	1989	1988	1987	1986
16 Wks. Apr.	3.66	2.65	2.61	2.27
12 Wks. Jul.	2.74	2.04	1.96	1.71
12 Wks. Oct.	2.77	2.67	1.97	1.79
12 Wks. Dec. ...	---	3.11	2.07	1.89
	---	10.47	8.61	7.65

Sales for the 40 weeks ended October 7, 1989 rose 25%, year to year, reflecting the Malone & Hyde acquisition. Gross margins improved outweighing increased selling and adminstrative expenses. Following much higher interest expense, pretax income advanced 38%. After taxes at 43.3%, versus 41.5%, net income rose 34%. Share earnings were $1.87 on 9% more shares, compared with $1.66.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
16 Wks. Apr.	0.77	0.80	0.71	0.68
12 Wks. Jul.	0.53	0.51	0.57	0.55
12 Wks. Oct.	0.57	0.35	0.48	0.38
12 Wks. Dec. ...	E0.73	0.77	0.11	0.06
	E2.60	2.43	1.86	1.67

Important Developments

Oct. '89— Management said that although conditions continued to be quite competitive, overhead costs are being reduced and expansion plans are moving ahead of schedule. Performance of the Philadelphia division improved in the latter part of the third quarter. The company raised its bad debt reserves by $6 million to provide for an increase in credit exposure in the third quarter and also recorded a pretax gain of $8.3 million on the disposition of the preferred stock of WS Holdings Corp., the parent of a former subsidiary. FLM is in the process of enlarging three distribution centers, which will add more than 500,000 sq. ft. to operations when completed next year. In June, 1989 FLM sold $150 million of 6½% convertible subordinated notes due in 1996; proceeds were used to reduce commercial paper outstanding.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[2]1986	[1]1985	[1]1984	1983	[1]1982	[1]1981	1980	1979
Tangible Bk. Val.	7.48	17.34	18.57	17.78	17.72	14.73	13.09	10.45	9.57	8.47
Earnings[3]	2.43	1.86	1.67	2.87	2.70	2.36	1.98	1.78	1.63	1.30
Dividends	1.00	1.00	1.00	0.97	0.84	0.70½	0.64	0.59	0.53	0.46⅜
Payout Ratio	44%	54%	60%	34%	34%	30%	38%	33%	33%	36%
Prices—High	35½	45⅞	44⅞	41⅞	35⅜	31⅛	23⅜	16⅛	13½	9½
Low	26½	22	31	32	22¼	22¼	11⅜	11⅝	7⅝	7⅞
P/E Ratio—	15-11	25-12	27-19	15-11	13-8	13-9	12-6	9-7	8-5	7-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1983. 1. Reflects merger or acquisition. 2. Restated to adjust for overstatement of certain assets. 3. Bef. spec. item(s) of -0.06 in 1981. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	10,467	231	2.2	74	62.0	76.2	116.9	44.1%	65.4	0.6
[3]1987	8,608	177	2.1	39	47.9	28.3	83.7	40.9%	49.5	0.6
[4]1986	7,653	147	1.9	53	38.9	26.3	69.1	47.3%	36.4	0.5
[5]1985	7,095	148	2.1	113	33.5	22.4	96.3	37.6%	60.1	0.8
[3]1984	5,512	116	2.1	47	25.7	15.5	78.0	36.4%	49.6	0.9
1983	4,898	105	2.1	42	23.5	14.4	68.7	39.2%	41.7	0.9
[3]1982	3,688	74	2.0	34	18.5	8.5	49.5	40.7%	29.4	0.8
[3]1981	3,399	64	1.9	44	15.7	6.7	43.9	40.9%	25.9	0.8
1980	2,817	55	1.9	30	13.3	[6]6.7	36.0	42.4%	20.7	0.7
[6]1979	2,508	46	1.8	19	11.7	6.3	28.4	42.3%	16.4	0.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37.3	1,138	850	1.3	2,559	3.3%	935	634	1,632	57.3	10.9%
1987	63.9	843	512	1.6	1,342	3.5%	240	522	814	29.5	9.1%
[4]1986	24.8	767	443	1.7	1,237	3.0%	272	470	774	35.1	7.9%
1985	46.3	702	447	1.6	1,165	5.5%	234	447	703	33.3	14.4%
1984	36.8	584	355	1.6	939	5.8%	210	352	577	36.5	15.4%
1983	50.6	424	247	1.7	679	6.5%	155	263	424	36.5	16.8%
1982	49.2	374	227	1.6	598	5.4%	135	230	369	36.6	14.2%
1981	21.0	261	171	1.5	411	6.4%	84	153	238	35.5	17.6%
1980	27.0	230	147	1.6	345	6.4%	75	123	198	38.0	17.9%
1979	14.7	200	119	1.7	297	5.8%	71	107	179	39.9	16.0%

Data as orig. reptd.; all majority-owned subs. consol. after 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1981. 3. Reflects merger or acquisition. 4. Restated to adjust for overstatement of certain assets. 5. Excl. disc. opers. & reflects merger or acquisition. 6. Excludes discontinued operations.

Business Summary

Fleming Companies primarily distributes on a wholesale basis food and related products to retail food stores. Other operations include the providing of support services to retailer-customers, the operation of retail food stores, and the wholesale distribution of institutional foodservice products.

As of year-end 1988 the company was operating 32 grocery distribution centers serving over 5,200 retail food stores in 36 states with a wide variety of inventory, including groceries, meats, produce, frozen foods, dairy products, and general merchandise.

Support services to retailer-customers include field counseling; merchandising, advertising and promotional assistance; consumer information programs; and computer systems.

The Dixieland Foods Stores subsidiary operates 46 retail food stores (as of year-end 1988) in Alabama, Mississippi, Georgia, and Florida.

Malone & Hyde (acquired July, 1988) operated six megamarket super warehouses all located in Wisconsin. Godfrey Co. (acquired November, 1987) operates 35 Sentry supermarkets and four Sun super warehouse markets in Wisconsin.

The company also operates 24 cash and carry warehouses which serve smaller grocers and institutions who come directly to the warehouse and eight Food 4 Less retail food stores in Florida, Georgia, Kansas and Missouri.

Dividend Data

Dividends have been paid since 1927. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 24	Feb. 13	Feb. 20	Mar. 10'89
0.25	Apr. 26	May 15	May 19	Jun. 9'89
0.25	Jun. 27	Aug. 14	Aug. 18	Sep. 8'89
0.25	Oct. 24	Nov. 14	Nov. 20	Dec. 8'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $913,200,000, incl. $228.4 million of capital lease obligations.

Variable Term Preferred Stock: 50,000 shs. ($10 par).

Common Stock: 29,205,563 shs. ($2.50 par). Institutions hold approximately 70%.
Shareholders of record: 10,660.

Office—6301 Waterford Blvd., (P.O. Box 26647), Oklahoma City, Okla. 73126. **Tel**—(405) 840-7200. **Chrmn, Pres & CEO**—E. D. Werries. **VP-Secy & Investor Contact**—J. W. Clark. **Dirs**—A. R. Dykes, N. N. Fleming, J. G. Harlow, Jr., R. D. Harrison, L. M. Jones, E. C. Joullian III, H. L. Leach, K. W. Reese, M. H. Walsh, E. D. Werries. **Transfer Agents & Registrar**—Liberty National Bank & Trust Co., Oklahoma City; Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Kansas in 1915; reincorporated in Oklahoma in 1981. **Empl**—24,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Floating Point Systems

NYSE Symbol FLP Options on ASE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
1⅝	3¾-1⅜	NM	None	None	C	1.68

Summary

This company manufactures minisupercomputers and array processors for scientific and engineering applications. The company's prospects are heavily dependent on customer acceptance of its new line of Unix supercomputer products. FLP's net loss in the first nine months of 1989 led to a violation of bank loan covenants; although the covenants were subsequently amended, continued losses could result in the bank demanding immediate repayment of a $12 million loan and terminating a $5 million line of credit.

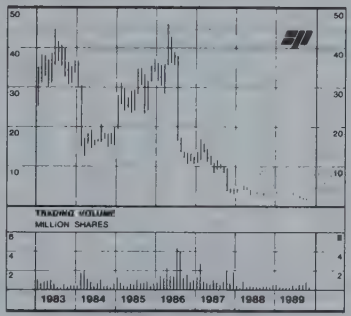
Business Summary

Floating Point Systems, operating under the name FPS Computing, sells attached processors, minisupercomputers, and array processors which perform complex mathematical calculations at rates far exceeding those of general purpose computers. Applications include aircraft and auto design, medical imaging, meteorology, structural design and analysis, computational physics and chemistry, simulation, and electronic circuit design. Foreign operations provided 35% of revenues in fiscal 1988. Contributions in recent fiscal years:

	1988	1987	1986
Attached processors	40%	39%	40%
Array processors	36%	27%	36%
Supercomputers	3%	11%	3%
Service	21%	23%	21%

In September, 1988 FLP acquired Celerity Computing for common stock valued at $1.25 million. The acquired assets included the technology used to develop FLP's new stand-alone, UNIX-based minisupercomputer, the FPS Model 500, introduced in October, 1988. The 500, with up to four processors, offers performance of up to 133 millions of instructions per second (MIPS) and 167 million floating point operations per second (MFLOPS) for $250,000 to $1 million. FLP also announced it would market Stellar Computer's UNIX-based superworkstations, as its Model 300 and 350.

The M64 series of attached processors operate at 6 to 341 MFLOPS. Prices range from $70,000 to over $1 million. The systems are used with host computers, primarily those manufactured by Digital Equipment. The FPS-5000 and MP32 series of array processors are attached to other computers to increase their speed. The processors range from 8 to 72 MFLOPS, and sell for $45,000 to $120,000.



In 1986 FLP introduced its T series supercomputers based on massively parallel processing, a technology that is not widely accepted. Nine systems were installed. In April, 1988 development of the T Series was stopped.

Important Developments

Jul. '89— During the third quarter of fiscal 1989, additional restructuring steps were taken by the company, resulting in a $6.1 million charge. The components of this charge included $0.9 million from personnel reductions, $3.7 million from the expected loss on the disposition of certain facilities that are now in excess to FLP's needs, and a $1.5 million inventory writedown of certain products which are being phased out of production.

Next earnings report expected early December.

Per Share Data ($)

Yr. End Oct. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	4.59	8.50	12.22	14.06	10.68	9.67	7.74	6.14	3.04
Earnings[1]	NA	d3.10	d3.35	d1.67	1.75	1.77	1.47	1.32	0.81	0.58
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[2]—High	3¾	5⅛	17	46	37¼	36¾	44⅞	30½	29⅝	18
Low	1⅜	2⅜	2⅞	10½	19¼	12½	25⅛	16	12½	6
P/E Ratio—	NA	NM	NM	NM	21-11	21-7	31-17	23-12	37-15	31-10

Data as orig. reptd Adj. for stk. splits of 2-for-1 Jun 1981 **1.** Bef. spec. item of -0.07 in 1980 **2.** Cal. yr. NM-Not Meaningful d-Deficit NA-Not Available

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Income Data (Million $)

Year Ended Oct. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	71	d5.7	NM	4.7	14.5	1.34	d33.3	NM	d27.8	NM
1987	84	d9.3	NM	5.4	11.2	1.28	d28.8	NM	d29.2	NM
1986	89	d16.0	NM	10.3	6.7	1.56	d25.0	NM	d14.3	NM
1985	127	24.0	19.0	8.2	6.2	0.90	19.7	27.0%	14.4	11.4
1984	118	26.4	22.3	8.2	5.9	0.66	23.2	34.4%	15.2	12.8
1983	100	24.1	24.0	6.9	4.8	0.80	21.1	38.0%	13.1	13.0
1982	87	19.3	22.2	11.7	3.8	1.16	18.0	35.7%	11.5	13.3
1981	58	11.7	20.2	13.8	2.3	0.95	10.6	40.0%	6.4	11.0
1980	42	9.4	22.0	3.6	1.6	0.60	7.6	44.2%	4.2	10.0
1979	30	4.6	15.6	6.6	1.7	0.40	3.5	42.3%	2.0	6.8

Balance Sheet Data (Million $)

Oct. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23.7	51	29.4	1.7	86	NM	13.2	43	56	23.4	NM
1987	8.7	56	32.6	1.7	110	NM	1.4	72	77	1.8	NM
1986	5.3	97	30.2	3.2	136	NM	1.6	101	106	1.5	NM
1985	37.1	124	50.1	2.5	163	9.6%	2.6	107	113	2.3	14.7%
1984	32.2	97	40.8	2.4	133	12.5%	3.2	86	92	3.4	18.5%
1983	36.4	91	31.5	2.9	123	11.5%	2.9	87	92	3.2	16.7%
1982	27.4	70	26.7	2.6	101	12.7%	4.7	68	75	6.2	18.9%
1981	27.6	55	20.8	2.6	79	10.2%	3.2	53	58	5.6	16.0%
1980	9.1	27	11.2	2.4	39	12.3%	3.9	23	28	14.1	21.0%
1979	3.3	19	6.5	2.9	29	7.5%	4.5	17	23	19.8	12.1%

Data as orig. reptd. **1.** Reflects accig. change. **2.** Bef. spec. items in 1980. d-Deficit. NM-Not Meaningful

Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	15.8	19.2	24.3	26.5
Apr.	14.7	17.7	23.5	21.3
Jul.	14.4	17.1	18.3	20.8
Oct.		16.8	18.2	20.0
		70.8	84.3	88.6

Revenues for the nine months ended July 31, 1989 declined 17%, year to year, as product sales were down 20% and service revenues fell 8.0%. Gross margins improved substantially on reduced overhead levels resulting from staff reductions and idling of equipment. After restructuring expenses in the fiscal 1989 third quarter totaling $6.1 million, the pretax loss narrowed to $13.1 million from $15.9 million. After a tax credit of $740,000, versus taxes of $545,000, the net loss was $12.3 million ($1.29 a share, on 7.6% more shares) compared with $16.5 million ($1.86).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	d0.10	d0.65	0.02	0.15
Apr.	d0.15	d0.82	d0.24	d0.18
Jul.	d1.02	d0.39	d1.41	d0.23
Oct.		d1.23	d1.71	d1.39
		d3.10	d3.35	d1.67

Dividend Data

No dividends have ever been paid. A "poison pill" stock purchase right was adopted in 1988.

Finances

FLP's net loss in the first nine months of 1989 resulted in violation of the financial ratios and covenants contained in a bank loan agreement. Although the bank agreed to waive these covenants, continued losses could cause FLP to be in violation of amended covenants and, in such an event, the bank could demand immediate repayment of a $12 million term loan and terminate a $5 million operating line of credit. If the credit line is terminated, FLP might not be able to finance its business from operations and would need to seek alternative sources of funding.

Auditors issued a qualified opinion on FLP's fiscal 1988 financial statements, citing litigation concerning FLP'S alleged violation of securities laws

Capitalization

Long Term Debt: $13,111,000.

Common Stock: 9,692,503 shs. (no par)
Institutions hold approximately 30%.
Shareholders of record: 3,250.

Office 3601 S. W. Murray Blvd. (P.O. Box 23489, Portland 97223), Beaverton Ore. 97005 **Tel**—(503) 641-3151 **Chrmn**—C. N. Winningstad **Pres. & CEO**—H. A. Thrailkill **VP-Secy. & Treas**—J. T. Richardson **Investor Contact**—John Bernard (1-800-547-1445) **Dirs**—M. J. Myers, M. R. Smith, T. F. Stephenson, H. A. Thrailkill, C. P. Waite, E. Wantland, C. N. Winningstad **Transfer Agent**—U.S. Bank of Oregon, Portland **Incorporated** in Oregon in 1970 **Empl**—550

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Florida East Coast

NYSE Symbol FLA

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
63	73½-56	14	¹0.40	¹0.6%	B+	1.06

Summary

This company's principal unit operates a 442-mile railroad extending from Jacksonville to Miami. Following adoption in 1984 of a holding company structure, FLA has embarked upon an ambitious development program for its important real estate holdings. Profit comparisons in 1989 are benefiting from increased property sales and rental income and gains from the sale of securities.

Business Summary

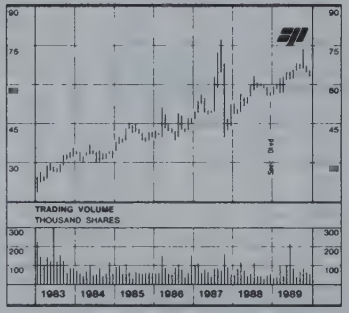
Florida East Coast Industries is the parent of the 442-mile Florida East Coast Railway Co. and Gran Central Corp., a rapdily growing real estate developer. Contributions to operating profits (in million $) by business segment in recent years:

	1988	1987
Transportation	$48.2	$35.5
Real estate	-0.2	1.2
Other	8.1	9.1

The Florida East Coast Railway operates over 351 miles of main track and 91 miles of branch lines extending from Miami to Jacksonville. Some 372,171 cars were handled in 1988 generating 17.2 million tons of freight, versus 361,909 cars handling 15.7 million tons in 1987. About 70% FLA's carloads originate on its system, with the balance received from CSX Corp. or Norfolk Southern Corp. Intermodal shipments (trailers or containers moved via rail flatcar) accounted for 54% of total carloads in 1988. Another important traffic source is crushed stone, gravel and sand, which generated 29% of total loads in 1988. In 1988 average revenues per ton-mile was 3.11 cents, compared with 3.37 cents in 1987.

FLA's equipment fleet at 1988 year-end consisted of 75 locomotives, 2,689 railcars and 1,277 tractors and trailers.

Real estate activities are conducted through Gran Central Corp., which owns 23,719 acres of properties in 13 counties in Florida and manages 1,220 acres owned by the Florida East Coast Railway. During 1988 Gran Central completed the construction of three multi-purpose buildings in Jacksonville and Melbourne, bringing total holdings to more than 600,000 sq. ft. of offices, warehouses and distribution facilities. Other activities include the management of a trailer park in Miami and the manufacture of concrete crossties and grade crossings primarily for the firm's railroad.



Important Developments

Oct. '89— FLA said that construction of the proposed Gran Central tower in downtown Miami could begin in early 1990, once the project is formally cleared by local authorities. The 34-story structure would contain about 550,000 sq. ft. of office space. During 1990 FLA also expects to complete infrastructure development for the first phase of a 90-acre office/industrial park complex at Stuart, Fla. Among other property development projects being managed by FLA, an 82,000 sq. ft. multipurpose building at the Gran Park in Miami is expected to be completed in the 1989 fourth quarter. A rail-served warehouse and a multipurpose building at the 900-acre Gran Park in Medley, Fla. were completed in 1989's second quarter.

Dec. '88— FLA posted a $9.6 million pretax gain on the sale of 21 miles of track to Florida's Department of Transportation for $35.5 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	43.87	40.29	37.72	34.63	31.66	28.73	20.41	19.15	17.97	16.00
Earnings²	3.85	2.84	3.30	3.18	3.13	4.26	1.36	1.27	2.07	3.81
Dividends	0.28	0.25	0.22	0.21	0.20	0.19	0.10	0.10	0.10	Nil
Payout Ratio	7%	9%	7%	7%	6%	4%	7%	8%	5%	Nil
Prices—High	63⅓	77½	51¼	45½	36⅞	35⅞	21⅜	30	20⅜	19⅞
Low	48⅓	39½	38½	34¼	29¾	18½	14	16	12⅜	9⅞
P/E Ratio—	16-13	27-14	16-12	14-11	12-10	8-4	16-10	24-13	10-6	4-3

Data as orig reptd. Adj. for stk div(s) of 300% Jul 1981. **1.** Excl 0.06 extra in Dec. 1989. **2.** Bef spec item(s) of +0.44 in 1983.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1988	151	40.8	27.0	52.2	14.3	0.02	56.2	36.6%	35.6	23.6
1987	141	39.0	27.7	46.9	11.8	0.14	45.8	42.6%	26.3	18.7
1986	130	36.4	27.9	25.5	11.0	0.13	51.4	40.4%	30.6	23.5
1985	127	34.4	27.1	34.4	10.5	0.09	50.2	41.3%	29.5	23.2
1984	131	38.2	29.1	30.3	9.4	0.01	47.6	38.9%	29.0	22.1
1983	115	30.5	26.5	16.9	²9.1	0.79	62.4	36.7%	39.5	34.3
1982	100	17.8	17.8	14.5	5.6	1.48	20.3	38.1%	12.6	12.5
1981	106	14.8	13.9	25.6	5.8	1.51	15.4	23.1%	11.8	11.1
1980	101	21.6	21.5	36.6	5.1	1.08	28.1	31.6%	19.2	19.1
1979	82	20.1	24.6	21.3	4.2	1.46	49.6	28.9%	35.3	43.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	43.7	89.5	35.3	2.5	561	6.6%	Nil	406	519	Nil	9.2%
1987	37.0	81.8	29.9	2.7	519	5.2%	Nil	373	484	Nil	7.3%
1986	36.5	82.6	26.3	3.1	487	6.5%	Nil	350	457	Nil	9.1%
1985	21.8	70.4	28.4	2.5	455	6.7%	Nil	321	424	Nil	9.6%
1984	13.5	62.8	31.5	2.0	424	7.3%	Nil	294	389	Nil	10.4%
1983	14.9	49.3	18.0	2.7	377	12.3%	Nil	266	355	Nil	17.4%
1982	22.3	51.4	17.7	2.9	266	4.8%	15.6	189	246	6.3	6.9%
1981	11.4	49.3	21.3	2.3	254	4.9%	18.0	178	230	7.8	6.9%
1980	14.6	46.6	22.4	2.1	231	8.8%	17.9	167	207	8.7	12.2%
1979	25.8	49.4	20.3	2.4	208	18.8%	19.3	148	185	10.4	27.0%

Data as orig reptd. **1.** Bef spec item(s) in 1983. **2.** Reflects acctg. change

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	38.3	39.8	35.0	32.4
Jun	37.9	35.9	34.6	31.6
Sep.	35.7	33.5	34.1	29.2
Dec.		41.7	37.0	37.1
		150.9	140.7	130.2

Operating revenues for the nine months ended September 30, 1989 rose 2.6%, year to year, primarily reflecting increased carloads and slightly higher rail rates. Aided by greater rental income and land sales and gains from the sale of Trailer Train stock, pretax income advanced 30%. After taxes at 37.0%, versus 36.1%, net income was up 28%. Share earnings were $2.68, versus $2.09.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.99	0.83	0.72
Jun.	1.28	0.62	0.63	0.58
Sep	0.70	0.48	0.51	0.53
Dec.		1.76	0.87	1.47
		3.85	2.84	3.30

Finances

In October, 1989 the Alfred I. duPont estate reported that it planned to sell the 450,224 FLA common shares (4.9%) it holds "over an extended time period".

At December 31, 1988 FLA had outstanding $14.3 million of 5% collateral trust bonds maturing in 2001. For financial reporting purposes, these bonds have been removed from FLA's books since FLA has set aside U.S. Government securities with offsetting matching cash flows.

Dividend Data

Cash dividends were initiated in 1980.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Feb. 15	Mar. 10	Mar. 16	Mar. 30'89
0.07	May 17	Jun. 12	Jun. 16	Jun. 30'89
0.10	Aug. 16	Sep. 11	Sep. 15	Sep. 29'89
0.10	Nov. 15	Dec. 7	Dec. 13	Dec. 27'89
0.06 Ext	Nov. 15	Dec. 7	Dec. 13	Dec. 27'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: None.

Common Stock: 9,252,561 shs. ($6.25 par).
The Alfred I. duPont estate and St. Joe Paper Co. own 5% and 53%, respectively.
Institutions hold about 22%.
Shareholders: 1,201.

Office—One Malaga St., St. Augustine, Fla. 32084. **Tel**—(904) 829-3421. **Chrmn & Pres**—W. L. Thornton. **VP-Secy & Investor Contact**—C. F. Zellers Jr. **Treas**—T. N. Smith. **Dirs**—J. C. Belin, T. S. Coldewey, W. E. Durham Jr., N. Fairbanks, J. H. Mercer, J. J. Parrish, Jr., M. E. Rinker, W. L. Thornton, R. W. Wyckoff, C. F. Zellers, Jr. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Florida in 1892, reincorporated in Florida in 1984. **Empl**—1,585.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Florida Progress

NYSE Symbol FPC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29 '89	1989					
38¼	39¼-33¼	10	2.64	6.9%	A	0.46

Summary

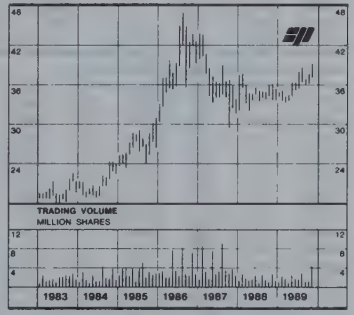
Florida Progress is the holding company for Florida Power, which provides electric utility services to a growing territory in central and Gulf Coast Florida. Other units are involved in coal mining and transportation, technology development, building products, real estate, and financial services. Modestly higher profits are expected for 1990, reflecting continued gains in electric kwh sales due to FPC's expanding service territory.

Current Outlook

Earnings for 1990 are estimated at $3.75 a share, up from the $3.65 likely for 1989.

In November, 1989 directors boosted the dividend 3.1%, to $0.66 quarterly from $0.64.

Modestly higher net income is anticipated for 1990, primarily on the basis of expected continued growth in the company's service territory in line with historical rates. The company serves one of the fastest growing regions in the nation. The contribution from the nonutility segment should decline slighty due to the absence of 1989's gain on the sale of a unit, although on an operational level nonutility businesses are expected to show modest improvement.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	473	490	437	430
Jun.	524	479	476	486
Sep.	607	560	564	532
Dec.	---	473	481	427
	---	2,002	1,958	1,875

Operating revenues for the nine months ended September 30, 1989 rose 4.9%, year to year, reflecting customer growth, higher recoverable fuel revenues, and an increase in rates. Operating income was up 9.4%. After higher interest expense and other income, pretax net advanced 11%. After taxes at 32.5%, versus 30.8%, net income increased 8.6%, to $3.09 a share from $2.85.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.73	0.86	0.83	0.94
Jun.	0.89	0.81	0.90	0.85
Sep.	1.47	1.18	1.43	1.29
Dec.	E0.56	0.58	0.58	0.63
	E3.65	3.52	3.74	3.71

Important Developments

Nov. '89— The company reported that for the three months ended September 30, residential revenues increased 15%, year to year, commercial revenues 11%, industrial revenues 10%, and other 9.6%, while other retail and wholesale revenues declined 25% and 5.9%, respectively. Third quarter net income included a gain of $0.12 a share from the sale of the Better Business Forms Inc. subsidiary, recognition of a tax benefit on a capital loss carryforward of $0.05 related to the Better Business sale, and a $0.10 charge stemming from a regulatory disallowance of certain fuel costs. Nonutility earnings for the third quarter and first nine months of 1989 were $0.18 and $0.38 a share, respectively, and were $0.22 and $0.25 higher than in the 1988 periods. The improved showing reflected the sale of Better Business Forms in the 1989 third quarter and establishment of an $0.08 a share reserve for an offshore drilling rig lease in default in the 1988 period.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	25.80	24.77	23.26	21.72	20.03	19.42	18.82	18.61	18.07	18.51
Earnings[1]	3.52	3.74	3.71	3.53	2.71	2.64	2.20	2.46	1.66	2.07
Dividends	2.50	2.42	2.31	2.19	2.07	1.95	1.83	1.68	1.56½	1.41
Payout Ratio	71%	65%	63%	64%	79%	78%	85%	73%	102%	69%
Prices—High	37¾	43⅞	47	31	24¼	22½	19⅜	16⅜	15⅜	16⅜
Low	32	29⅜	30¼	23¼	18⅝	18	14¾	12⅜	10¾	13
P/E Ratio—	11-9	12-8	13-8	9-7	9-7	9-7	9-7	7-5	9-7	8-6

Data as orig reptd. Adj. for stk. div(s). of 100% May 1980. 1. Bef. spec. item(s) of +0.34 in 1981. E-Estimated

December 7, 1989

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25 Broadway, NY, NY 10004

910E

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**2,002**	**515**	**25.7**	**249**	**149**	**117**	**260**	**24.4%**	**197**	**9.8**
1987	1,958	587	30.0	243	143	120	328	37.2%	206	10.5
1986	1,875	600	32.0	249	137	113	361	43.4%	204	10.9
1985	1,653	582	35.2	264	136	121	329	43.5%	186	11.3
1984	1,350	426	31.6	309	112	122	238	40.7%	141	10.4
1983	1,338	413	30.9	286	102	119	222	41.7%	129	9.7
1982	1,214	304	25.0	385	81	112	163	36.1%	104	8.6
1981	1,278	317	24.8	380	74	91	179	42.6%	103	8.0
1980	970	246	25.3	317	68	66	120	43.4%	68	7.0
1979	835	255	30.5	193	64	59	141	47.8%	74	8.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**13.1**	**448**	**638**	**0.7**	**4,303**	**4.7%**	**1,050**	**1,317**	**3,538**	**29.7**	**13.9%**
1987	2.2	434	541	0.8	4,132	5.3%	1,117	1,265	3,485	32.1	15.3%
1986	2.7	360	295	1.2	3,590	5.6%	1,168	1,156	3,264	35.8	16.2%
1985	8.8	392	376	1.0	3,494	5.3%	1,151	1,014	3,094	37.2	16.5%
1984	48.8	333	279	1.2	3,315	4.3%	1,252	884	3,005	41.7	13.2%
1983	24.7	326	223	1.5	3,140	4.1%	1,208	818	2,883	41.9	12.9%
1982	36.3	350	192	1.8	2,915	3.7%	1,195	725	2,695	44.4	11.4%
1981	12.2	279	189	1.5	2,563	4.0%	1,025	681	2,372	43.2	12.5%
1980	25.6	253	146	1.7	2,244	3.1%	913	591	2,095	43.6	8.4%
1979	22.7	193	175	1.1	1,914	4.0%	683	538	1,737	39.3	11.3%

Data as orig reptd. 1. Bef. spec. item(s) in 1981.

Business Summary

This holding company owns Florida Power Corp., which provides electric service to about 1,060,000 customers located in 32 of Florida's 67 counties. In 1988 Florida Power accounted for 64% of total revenues and 91% of pretax operating income. Nonutility businesses include coal mining, building products distribution, real estate, technology development, and financial services. Electric revenues were divided in recent years:

	1988	1987	1986	1985
Residential	51%	52%	53%	51%
Commercial	23%	23%	23%	22%
Industrial	10%	9%	10%	10%
Other	16%	16%	14%	17%

The fuel mix in 1988 was 57% coal, 20% oil, 22% nuclear and 1% gas. Peak load in 1988 was 6,188 mw, and system capability (including purchased power sources) was 6,086mw, for a capacity margin of -1.7%.

Crystal River Unit 5, a 717 mw coal-fired plant, began commercial operation in October, 1984 and completes, along with Crystal River Unit 4, FPC's major base load construction program through the mid-1990's.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd Date	Stock of Record	Payment Date
0.64	Feb. 16	Feb. 28	Mar. 6	Mar. 20'89
0.64	May 18	May 30	Jun. 5	Jun. 20'89
0.64	Aug. 17	Aug. 29	Sep. 5	Sep 20'89
0.66	Nov. 16	Nov 29	Dec. 5	Dec. 20'89

Next dividend meeting: mid-Feb. '90.

Finances

FPC estimated construction outlays for 1989, 1990, and 1991 at $252.8 million, $310 6 million and $277.8 million, respectively. The expenditures include $77 million for helper cooling towers at the Crystal River Energy Complex.

Capitalization

Long Term Debt: $1,087,300,000.

Subsid. Cum. Pfd. Stk.: $233,500,000

Common Stock: 51,051,200 shs. (no par)
Institutions hold about 35%.
Shareholders of record: 44,929.

Office—240 First Avenue South, St. Petersburg, Fla. 33701 (Mail: Box 33042, St. Petersburg, Fla. 33733). **Tel**—(813) 894-8411. **Chrmn**—A. H. Hines, Jr. **Pres**—J. R. Critchfield. **VP-Treas**—J. H. Joyce. **Investor Contact**—Richard R. Champion. **Dirs**—J. B. Critchfield, A. H. Hines, Jr., F. M. Hubbard, R. C. Johnson, R. Korpan, P. S. Linder, C. W. McKee, Jr., C. B. Myers, R. A. Nunis, G. Ruppel, L. H. Scott, R. T. Stuart, Jr., J. G. Wittner. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Florida in 1899, reincorporated in Florida in 1982. **Empl**—8,166.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Fluor Corp.

NYSE Symbol FLR Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
35½	36¾-21⅝	26	0.24	0.7%	B-	1.35

Summary

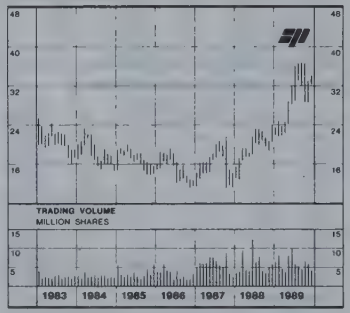
Fluor is one of the world's largest international engineering, construction, and related services companies, and has investments in coal and lead. Following three consecutive years of losses and the completion of a major restructuring in fiscal 1987, FLR returned to profitability in fiscal 1988. Earnings for fiscal 1989 benefited from higher revenues, improved margins, realization of interest income, and a cash settlement with the National Iranian Oil Co. Earnings should continue to rise in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending October 31, 1990 are projected at $1.90 a share, versus the $1.35 reported for fiscal 1989.

The dividend was raised 50%, to $0.06 quarterly from $0.04, with the January, 1990 declaration.

Revenues for fiscal 1990 may increase less rapidly than in fiscal 1989, reflecting a smaller contribution from the coal unit and the possible sale of FLR's 57.5% interest in Doe Run Co. The continuing increase in backlogs and order rates will boost sales in the engineering and construction unit. Margins should continue to expand, reflecting the emergence of a seller's market in engineering and construction services. Aided further by increased interest income, earnings should rise.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	---	1,039	903	1,182
Apr.	---	1,148	899	1,364
Jul.	[4]4,561	1,339	909	1,049
Oct.	1,667	1,606	1,214	1,066
	6,228	5,132	3,924	4,660

Based on a brief report, revenues for the fiscal year ended October 31, 1989 (preliminary) rose 22% from those of fiscal 1988, primarily reflecting gains in the engineering and construction segment. Margins widened, and net income advanced 92%. Share earnings were $1.35, versus $0.71.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.27	0.11	d0.36	0.09
Apr.	0.30	0.13	d0.54	d0.12
Jul.	0.42	0.17	d0.35	0.04
Oct.	0.36	0.30	0.30	d0.36
	1.35	0.71	d0.95	d0.35

Important Developments

Nov. '89— FLR annouced that its engineering and construction unit and Williams Brothers Engineering Co. had signed a letter of intent pertaining to the potential purchase of Williams Brothers. FLR said that its interest in Williams Brothers was the expertise Williams offered in the pipelines and production facilities markets. Subject to various conditions, the transaction could be consummated as early as February 1, 1990.

Mar. '89— FLR said that while it was not actively pursuing the sale of its 57.5% investment in the Doe Run lead company, it had retained two investment bankers to help respond to expressions of interest and coordinate activity. FLR said that no decision had been made regarding the immediate future of Doe Run but it expected to make a decision later in the year.

Next earnings report expected in mid-March.

Per Share Data ($)

Yr. End Oct. 31	[1]1989	[1]1988	1987	1986	1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	**NA**	6.62	6.62	9.08	10.06	16.13	16.67	16.98	18.19	9.79
Earnings[2]	**1.35**	0.71	d0.95	d0.35	d7.25	0.01	1.02	1.94	2.83	2.73
Dividends	**0.14**	0.04	0.10	0.40	0.40	0.60	0.80	0.80	0.80	0.65
Payout Ratio	**10%**	6%	NM	NM	NM	NM	78%	41%	39%	24%
Prices[3]—High	**36¾**	23⅞	21⅝	19¼	20⅛	23⅜	25⅜	30½	61⅞	71
Low	**21⅝**	12¾	11	11⅛	13¾	14½	16⅛	11⅞	26	24⅛
P/E Ratio—	**27-16**	34-18	NM	NM	NM	NM	25-16	16-6	22-9	26-9

Data as orig reptd Adj for stk div(s) of 100% Jul 1980 1. Reflects merger or acquisition 2. Bef results of disc opers of +1.19 in 1987, -0.41 in 1986, -0.55 in 1985, -0.67 in 1983, bef spec item(s) of +0.09 in 1987, -0.21 in 1985 3. Cal. yr 4. Nine mos d-Deficit NM-Not Meaningful NA Not Available

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	5,132	164	3.2	86	73	27	91	38.0%	56	1.1
[4]1987	3,924	36	0.9	100	85	58	d126	NM	[5]d75	NM
[4]1986	4,660	39	0.8	92	122	75	d70	NM	[5]d28	NM
[4]1985	4,168	d80	NM	121	188	118	d627	NM	d573	NM
1984	4,401	263	6.0	286	184	126	20	58.5%	1	Nil
[4]1983	5,300	462	8.7	302	227	130	189	48.3%	81	1.5
1982	7,336	591	8.1	526	213	194	295	44.9%	[5]153	2.1
[3]1981	6,073	432	7.1	2,056	94	126	294	44.2%	159	2.6
1980	4,826	273	5.7	222	52	[5]13	246	45.6%	132	2.7
1979	3,543	227	6.4	99	49	7	187	44.4%	99	2.8

Balance Sheet Data (Million $)

Oct. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	165	999	844	1.2	2,073	2.7%	109	602	790	13.8	9.9%
1987	75	1,213	733	1.7	2,061	NM	233	532	851	27.4	NM
1986	96	922	657	1.4	2,565	NM	519	950	1,563	33.2	NM
1985	51	1,057	1,021	1.0	2,796	NM	259	1,034	1,414	18.3	NM
1984	95	1,026	1,016	1.0	3,892	Nil	783	1,696	2,676	29.3	0.1%
1983	146	1,146	1,090	1.1	4,085	1.8%	720	1,747	2,775	26.0	4.6%
1982	81	1,541	1,488	1.0	4,701	3.3%	1,010	1,776	3,048	33.1	8.9%
1981	187	1,420	1,255	1.1	4,427	4.4%	1,105	1,668	3,020	36.6	12.4%
1980	217	956	775	1.2	1,705	8.8%	79	552	883	9.0	26.3%
1979	164	675	539	1.3	1,268	8.4%	59	441	688	8.6	24.2%

Data as orig reptd 1. Incl equity in earns of nonconsol subs 2. Bef results of discont opers in 1987, 1986, 1985, 1983, & spec item(s) in 1987, 1985 3. Reflects merger or acquisition 4. Excl discont opers 5. Reflects accounting change d-Deficit NM-Not Meaningful

Business Summary

Fluor provides engineering, construction, and other services to a wide range of clients worldwide. FLR also mines coal and lead. Domestic zinc and gold operations were sold in fiscal 1987. Business segment contributions in fiscal 1988:

	Revs.	Profits
Engineering & Construction	82%	39%
Coal	15%	39%
Lead	3%	22%

In fiscal 1988 foreign operations represented 13% of revenues and produced operating profit of $10.1 million.

The Fluor Daniel group provides engineering, construction, and related services on a worldwide basis to clients in five business sectors: process, power, industrial, hydrocarbon and government. The types of services provided include feasibility studies, conceptual design, engineering and procurement, project and construction management, construction, operation, maintenance and plant operations, technical services, quality control, site evaluation environmental and project financing services.

Coal operations are conducted through the Massey Companies which produce, process and sell bituminous coal of steam and metallurgical grades from 15 mining complexes. Massey is among the 10 largest coal producers in the U.S.

Lead operations are conducted through the Doe Run Co. (57.5%-owned by FLR), which is the largest integrated producer of lead in North America.

Dividend Data

Common dividends were resumed in September, 1988 after omission since early 1987. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04	Mar. 14	Mar. 21	Mar. 28	Apr. 18'89
0.04	Jun. 13	Jun. 21	Jun. 27	Jul. 18'89
0.04	Sep. 12	Sep. 20	Sep. 26	Oct. 17'89
0.06	Dec. 12	Dec. 19	Dec. 26	Jan. 16'90

Next dividend meeting: mid-Mar. '90.

Capitalization

Long Term Debt: $62,259,000.

Common Stock: 79,657,340 shs. ($0.62½ par).
Institutions hold about 65%
Shareholders of record: 23,200.

Office 3333 Michelson Drive, Irvine, Calif 92730 **Tel**—(714) 975-2000 **Chrmn & CEO**—D. S Tappan, Jr **Pres**—L G McCraw **VP-Secy**—N A Peterson **VP-CFO**—R L Guyett. **Investor Contact**—Lila J Churney **Dirs**—C L Ahmanson, H K Coble, P J Fluor, D P Gardner, G M Glenn W R Grant, R L Guyett, B R Inman, V L Kontny, R V Lindsay, E M Massey, L G McCraw, B Mickel, A E Puckett, D S Tappan, Jr., L H Wilson **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in California in 1924; reincorporated in Delaware in 1978 **Empl**— 17,876

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Food Lion

3905

NASDAQ Symbol FDLNB (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 11'90	1989-90					
11¼	13⅝-9⅝	28	0.132	1.2%	A	NA

Summary

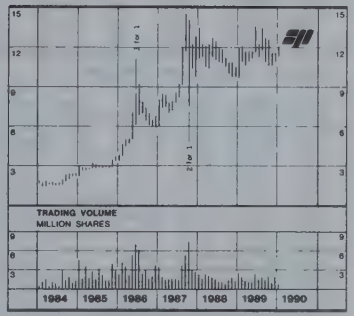
This North Carolina-based supermarket chain continues to achieve rapid sales and earnings growth through an aggressive expansion program. The company planned to add 100 new stores in 1989 and to grow to more than 800 stores by the end of 1990. Some 50% of Food Lion's voting shares are held by Etablissements Delhaize Frères et Cie "Le Lion" S.A.

Current Outlook

Earnings for 1990 are projected at $0.54 a share, up from the estimated $0.42 of 1989.

The quarterly Class B common dividend was raised 32%, to $0.03⅓ a share, in early 1990.

Revenues should continue to rise in 1990, reflecting new-store growth and solid increases in comparable-store sales. Margins should benefit from efficiencies on the greater volume. Per-share results could reflect fewer shares outstanding.



Net Sales (Million $)

Weeks:	1989	1988	1987	1986
12 Mar	1,011	781	619	497
12 Jun.	1,069	867	668	545
12 Sep.	1,106	905	698	554
16 Dec.	---	1,262	969	¹811
	---	3,815	2,954	2,407

Sales for the 36 weeks ended September 9, 1989, rose 25%, year to year; comparable-store sales increased 8.8%. A sharply higher LIFO inventory charge held the gain in pretax income to 21%. After taxes at 39.3%, versus 38.3%, net income was up 19%, to $93.0 million ($0.29 a share), from $78.2 million ($0.24).

Common Share Earnings ($)

Weeks:	1989	1988	1987	1986
12 Mar.	0.09	0.07	0.05	0.04
12 Jun.	0.10	0.09	0.07	0.05
12 Sep.	0.10	0.09	0.07	0.05
16 Dec.	E0.13	0.11	0.09	¹0.06
	E0.42	0.35	0.27	0.19

Important Developments

Sep. '89— At the end of 1989's third quarter, the company had 622 stores; twenty-six new stores were opened in the third quarter. Food Lion's Clinton, Tenn., distribution center began operations in the second quarter of 1989 and will allow the company to expand westward. In addition, Food Lion planned to build a 735,000-sq.-ft. distribution center in Greencastle, Pa. The company continues its "ink blot" expansion approach in order to increase warehouse and transportation efficiencies. By the end of 1990, more than 800 stores should be in operation.

May '89— Stockholders approved a proposal authorizing the repurchase of up to about 16.2 million shares of Class A common stock and up to nearly 16 million shares of Class B common.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	²1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	1.34	1.05	0.83	0.65	0.52	0.40	0.31	0.25	0.20
Earnings	NA	0.35	0.27	0.19	0.15	0.12	0.09	0.07	0.06	0.05
Dividends	0.10	0.07	0.04⅓	0.01⅞	0.01¼	0.00¾	0.00¾	0.00¾	0.00⅝	0.00½
Payout Ratio	NA	20%	15%	9%	8%	6%	8%	9%	9%	9%
Prices—High	13⅝	13½	14⅜	9⅜	3¾	2½	2½	2⅜	1⅛	¾
Low	9⅛	9¾	8	3⅜	2¼	1½	1¾	⅞	⅝	½
P/E Ratio—	NA	39-28	54-22	47-17	25-15	20-12	28-19	32-12	17-10	13-9

Data as orig. reptd. Adj. for stk. divs. of 100% Oct. 1987, 200% Jun. 1986, 100% Oct. 1983, 200% Oct. 1982. 1. 14 wks. 2. Refl. merger or acq. NA-Not Available E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	3,815	253	6.6	180	49.9	22.3	182	38.2%	113	2.9
1987	2,954	202	6.8	114	37.4	13.8	151	43.1%	86	2.9
1986	2,407	162	6.7	108	29.6	9.2	123	49.7%	62	2.6
¹1985	1,866	118	6.3	91	21.4	7.2	89	46.6%	48	2.6
1984	1,470	93	6.3	43	16.7	5.1	71	47.8%	37	2.5
1983	1,172	69	5.9	47	14.1	4.6	51	45.1%	28	2.4
1982	947	53	5.6	46	11.6	2.3	39	44.3%	22	2.3
1981	667	45	6.7	20	7.7	1.6	36	45.7%	19	2.9
1980	544	32	5.9	20	6.0	1.8	27	43.6%	15	2.8
1979	416	28	6.7	16	4.6	1.5	24	44.3%	13	3.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	22.1	600	463	1.3	1,089	11.9	160	431	624	25.7	29.2
1987	15.5	444	316	1.4	806	12.2	121	339	489	24.8	28.4
1986	22.0	311	223	1.4	605	11.8	91	265	381	24.0	26.1
1985	2.7	221	155	1.4	440	12.3	58	207	284	20.5	25.6
1984	24.4	178	105	1.7	331	12.3	51	163	225	22.8	25.9
1983	5.2	136	95	1.4	274	11.4	46	124	179	25.9	25.0
1982	4.8	105	86	1.2	213	12.4	23	98	127	18.0	24.8
1981	4.3	66	45	1.5	139	15.7	12	78	95	12.4	28.0
1980	1.9	44	31	1.4	106	15.8	12	60	75	15.5	28.9
1979	4.6	38	27	1.4	87	17.3	11	46	60	19.0	33.1

Data as orig. reptd. 1. Refl. merger or acq.

Business Summary

Food Lion, Inc. operated a chain of 567 retail supermarkets in the southeastern U.S. at January 2, 1989, of which 266 were in North Carolina, 140 in Virginia, 76 in South Carolina, 33 in Tennessee, 25 in Georgia, 24 in Florida, two in Delaware and one in Maryland. Food Lion continually evaluates potential new-store sites within or adjacent to its market area and plans to maintain its more than 20% annual compound growth rate.

The company offers nationally and regionally advertised brandname groceries and merchandise, as well as products manufactured and packaged under the private label of "Food Lion." All of the supermarkets, which range in size from 13,200 sq. ft. to 35,330 sq. ft., are self-service, cash-and-carry stores that have off-street parking facilities. Food Lion does not offer trading stamps in any of its supermarkets and follows the marketing policy of selling merchandise at a low gross profit margin in order to increase volume without a proportionate increase in expenses.

The company keeps expanding the chain in its existing market area. The hub of expansion is its distribution network. As store numbers grow, the company adds new distribution centers whose radiuses overlap the existing distribution territory. This minimizes warehouse and transportation costs. Food Lion's headquarters and largest warehouse facilities are in Salisbury, N.C.

Dividend Data

Class B dividends (paid each year since 1971) in the past 12 months were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02½	Mar. 28	Apr. 14	Apr. 20	May 2'89
0.02½	Jun. 20	Jul. 14	Jul. 20	Aug. 1'89
0.02½	Sep. 19	Oct. 13	Oct. 19	Oct. 31'89
0.03⅓	Jan. 3	Jan. 11	Jan. 18	Jan. 30'90

Capitalization

Long Term Debt: $182,650,000 (9/9/89), incl. $73,449,000 of lease obligs.

Class A Common Stock: 162,311,367 shs. ($0.50 par); nonvoting.
Shareholders: 23,813 of record (2/89).

Class B Common Stock: 159,714,544 shs. ($0.50 par).
Etablissements Delhaize Frères et Cie "Le Lion" S.A. owns 38.3% of the Class A and 50.3% of the Class B shs.
Shareholders: 13,297 of record (2/89).

Office—P.O. Box 1330, Salisbury, N.C. 28145-1330 **Tel**—(704) 633-8250 **Chrmn**—R. W. Ketner **Pres & CEO**—T. E. Smith **VP-Secy & Investor Contact**—Brian P. Woolf **VP-Fin**—D. A. Boone **Dirs**—G. Beckers, R. M. Boon, C. de Cooman d'Herlinckhove, J. W. Helms, D. E. Johnston, R. W. Ketner, J. Le Clercq, T. E. Smith, G. de Vaucleroy **Transfer Agent**—Wachovia Bank & Trust Co., Winston-Salem, N.C. **Incorporated** in North Carolina in 1957. **Empl**—39,978

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Ford Motor

NYSE Symbol F Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
43⅞	56⅝-43½	4	3.00	6.8%	B	1.29

Summary

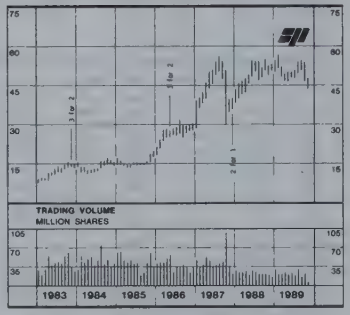
The world's second largest producer of automobiles and trucks, Ford has increased its share of the U.S. car market considerably in recent years and has steadily increased its worldwide vehicle sales. Although net income may decline in 1990, share earnings will be supported by an active share repurchase program. In October, 1989 Ford acquired the Associates First Capital Corp. consumer and commercial finance unit of Paramount Communications for $3.35 billion. In November Ford agreed to acquire Jaguar PLC for some $2.5 billion. The company is also negotiating the sale of Rouge Steel.

Current Outlook

Earnings for 1990 may decline to about $8.25 a share from the $9.50 estimated for 1989, which is before possible charges related to the sale of Rouge Steel.

The $0.75 quarterly dividend should continue.

Industrywide car and truck sales in 1990 are expected to decline moderately, and Ford's market share is expected to remain stable at about that (22.4% cars, 30.1% trucks) captured in the first 10 months of 1989. Automotive earnings should decline as strong pricing competition in the U.S. offsets continued strength in foreign operations. The acquisition of Jaguar PLC could adversely affect automotive income. Contributions by financial services should increase with the Associates acquisition. A share repurchase program will continue to boost share earnings.



Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar	25.87	23.20	18.14	14.79
Jun.	25.89	24.96	19.50	17.30
Sep	20.24	20.38	15.25	14.37
Dec.	---	23.91	18.76	16.26
	---	92.45	71.64	62.72

Revenues (including financial services) for the nine months ended September 30, 1989 rose 5.1%, year to year. Automotive sales advanced 2.5% on a 0.8% rise in factory vehicle sales. Automotive pretax income was down 12%, to $4.93 billion. Financial services pretax income fell 32%, to $648 million. Total pretax income declined 15%. After taxes at 35.9% against 36.5%, and larger minority interest, net income dropped 15%. Share earnings were $7.51 on 3.5% fewer shares, against $8.53. In the U.S. net income from automotive operations fell 36% to $1.22 billion; outside the U.S. it advanced 14% to $1.80 billion.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	3.44	3.31	2.87	1.35
Jun.	3.00	3.43	2.90	2.01
Sep.	1.03	1.78	1.38	1.31
Dec.	E1.99	2.42	1.87	1.50
	E9.50	10.96	9.05	6.16

Important Developments

Nov. '89— Ford agreed to acquire Jaguar PLC, the British luxury car maker, for some $2.5 billion in cash. In October Ford bought the Associates First Capital consumer and commercial finance unit of Paramount Communications for $3.35 billion. Ford sold a 25% interest in Ford Holdings, which owns Associates and several other Ford financial units, for $800 million. A charge of some $500 million for the sale of Rouge Steel is possible in the fourth quarter of 1989.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	43.87	37.56	28.51	22.62	17.62	13.75	11.20	13.60	15.83	18.76
Earnings	10.96	9.05	6.16	4.55	5.27	3.43	d1.22	d1.96	d2.85	2.17
Dividends	2.30	1.57½	1.10⅞	0.80	0.66¾	0.16¾	Nil	0.26¾	0.57⅞	0.86¾
Payout Ratio	21%	17%	18%	17%	13%	5%	Nil	NM	NM	40%
Prices—High	55	56⅜	31⅞	19¾	17⅛	15⅝	9⅜	5⅞	8	10⅛
Low	38⅛	28⅜	17⅞	13½	11	7⅝	3¾	3½	4⅛	6½
P/E Ratio—	5-3	6-3	5-3	4-3	3-2	5-2	NM	NM	NM	5-3

Data as orig reptd. Adj. for stk div(s) of 100% Jan 1988, 50% Jun 1986, 50% Dec 1983. **1.** Net sales prior to 1988. **2.** Reflects merger or acquisition and accounting change. **3.** Reflects merger or acquisition. E-Estimated d-Deficit NM-Not Meaningful

November 14, 1989

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Standard & Poor's Corp.
25 Broadway NY NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	92,446	17,240	18.6	4,782	3,792	6,138	8,342	35.9%	5,300	5.7
[3]1987	71,643	9,369	13.1	3,612	3,167	441	7,380	36.9%	[4]4,625	6.5
1986	62,716	7,016	11.2	3,353	2,960	483	5,069	35.0%	3,285	5.2
1985	52,774	5,122	9.7	3,737	2,393	447	3,630	30.4%	2,515	4.8
1984	52,366	5,730	10.9	3,515	2,308	536	4,283	31.0%	2,907	5.6
1983	44,455	4,096	9.2	2,333	2,292	567	2,166	12.5%	1,867	4.2
1982	37,067	1,673	4.5	2,967	2,156	746	d408	NM	[4]d658	NM
1981	38,247	924	2.4	2,227	2,179	675	d1,138	NM	d1,060	NM
1980	37,086	d309	NM	2,769	1,969	433	d1,981	NM	d1,543	NM
1979	43,514	2,521	5.8	3,440	1,604	247	1,509	21.9%	1,169	2.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	14,770	NA	NA	NA	143,366	5.7%	32,113	21,529	57,739	55.6	26.9%
1987	10,097	21,982	17,793	1.2	44,956	11.5%	1,752	18,493	22,736	7.7	28.4%
1986	8,553	18,458	15,626	1.2	37,933	9.6%	2,137	14,860	18,430	11.6	24.7%
1985	5,904	14,014	12,777	1.1	31,604	8.6%	2,157	12,269	15,754	13.7	23.0%
1984	5,943	13,331	11,968	1.1	27,486	11.2%	2,111	9,838	13,087	16.1	33.2%
1983	3,152	10,819	10,316	1.0	23,869	8.1%	2,713	7,545	11,499	23.6	27.3%
1982	1,555	8,799	10,424	0.8	21,962	NM	2,353	6,077	9,615	24.5	NM
1981	2,100	10,177	9,940	1.0	23,021	NM	2,710	7,362	11,225	24.1	NM
1980	2,587	11,559	11,072	1.0	24,348	NM	2,059	8,568	11,831	17.4	NM
1979	2,193	11,571	9,263	1.2	23,525	5.1%	1,275	10,421	12,887	9.9	11.6%

Data as orig. reptd., finance subs consol. aft. 1987. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Reflects merger or acquisition and accounting change. **3.** Reflects merger or acquisition. **4.** Reflects accounting change. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Ford is the world's second largest motor vehicle manufacturer. It produces cars, trucks and tractors and many of the vehicles' plastic, glass, steel and electronic components, and replacement parts. Ford Aerospace produces communications satellites and military communications and defense systems. Financial services includes Ford Motor Credit (financing and insurance), First Nationwide Financial (savings and loan holding company), and ICA Mortgage Corp. (mortgage banking). Ford Holdings (75% owned) owns The Associates Corp., U.S. Leasing International, Ford Leasing Development, American Road Insurance and Ford Motor Land Development. Ford also has a majority interest in Hertz Corp. (car rental).

In 1988 Ford's automotive net income of $4.61 billion was derived 54% in the U.S., 32% in Europe, 4% in Canada, 10% elsewhere (primarily Asia-Pacific and Latin America). Financial services contributed $691 million to net income in 1988.

Various Ford, Mercury and Lincoln models accounted for 21.5% of new domestic registrations (including foreign-built cars) in 1988, compared with 20.1% in 1987 and 18.2% in 1986. Comparable figures for trucks were 29.6%, 29.6% and 28.1%. Sales of tractors in 1988 were 76,514 units. Vehicle factory sales totaled 6,517,186 cars, trucks and tractors in 1988, of which 3,936,778 were in the U.S.

Dividend Data

Dividends have been paid since 1947 except for six quarterly omissions in 1982-3. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Jan. 12	Jan. 24	Jan. 30	Mar. 1'89
0.75	Apr. 13	Apr. 26	May 2	Jun. 1'89
0.75	Jul. 13	Jul. 27	Aug. 2	Sep. 1'89
0.75	Oct. 12	Oct. 26	Nov. 1	Dec. 1'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $32,112,800,000 (12/88).

Minority Interest: $167,500,000.

Common Stock: 426,993,745 shs. ($1 par).
Institutions hold approximately 60%.
Shareholders of record: 270,814.

Class B Stock: 35,400,000 shs. ($1 par). All held by members of the Ford family and Ford family interests. Class B has 40% of voting power and common 60%; otherwise issues are equal.

Office—The American Rd., Dearborn, Mich. 48121 **Tel**—(313) 322-3000 **Chrmn & CEO**—D. E. Petersen. **Vice Chrmn & COO**—H. A. Poling **VP-CFO**—S. A. Seneker **Secy**—J.A. Courter **Investor Contact**—P. Viall **Dirs**—P.E. Benton, Jr., J. A. Beth, P. Caldwell, C. H. Chandler, M. D. Dingman, E. B. Ford II, W. C. Ford, W. C. Ford, Jr., A. D. Gilmour, R. C. Gozueta, I. O. Hockaday, Jr., D. Lewis, E. R. Marram, K. H. Olsen, D. E. Petersen, H. A. Poling, C. E. Reichardt, L. R. Ross, S. A. Seneker, C. R. Wharton, Jr. **N.Y. Transfer Agent and Registrar**—Manufacturers Hanover Trust Co. **Incorporated** in Delaware in 1919 **Empl**—358,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Haran

Foster Wheeler

NYSE Symbol FWC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
20¼	22-14¼	23	0.44	2.2%	B	1.67

Summary

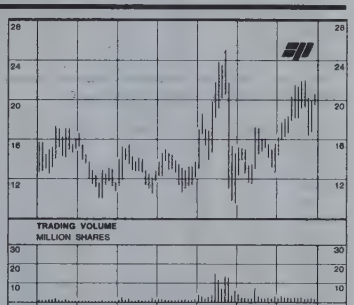
This international engineering, manufacturing and construction firm is involved in the production of steam generating equipment, process plants, and fired heaters for electric utilities, petroleum refiners and chemical producers. Earnings for the first nine months of 1989 benefited substantially from a decrease in the tax rate. Revenues and earnings should rise in 1990.

Current Outlook

Earnings for 1990 are projected at $1.10 a share, versus earnings of $0.90 estimated for 1989.

Dividends should remain at $0.11 quarterly.

Operating revenues for 1990 are expected to rise, mostly reflecting forecasted solid gains in all but the real estate unit. An improved mix of business in construction and engineering, smaller losses in energy equipment and continued margin expansion in the industrial and facilities segments should result in higher earnings in 1990. Longer-term sales and earnings growth prospects are enhanced by expansion into resource recovery and hazardous waste disposal markets.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	252	239	273	286
Jun.	362	263	322	332
Sep.	304	247	296	294
Dec.	---	305	328	346
	---	1,054	1,219	1,258

Operating revenues for the nine months ended September 30, 1989 rose 23%, year to year, primarily reflecting gains in the engineering and construction and energy equipment units. However, margins narrowed, and pretax income declined 6.7%. After taxes at 21.0%, versus 34.5%, and minority interest, net income advanced 14%. Share earnings were $0.68, versus $0.60.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.26	0.31	0.20
Jun.	0.31	0.22	0.09	0.21
Sep.	0.17	0.12	0.09	0.11
Dec.	E0.22	0.21	d0.40	0.18
	E0.90	0.81	0.09	0.70

Important Developments

Nov. '89— FWC announced that its 600 ton-per-day waste-to-energy plant at Charleston, S.C. achieved full scale commercial operation after successfully completing all of its acceptance tests. FWC noted that the plant had achieved start-up two months ahead of schedule in spite of damage caused by Hurricane Hugo.

Mar. '89— FWC sold its Forney Engineering Co. unit, thereby completing the planned divestiture of underperforming companies. Earlier, in October, 1988 FWC outlined its plan to sell underperforming units and underproducing real estate assets and use the proceeds to strengthen its core businesses, expand its presence into the resource recovery market and seek acquisitions of companies in the environmental and infrastructure areas. FWC said that the sale of assets would yield about $98-$100 million net cash after-tax.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	12.63	12.64	12.18	11.57	NA	10.86	10.34	9.55	8.02	6.55
Earnings	0.81	0.09	0.70	0.70	1.00	1.30	1.67	1.87	1.74	1.43
Dividends	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.41	0.36	0.33½
Payout Ratio	54%	512%	63%	63%	44%	34%	26%	22%	21%	24%
Prices—High	17¼	25	15	15½	16⅝	17⅜	15⅞	25⅝	30½	14⅛
Low	11½	9½	10⅝	10½	10	12½	9⅝	11¼	11⅝	6⅞
P/E Ratio—	21-14	NM	21-15	22-15	17-11	13-10	10-6	14-6	18-7	10-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Dec. 1980, 100% Jun. 1979. 1. Reflects merger or acquisition 2. Reflects accounting change E-Estimated. d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,054	56.6	5.4	94	20.0	25.6	[1]43	33.5%	28.5	2.7
1987	1,219	18.8	1.5	79	19.1	25.7	[1]8	58.5%	3.0	0.2
[1]1986	1,258	34.6	2.8	132	18.5	17.4	[1]29	15.6%	[2]24.1	1.9
[3]1985	1,228	43.3	3.5	38	17.0	9.7	25	1.4%	24.0	2.0
1984	1,327	47.1	3.6	38	15.6	7.0	56	38.1%	34.4	2.6
[2]1983	1,541	73.6	4.8	NA	13.7	4.7	[1]76	41.6%	44.2	2.9
1982	1,615	78.1	4.8	37	12.4	5.4	[1]98	41.2%	[2]57.2	3.5
1981	1,674	93.7	5.6	22	11.7	7.6	[1]105	38.9%	64.3	3.8
1980	1,563	71.6	4.6	17	11.2	8.0	[1]101	41.3%	59.4	3.8
1979	1,654	85.0	5.1	26	12.2	11.4	[1]92	47.5%	47.9	2.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	165	633	376	1.7	1,109	2.6%	216	451	691	31.2	6.3%
1987	185	636	379	1.7	1,080	0.3%	190	449	661	28.7	0.7%
1986	197	686	426	1.6	1,118	2.3%	197	427	654	30.1	5.8%
1985	199	719	432	1.7	1,011	2.5%	121	405	552	21.9	6.1%
1984	182	613	425	1.4	896	3.8%	NA	382	NA	NA	9.1%
1983	241	672	481	1.4	908	4.8%	24	373	407	5.8	12.2%
1982	188	700	542	1.3	942	6.0%	27	357	385	7.1	16.6%
1981	162	718	582	1.2	959	6.7%	29	331	361	8.1	21.1%
1980	203	739	619	1.2	953	6.4%	33	278	318	10.2	23.5%
1979	218	713	605	1.2	895	5.7%	41	225	271	15.2	23.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition NA-Not Available

Business Summary

Foster Wheeler offers design, engineering and construction services through its 23 worldwide subsidiaries to the chemical, petroleum refining, power generating, and shipbuilding industries. Products include chemical plants, industrial and petrochemical process equipment, steam generating equipment, nuclear power components, and petroleum refineries. Revenues and operating income (in million $) in 1988 were divided:

	Revs.	Profits
Engineering & construction	46%	$17.6
Energy equipment	20%	-15.2
Industrial	24%	14.2
Facilities investment/oper.	5%	7.7
Real estate development	4%	24.7
Other	1%	-5.8

Foreign operations accounted for 50% of 1988 revenues and 73% of operating profits.

The engineering and construction group consists primarily of the design, engineering and construction of process plants and fired heaters for oil refineries, synthetic fuels, and chemical producers.

The energy equipment division consists mainly of design and fabrication of steam generators and condensers.

The industrial segment supplies pressure vessels and internals, electrical copper products, and welding accessories.

The facilities group is engaged in the owning/leasing for third parties of solid waste-to-energy and cogeneration plants.

The real estate group develops, sells and rents real properties.

Dividend Data

Dividends have been paid since 1960. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.11	Jan. 30	Feb. 9	Feb. 15	Mar. 15'89
0.11	Apr. 24	May 9	May 15	Jun. 15'89
0.11	Jul. 31	Aug. 9	Aug. 15	Sep. 15'89
0.11	Oct. 30	Nov. 9	Nov. 15	Dec. 15'89

Next dividend meeting: Jan. 29'90.

Capitalization

Long Term Debt: $281,748,000.

Common Stock: 35,350,587 shs. ($1 par).
Institutions hold about 60%.
Shareholders of record: 10,660.

Office—Perryville Corporate Park, Clinton, N J 08809-4000 **Tel**—(201) 730-4000 **Chrmn & Pres**—L E Azzato **Secy**—J E Deones **Treas**—R D Iseman **Dirs**—L E Azzato, L E Boren, A J Campanella, K A DeGhetto, T K Dunnigan, H E Kennedy, F A Lee, J J Melone, F E Perkins, G. Rowe, Jr., J. Timko, Jr., C. Y. C. Tse, R. Van Buren. **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in New York in 1927 **Empl**—7,925.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Foxboro Co.

NYSE Symbol FOX

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
25¼	35½-25	23	0.40	1.6%	C	1.15

Summary

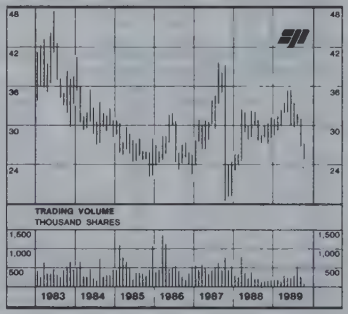
Foxboro manufactures and markets products for the intelligent automation of the industrial process, as well as related services. An increase in industrial capital spending, a positive reception to a new product line, and the absence of a $62.7 million restructuring charge led to a return to profitability in 1988. Aided by continuing strength in industrial capital spending and a nonrecurring gain, further earnings progress is likely in 1989 despite pressure on margins. Additional progress is projected for 1990.

Current Outlook

Earnings for 1990 should approximate $2.50 a share, up from the $1.50 projected for 1989.

Dividends should continue at $0.10 quarterly.

Sales for 1990 are expected to rise approximately 10%, assuming continued moderate economic growth. It is anticipated that capital spending by the industrial sector of the economy will increase further after 1989's gain. Sales should also be boosted by a substantial increase in orders of the intelligent automation series product, which encountered production problems that limited shipments of the product in 1989. The product was introduced in 1987. Margins should benefit from the higher volume, well controlled costs and more efficient production of the intelligent automation series product. Partially offsetting will be the absence of a nonrecurring gain. Long-term prospects should be aided by a revival of the process control industry following a prolonged period of depressed demand, especially from the oil and gas and chemical industries.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	137.9	133.9	117.1	126.9
Jun.	158.9	135.3	120.1	138.2
Sep.	---	127.6	141.5	136.6
Dec.	---	143.1	125.7	142.3
	---	539.9	504.4	544.0

Sales for the six months ended June 30, 1989 increased 10%, year to year. Due primarily to the higher sales and an improved gross profit margin, overall margins widened, and pretax income increased 66%. After taxes at 33.9%, versus 49.9%, net income advanced 119%, to $0.57 a share from $0.26.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.24	0.08	d0.66	0.13
Jun.	0.33	0.18	d0.66	0.25
Sep.	E0.43	0.22	d0.62	0.20
Dec.	E0.50	0.32	d5.93	d0.01
	E1.50	0.80	d7.87	0.57

Important Developments

Sep. '89— FOX said that its operating margins would remian under pressure in the third and fourth quarter due to accumulated costs resulting from delayed shipments of the intelligent automation series product and unabsorbed overhead expenses resulting from inventory reduction. It added that orders in the third quarter were approximating the year-earlier level.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.85	15.18	21.80	20.53	23.16	25.03	25.98	24.64	22.53	20.85
Earnings[2]	0.80	d7.87	0.57	d2.76	0.35	0.65	2.81	3.60	2.58	2.71
Dividends	0.10	Nil	0.25	0.78	1.04	1.04	1.04	0.93⅜	0.86¾	0.81¼
Payout Ratio	13%	Nil	44%	NM	301%	161%	37%	26%	34%	30%
Prices—High	32½	39⅞	31⅞	30¾	40½	47½	39	41⅜	40	29½
Low	23	18⅜	22½	22⅛	27	29¾	21½	27½	20⅜	19½
P/E Ratio—	41-29	NM	56-39	NM	NM	73-46	14-8	11-8	16-8	11-7

Data as orig reptd Adj. for stk. div(s). of 50% Apr. 1982. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.18 in 1986. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	540	42.2	7.8	20.4	21.7	8.63	15.1	35.0%	9.8	1.8
1987	504	d10.9	NM	31.8	21.5	5.46	d97.4	NM	d96.9	NM
1986	544	34.5	6.3	21.0	20.9	5.63	14.3	50.4%	[3]7.1	1.3
1985	572	26.6	4.6	23.4	20.0	6.45	d40.1	NM	d34.2	NM
[4]1984	516	23.6	4.6	25.5	20.5	3.81	1.0	NM	4.3	0.8
1983	533	25.0	4.7	19.6	19.6	2.96	6.4	NM	8.0	1.5
1982	603	77.6	12.9	31.7	18.0	4.38	55.4	37.2%	34.8	5.8
1981	607	96.2	15.8	38.9	15.7	6.35	77.2	41.9%	[3]44.8	7.4
1980	509	64.6	12.7	28.8	13.1	3.68	55.7	42.4%	32.1	6.3
1979	472	65.2	13.8	18.9	11.2	3.74	55.2	38.9%	33.7	7.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	0.8	346	218	1.6	472	2.2%	5.8	195	209	2.7	5.1%
1987	14.8	298	178	1.7	428	NM	5.9	188	203	2.9	NM
1986	9.3	336	134	2.5	459	1.5%	6.0	275	294	2.0	2.6%
1985	9.2	371	169	2.2	495	NM	17.0	260	292	5.8	NM
1984	11.5	351	142	2.5	470	0.9%	19.8	292	325	6.1	1.4%
1983	11.3	318	89	3.6	433	1.8%	17.6	311	340	5.2	2.5%
1982	6.3	345	106	3.2	462	7.4%	20.5	322	353	5.8	11.1%
1981	6.6	380	142	2.7	484	9.9%	23.1	310	339	6.8	15.1%
1980	20.5	337	109	3.1	421	8.1%	22.2	282	310	7.2	11.8%
1979	32.0	300	76	4.0	389	9.4%	24.3	261	291	8.4	13.5%

Data as orig reptd 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1986 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Foxboro is a leading manufacturer and distributor of instrumentation and control systems used for measuring, indicating, recording and controlling manufacturing process variables such as flow, pressure, temperature, liquid level, humidity, conductivity, density, and acidity and alkalinity, by means of electronic, pneumatic and mechanical devices. Foxboro also provides related engineering and design services.

Foxboro's orders by user industries in 1988 were chemical 28%, original equipment manufacturers, contractors and other 19%, general industries 18%, oil and gas 17%, pulp and paper 12%, and power and municipal and semiconductor 6%.

Sales by product catagory in 1988 were distributed as follows: electronic systems 34%, other electronics 23%, parts/accessories 18%, pneumatic 14% and services 11%.

Foreign sales accounted for 40% of revenues and 38% of operating income in 1988. In addition, exports from the U.S. represented 11% of the total.

Finances

The company's total worldwide credit lines at the end of 1988 were $291 million. At June 30, 1989 approximately $46.7 million was borrowed against these facilities.

Research and development spending totaled $37.2 million in 1988, down from 1987's $50.3 milllion. The decline reflected less development spending on the intelligent automation series since its introduction.

Dividend Data

Regular quarterly dividends, omitted in 1985 after being initiated in 1916, were resumed in 1988. A year-end payment of $0.25 a share was also paid December 31, 1986. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Nov. 1	Nov. 8	Nov. 15	Dec. '88
0.10	Jan. 30	Feb. 7	Feb. 13	Mar. '89
0.10	Apr. 29	May 9	May 15	Jun. '89
0.10	Jul. 31	Aug. 8	Aug. 14	Sep. '89

Next dividend meeting: Oct. 30'89.

Capitalization

Long Term Debt: $85,700,000.

Common Stock: 12,310,505 shs. ($1 par).
Officers and directors own about 16%.
Institutions hold approximately 74%.
Shareholders of record: 3,786.

Office—Bristol Park, Foxboro, Mass 02035 **Tel**—(508) 543-8750 **Chrmn**—E W Pitt **Pres**—G K Willis **VP-Treas**—G F Morris **Secy**—Karen L Ashley **Investor Contact**—John Fuller **Dirs**—M R Corboy, B. B. Crocker, T J. Feehan, J. C Fuller, C A McKay, P W Murrill, J R Nichols, E W Pitt, J R. Rockwell, R W Sonnenfeldt, G. R. Westin, G. K Willis **Transfer Agent & Registrar**—First National Bank, Boston **Incorporated** in Massachusetts in 1914 **Empl**—7,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H Valentine, CFA

Freeport-McMoRan

NYSE Symbol FTX Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
32¼	38-27⅛	13	[2]1.50	[2]4.7%	B	0.95

Summary

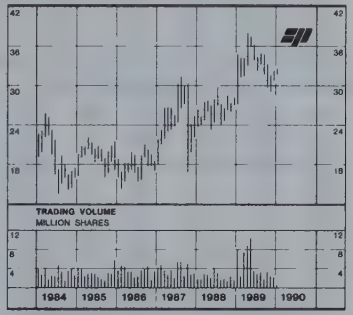
In November, 1989 FTX announced a restructuring plan to focus on the phosphate fertilizer business, the oil and gas business and the copper/gold business in Indonesia. Under the plan, FTX would sell non-core assets valued at $1.2-$1.5 billion, proceeds of which would be used to develop a major sulphur discovery, offshore Louisiana, and a major copper/gold discovery in Indonesia.

Current Outlook

Earnings for 1990 are projected at $1.85 a share, down from 1989's estimated $2.00.

FTX' dividend policy calls for payment of a regular cash dividend of $0.37½ quarterly, with special dividends of $0.25 quarterly through the third quarter of 1990 (at which time the amount of the special dividend would be reviewed).

Agriminerals profits in 1990 are likely to fall substantially, reflecting a continued weak fertilizer market and absence of nitrogen fertilizer sales. Copper earnings will probably decrease moderately, as expected lower prices outweigh heavier output. However, oil and gas income may rise moderately. In the absence of profitable U.S. gold and geothermal operations, share earnings should decline slightly, despite reduced administrative and interest expenses and fewer shares.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	471	437	277	160
Jun.	519	491	434	166
Sep.	491	458	347	132
Dec.	---	559	457	172
	---	1,945	1,514	630

Sales for the first nine months of 1989 rose 6.9%, year to year. On lower unusual pretax gains ($28 million, versus $181 million), net income was down 51%, to $1.75 a share (on 11% fewer shares) from $3.35.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.93	0.66	0.18	d1.99
Jun.	0.41	1.28	1.80	1.84
Sep.	0.34	1.40	0.68	0.22
Dec.	E0.25	0.78	0.75	0.31
	E2.00	4.13	3.38	0.38

Important Developments

Nov. '89— FTX announced a restructuring plan to sell assets valued at $1.2-$1.5 billion including its 61%-owned FTX Gold Co.; FTX Resource Partners' nitrogen fertilizer facilities in Oklahoma and Arkansas; its producing geothermal assets to a joint venture with an investor group led by Calpine Corp. for $254 million cash and a 55% interest in the venture; FTX Energy Partner's sale or agreement to sell less strategic oil and gas assets for $86 million; its 95%-owned Voyager Energy to be sold with the other owner's 5% to Trical Resources for C$157 million cash and C$90 million in notes; and its interests in Australian mining concerns sold for $60 million. Proceeds would be used to develop major sulphur and copper/gold discoveries and to lower debt.

May '89— FTX bought some 15.6 million of its common shares under a "Dutch auction" tender offer at $38 a share.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[1]1987	[1]1986	1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	11.82	10.54	9.14	10.76	10.22	10.01	10.53	10.20	8.42
Earnings	NA	[4]4.13	[3]3.38	0.38	1.65	1.32	1.32	0.95	2.30	2.42
Dividends	2.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.59	0.56
Payout Ratio	NA	14%	18%	156%	36%	43%	47%	64%	26%	23%
Prices—High	38	29¾	31⅜	21	22⅛	25¾	27⅜	23⅞	40⅝	NA
Low	27⅛	23¼	16¾	14¼	16	13½	16¼	12¼	21¼	NA
P/E Ratio—	NA	7-6	9-5	55-38	13-10	20-10	21-12	25-13	18-9	NA

Data as orig reptd. Prior to 1981 pro forma (combined opers. Freeport Minerals & McMoRan Oil & Gas) as reptd. in prospectus dated 2-26-81. 1. Reflects merger or acquisition. 2. Excl. extras; see text. 3. Ful. dil. 3.68 in 1988, 3.20 in 1987. NA-Not Available. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**1,945**	**693**	**35.6**	**453**	**233**	**102**	**608**	**29.3%**	**310**	**15.9**
[2]1987	1,514	492	32.5	250	206	97	430	30.2%	249	16.4
[2]1986	630	d57	NM	123	119	77	d12	NM	[3]26	4.1
1985	722	261	36.2	207	129	60	149	25.4%	111	15.4
[2]1984	842	295	35.0	190	154	36	126	25.0%	94	11.2
1983	786	297	37.8	342	173	45	128	26.9%	93	11.9
1982	748	285	38.2	480	173	62	72	8.2%	66	8.8
1981	835	342	40.9	517	151	48	238	33.0%	159	19.1
1980	696	242	34.8	NA	75	NA	228	26.8%	167	23.9
1979	505	151	29.9	NA	42	NA	134	20.8%	107	21.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**124**	**634**	**389**	**1.6**	**3,730**	**9.1%**	**1,015**	**802**	**3,050**	**33.3**	**38.1%**
1987	65	535	377	1.4	3,155	8.9%	880	735	2,564	34.3	34.2%
1986	33	283	650	0.4	2,359	1.2%	765	611	1,587	48.2	3.9%
1985	71	289	274	1.1	2,059	5.7%	720	718	1,681	42.8	15.9%
1984	Nil	214	230	0.9	1,906	5.9%	711	691	1,619	43.9	13.8%
1983	Nil	199	152	1.3	1,418	5.9%	295	735	1,229	24.0	12.4%
1982	2	220	159	1.4	1,658	4.2%	504	735	1,466	34.4	9.1%
1981	3	203	184	1.1	1,480	12.4%	376	707	1,280	29.4	24.2%

Data as orig. reptd. Prior to 1981 pro forma (combined opers. Freeport Minerals & McMoRan Oil & Gas) as reptd. in prospectus dated 2-26-81. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change. NM-Not Meaningful. NA-Not Available. d-Deficit.

Business Summary

FTX is a diversified natural resources company. Contributions (profits in million $):

1988	Revs.	Profits
Agricultural minerals	58%	$200
Oil & gas	14%	39
Uranium oxide	3%	30
Geothermal	2%	9
Copper	17%	201
Gold	5%	39
Other	1%	-20

Freeport-McMoRan Resource Partners (62%-owned) holds the largest U.S. phosphate fertilizer producer and the second largest U.S. Frasch sulphur producer. In March, 1989 as operator of a 58.3%-owned exploration venture, it discovered the largest proven Frasch sulphur reserve now in existence in North America. Drilling had delineated proved recoverable sulphur reserves of 67 million long tons at Main Pass Block 299, offshore Louisiana. Another unit recovers uranium oxide.

Oil and gas operations in the U.S. are run by 79%-owned Freeport-McMoRan Energy Partners (FMP) and its operating unit. Reserves at 1988 year-end were 741.1 Bcf of gas and 67.1 million bbls. of oil. In November, 1989 FTX announced a restructuring which would convert FMP from a master limited partnership to a corporation.

Freeport-McMoRan Copper (77%-owned) holds an Indonesian unit, which mines copper and gold. In November, 1989 it obtained $550 million in financing to fund the expansion of its unit's mining and milling capacity from 20,000 metric tons of ore a day to 52,000 mt/d.

Dividend Data

Freeport Minerals paid cash dividends since 1927. A dividend reinvestment plan is available. Special dividends of $0.25 quarterly would be paid through the third quarter of 1990 (at which time the amount of the special dividend would be reviewed).

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37½	Jan. 4	Feb. 9	Feb. 15	Mar. '89
0.25 Spl.	Jan. 4	Feb. 9	Feb. 15	Mar. '89
0.37½	May 2	May 17	May 23	Jun. '89
0.25 Spl.	May 2	May 17	May 23	Jun. '89
0.37½	Aug. 1	Aug. 9	Aug. 15	Sep. '89
0.25 Spl.	Aug. 1	Aug. 9	Aug. 15	Sep. '89
0.37½	Oct. 31	Nov. 9	Nov. 15	Dec. '89
0.25 Spl.	Oct. 31	Nov. 9	Nov. 15	Dec. '89

Capitalization

Long Term Debt: $1,861,991,000; incl. $291.2 million debs. conv. into com. at $30.01 a sh.

$1.875 Exch. Pfd.: 11,500,000 shs. ($25 stated value); conv. into com. at $24.53 a sh.

Common Stock: 53,182,285 shs. ($1 par).
Institutions hold some 75%.
Shareholders of record: 22,754.

Office—1615 Poydras St., New Orleans, La. 70112. **Tel**—(504) 582-4000. **Chrmn & CEO**—J. R. Moffett. **Pres**—M. H. Ward. **Secy**—M. C. Kilanowski, Jr. **SVP-Treas**—E. E. Howard III. **VP-Investor Contact**—C. E. Saporito. **Dirs**—N. Berkeley, Jr., R. W. Bruce III, T. B. Coleman, W. H. Cunningham, R. A. Day, Jr., J. C. Dudley, J. A. Elkins, Jr., H. A. Kissinger, B. L. Lackey, W. K. McWilliams, Jr., J. R. Moffett, G. Putnam, B. M. Rankin, Jr., B. C. Schmidt, M. H. Ward, W. W. Woods, Jr. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Delaware in 1980. **Empl**—6,474.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A.M. Sorrentino, CFA

Fuji Photo Film

3930

NASDAQ Symbol FUJIY

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
67⅞-68¼	69⅞-47⅜	20	1---	1---	NR	0.42

Summary

Technological experience in the photosensitized materials field has enabled Fuji, Japan's leading producer of photographic films, to expand into nonphotographic areas such as magnetic tape, floppy disks and office automation products. Earnings for fiscal 1988 benefited from new product introductions, aggressive sales promotions and a significant increase in equity earnings. A 10% stock dividend was recently declared.

Business Summary

Fuji Photo Film Co., Ltd. is Japan's largest producer of photosensitized materials, with a major share of the domestic market for film and paper, and is expanding rapidly in nonphotographic markets.

Sales by market segment in recent fiscal years were:

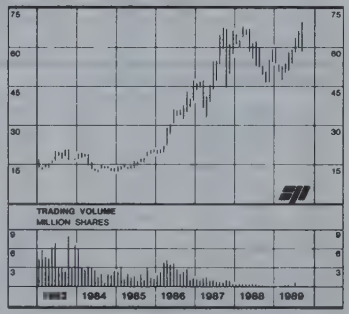
	1988	1987
Consumer photographic products	48.5%	50.0%
Magnetic products	11.1%	11.3%
Commercial products	40.4%	38.7%

During fiscal 1988, export sales accounted for 34.8% of net sales, compared with 35.5% in the preceding year.

The company, originally focusing its growth on the manufacture of photographic film, paper, chemicals and equipment, has broadened its corporate scope to include the development of imaging and information systems incorporating new technologies for use in a wide variety of applications.

The consumer photographic products group includes film, photographic paper, cameras and electronic imaging equipment. Recent introductions in this area have included the FZ-500 Zoom multifocus compact camera and the FUJIX ES-20 Still Video Camera, which offers high-resolution images with an audio after-recording capability. In addition, Fuji has expanded its Quicksnap series of disposable 35mm cameras, introduced in 1988. In the area of color film, the company recently began to ship Reala film, which is targeted at advanced amateur photographers.

The magnetic products group includes videotape, audio tape, memory tape and floppy disks. To accommodate growing European demand, Fuji set up a manufacturing and distribution facility in West Germany that began operations in 1988.



Commercial products consist of graphic arts, medical, microfilm and office automation products, as well as motion picture film. In fiscal 1988, the company introduced the Fuji PS Stablon System, which is used in the graphic arts field for processing printing plates. Also, Fuji began construction of its first U.S. production facility (see Finances).

Investments in unconsolidated subsidiaries and affiliated companies (including a 50% interest in Fuji Xerox Co., Ltd.) are carried on an equity basis and, at October 20, 1988, accounted for 8.3% of consolidated total assets.

Important Developments

Sep. '89— Fuji Xerox Co. said it expects to sell 500 units of two Sun Microsystems workstation models in the next year.

Aug. '89— De la Rue Co., a British specialty printing firm, approved the sale of its Crosfield Group printing division to Fuji Photo and E.I. du Pont de Nemours & Co. for $389 million.

Per ADR Data ($)

Yr. End Oct. 20	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	30.11	26.33	19.46	12.55	9.55	8.99	7.86	6.75	5.87	4.26
Earnings	[3].44	[3].02	[2].18	[2].66	[2]1.23	[2]1.36	1.36	1.31	0.95	0.53
Dividends[3]	0.19	0.16⅞	0.07¼	0.10¼	0.06⅞	0.05⅞	0.04¾	0.04½	0.02⅞	0.04⅝
Payout Ratio[4]	6%	6%	3%	6%	5%	5%	4%	4%	6%	10%
Prices[5]—High	68⅜	67⅝	47⅜	20¾	19½	20¾	16⅝	16⅛	8⅛	6⅞
Low	46⅜	33	19	12⅛	11¾	12⅞	8⅞	7⅞	3⅜	4
P/E Ratio—	20-13	22-11	22-9	13-7	16-10	15-9	12-7	12-8	9-3	13-8

Data as orig. reptd., translated at year-end exchange rates. Adj. for stk. divs. of 10% Oct. 1982, 400% Jun. 1982. 1. See Dividend Data. 2. Ful dil. 3.38 in 1988, 2.96 in 1987, 2.12 in 1986, 1.62 in 1985, 1.18 in 1984, 1.35 in 1983. 3. Net of 15% Japanese withholding tax to U.S. residents. 4. Based on payments before taxes. 5. Cal. yr.

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Income Data (Million $)

Year Ended Oct. 20	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	6,901	1,555	22.5	704	407	76.4	1,337	51.7%	646	9.4
1987	6,366	1,491	23.4	[2]396	374	71.9	1,236	54.5%	562	8.8
1986	4,927	1,135	23.0	361	286	63.4	924	56.3%	404	8.2
1985	3,481	836	24.0	257	182	47.2	703	56.3%	308	8.8
1984	2,686	609	22.7	230	148	43.7	495	54.1%	227	8.5
1983	2,719	643	23.7	246	139	49.9	524	52.0%	251	9.2
1982	2,554	634	24.8	213	112	56.5	524	52.5%	248	9.7
1981	2,364	576	24.4	187	102	53.9	478	53.1%	224	9.5
1980	2,271	401	17.7	113	95	56.9	310	48.9%	158	7.0
1979	1,494	235	15.8	112	70	33.7	167	46.5%	88	5.9

Balance Sheet Data (Million $)

Oct. 20	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	3,290	5,809	2,439	2.4	9,224	7.4	361	5,663	6,040	6.0	12.2
1987	2,759	5,211	2,301	2.3	8,172	7.8	218	4,927	5,160	4.2	13.1
1986	1,967	3,877	1,736	2.2	6,157	7.8	224	3,611	3,848	5.8	13.6
1985	1,200	2,650	1,320	2.0	4,235	8.3	178	2,319	2,506	7.1	15.1
1984	678	1,849	877	2.1	3,141	7.3	159	1,765	1,931	8.2	13.3
1983	657	1,832	877	2.1	3,057	8.7	251	1,662	1,920	13.1	16.1
1982	483	1,598	926	1.7	2,718	6.5	71	1,451	1,529	4.7	12.6
1981	305	1,377	826	1.7	2,332	9.6	63	1,172	1,241	5.1	20.4
1980	302	1,299	847	1.5	2,224	8.1	126	976	1,108	11.4	18.7
1979	215	922	613	1.5	1,651	5.2	111	708	824	13.5	11.9

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net.

Review of Operations

For the fiscal year ended October 30, 1988, net sales advanced 7.6% from those of fiscal 1987, benefiting from new product introductions and aggressive sales promotions. Sales increased in all market segments, both domestically and internationally. Operating margins were less favorable and, despite higher levels of other income, the gain in pretax earnings was trimmed to 4.9%. After taxes at 56.1%, against 42.2%, and a significant increase in equity earnings, net income was up 14%, to ¥82,027,000,000 ($3.44 per ADR; $3.38 fully diluted), from ¥71,977,000,000 ($3.05; $2.97).

Note: Per-ADR amounts were translated at the October 20, 1988, exchange rate of ¥127=U.S. $1.

Dividend Data

Semiannual cash dividends have been paid regularly since 1950. A 10% stock dividend will be paid on December 19, 1989, to holders of record October 13. Recent declarations per ADR (net after 15% Japanese withholding tax to U.S. residents) were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08⅝	---	Oct. 13	Oct. 19	Feb. 6'89
0.07¾	---	Apr. 13	Apr. 19	Jul. 25'89
10% Stk.	---	Oct. 13	Oct. 19	Dec. 19'89
†	---	Oct. 13	Oct. 19	---

† Amt. later.

Finances

In September 1989, Fuji Photo and BASF Corp. began production of 3½-inch micro floppy disks for the North American market through Bedford, Mass.-based B&F Microdisks. The joint venture expected monthly output of 7,000,000 units initially.

In May 1989, the company acquired the worldwide photographic chemicals business of Olin Corp. for about $75 million.

In April 1989, Fuji Photo announced that it was establishing a presence in Italy through a venture with Onceas S.p.A., an importer of Fuji film, cameras and video cameras.

In fiscal 1988, the company began construction of a $60 million plant in South Carolina (its first U.S. manufacturing operation) to make presensitized plates and related products used in offset printing.

Capitalization

Long Term Debt: $360,677,000 (10/88).

Minority Interest: $16,347,000.

Common Shares: 376,106,963 shs. (¥50 par). Each ADR represents two com. shs.

Office—26-30 Nishiazabu 2-chome, Minato-ku, Tokyo 106. **Pres**—M. Ohnishi. **Dirs**—G. Akashi, S. Hayashi, K. Hirata, O. Inoue, M. Kawamura, A. Kumai, H. Miyata, K. Mori, M. Muneyuki, K. Nasu, T. Omura, M. Ohnishi, S. Ose, M. Sonoda, J. Suzuki, J. Takahashi, K. Tatsuuma, H. Ueda, R. Wakasugi, K. Yasunaga, T. Yoshida. **Depositary for ADRs**—Morgan Guaranty Trust Co., NYC. **Incorporated** in Japan in 1934. **Empl**—18,195.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

John D. Coyle

Fuqua Industries

928P

NYSE Symbol FQA Options on CBOE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
23½	33⅜-23½	NM	0.32	1.4%	B+	1.20

Summary

This diversified company's businesses include lawn and garden equipment, sporting goods, and a sizable photofinishing operation, in which FQA and Eastman Kodak are partners. In May, 1989 FQA sold its Georgia Federal Bank business. With some $355 million of cash and securities on hand, the company was continuing to seek an acquisition in late 1989. Triton Group Ltd. owns about 19% of FQA's common shares.

Current Outlook

Earnings for 1990 (for FQA as now constituted) are estimated at $1.00 a share, versus the $0.25 expected for 1989.

Dividends at $0.08 quarterly are the minimum expected.

Improved profitability for FQA's lawn and garden business is expected to boost 1990 earnings. Further profit growth from FQA's photofinishing joint venture is expected, but a change in the way the business's earnings are allocated to the two partners will limit FQA's potential benefit from this. A portion of the $355 million in cash and marketable securities that FQA had at September 30, 1989 may be used for an acquisition.

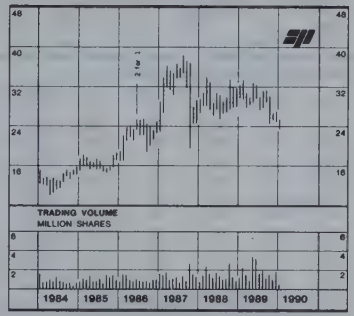
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	247	191	193	187
Jun.	232	273	192	174
Sep.	234	247	194	169
Dec.	---	223	194	171
	---	934	772	701

Sales for the nine months ended June 30, 1989 rose 0.3%, year to year. Net income declined 92%, to $0.42 a share (no dilution) from $4.27 ($4.04 fully diluted), largely due to the absence of a $3.18 a share ($2.93) onetime gain in 1988. Results exclude a loss from from discontinued operations of $0.04 a share in the 1989 period, versus income of $0.47 ($0.44).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.24	3.53	0.80	0.39
Jun.	0.14	0.39	0.81	0.66
Sep.	0.04	0.35	0.72	0.57
Dec.	E0.17	d0.72	0.59	0.58
	E0.25	3.55	2.92	2.20



Important Developments

Nov. '89— FQA's directors had authorized the repurchase of up 2,000,000 FQA common shares (about 9.3% of those outstanding). FQA said that the buyback program was being effected because its directors believed that the company's stock was "significantly undervalued." Also, FQA said that it continuing to seek an acquisition to expand its operations. At September 30, 1989, following the May, 1989 sale of its Georgia Federal Bank business, FQA had cash and marketable securities totaling about $355 million. Meanwhile, in 1989's third quarter, a decline in earnings from FQA's lawn and garden business more than offset a higher profit from photofinishing operations. Following an inventory build-up at the dealer level in connection with 1988's drought, FQA's Snapper lawn mower business had reduced levels of production and shipments.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	[1]1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	NA	4.96	12.94	10.35	8.34	7.92	6.04	2.84	1.42	4.45
Earnings[2]	NA	[3]3.55	[3]2.92	2.20	[3]1.52	[3]1.87	[3]2.08	[3]1.04	d0.34	[3]0.59
Dividends	0.32	0.26	0.24	0.22	0.20	0.18½	0.17½	0.15	0.15	0.12½
Payout Ratio	NA	7%	8%	9%	12%	9%	8%	13%	NM	21%
Prices—High	33⅜	34	38⅜	25½	18⅝	15⅞	19⅞	8⅛	5⅜	5⅝
Low	24½	25⅜	19½	16⅞	14½	10	7¾	3⅞	3¼	3
P/E Ratio—	NA	10-7	13-7	12-8	12-10	8-5	10-4	8-4	NM	9-5

Data as orig reptd. Adj. for stk. div(s) of 100% Jul. 1986, 100% Jul. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.74 in 1988, -0.34 in 1986, +0.08 in 1985, -0.23 in 1981, +0.59 in 1980, and spec. item(s) of +0.01 in 1985, +0.02 in 1984, +0.05 in 1983, +0.19 in 1982, +0.01 in 1981, +0.06 in 1980. 3. Ful. dil.: 3.42 in 1988, 2.87 in 1987, 1.51 in 1985, 1.81 in 1984, 2.01 in 1983, 0.96 in 1982. 0.57 in 1980. NA-Not Available. NM-Not Meaningful. E-Estimated. d-Deficit.

Standard NYSE Stock Reports
Vol. 57/No. 13/Sec. 12

January 18, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	934	80	8.6	30.5	26.6	18.1	127	38.9%	76.7	8.2
1987	772	101	13.1	34.0	20.5	28.7	99	36.5%	[4]63.0	8.2
[5]1986	701	96	13.6	24.0	23.0	29.5	79	40.3%	46.9	6.7
[5]1985	862	98	11.3	54.2	22.5	25.7	59	47.1%	31.3	3.6
1984	855	108	12.7	29.0	18.4	25.1	69	46.5%	37.2	4.4
1983	732	98	13.3	53.0	17.1	26.0	76	46.3%	[4]40.7	5.6
1982	607	71	11.7	14.5	12.7	27.7	33	49.1%	16.6	2.7
[5]1981	707	58	8.3	21.0	17.9	40.5	d32	NM	d16.6	NM
[3]1980	1,590	100	6.3	55.3	30.4	47.1	48	35.0%	31.3	2.0
[6]1979	2,057	212	10.3	71.0	32.4	40.7	125	46.7%	66.6	3.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	82	418	227	1.8	1,146	8.0%	274	400	919	29.8	21.2%
1987	46	349	152	2.3	749	8.5%	268	309	597	44.9	22.6%
1986	21	320	189	1.7	719	7.3%	267	246	530	50.3	20.4%
1985	14	336	160	2.1	553	5.6%	172	205	393	43.7	16.2%
1984	17	344	142	2.4	512	7.5%	193	165	370	52.2	24.9%
1983	20	303	118	2.6	469	8.2%	209	130	351	59.5	38.0%
1982	25	259	135	1.9	428	3.6%	213	68	293	72.5	26.8%
1981	38	296	207	1.4	488	NM	215	53	281	76.7	NM
1980	121	599	298	2.0	864	3.5%	265	271	566	46.8	11.4%
1979	138	553	286	1.9	926	7.9%	347	256	640	54.2	28.7%

Data as orig. reptd. 1. Prior to in 1988, incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1986, 1985, 1981, 1980, and spec. item(s) in 1985, 1984, 1983, 1982, 1981, 1980. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Excludes discontinued operations and reflects merger or acquisition. 6. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Fuqua Industries is a diversified manufacturing, distribution, and service company. Major operations include lawn and garden equipment, photofinishing, and sporting goods. In May, 1989 FQA sold its Georgia Federal Bank (unconsolidated) business, and in August, 1988 FQA sold its largest sporting goods company, Ajay Enterprises Corp., whose results are not included below. Segment contributions in 1988:

	Revs.	Profits
Lawn and garden	26%	50%
Photofinishing	63%	42%
Sporting goods	11%	8%

The lawn and garden products group includes the Snapper Power Equipment Division, which manufactures lawn mowers, garden tractors, garden tillers, snowthrowers and related accessories.

FQA's photofinishing business has historically consisted of Colorcraft Corp., a large wholesale photofinisher. In March 1988, FQA and Eastman Kodak combined their U.S. photofinishing operations into a joint venture, called Qualex Inc., which is 51% owned by FQA. Qualex, which is the U.S. leader in photofinishing, processes film for thousands of retail outlets.

FQA's sporting goods business manufactures, imports and distributes equipment, clothing and accessories for a variety of outdoor and team sport activities. Its brands include American Camper, Hutch and Reach.

Dividend Data

Dividends were resumed in 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Feb. 28	Mar. 13	Mar. 17	Apr. 4'89
0.08	May 31	Jun. 12	Jun. 16	Jul. 6'89
0.08	Aug. 28	Sep. 11	Sep. 15	Oct. 3'89
0.08	Nov. 22	Dec. 11	Dec. 15	Jan. 3'90

Capitalization

Long Term Debt: $297,047,000, incl. $75 million of 6½% debs. conv. into com. stk. at $41.625 a sh.

Minority Interest: $190,053,000.

Common Stock: 21,449,908 shs. ($1 par). Triton Group Ltd. owned about 19.1%. Institutions hold approximately 40%. Shareholders of record: 8,941.

Office—4900 Georgia-Pacific Center, Atlanta, Ga 30303 **Tel**—(404) 658-9000. **Chrmn**—J. B. Fuqua. **Pres & CEO**—L. P. Klamon **Secy**—H. M. Nowlan, Jr. **VP Fin & Investor Contact**—J. M. Bahin. **VP-Treas**—J. R. Foster. **Dirs**—J. B. Fuqua, J. R. Fuqua, W. C. Hamner, F. W. Hulse, L. P. Klamon, A. A. Melizia, C. E. Sanders, C. R. Scott, T. N. Warner, P. E. Yarbrough, Jr., J. B. Zellars. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Penna. in 1929; reincorporated in Delaware in 1966.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

GATX Corp.

NYSE Symbol GMT

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
61¼	75⅜-53½	10	2.00	3.3%	B	0.86

Summary

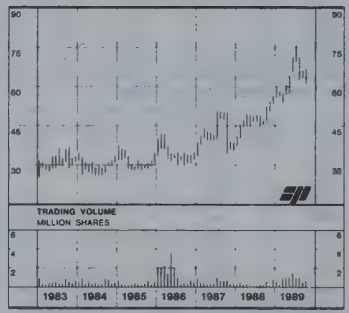
This company is an important lessor of transportation equipment, offers tank terminal services, and operates a shipping line on the Great Lakes. Profits should continue to advance in 1990, reflecting high utilization rates for railcars and growing income from aircraft leasing. In September, 1989 GMT acquired Associated Unit Companies, the nation's largest warehousing concern, for $173 million.

Current Outlook

Fully diluted earnings per share for 1990 are estimated at $7.00 (on some 9% more shares), versus the $6.50 anticipated for 1989.

Dividends, presently at $0.50 quarterly, should be lifted moderately during 1990.

Railcar leasing profits should continue to advance in 1990 as fleet utilization remains high and renewal rates improve. Aiding comparisons will be reduce maintenance and repair expenses. Terminal profits may flatten as softer oil prices discourages inventory building. Contributions from recently acquired warehousing operations will be more than offset by accompanying higher interest expense. Financial services will benefit from an expanding aircraft lease fleet, a larger real estate loan portfolio, and larger gains from asset dispositions. Shipping profits should be flat.



Gross Income (Million $)

Quarter:	1989	1988	1987	1986
Mar.	155	121	115	121
Jun.	174	156	144	132
Sep.	185	153	144	132
Dec.	---	158	146	148
	---	588	548	533

Revenues for 1989's first nine months rose 20%, year to year. Net income advanced 33%, with higher income in most operating segments. Share earnings were $5.12, versus $4.07.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.84	1.01	0.80	0.44
Jun.	1.62	1.65	1.02	0.42
Sep.	1.66	1.40	0.95	0.46
Dec	E1.38	0.97	0.87	1.01
	E6.50	5.04	3.64	2.19

Important Developments

Sep. '89— GMT acquired Associated Unit Companies, the nation's largest warehousing concern, for $173 million. Associated, which generated revenues of $63 million in the fiscal year ended March 31, 1989, also provides distribution, transportation, handling, packaging and inventory control services.

Sep. '89— GMT redeemed $75.9 million face amount of 11.5% notes maturing in 1996 using proceeds from the sale of 3,310,000 cumulative preferred stock in August. The preferred issue, which is convertible into 1.9 million GMT common shares, raised $165.5 million in capital.

Jun. '89— GMT's 50% joint venture with Credit Lyonnais, GATX-CL Air, signed a 10-year lease with Air Inter, a French carrier, for two Airbus A320-200 aircraft valued at $37 million. Delivery is expected in late 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	1985	1984	1983	1982	[1]1981	1980	[2]1979
Tangible Bk. Val.	28.86	24.74	22.21	25.45	30.39	28.85	39.54	43.80	41.04	36.05
Earnings[3]	5.04	3.64	2.19	d0.07	2.37	d7.84	2.22	5.26	5.10	4.33
Dividends	1.80	1.50	1.35	1.20	1.20	2.10	2.40	2.40	2.20	2.00
Payout Ratio	34%	38%	49%	NM	50%	NM	106%	44%	42%	45%
Prices—High	56½	50¾	42	37½	34½	36⅞	33	41⅛	44	46
Low	37	33⅜	30	27¾	25¾	25⅛	20½	29⅞	24⅝	23⅞
P/E Ratio—	11-7	14-9	19-14	NM	15-11	NM	15-9	8-6	9-5	11-6

Data as orig. reptd. 1. Reflects merger or acquisition 2. Reflects acctg. change 3. Bef. results of disc. opers. of +0.21 in 1986, -3.73 in 1985, +0.19 in 1982, +1.20 in 1979 E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	572	289	50.5	281	89.5	144	74	36.2%	47.0	8.2
[2]1987	528	257	48.7	104	85.7	136	56	38.5%	[3]34.7	6.6
[4]1986	512	250	48.8	57	80.9	141	24	NM	26.2	5.1
[4]1985	694	260	37.5	56	84.3	136	1	NM	3.1	0.4
1984	847	261	30.9	65	84.8	141	65	43.8%	36.7	4.3
1983	849	247	29.1	69	88.0	155	d153	NM	d93.1	NM
[4]1982	951	257	27.0	132	83.0	161	49	44.0%	27.6	2.9
[2]1981	1,191	303	25.5	265	78.8	143	117	41.1%	68.6	5.8
1980	993	273	27.5	233	68.1	[3]114	[5]121	45.3%	66.0	6.7
[3]1979	896	249	27.8	308	69.6	99	[5]96	41.9%	55.5	6.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	[6]Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	21.9	NA	NA	NA	2,605	1.9%	1,306	256	1,926	67.8	19.6%
1987	20.6	NA	NA	NA	2,200	1.6%	1,221	218	1,796	68.0	16.7%
1986	84.3	NA	NA	NA	2,234	1.3%	1,233	201	1,784	69.1	10.8%
1985	51.2	NA	NA	NA	2,392	0.1%	1,153	328	1,873	61.6	NM
1984	51.4	NA	NA	NA	2,514	1.5%	1,258	403	2,131	59.0	8.1%
1983	40.7	NA	NA	NA	2,531	NM	1,281	383	2,122	60.4	NM
1982	59.2	NA	NA	NA	2,738	1.0%	1,432	471	2,382	60.1	5.4%
1981	40.1	NA	NA	NA	2,880	2.6%	1,289	539	2,299	56.1	13.0%
1980	26.0	NA	NA	NA	2,413	2.8%	1,017	504	1,941	52.4	13.4%
1979	35.9	NA	NA	NA	2,258	2.9%	1,061	458	1,904	55.7	12.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1986, 1985, 1982, 1979 2. Reflects merger or acquisition 3. Reflects accounting change 4. Excl. disc. opers. 5. Incl. equity in earns. of nonconsol. subs. 6. Incl. curr. portion. NM-Not Meaningful d-Deficit NA-Not Available

Business Summary

Contributions (million $) by business segment to operating profits in recent years:

	1988	1987	1986	1985
Railcar leasing	$42.4	$36.1	$26.4	$28.8
Financial services	21.8	14.3	9.1	-25.4
Tank terminals	19.2	16.9	12.0	11.1
Shipping	5.3	2.4	2.3	0.3

General American Transportation Corp. is one of the largest full-service railcar lessors, managing a fleet of 51,000 tank and covered hopper cars at 1988 year-end. The chemical industry generated 50% of railcar lease revenues in 1988 and the petroleum and food processing industries 33%. The financial services group writes full payout leases for commercial jet aircraft (43% of the lease portfolio at 1988 year-end), rail equipment (13%), manufacturing equipment (7%) with helicopters, marine and other equipment (19%). About 18% of the lease and loan portfolio is accounted for by investments in participating mortgages. GATX Terminals Corp. provides storage and distributions services for the petroleum and chemical industries at 13 domestic and nine international terminals. Throughput in 1988 was 529 million bbls., versus 453 million bbls. in 1987. Terminal activities also include 60%-owned WYCO Pipe Line Co., which operates a 677-mile refined petroleum products pipeline in three states, Calnev Pipe Line, a 250 mile-line extending from Los Angeles to Las Vegas and a small pipeline connecting Tampa with Orlando. American Steamship Co., serving the Great Lakes, transported 26.2 million tons in 1988 (of which iron ore and coal generated 71%), versus 28.2 million tons in 1987.

Dividend Data

Dividends have been paid since 1919. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Nov. 3	Dec. 9	Dec. 15	Dec. 31'88
0.50	Feb. 3	Mar. 6	Mar. 10	Mar. 31'89
0.50	Apr. 28	Jun. 9	Jun. 15	Jun. 30'89
0.50	Jul 31	Sep. 11	Sep 15	Sep 30'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $1,346,600,000, incl. $217.9 million of equipment trust certificates and $323.8 million of capital lease obligations.

$2.50 Conv. Pfd. Stock: 121,476 shs. ($1 par).

$3.875 Conv. Pfd. Stock: 3,310,000 shs. ($1 par).

Common Stock: 8,943,030 shs. ($0.625 par). Institutions hold approximately 83%. Shareholders of record: 4,233.

Office—120 South Riverside Plaza, Chicago, Ill. 60606-3998 **Tel**—(312) 621-6200 **Chrmn, Pres & CEO**—J J Glasser **VP-Secy**—P A Heinen **VP-Fin**—J F Chlebowski **Treas**—F B Ollett III **Investor Contact**—G S Lowman **Dirs**—W R Christopherson, F A Cole, J W Cozad, R J Day, J L Dutt, C J Gauthier, R A Giesen, J J Glasser, C Marshall, M T Thompson **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1916 **Empl**—2,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

GEICO Corp.

NYSE Symbol GEC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
146½	156-122¾	14	1.80	1.2%	A-	0.75

Summary

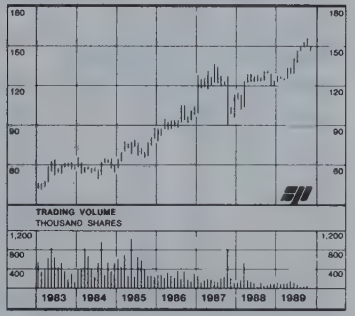
This holding company's principal subsidiary is Government Employees Insurance Co., whose primary business is writing preferred risk private passenger auto insurance and homeowners insurance. GEC has compiled an impressive underwriting record in recent years. Other subsidiaries offer life and health insurance, reinsurance, and diversified financial services. In June, 1989 the company agreed to sell its reinsurance unit.

Current Outlook

Net income for 1990 (excluding realized capital gains or losses and "fresh start" tax benefits) is estimated at $9.70 a share, compared with the $8.60 a share anticipated for 1989.

The $0.45 quarterly dividend is the minimum expectation.

Despite only modest premium rate increases and unit growth, earnings are expected to rise in coming periods. GEC will continue to emphasize rigid underwriting standards, low-cost production and controlled growth, versus market share. The conversion to six-month premiums will restrain premiums and boost expenses near-term, but the pricing flexibility which is gained is a longer-term positive. However, the growing consumer movement in a number of states to lower auto insurance rates strikes at the heart of GEC's business, and tempers the outlook for the company. Share buybacks would benefit per-share comparisons.



Review of Operations

Total revenues for the nine months ended September 30, 1989 advanced 4.0%, year to year (1988 restated), as a 4.9% increase in premiums and a 4.4% rise in net investment income offset a 12% decline in pretax realized capital gains. Impaired by higher catastrophe losses and a provision to cover a possible rate rollback in California, net income fell 11%. Share earnings were $8.58 (including $2.27 in realized capital gains) on 2.5% fewer shares, compared with $9.38 ($2.47).

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	2.94	2.01	1.78	1.43
Jun.	2.82	2.27	2.23	1.50
Sep.	2.83	2.65	2.67	2.03
Dec.		1.55	2.33	1.98
		8.48	9.01	6.91

Important Developments

Nov. '89— GEC noted that higher catastrophe losses, including those associated with Hurricane Hugo, and a provision to cover costs of a possible rate rollback in California, offset improved reinsurance operations and impaired earnings growth during the first nine months of 1989. Pretax earnings were reduced by $14.3 million because of a provision taken to cover a possible mandated rate rollback in one of GEC's primary markets. Despite this, underwriting results were profitable. The combined ratio was 96.8%, versus 96.2%.

Jun. '89— GEC agreed to sell its Resolute Reinsurance Co. (RR) to a subsidiary of KCP Holding Co. Terms were not disclosed. GEC said the RR contributed about $200,000 to its first quarter profits of $45.5 million. In 1988 reinsurance operations reduced GEC's earnings by $1.00 a share.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	45.82	39.03	37.16	28.88	22.12	19.52	16.85	11.75	9.15	8.16
Oper. Earnings[2]	8.48	9.01	6.91	4.21	5.11	4.48	3.80	3.11	2.87	3.24
Earnings[3,2]	11.92	10.67	12.61	9.25	6.68	5.38	2.39	4.02	2.92	3.20
Dividends	1.64	1.36	1.08	1.00	0.88	0.72	0.56	0.48	0.43	0.36
Payout Ratio	14%	13%	9%	11%	13%	13%	23%	12%	15%	11%
Prices—High	132	136¾	105½	88	65⅝	64	45¾	29⅜	16½	13⅛
Low	101½	90⅛	77¾	57⅛	48⅞	41	21	14⅜	8⅛	6⅞
P/E Ratio—	16-12	15-10	15-11	21-14	13-10	14-9	12-6	9-5	6-3	4-2

Data as orig. reptd 1. Oper. earns. prior to 1989 2. Bef. spec. item(s) of +0.89 in 1979 3. Aft. gains/losses on security trans

November 14, 1989

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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1,2]Comb.	Net Bef. Taxes	[3]Net Oper. Inc.	[3]Net Inc.	—% Return On— Revs.	[4]Equity
1988	**1,577**	**144**	**1,757**	**83.2**	**17.5**	**100.7**	**146**	**134**	**189**	**7.7**	**20.0**
1987	1,436	126	1,580	81.2	15.5	96.7	164	150	178	9.5	23.9
1986	1,295	118	1,430	81.4	14.7	96.9	136	119	218	8.3	20.9
1985	1,078	118	1,219	87.9	15.0	102.9	68	78	171	6.4	16.5
1984	875	108	995	82.1	15.6	97.7	107	100	131	10.1	24.3
1983	768	97	873	76.9	16.4	95.5	106	95	114	10.9	25.3
1982	732	83	816	80.0	15.3	95.3	91	77	49	9.5	26.6
1981	657	66	727	81.1	15.1	96.2	77	64	83	8.9	30.3
1980	653	74	726	80.5	15.9	96.4	79	60	61	8.2	32.4
1979	635	70	706	79.8	16.2	96.3	82	60	59	8.4	34.5

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	[5]Bonds	Investment Assets Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[6]Debt	Common Equity
1988	**61.7**	**283**	**1,746**	**487**	**Nil**	**2,233**	**6.7**	**84.1**	**3,061**	**300**	**707**
1987	52.5	440	1,536	484	Nil	2,021	6.4	94.9	2,846	169	635
1986	42.4	424	1,259	636	Nil	1,896	6.6	78.6	2,715	169	624
1985	34.8	361	1,206	478	Nil	1,684	7.7	63.1	2,378	184	516
1984	33.5	281	836	543	Nil	1,379	8.1	49.6	1,907	187	420
1983	33.7	251	807	499	Nil	1,306	7.9	41.8	1,776	157	405
1982	24.9	238	796	336	Nil	1,132	8.1	35.3	1,564	147	345
1981	21.1	217	662	244	Nil	906	7.4	37.2	1,362	143	237
1980	29.3	202	762	268	24.3	1,057	7.2	63.2	1,475	138	188
1979	35.5	188	782	207	22.9	1,015	7.1	62.1	1,412	120	176

Data as orig. reptd 1. As reptd. by co.; GEICO and Criterion combined 2. Aft. policyholder dividends. 3. Bef. spec. item(s) in 1979 4. Common 5. Incl. short term investments. 6. Incl. short term debt

Business Summary

GEICO Corp. is an insurance and financial services company whose principal subsidiary, Government Employees Insurance Co. (GEICO), is a multiple line property and casualty insurer engaged in direct response writing of preferred risk private passenger auto insurance. GEICO also offers homeowners, fire and extended coverage, personal umbrella liability, excess business liability, and boatowners insurance. Wholly-owned GEICO Indemnity Co., which emphasizes marketing to military personnel, writes standard and nonstandard private passenger auto insurance. Other wholly-owned subsidiaries include Government Employees Financial Corp., which provides consumer credit and industrial banking services; and GEICO Investment Services, a registered investment adviser and broker dealer. In 1987 GEC temporarily suspended writing new and renewal reinsurance at Resolute Group, a p-c reinsurer. In June, 1989 GEC agreed to sell the subsidiary. Life insurance operations are conducted through wholly-owned Garden State Life Ins. Co. and GEICO Annuity and Insurance Co.

GEICO is one of the largest writers of private passenger auto insurance, which accounts for about 90% of its business. The company operates in the District of Columbia and all states except Massachusetts (where it is licensed to write nonautomobile lines) and New Jersey.

GEC has a 34% interest in Avemco Corp., and aviation insurer, and a 20% stake in Bond Investors Group Inc., a municipal bond guarantee insurer.

Dividend Data

Omitted in 1976, cash payments were resumed the following year.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41	Nov. 16	Nov. 28	Dec. 2	Dec. 30'88
0.45	Mar. 1	Mar. 7	Mar. 13	Mar. 31'89
0.45	May 17	May 30	Jun. 5	Jun. 30'89
0.45	Aug. 16	Aug. 28	Sep. 1	Sep. 29'89

Next dividend meeting: Nov. 15'89.

Capitalization

Total Debt: $277,176,392.

Common Stock: 15,284,669 shs. ($1 par).
Berkshire Hathaway Inc. owns about 44%.
Institutions hold about 33%.
Shareholders of record: 3,309.

Office—GEICO Plaza, Washington, D.C. 20076. **Tel**—(301) 986-3000. **Chrmn, & CEO**—W. B. Snyder. **Pres**—E. U. Utley. **Secy**—J. M. O'Connor. **Treas**—C. G. Schara. **Investor Contact**—Carroll R. Franklin. **Dirs**—N. E. Brown, S. C. Butler, J. E. Cheek, T. G. Pownall, W. J. Ruane, L. A. Simpson, J. J. Sisco, J. C. Steggles, W. B. Snyder, W. R. Thompson. **Transfer Agents & Registrars**—Riggs National Bank, Washington, D.C.; Manufacturers Hanover Trust Co., NYC. **Incorporated** in District of Columbia in 1937; reorganized in Delaware in 1979. **Empl**—5,755

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

GTE Corp.

NYSE Symbol GTE Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
65 3/8	67 3/8-42 7/8	16	2.92	4.5%	A-	0.70

Summary

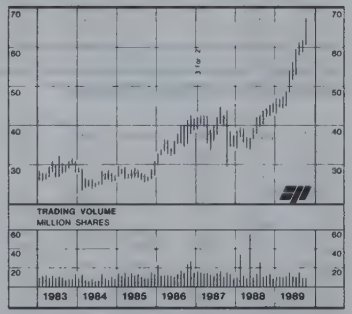
GTE controls one of the nation's largest telephone systems and has substantial operations in manufacturing communications and electrical products, and in nonregulated communications services. In January, 1989 GTE sold an additional 30.1% interest in US Sprint to United Telecommunications for $585 million, making UT the majority owner with 80.1% and leaving GTE with 19.9%.

Current Outlook

Earnings for 1990 are projected to reach $4.50 a share, versus the $4.10 estimated for 1989.

The quarterly dividend was raised 9.0%, to $0.73 from $0.67, with the October, 1989 payment.

Telephone revenues for 1990 should advance moderately, reflecting continued growth in access lines and increased calling volumes, offset partly by rate cuts. Revenues from cellular, information systems and directories are expected to experience further rapid growth. Telephone operating margins are likely to be constrained by the rate cuts. Contributions from unregulated operations should improve.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	4.12	3.94	3.69	3.56
Jun.	4.32	4.21	3.85	3.78
Sep.	4.35	4.00	3.81	3.78
Dec.	---	4.31	4.07	3.99
	---	16.50	15.42	15.11

Revenues for the nine months ended September 30, 1989 increased 5.3%, year to year, reflecting a 6.3% rise in revenues from telephone operations and a 7.2% rise from telecommunications products and services, offset partly by a 2.5% decrease from electrical products. Margins narrowed as operating income from telephone units rose 1.4%; electrical products were up 13%; and telecom products and services decreased 22%. Total operating income advanced 1.3%. Interest expense fell 2.5%, and with equity in the pretax loss of US Sprint of $125.1 million in the 1988 period only, pretax income rose 9.7%. After taxes at 32.7%, versus 35.3%, net income increased 14%, to $3.01 a share from $2.62.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.97	0.84	0.78	0.86
Jun.	0.98	0.87	0.66	0.92
Sep.	1.06	0.91	0.86	0.96
Dec.	E1.09	0.96	0.99	0.79
	E4.10	3.58	3.29	3.53

Important Developments

Oct. '89— The company noted that a Texas Court of Appeals upheld a lower court's temporary injunction against implementing a $128 million retroactive refund ordered by the Texas PUC. GTE beleived that order, which was for periods prior to 1989, was unlawful and unreasonable.

Next earnings report expected in ealy February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[2]1983	1982	1981	[2]1980	[2]1979
Tangible Bk. Val.	24.91	23.83	23.28	20.82	22.65	21.05	21.01	19.87	19.05	19.00
Earnings[3]	3.58	3.29	3.53	d0.63	3.55	3.41	3.13	2.88	2.58	2.80
Dividends	2.60	2.48	2.20 3/8	2.08	2.02 5/8	1.97 3/8	1.92	1.85 3/8	1.81 3/8	1.73 3/8
Payout Ratio	72%	75%	62%	NM	59%	59%	65%	67%	72%	63%
Prices—High	45 7/8	44 3/4	42 1/2	30 7/8	29 1/4	32 1/4	30 3/8	22 7/8	19 1/2	20 1/2
Low	33 3/4	29 3/8	30 1/8	25 3/8	23 1/4	25 3/4	17 5/8	16 3/8	15 3/8	17 3/8
P/E Ratio—	13-9	14-9	12-9	NM	8-7	9-8	10-6	8-6	8-6	7-6

Data as orig reptd. Adj. for stk div(s). of 50% Feb 1987 **1.** Reflects accounting change **2.** Reflects merger or acquisition **3.** Bef. results of disc opers of -0.08 in 1983, -0.62 in 1980, and spec items of +0.15 in 1984 E-Estimated d-Deficit NM-Not Meaningful

October 26, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	16,460	5,465	33.2	3,087	2,559	1,026	1,944	31.7%	1,225	7.4
1987	15,421	5,491	35.6	[4]3,145	2,474	953	1,845	34.3%	[3]1,119	7.3
1986	15,112	5,383	35.6	[4]3,124	2,305	932	2,182	41.5%	1,184	7.8
1985	15,732	4,988	31.7	[4]3,553	2,179	988	d72	NM	d161	NM
1984	14,547	4,708	32.4	3,857	1,951	1,056	1,900	38.2%	1,080	7.4
[5]1983	12,944	4,235	32.9	3,591	1,765	1,002	1,698	36.1%	978	7.6
1982	12,066	3,790	31.4	3,053	1,500	991	1,469	36.6%	836	6.9
1981	11,026	3,518	31.9	3,029	1,289	1,016	1,376	40.8%	[3]722	6.5
[5]1980	9,979	3,105	31.1	2,773	1,158	870	1,218	42.5%	619	6.2
[6]1979	9,958	2,868	28.8	2,646	1,043	693	1,178	45.2%	645	6.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**307**	**5,612**	**5,870**	**1.0**	**31,104**	**4.1%**	**9,705**	**8,127**	**23,904**	**40.6**	**14.8%**
1987	171	4,335	4,611	0.9	28,745	4.0%	9,587	7,759	23,303	41.1	14.1%
1986	226	4,217	4,635	0.9	27,402	4.3%	8,881	7,663	22,000	40.4	15.6%
1985	387	4,491	5,568	0.8	26,558	NM	8,295	6,830	20,242	41.0	NM
1984	521	4,264	4,355	1.0	26,364	4.1%	8,599	7,374	21,267	40.4	14.6%
1983	156	3,551	3,696	1.0	24,223	4.1%	8,800	6,461	20,123	43.7	15.2%
1982	186	3,497	3,582	1.0	22,294	3.7%	8,304	5,688	18,556	44.8	14.6%
1981	180	3,604	4,189	0.9	21,113	3.4%	7,978	4,939	16,801	47.5	14.2%
1980	123	3,552	4,007	0.9	19,720	3.2%	7,468	4,484	15,581	47.9	13.1%
1979	172	3,858	4,401	0.9	18,406	3.7%	6,352	4,264	13,868	45.8	14.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers in 1983, 1980, and spec. item(s) in 1984. **3.** Reflects accounting change. **4.** Net of curr. yr. retirement and disposals. **5.** Excludes discontinued operations and reflects merger or acquisition **6.** Reflects merger or acquisition. d-Deficit NM-Not Meaningful

Business Summary

GTE (formerly General Telephone & Electronics) comprises one of the largest telephone systems in the U.S. Other units are in less regulated telecommunications businesses. Segment contributions in 1988 were:

	Sales	Profits
Telephone operations	71%	89%
Electrical products	14%	7%
Telecommunications products	16%	4%

Telephone operations include telephone companies serving some 7,500 communities in portions of 31 states. Also served are British Columbia and Quebec in Canada and the Dominican Republic. This unit also markets, leases and sells telecommunications products and services; and supplies voice and data systems. As of December 31, 1988, GTE's telephone companies were serving some 14.4 million access lines, up 5.4% from a year earlier.

The Electrical Products group manufactures Sylvania lamps and other lighting products, and has a unit which manufactures precision-engineered materials. Telecommunications products includes communications systems equipment for telephone companies, businesses, government and consumers. Also included in this group are telephone directory publications and cellular mobile telephone service.

GTE holds a 19.9% interest in US Sprint, the nation's third largest long distance carrier. United Telecommunications holds the rest.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.67	Nov. 3	Nov. 16	Nov. 22	Jan. 1'89
0.67	Jan. 12	Feb. 14	Feb. 21	Apr. 1'89
0.67	Apr. 19	May 16	May 22	Jul. 1'89
0.73	Aug. 3	Aug. 16	Aug. 22	Oct. 1'89

Next dividend meeting: Nov. 2'89.

Capitalization

Long Term Debt: $9,965,583,000.

Minority Interest: $1,002,216,000.

Red. Cum. Preferred Stock: $293,168,000.

Cum. Preferred Stock: $504,833,000.

Common Stock: 326,289,499 shs. ($0.10 par). Institutions hold about 55%.
Shareholders of record: 441,000.

Office—One Stamford Forum, Stamford, Conn 06904 **Tel**—(203) 965-2000. **Chrmn & CEO**—J. L. Johnson. **Pres**—C. R. Lee **Secy**—M Drost **VP-Treas**—J Murphy **Investor Contact**—Timothy Murphy **Dirs**—E. L. Artzt, J. R. Barker, C. H. Budd, B. Carswell, G. V. Grune, J. L. Johnson, R. W. Jones, J. L. Ketelson, C. R. Lee, M. T. Mason, T. J. Moore, Jr., S. O. Moose, R. E. Palmer, E. C. Schmults, R. W. Stone, R. D. Storey, J. W. Walter. **Transfer Agents & Registrars**—GTE Shareholder Services, North Quincy, Mass.; GTE Shareholder Services, New York, N.Y.; State Street Bank & Trust, Boston; Harris Trust & Savings. **Incorporated** in New York in 1935. **Empl**—159,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Gallagher (Arthur J.)

NYSE Symbol AJG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
23	24 3/4-16 1/8	16	0.52	2.3%	B+	0.63

Summary

Primarily in the insurance brokerage business, this company also provides risk-management and other insurance-related services to clients worldwide. Operations have expanded under an ongoing acquisition program begun in mid-1986. The company is combating highly competitive business conditions with expense control, intensified new business efforts and a focus on the retention of existing clients.

Business Summary

Arthur J. Gallagher & Co. provides insurance brokerage, risk-management and related services in the U.S. and abroad. Its two major sources of operating revenues are commissions from brokerage and risk-management operations and service fees from risk-management operations.

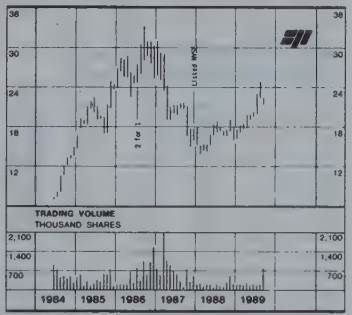
Total revenues in recent years were derived from:

	1988	1987	1986
Commissions	57.5%	57.0%	58.8%
Fees	33.9%	34.3%	31.9%
Investment	8.6%	8.7%	9.3%

The company's principal activity is the negotiation and placement of insurance for its clients. Gallagher places insurance for and services commercial, industrial, institutional, governmental, religious and personal accounts throughout the U.S. and abroad. It acts as an agent in soliciting, negotiating and effecting contracts of insurance through insurance companies worldwide and also as a broker in procuring contracts of insurance on behalf of insureds. Specific coverages include all types of casualty and property, marine, employee benefits, pension and life insurance products.

Gallagher provides various professional counseling services to assist clients in analyzing risks and in determining whether proper protection is best obtained through the purchase of insurance or through retention of all or a portion of those risks and the adoption of risk-management policies and cost-effective loss control and prevention programs. These services are provided by Gallagher Bassett Services, Inc. (wholly owned) through a network of 77 offices throughout the U.S. In most instances, the company's risk-management services are performed for its brokerage clients.

In connection with its risk-management services, Gallagher provides self-insurance programs for large institutions, as well as large commercial and industrial customers. It also has an on-line risk management information system and support service, known as RISX-FACS.



International operations include a Lloyd's broker and affiliated companies in London, and facilities in Bermuda. Arthur J. Gallagher International, Inc., located in Rhode Island, provides brokerage services to and arranges overseas risk management and engineering services for multinational organizations. These operations provided 10% of revenues (excluding investment income) and an operating loss of $452,000 in 1988, compared with 12% of revenues and 3% of profits in 1987.

Important Developments

Aug. '89— AJG completed a merger with C.A. McLin & Co. Insurance Services, Inc., which has joined forces with AJG's Orange, Calif. office. The company said that it is continuing efforts to open new marketing areas throughout the U.S.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	1984	1983
Tangible Bk. Val.	5.33	5.16	4.81	3.75	2.67	1.08
Earnings	1.41	1.45	1.40	1.10	0.80	0.63
Dividends	0.48	0.40	0.20	0.14	Nil	Nil
Payout Ratio	32%	27%	14%	12%	Nil	Nil
Prices—High	19 1/8	31	33 1/4	25	14 7/8	NA
Low	13 7/8	15	22 1/2	14 3/4	6 7/8	NA
P/E Ratio—	14-10	21-10	24-16	23-13	19-9	NA

Data as orig reptd Adj. for stk. divs. of 100% Jul. 1986, 300% Dec. 1983. 1. Refl merger or acq. NA-Not Available

October 10, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

935A

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	156	28.8	18.5	3.28	2.73	2.06	24.0	29.7%	16.9	10.8
[2]1987	135	30.7	22.8	2.44	2.07	2.05	26.6	39.0%	16.2	12.0
[2]1986	119	29.7	25.0	1.91	1.96	2.09	25.7	40.0%	15.4	13.0
1985	82	19.0	23.3	1.96	1.52	2.06	15.4	36.0%	9.9	12.1
1984	64	12.2	19.0	0.85	1.22	2.08	8.9	29.0%	6.3	9.8
1983	53	8.5	16.0	1.04	1.07	1.30	6.1	30.6%	4.3	8.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	84.4	192	180	1.1	277	6.2%	20.0	67.5	87.5	22.9	25.3%
1987	79.2	172	167	1.0	254	6.6%	20.0	63.2	83.2	24.1	27.2%
1986	69.2	163	153	1.1	229	7.5%	20.0	54.3	74.3	26.9	31.3%
1985	33.1	98	90	1.1	147	8.1%	20.0	35.6	55.6	36.0	21.1%
1984	34.6	64	48	1.3	95	7.6%	20.2	25.8	46.2	43.6	32.3%
1983	14.0	34	34	1.0	56	NA	10.3	10.5	21.0	49.1	NA

Data as orig reptd 1. Net. 2. Refl merger or acq NA-Not Available

Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	40.5	38.3	32.4	28.9
Jun.	38.5	35.3	30.0	26.7
Sep.		44.3	39.7	33.8
Dec.		38.2	32.5	29.4
		156.0	134.7	118.9

Total revenues for the six months ended June 30, 1989 advanced 7.3%, year to year, reflecting new business and increased fee revenue generated by Gallagher Bassett Services, Inc. Following increases in business insurance costs, office facility expenses for rent, telephone and electricity and other direct expenses resulting from the company's higher sales volume, pretax income fell 3.1%. After taxes at 37.0%, against 38.7%, net income declined 0.4%. Share earnings were $0.49 on 2.9% fewer shares, versus $0.48.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.33	0.33	0.31	0.41
Jun.	0.16	0.15	0.26	0.23
Sep.		0.65	0.66	0.50
Dec		0.28	0.22	0.27
		1.41	1.45	1.40

Finances

In July, 1989 AJG announced a continuation of its plan, originally adopted in May, 1988, to repurchase common shares for reissuance in connection with its stock option plans. The plan authorizes the repurchase of an additional 600,000 shares through June 30, 1990, at such times and prices as the company may deem advantageous.

In the third quarter of 1988 the company added to its branch network with the acquisition of The Boston Insurance Center, Inc. for 450,000 common shares and of Houston-based Braniff & Braniff, Inc. for 525,000 shares.

In August, 1987 Gallagher acquired substantially all the assets of Joseph Bobba Co., Inc., an insurance brokerage located in Dublin, Calif., for 241,990 common shares.

In June, 1987 the company acquired E&S Intermediaries Inc., a reinsurance brokerage and services firm.

Heffernan, Keiler & Doble, a San Francisco-based insurance brokerage and risk-management services firm, was acquired in September, 1986 for 770,448 common shares.

In August, 1986 the company acquired, for 1,045,617 common shares, John Plumer & Co. Ltd., a London-based insurance broker that negotiates and places insurance and reinsurance with Lloyd's underwriters and insurance companies worldwide.

Dividend Data

Cash has been paid in each year since 1972.

Amt. of Divd. $	Date Decl.	Ex-divd Date	Stock of Record	Payment Date
0.12	Nov. 15	Dec. 23	Dec. 31	Jan. 16'89
0.13	Mar. 15	Mar. 27	Mar 31	Apr 14'89
0.13	May 9	Jun. 26	Jun. 30	Jul. 14'89
0.13	Sep. 14	Sep. 25	Sep. 29	Oct. 13'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $20,000,000.

Common Stock: 11,429,271 shs. ($1 par).
The Gallagher family controls about 15%.
Institutions hold approximately 42%.
Shareholders of record: 600.

Office—10 Gould Center, Golf Rd., Rolling Meadows, Ill. 60008 **Tel**—(312) 640-8500. **Pres & CEO**—R. E. Gallagher. **VP-Fin & Investor Contact**—Michael J. Cloherty **Secy**—D. H. Goossen **Treas**—D. R. Long **Dirs**—R. H. B. Baldwin, J. G. Campbell, M. J. Cloherty, J. P. Gallagher, J. P. Gallagher Jr., R. E. Gallagher, J. M. Greenberg, W. F. McClure, J. R. Wimmer. **Transfer Agent & Registrar**—Continental Bank, NA, Chicago **Founded** in 1927, reincorporated in Delaware in 1972 **Empl**—1,766

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard Spiegel

Gannett Co.

NYSE Symbol GCI Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
45⅛	49⅞-34½	19	1.08	2.4%	A+	1.17

Summary

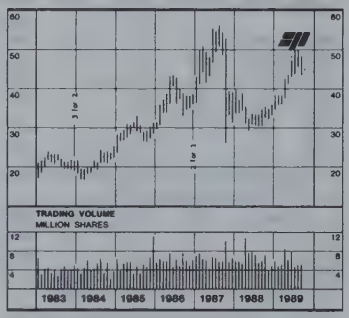
Gannett is a leading newspaper publisher (83 daily and 35 nondaily newspapers), owns USA TODAY, has interests in broadcasting (10 television stations and 16 radio stations) and is the nation's largest outdoor advertising company. In May, 1989 the U. S. Supreme Court agreed to hear arguments in the case involving a joint operating agreement for GCI's and Knight-Ridder's Detroit newspapers, thereby postponing for at least a year a final resolution to the situation.

Current Outlook

Earnings for 1990 are tentatively projected at $3.00 a share, up nearly 18% from the $2.55 estimated for 1989.

The $0.27 quarterly dividend is likely to be raised to $0.30 in the very near future.

Revenue gains for 1990 should reflect modest improvements in each major business segment, with somewhat stronger growth from outdoor advertising. Operating efficiencies, lower newsprint prices, and a full year of profitability at USA TODAY will boost operating earnings. Interest expenses are likely to be little changed.



Operating Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	818	758	703	615
Jun.	904	847	790	716
Sep.	---	804	751	689
Dec.	---	905	835	782
	---	3,314	3,079	2,801

Operating revenues for the 1989 first half rose 7.3%, year to year. Operating income advanced 18%, boosted by an acquisition, lower newsprint prices and improved profitability at USA TODAY. In the absence of a large capital gain, and after taxes at 40.2% in both years, the gain in net income was held to 9.0%. Share earnings were $1.16, versus $1.06.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.47	0.46	0.33	0.28
Jun.	0.70	0.60	0.56	0.48
Sep.	E0.53	0.47	0.44	0.40
Dec.	E0.85	0.73	0.66	0.55
	E2.55	2.26	1.98	1.71

Important Developments

Aug. '89— Gannett sold El Diario-La Prensa, its daily Spanish-language newspaper in New York City. Terms were not disclosed.

May '89— The U.S. Supreme Court agreed to hear arguments in the case for GCI's The Detroit News and Knight-Ridders's Detroit Free Press to implement a joint operating agreement (JOA). The court is expected to take 12 to 18 months to reach a decision. The latest development is a setback for the JOA in that a Federal appeals court had cleared the way for the JOA in February.

Mar. '89— John J. Curley, president and chief executive officer, added the title of chairman on March 31, 1989, when former chairman Allen H. Neuharth retired.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	**1.61**	1.32	0.17	2.87	3.20	2.59	2.17	2.03	1.83	1.79
Earnings[2]	**2.26**	1.98	1.71	1.58	1.40	1.20	1.13	1.06	0.94	0.84
Dividends	**1.02**	0.94	0.86	0.76½	0.68½	0.61	0.58	0.52½	0.46	0.40½
Payout Ratio	**45%**	47%	50%	49%	48%	51%	51%	50%	48%	47%
Prices—High	**39⅞**	56¼	43⅝	33⅛	25½	24	22	15½	12⅞	11
Low	**29¼**	26	29⅝	23½	16¾	17⅛	9⅞	11¼	8¾	8⅞
P/E Ratio—	**18-13**	28-13	26-17	21-15	18-12	20-14	19-9	15-11	14-9	13-11

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan. 1987, 50% Jan. 1984, 50% Jan. 1981. 1. Reflects merger or acquisition. 2. Bef. spec item(s) of +0.06 in 1979. E-Estimated.

October 12, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	3,314	865	26.1	209	177	91.5	[3]607	40.0%	364	11.0
1987	3,079	822	26.7	224	161	89.8	[3]590	45.9%	319	10.4
[2]1986	2,801	740	26.4	470	143	82.3	540	48.8%	[4]276	9.9
[2]1985	2,209	608	27.5	262	104	25.9	485	47.8%	253	11.5
[2]1984	1,960	537	27.4	123	91	24.2	431	48.0%	224	11.4
[2]1983	1,704	457	26.8	151	81	27.5	368	48.0%	192	11.3
[2]1982	1,520	440	29.0	143	69	32.5	349	48.2%	181	11.9
[2]1981	1,367	413	30.2	114	58	29.5	338	48.9%	173	12.6
[2]1980	1,215	359	29.5	109	51	[4]24.9	301	49.5%	152	12.5
[2]1979	1,065	320	30.0	97	43	22.1	269	50.2%	134	12.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**49**	**665**	**501**	**1.3**	**3,793**	**10.0%**	**1,135**	**1,786**	**3,148**	**36.0**	**21.5%**
1987	27	601	475	1.3	3,510	9.3%	1,094	1,609	2,915	37.5	21.0%
1986	58	571	432	1.3	3,366	9.7%	1,201	1,434	2,833	42.4	20.3%
1985	51	473	303	1.6	2,313	12.3%	492	1,275	1,928	25.5	20.9%
1984	49	394	293	1.3	1,812	12.8%	189	1,142	1,451	13.0	20.7%
1983	45	335	232	1.4	1,690	11.7%	295	1,022	1,417	20.8	19.6%
1982	54	312	248	1.3	1,574	11.9%	281	931	1,296	21.7	20.4%
1981	88	324	296	1.1	1,448	13.0%	221	836	1,126	19.7	21.5%
1980	27	226	211	1.1	1,212	13.4%	168	766	983	17.1	20.9%
1979	32	200	191	1.0	1,049	14.0%	125	677	842	14.8	21.8%

Data as orig. reptd. 1. Bef. spec. item(s) in 1979. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change.

Business Summary

Contributions to operating revenues and operating income by business segment in 1988:

	Revs.	Income
Newspaper publishing	81%	80%
Broadcasting	12%	15%
Outdoor advertising	7%	5%

Newspaper operations consist of 83 dailies in 35 states and Guam and the Virgin Islands, and 35 nondailies in nine states and Washington, D.C. At year-end 1988 average daily circulation was over 6.36 million, including USA TODAY, which is the nation's second largest newspaper. GCI also publishes USA WE EKEND, a newspaper magazine. Other operations include solicitation of national and major local advertisers principally for GCI's newspapers and provision of news services. Ten TV stations (including nine network affiliates) and 16 radio stations are owned in 20 major U.S. markets. The TV stations include WXIA-TV Atlanta; KVUE-TV, Austin; WLVI-TV, Boston; KUSA-TV, Denver; KARE-TV, Minneapolis/St. Paul; KOCO-TV, Oklahoma City; KPNX-TV, Phoenix; W-USA-TV, Washington; WFMY-TV, Greensboro/Winston-Salem/High Point; and WTLV-TV, Jacksonville.

The outdoor advertising group is the largest in North America, with operations in 10 states and Canada. Other operations include research, marketing, printing, news and broadcast program production activities.

Dividend Data

Dividends have been paid since 1929. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27	Oct. 25	Dec. 5	Dec. 9	Jan. 3'89
0.27	Feb. 28	Mar. 6	Mar. 10	Apr. 3'89
0.27	Apr. 27	Jun. 5	Jun. 9	Jul. 3'89
0.27	Aug. 22	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: Oct. 24'89.

Capitalization

Long Term Debt: $1,054,836,000.

Common Stock: 161,339,223 shs. ($1 par).
Institutions hold about 68%; Gannett Foundation, Inc. owns about 10%.
Shareholders of record: 15,000.

Office—P O Box 7858, Wash D C 20044 **Tel**—(703) 284-6000 **Chrmn, Pres & CEO**—J J Curley **VP-Secy**—T L Chapple **VP-Treas**—J L Thomas **Investor Contact**—D H McCorkindale **Dirs**—C P Black, A F Brimmer, M Brockaw, R Carter, R B Clark, J J Curley, W A Fallon, K Fuller, J Goodman, S T Ho, J J Louis, Jr., D H McCorkindale, R D Melton, A H Neuharth, J C Quinn, T A Reynolds, Jr., D D Wharton **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Chase Lincoln First Bank of Rochester, N Y **Registrar**—Chase Lincoln First Bank of Rochester, N Y **Incorporated** in New York in 1923; reincorporated in Delaware in 1972 **Empl**—37,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H Donald

Gap (The)

NYSE Symbol GPS Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
56¾	61½-35¼	23	0.76	1.3%	A-	1.96

Summary

This specialty apparel retailer operates The Gap Stores, a nationwide chain selling moderately priced casual and activewear for men and women and children, and also operates Banana Republic, a specialty retailer of travel and safari clothing and accessories. Strong consumer acceptance of new merchandise at the Gap stores and GapKids should lead to improved earnings over the near term.

Current Outlook

Share earnings for the fiscal year ending January 31, 1990 are projected at $2.75, versus the $2.05 of fiscal 1988-9. Earnings could rise to $3.25 a share in fiscal 1990-1.

The quarterly dividend was raised 2.7%, to $0.19 from $0.15, with the September, 1989 payment.

Moderate store expansion and improved consumer acceptance of fashions should aid revenue growth in fiscal 1989-90. Margins should widen on higher volume and improved product mix, but interest expense will increase. Per-share earnings will reflect fewer shares outstanding. A new merchandising strategy at Banana Republic could aid long-term growth.

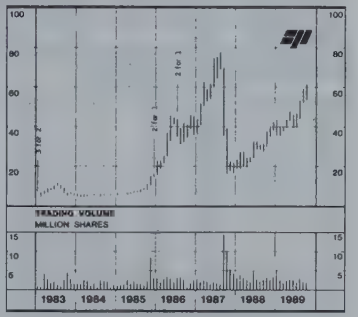
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	310	241	211	160
Jul.	326	264	218	165
Oct.	---	323	274	225
Jan	---	424	360	298
	---	1,252	1,062	848

Sales for the 26 weeks ended July 29, 1989 rose 26%, year to year; comparable store sales increased 16%. Gross margins widened, and expense ratios improved; pretax income increased 86%. After taxes at 40.0%, versus 41.0%, net income advanced to $0.83 a share (on 4.4% fewer shares) from $0.42.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.43	0.12	0.45	0.29
Jul	0.40	0.30	0.37	0.24
Oct	E0.87	0.73	0.52	0.60
Jan	E1.05	0.90	0.61	0.80
	E2.75	2.05	1.95	1.93



Important Developments

Aug. '89— Comparable store sales increased 13% in the second quarter of fiscal 1989-90 and 16% in the first half. Gap stores and GapKids achieved strong comparable sales, while Banana Republic's continued to be negative. Management had said that it expected 1989 to be a transitional year for Banana Republic. GPS set goals of 15% to 20% compounded annual sales and earnings growth and comparable store sales increases of 7% to 8%. GPS planned to open 135-150 new stores a year, including 50-60 domestic Gap stores, 35-50 GapKids stores, 15-20 Banana Republic stores and 15-25 Gap stores in international markets (including Canada). In addition, 150-175 locations averaging 4,500 sq. ft. could be expanded over the next five years. In 1988-9 the company repurchased 2,004,464 shares under a 3 million share buyback program.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.87	7.61	5.70	4.15	3.50	3.39	2.59	2.07	1.76	1.47
Earnings[2]	2.05	1.95	1.93	1.01	0.37	0.63	0.59	0.39	0.37	0.31
Dividends	0.52½	0.50	0.31	0.13⅞	0.12½	0.10	0.08⅞	0.07½	0.06⅝	0.06
Payout Ratio	25%	26%	16%	14%	35%	16%	15%	19%	18%	20%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High[3]	42⅜	77⅞	45⅞	15⅞	5⅞	11⅜	4⅞	3⅞	2	2⅜
Low[3]	18½	16	15½	5⅛	4½	4⅛	1⅝	1⅞	⅞	1⅛
P/E Ratio—	21-9	40-8	24-8	16-5	16-12	18-6	8-3	10-4	5-2	7-4

Data as orig reptd. Adj. for stk. div(s) of 100% Aug 1986, 100% Jan 1986, 50% Jan 1983. 1. Excl. discontinued opers. 2. Bef. results of disc opers of -0.20 in 1986, +0.02 in 1981, -0.20 in 1980. 3. Cal. yrs. E-Estimated.

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	1,252	167	13.4	66.9	31.4	[2]3.42	126	41.0%	74.2	5.9
1988	1,062	153	14.4	67.7	24.9	[2]3.86	125	44.2%	69.6	6.6
1987	848	161	18.9	45.1	21.7	[2]1.64	137	50.4%	68.1	8.0
[3]1986	647	89	13.7	36.7	17.1	[2]3.46	68	49.3%	34.4	5.3
[4]1985	534	38	7.0	29.1	13.1	[2]3.93	21	40.4%	12.2	2.3
1984	481	53	10.9	21.1	9.6	[2]1.27	42	48.1%	21.6	4.5
1983	445	50	11.3	17.5	8.6	6.79	35	48.0%	18.2	4.1
1982	417	37	8.8	15.8	7.3	6.74	23	48.3%	11.8	2.8
1981	370	33	8.9	9.5	6.4	4.89	22	49.1%	11.1	3.0
[3]1980	307	26	8.3	11.6	5.3	3.09	17	47.0%	9.1	3.0

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	46.4	258	152	1.7	481	16.4%	20.0	276	296	6.7	27.3%
1988	32.1	259	129	2.0	434	17.4%	12.0	273	285	4.2	28.6%
1987	63.8	230	120	1.9	364	21.3%	13.5	212	225	6.0	37.3%
1986	22.8	168	89	1.9	272	14.1%	16.1	152	168	9.6	24.4%
1985	10.6	120	55	2.2	210	6.0%	21.8	126	148	14.8	9.9%
1984	33.4	126	59	2.1	197	11.4%	11.8	121	133	8.8	20.1%
1983	15.7	103	66	1.6	164	11.7%	11.4	84	95	12.0	24.0%
1982	9.2	91	55	1.7	146	8.8%	21.8	68	91	24.1	18.7%
1981	6.3	74	60	1.2	120	9.5%	1.9	58	60	3.1	20.9%
1980	6.4	70	48	1.5	112	8.6%	14.1	48	63	22.2	19.1%

Data as orig reptd. 1. Bef. results of disc. opers. in 1986, 1981, 1980. 2. Net of interest income. 3. Excludes discontinued operations. 4. Reflects merger or acquisition.

Business Summary

The Gap (formerly The Gap Stores) is a specialty retailer whose major division is The Gap Stores. On April 1, 1989 the company was operating a total of 915 stores, which included 715 Gap Stores (20 of which had GapKids departments), 82 freestanding GapKids, 109 Banana Republics, and nine Hemisphere stores.

Gap Stores feature fashion tops, shorts, sweaters, jackets and accessories with a more updated look, and basic jeans and sweaters geared to the 20 to 45-year old. Gap Stores continues to refine and to expand its merchandise mix. Under 10% of the merchandise sold by the company during fiscal 1988-9 was made by Levi Strauss. The balance was obtained from over 500 other domestic suppliers or directly imported from overseas.

During 1987 the GapKids concept was expanded, opening both freestanding stores and departments within existing Gap locations, both of which offer the same fashionable, functional Gap merchandise in scaled down sizes for 2-12 year olds.

Banana Republic (acquired 1983) is a specialty retailer of travel and safari clothing and accessories. Management is refining the store merchandise mix to offer an expanded line of fabrics which are suitable for week-end wear, yet versatile enough to wear in the office or for travel; major changes, if made, would occur in 1990. The catalog was discontinued in 1988.

Introduced in 1987, Hemisphere stores offer sophisticated sportswear for men and women.

Dividend Data

Dividends were initiated in 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Nov. 22	Nov. 28	Dec. 2	Jan. 2'89
0.15	Feb. 21	Feb. 27	Mar. 3	Mar. 13'89
0.15	May 23	May 26	Jun. 2	Jun. 12'89
0.19	Aug. 22	Aug. 28	Sep. 1	Sep. 11'89

Next dividend meeting: Nov. 21'89.

Capitalization

Long Term Debt: $17,500,000.

Common Stock: 35,285,153 shs. ($0.05 par).
The Fisher family owns about 41%.
Institutions hold approximately 39%.
Shareholders of record: 1,965.

Office—900 Cherry Ave., San Bruno, Calif. 94066 **Tel**—(415) 952-4400 **Chrmn & CEO**—D. G. Fisher. **Pres**—M. S. Drexler. **SVP-Secy**—D. C. Tight. **Exec VP & CFO**—J.V. O'Donnell. **Dirs**—J. G. Bowes, A. H. Daniels, M. S. Drexler, D. F. Fisher, D. G. Fisher, J. V. O'Donnell, H. W. Pattison, C. R. Schwab, B. Walker, Jr. **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Bankers Trust Co., N.A., San Francisco. **Incorporated** in California in 1969. **Empl**—19,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

GenCorp Inc.

NYSE Symbol GY Options on CBOE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
12¼	19⅛-11⅝	14	0.60	4.9%	B	1.08

Summary

GenCorp is now engaged in aerospace and defense work, automotive products, and polymer products, following the 1987 sale of General Tire and soft drink bottling operations and the discontinuation of its entertainment business. Earnings from continuing operations for fiscal 1990 are expected to recover from fiscal 1989's depressed level. GY is continuing to restructure operations and is liquidating its entertainment properties.

Current Outlook

Earnings for the fiscal year ending November 30, 1990 may rise to about $1.40 a share from fiscal 1989's estimated $0.80 from continuing operations.

The quarterly dividend should continue at $0.15.

Sales in the aerospace and automotive segments should rise in fiscal 1990 as new programs reach higher levels of production. Margins should widen as start-up costs on new automotive programs decline. Interest expense may increase and net income should rise. Charges for restructuring of the vinyl coated automotive fabrics business and several other items are likely in fiscal 1989 or 1990.

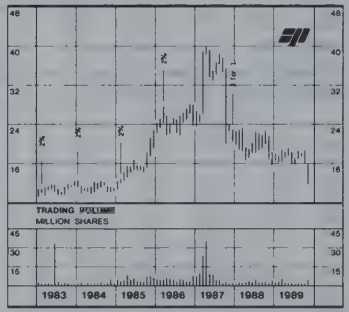
Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	453	400	302	614
May	528	487	450	755
Aug.	425	473	416	807
Nov.	---	531	451	923
	---	1,891	1,619	3,099

Sales for the nine months ended August 31, 1989 rose 3.4%, year to year. Hurt by start-up expenses and higher materials and interest costs, net income from continuing operations was down 54%, to $0.72 a share from $1.56, before income related to discontinued operations of $6.58, versus $0.15, and a special credit of $0.10 a share in the 1988 interim.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.24	0.38	0.16	0.28
May	0.28	0.65	d0.42	0.56
Aug.	0.20	0.53	0.51	0.57
Nov.	E0.08	0.16	0.50	0.53
	E0.80	1.72	0.38	1.94



Important Developments

Nov. '89— GY expected sharply lower operating earnings in the fourth quarter of fiscal 1989 due to management's failure to reduce overhead costs in the Aerojet Ordnance unit, delivery delays in principal contracts and inventory problems. Lower automotive earnings reflect reduced vehicle assemblies and higher costs related to the integration of acquired assets. Charges are expected for a number of unquantified items, including the restructuring of the vinyl coated automotive fabrics business, re-evaluation of environmental reserves, and potential settlements of long-standing disputes.

Aug. '89— GY sold New York City radio station WOR-AM and agreed to sell WAXY-FM, Ft. Lauderdale. Earlier in the year, GY sold radio stations KRTH-AM and KRTH-FM, Los Angeles, WFYR-FM, Chicago, and WRKS-FM, New York.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	d1.13	d3.21	14.82	13.35	12.72	13.95	13.16	13.39	12.13	12.25
Earnings[2]	1.72	0.38	1.94	0.73	0.10	1.03	0.36	0.82	0.50	1.02
Dividends	0.60	0.50	0.49¾	0.48⅞	0.47⅛	0.46⅞	0.45⅞	0.45	0.44¼	0.43⅜
Payout Ratio	35%	132%	26%	67%	452%	42%	129%	55%	89%	43%
Prices—High[3]	23⅜	40	28¼	22⅞	12½	12½	9	8⅛	7	7⅞
Low[3]	15⅝	19⅞	21⅝	10¾	9¾	9⅛	5½	5½	3¾	5½
P/E Ratio—	14-9	NM	15-11	32-15	NM	12-9	26-16	11-7	14-7	8-5

Data as orig reptd. Adj. for stk div(s) of 200% Dec 1987, 2% Mar 1986, 2% Feb 1985, 2% Jan 1984, 2% Feb 1983, 2% Feb 1982, 2% Feb 1981, 2% Jan 1980, 2% Feb 1979. 1. Reflects acctg change. 2. Bef results from disc opers of +0.38 in 1988, +9.49 in 1987, +0.40 in 1985, 0.10 in 1983, 0.10 in 1982, +0.56 in 1981; bef spec items of +0.09 in 1988. 3. Cal. yr. d-Deficit. E-Estimated. NM-Not Meaningful.

December 11, 1989

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,891	195	10.3	122	63	57.0	73	24.7%	55	2.9
[2]1987	1,619	183	11.3	102	58	25.0	39	53.8%	[3]18	1.1
1986	3,099	315	10.2	189	104	26.0	225	42.2%	130	4.2
[2]1985	3,021	266	8.8	161	98	31.9	76	35.5%	49	1.6
[3]1984	2,727	225	8.2	148	94	39.2	[4]30	75.7%	7	0.3
1983	2,184	189	8.7	85	77	27.6	[4]120	37.7%	75	3.4
1982	2,062	130	6.3	91	74	26.4	[4]19	NM	27	1.3
[2]1981	2,175	111	5.1	88	70	30.1	[4]76	13.7%	66	3.0
1980	2,215	81	3.6	99	72	29.7	[4]37	NM	41	1.8
1979	2,295	154	6.7	121	67	28.7	[4]119	31.4%	82	3.6

Balance Sheet Data (Million $)

Nov. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	41	566	401	1.4	1,230	4.7%	674	d36	638	NM	NM
1987	41	490	532	0.9	1,108	1.7%	473	d97	376	NM	9.0%
1986	192	1,096	643	1.7	2,119	6.2%	198	1,048	1,316	15.0	13.0%
1985	253	1,130	573	2.0	2,073	2.4%	255	951	1,353	18.8	5.2%
1984	152	949	548	1.7	2,037	0.4%	312	910	1,357	23.0	0.8%
1983	169	813	452	1.8	1,853	4.4%	273	941	1,339	20.4	8.1%
1982	92	702	383	1.8	1,742	1.5%	169	1,014	1,313	12.9	2.7%
1981	97	794	421	1.9	1,844	3.7%	248	1,030	1,407	17.6	6.6%
1980	118	793	413	1.9	1,806	2.3%	239	985	1,377	17.3	4.1%
1979	57	837	419	2.0	1,797	4.7%	269	994	1,362	19.7	8.4%

Data as orig reptd. 1. Bef results of disc opers in 1988, 1987, 1985, 1983, 1982, 1981 and spec item(s) in 1988. 2. Excludes discontinued operations. 3. Reflects accounting change. 4. Incl. equity in earns. of nonconsol. subs. NM-Not Meaningful. d-Deficit.

Business Summary

Giving effect to the sale of General Tire and the bottling business and classification to discontinued operations of the entertainment and other segment of the business, GenCorp's sales and operating profits in the fiscal year ended November 30, 1988 were divided:

	Sales	Profits
Aerospace & defense	58%	58%
Automotive	19%	18%
Polymer products	25%	24%

Aerojet General is in the aerospace and defense business, selling principally to the U.S. Government and prime contractors. Within that market, Aerojet has a diverse product mix in propulsion, defense electronics and ordnance. At the end of fiscal 1988 Aerojet's contract backlog of about $2.0 billion and funded backlog of more than $1.2 billion were record year-end levels.

GenCorp Automotive is a major supplier of sealing systems, suspension components, reinforced plastic panels for vehicle bodies and other fiber-reinforced plastic components, and vinyl coated fabrics for cars and trucks.

Polymer-based product lines include fabricated plastics, latex, wallcovering, tennis balls, and racquetballs.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Jan. 18	Jan. 31	Feb. 6	Feb. 28'89
0.15	Mar. 29	Apr. 25	May 1	May 31'89
0.15	Jul. 19	Jul. 26	Aug. 1	Aug. 31'89
0.15	Oct. 18	Oct. 26	Nov. 1	Nov. 30'89

Next dividend meeting: mid-Jan.'90.

Finances

Auditors noted in their opinion on GY's fiscal 1988 financial statements that uncertainties exist regarding the eventual liabilities of Aerojet relating to environmental litigation arising from discharges of chemicals.

Capitalization

Long Term Debt: $466,000,000.

Common Stock: 31,731,080 shs. ($0.10 par).
Institutions hold about 60%.
Shareholders of record: 16,800.

Office—175 Ghent Rd., Fairlawn, Ohio 44313-3300 **Tel**—(216) 869-4440 **Chrmn & CEO**—A. W. Reynolds **Pres**—J. L. Heckel **Secy**—E. R. Dye **VP-Treas**—D. M. Stevert **Investor Contact**—J. M. Leyden **Dirs**—L. E. Coleman, R. D. DeLaver, J. L. Heckel, P. A. Kelley, J. J. Kerley, J. S. Lafontant, A. J. Moccia, J. O'Neil, M. G. O'Neil, A. W. Reynolds, W. F. Spitznagel, J. R. Stover, W. B. Walsh. **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Company's office. **Registrars**—Morgan Shareholder Services Trust Co., NYC; First National Bank of Ohio, Akron. **Incorporated** in Ohio in 1915. **Empl**—15,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M. Herari

Genentech

947M

NYSE Symbol GNE Options on CBOE & Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
20¼	23⅜-16	NM	None	None	B-	1.40

Summary

This leading biotechnology concern focuses on the development, manufacture and sale of pharmaceuticals produced by recombinant-DNA technology. Products sales are derived from Activase, a t-PA blood clot dissolving drug for the treatment of heart attacks; and Protropin, a human growth hormone. Research and development efforts are being directed at creating new therapies to treat blood clotting problems, blood disorders, cancer, AIDS, and other conditions.

Current Outlook

Earnings for 1990 may reach about $0.70 a share, up from the $0.50 estimated for 1989.

Initiation of cash dividends is not expected.

Total revenues for 1990 should show further progress, primarily reflecting higher product sales. Sales of Activase (t-PA) are expected to be importantly affected by results of the GISSI-2 test study comparing t-PA with much lower-priced streptokinase which is to be released in March, 1990. Initial sales are also possible from gamma interferon for certain indications, assuming FDA approval. Margins should benefit from the better volume and productivity improvements.

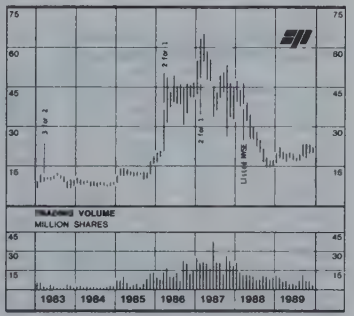
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	91.1	74.4	38.6	29.0
Jun.	97.9	89.3	47.5	32.7
Sep.	100.0	81.6	48.0	35.6
Dec.	---	89.5	96.5	36.7
	---	334.8	230.5	134.0

Total revenues for the nine months ended September 30, 1989 rose 18%, year to year, aided by higher product sales and contract revenues. Costs and expenses, however, were sharply higher, and net income declined 21%. Share earnings were $0.33, versus $0.42.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.09	0.18	0.04	0.03
Jun.	0.11	0.18	0.07	0.04
Sep.	0.13	0.06	0.06	0.05
Dec.	E0.17	d0.18	0.32	d5.41
	E0.50	0.24	0.50	d5.08



Important Developments

Sep. '89— The company was awarded a patent for recombinant DNA-technology related to the manufacture of its gamma interferon, a compound being studied as a anti-infective. GNE also began clinical trials of its insulin-like growth factor for nutritional and growth disorders and tissue repair.

Aug. '89— Scientists at the National Cancer Institute started human testing of GNE's rCD4-IgG anti-AIDS drug. The company raised $72.5 million through a research and development partnership to fund the development and clinical trials of rCD4 and rCD4-IgG potential AIDS therapeutics. In June, GNE began clinical trials on Argatroban, an agent being studied for its ability to inhibit blood clots.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Book Value[2]	4.82	4.35	3.69	2.98	1.71	1.60	1.53	1.10	1.05	0.29
Earnings	0.24	0.50	d5.08	0.09	0.05	0.02	0.02	0.01	0.01	0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	47½	65¼	49⅜	18⅞	10⅝	12½	8¼	8	14⅞	NA
Low	14⅜	26	16½	8⅝	7¼	6½	4½	4½	5⅞	NA
P/E Ratio—	NM	NM	NM	NM	NM	NM	NM	NM	NM	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Mar. 1987, 100% Mar. 1986, 50% Mar. 1983. 1. Refl. merger or acq. 2. As reptd. by co. prior to 1981. NM-Not Meaningful. E-Estimated. d-Deficit. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	323	79.6	24.7	111	38.3	11.0	23	11.0%	21	6.4
1987	219	50.0	22.9	88	11.1	8.9	44	3.9%	42	19.3
[2]1986	127	16.4	12.9	52	7.1	0.9	d351	NM	d352	NM
1985	82	3.9	4.8	21	5.3	NA	7	14.9%	6	6.9
1984	66	3.1	4.7	16	4.3	0.9	3	9.6%	3	4.1
1983	42	d0.3	NM	17	2.8	0.7	1	23.1%	1	2.7
1982	29	d1.7	NM	17	1.4	0.3	1	9.7%	1	2.2
1981	15	d4.8	NM	24	0.7	Nil	1	48.1%	NM	2.0
1980	7	d1.9	NM	4	0.3	Nil	NM	44.4%	NM	2.3
1979	3	d0.4	NM	NA	0.3	Nil	NM	36.2%	NM	3.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	152	290	105	2.8	669	3.2%	155	399	555	28.0	5.4%
1987	158	315	83	3.8	619	8.4%	168	355	523	32.1	12.9%
1986	84	128	35	3.6	376	NM	32	295	327	9.7	NM
1985	97	134	27	4.9	239	2.9%	6	204	211	2.8	3.5%
1984	32	48	19	2.6	134	2.2%	12	103	115	10.0	2.7%
1983	42	49	14	3.4	116	1.0%	5	96	102	5.2	1.2%
1982	37	52	11	4.9	101	0.7%	6	84	91	6.9	0.9%
1981	31	38	6	6.0	66	0.5%	7	53	60	11.3	0.6%
1980	44	46	3	17.1	51	0.5%	Nil	48	48	0.1	0.5%
1979	11	11	1	12.1	12	1.0%	Nil	11	11	0.6	NM

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. after 1981. 2. Refl. merger or acq. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Genentech, generally recognized as the leading recombinant-DNA technology company, develops, manufactures and markets human pharmaceutical products based on such technology. Product sales accounted for 78% of the company's total revenues in 1988, contract revenues for 18%, and interest for 4%. Product sales in 1988 were derived from Activase and Protropin. Revenues derived from foreign customers accounted for about 9% of total revenues in 1988.

Activase or tissue plasminogen activator (t-PA) is a genetically-engineered form of an enzyme naturally produced by the body to dissolve blood clots. Cleared for marketing by the FDA in November, 1987 Activase is used to dissolve blood clots in coronary arteries that cause heart attacks. In February, 1989, the FDA approved an added claim that t-PA saves lives. Activase had sales of $151.4 million in 1988, up from $55.8 million in 1987. Protropin is a human growth hormone used to stimulate growth in children with pituitary problems. Sales of this product were $111.1 million in 1988 and $85.6 million in 1987.

Product sales are made in Canada through a joint venture with an affiliate of Boehringer Ingelheim and sales in other foreign areas are made through licensing agreements with Boehringer and others.

Royalties are also received on product sales of Humulin (recombinant human insulin) and Roferon-A (alpha interferon) made by and trademarks of Eli Lilly and Hoffmann-La Roche, respectively. One major customer accounted for 21% of GNE's total revenues in 1988.

Other human health care products in various stages of development include gamma interferon for the treatment of cancers and viral infections; CD4, a potential new treatment for AIDS; tumor necrosis factor (TNF), an anticancer agent; Relaxin, a hormone to aid in childbirth; insulin-like growth factor-1, which appears effective in stimulating growth and regenerating tissue; TGF-Beta, a wound healing drug; a lung surfactant for infant respiratory distress syndrome; and Tissue Factor, a blood clotting agent for hemophiliacs.

Dividend Data

No cash dividends have ever been paid. A "poison pill" stock purchase right was adopted in 1988.

Capitalization

Long Term Debt: $154,598,000.

Common Stock: 83,911,078 shs. ($0.02 par).
LEI Holdings owns 7.8% and R. A. Swanson 5.0%.
Institutions hold about 15%.
Shareholders of record: 28,000.

Office—460 Point San Bruno Blvd., South San Francisco, Calif. 94080 **Tel**—(415) 266-1000 **Chrmn**—T. J. Perkins **CEO**—R. A. Swanson **Pres**—G. K. Raab **Treas**—Katherine S. Glaub **Secy**—J. P. McLaughlin **Investor Contact**—Susan Wilner **Dirs**—H. W. Boyer, H. Faulkner, J. R. Munro, D. L. Murfin, D. Packard, T. J. Perkins, J. T. Potts, Jr., G. K. Raab, C. T. Smith, R. A. Swanson, D. S. Tappan, Jr. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in California in 1976 **Empl**—1,744.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Herman Saftlas

General Cinema

NYSE Symbol GCN Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
25⅝	28½-23⅛	18	0.44	1.7%	A	1.31

Summary

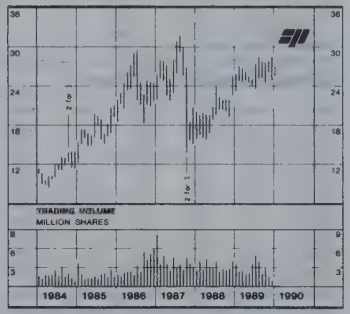
This company now has more than $1 billion in cash and investments, following the March, 1989 sale of soft drink bottling assets to PepsiCo. Despite its name, GCN's primary operating business interest is a 59.9% equity interest in The Neiman Marcus Group, a major retailer. GCN also has a sizable movie theater business, but this contributes a relatively small portion of consolidated revenues and profits. GCN also has sizable equity interest in Cadbury Schweppes plc, a British firm.

Current Outlook

Assuming that GCN's large cash position is not used for an acquisition(s), share earnings for the fiscal year ending October 31, 1990 are estimated at roughly $0.95, versus fiscal 1989's 1.43, which included about $0.70 from gains on securities.

The dividend was raised 10%, to $0.11 quarterly from $0.10, with the October, 1989 payment.

In fiscal 1990, operating profit from GCN's Neiman Marcus Group (NMG) business is expected to rise, but overall NMG earnings will be limited by higher interest expense. A key to GCN's future is what use it makes of the more than $1 billion in net proceeds it will have from the 1989 sale of most of its soft drink bottling business.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jan.	---	440	553	237
Apr.	---	537	631	238
Jul.	---	491	596	304
Oct.	---	446	543	260
	---	1,914	2,324	1,040

Revenues from continuing operations for the fiscal year ended October 31, 1989 (preliminary) rose 19% from those of the prior year, as restated. Net income equaled $1.43 a share, versus $0.36, before income from discontinued operations of $11.73, versus $0.83.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jan.	E0.31	0.51	0.38	0.23
Apr	E0.32	0.47	0.42	0.23
Jul.	E0.27	0.35	0.30	0.32
Oct	E0.05	0.10	0.03	0.40
	E0.95	1.43	1.12	1.18

Important Developments

Dec. '89— After paying taxes in January, 1990 on its $1.77 billion sale of soft drink bottling assets to PepsiCo, GCN expected to have an investment portfolio of about $1.1 billion. Meanwhile, in the October quarter of 59.9%-owned Neiman Marcus Group (NMG), the retailer's operating profit rose 27%, and net income before preferred dividends payable to GCN was up 20%. NMG's results are consolidated with those of GCN with a three-month lag. In fiscal 1989 NMG accounted for $84 million of GCN's $92 million in operating profit (including depreciation expense), and 77% of GCN's consolidated revenues. Also, in fiscal 1989 GCN's interest and dividend income, plus securities sale gains, totaled about $207 million, exceeding GCN's interest expense of $89 million.

Next earnings report expected early March.

Per Share Data ($)

Yr. End Oct. 31	1989	1988	[1]1987	[1]1986	1985	1984	1983	[2]1982	1981	1980
Tangible Bk. Val.	**NA**	6.65	5.84	6.11	4.56	4.03	1.56	1.68	1.79	1.28
Earnings[3]	**1.43**	1.12	1.18	1.23	1.17	0.98	1.31	0.60	0.50	0.38
Dividends	**0.41**	0.37	0.31½	0.26⅜	0.21⅜	0.17	0.13⅞	0.12⅜	0.10½	0.08⅞
Payout Ratio	**29%**	31%	25%	20%	18%	17%	7%	19%	21%	23%
Prices—High[4]	**28½**	25¾	31¾	29½	21⅛	14	11½	7¾	5⅛	3⅜
Low[4]	**23½**	15¾	13¾	18⅜	12⅛	8½	6⅞	3⅞	3¼	2
P/E Ratio—	**20-16**	23-14	27-12	24-15	18-10	14-9	9-5	13-6	10-6	9-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov. 1987, 100% Nov. 1984, Nov. 1982 (1 sh. Series A pfd.) 1. Reflects merger or acquisition 2. Reflects acctg. change 3. Bef. results of disc. opers. of +11.73 in 1989, +0.07 in 1988, -0.24 in 1987, +0.49 in 1986, +0.50 in 1984, -0.04 in 1980 4. Cal. yr. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**2,324**	**229**	**9.9**	**123.0**	**85.4**	**93.0**	**133**	**35.2%**	**82.9**	**3.6**
[3]1987	1,040	133	12.8	85.8	44.6	60.4	121	28.4%	86.5	8.3
[3]1986	998	152	15.3	87.0	47.6	40.2	122	25.9%	[4]90.0	9.0
1985	967	146	15.1	69.0	37.9	43.1	124	29.0%	88.2	9.1
[5]1984	916	134	14.7	52.2	35.5	39.6	110	33.2%	73.7	8.0
1983	929	132	14.2	54.7	36.8	23.5	157	37.2%	98.5	10.6
[6]1982	886	130	14.7	43.3	37.3	30.7	81	40.9%	48.0	5.4
1981	824	122	14.9	47.7	36.5	17.7	81	45.4%	44.3	5.4
[2]1980	759	104	13.7	50.1	35.5	15.2	60	44.6%	33.4	4.4
[5]1979	656	95	14.5	57.3	32.4	15.2	54	43.4%	30.6	4.7

Balance Sheet Data (Million $)

Oct. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**22.9**	**571**	**344**	**1.7**	**1,898**	**4.7%**	**869**	**581**	**1,526**	**56.9**	**14.7%**
1987	91.6	615	339	1.8	1,647	6.4%	687	518	1,274	53.9	17.1%
1986	19.3	144	162	0.9	1,042	9.0%	309	469	839	36.8	21.3%
1985	6.8	120	195	0.6	945	7.7%	289	355	705	40.9	22.9%
1984	31.3	197	164	1.2	991	7.3%	398	356	775	51.3	27.4%
1983	31.7	144	181	0.8	619	20.1%	133	109	407	32.7	88.2%
1982	10.5	127	127	1.0	593	9.4%	272	169	455	59.9	28.2%
1981	95.2	186	129	1.4	503	9.4%	152	204	364	41.6	23.8%
1980	57.6	142	106	1.3	442	8.1%	150	169	325	46.2	21.2%
1979	35.2	104	86	1.2	385	8.6%	143	146	293	48.7	22.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1984 1980, 1979, and spec. item(s) in 1979. 3. Excl. disc. opers. and reflects merger or acquisition. 4. Reflects acctg. change. 5. Excl. disc. opers. 6. Reflects accounting change

Business Summary

General Cinema is a large operator of motion picture theaters, and has a 59.9% equity interest in The Neiman-Marcus Group, a publicly owned retail company, whose financial statements are consolidated with those of GCN. GCN's soft drink bottling business was largely sold to PepsiCo, Inc. in March, 1989 for $1.77 billion. In fiscal 1988 the bottling business had revenues of $721 million and operating profit (after depreciation and amortization) of $94.1 million.

As of October 31, 1989 GCN operated 1,452 motion picture screens at 317 locations. Theater revenues in fiscal 1989 totaled $446.3 million, and operating profit was $9.2 million.

The Neiman-Marcus Group (NMG), in which GCN has a 59.9% equity interest (44% voting power), includes the Neiman-Marcus and Contempo Casuals retail chains and the Bergdorf Goodman store in New York City. For the fiscal year ended July 29, 1989, NMG had revenues of $1.47 billion and net income (after preferred stock dividends to GCN) of $0.9 million. Operating results of NMG are consolidated with those of GCN, with a three-month lag.

Also, as of late 1989, GCN owned about 17% of the ordinary shares of Cadbury Schweppes plc, a British soft drink and confectionery products company.

Dividend Data

Dividends have been paid since 1953. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Mar. 10	Apr. 5	Apr. 11	Apr. 28'89
0.10	Jun. 9	Jul. 11	Jul. 17	Jul. 31'89
0.11	Sep. 15	Oct. 10	Oct. 16	Oct. 31'89
0.11	Dec. 15	Jan. 8	Jan. 15	Jan. 31'90

Capitalization

Long Term Debt: $790,696,000.

Series A Cum. Conv. Pfd. Stk.: 4,231,657 shs. ($1 par); conv. into 1 com.; pays com. div. plus $0.0075 quarterly.

Class B Stock: 22,038,508 shs. ($1 par); conv. into 1 com. on onetime basis; pays div. 10% less than com. div.; 10 votes per sh. in certain cases; substantially all owned by Smith family.

Common Stock: 47,270,538 shs. ($1 par).

Office—27 Boylston St., Chestnut Hill, Mass. 02167 **Tel**—(617) 232-8200 **Chrmn & CEO**—Richard A. Smith **Pres**—R. J. Tarr **Vice Chrmn & CFO**—J. A. Ives **VP-Secy**—S. Frankenhem **Investor Contact**—P. Nardone **Dirs**—W. L. Brown, N. J. Darling, Jr., D. E. Hogan, J. A. Ives, H. J. Jarvis, M. Segall, Richard A. Smith, Robert A. Smith, S. S. Stoneman, R. J. Tarr, Jr., H. Uyterhoeven. **Transfer Agent & Registrar**—First National Bank, Boston **Incorporated** in Delaware in 1950.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

General DataComm Industries

NYSE Symbol GDC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
4 3/4	6 5/8-4	NM	None	None	B-	1.28

Summary

This company manufactures, installs and services data communications equipment and networks which transmit data (principally via telephone lines) between computers and terminals or other data processing equipment. In November, 1989 GDC said that factors such as the successful market acceptance of its MEGAMUX TMS multiplexer and dramatic changes in the cost of information transmission led it to expect a profitable year in fiscal 1990.

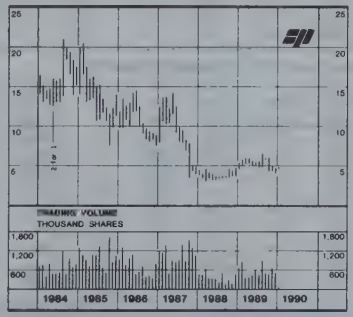
Business Summary

General DataComm makes and services advanced systems and products used to build and manage communications networks that transmit data, voice and video over private and public telecommunications facilities. The transmission products offered by the company include multiplexers, data sets, and network control and diagnostic devices.

The company markets its products to a wide range of domestic and international customers including small and large corporations, government agencies, multinationals, Bell operating companies, and other major common carriers worldwide. International sales in fiscal 1988 accounted for 23% of total revenues (22% in fiscal 1987) and provided operating profits of $0.9 million ($2.5 million).

Data communications equipment and networks enable computers to communicate with other computers, terminals and other data processing equipment at different locations over telephone facilities including telephone lines, satellites, fiber optics and other communications links. GDC offers a complete, integrated family of equipment which allows customers, on a building block basis, to construct data communications networks. Network products include multiplexers, which concentrate and combine many individual signals from multiple lines and transmit them over one line; network control and diagnostic equipment, which is used to monitor many remote data transmission sites from a central computer facility; and data sets, which are electronic devices used to convert signals into a form acceptable for transmission over telecommunications facilities.

In addition to offering its products on an individual basis, GDC designs and engineers complete data communications networks involving total responsibility for installation, service and operation, with the exception of leased telecommunication facilities.



Important Developments

Nov. '89— GDC was encouraged by an increase in fiscal 1989 fourth quarter revenues over the previous quarter, and the realization of $18,000 in operating profit (before a $5.3 million restructuring charge). The restructuring charge consisted largely of additional reserves for a facility which remained vacant due to the depressed real estate market in the Northeast. During fiscal 1989, GDC's Canadian operations had a record year for orders and sales; the domestic telephone business was strong; and GDC's international distributor business concluded its best year for orders and sales. Based on that momentum, successful market acceptance of its MEGAMUX TMS product, and dramatic changes in the cost of information transmission which favors GDC's digital data sets, the company anticipated that it would have a profitable year in fiscal 1990.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Sep. 30	1989	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	4.40	5.67	5.68	5.44	3.72	2.86	2.57	2.66	2.09
Earnings	d0.61	d1.27	0.05	0.26	0.71	0.80	0.25	d0.09	0.15	0.39
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[2]	6 5/8	4 3/4	14 1/4	14 1/2	20 1/2	21	16	9 1/2	9 1/2	10 7/8
Low[2]	4	3	3 3/8	7 1/2	7 1/2	12 1/2	7	3 1/4	3 7/8	4 1/8
P/E Ratio—	NM	NM	NM	56-29	29-11	26-16	64-28	NM	66-26	28-11

Data as orig reptd. Adj. for stk. divs. of 100% May 1984, 50% Nov. 1980, 50% Feb. 1980. 1. Reflects accounting change. 2. Cal. yr. NA-Not Available NM-Not Meaningful d-Deficit

January 17, 1990
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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	196	4.9	2.5	8.8	12.7	3.14	d18.4	NM	d18.4	NM
1987	201	10.8	5.4	15.7	10.3	3.88	2.1	62.5%	0.8	0.4
1986	178	4.8	2.7	16.0	8.7	5.90	1.5	NM	3.9	2.2
1985	184	21.2	11.5	22.3	7.4	6.20	12.0	10.1%	10.8	5.9
1984	146	22.7	15.6	40.0	5.0	4.97	15.5	26.8%	11.3	7.8
1983	86	8.4	9.9	6.5	3.6	4.65	2.6	NM	3.5	4.1
1982	61	1.2	2.0	6.6	2.2	3.67	d3.6	NM	d1.2	NM
1981	58	4.7	8.2	12.3	2.0	2.32	1.8	NM	1.8	3.2
1980	54	10.9	20.4	3.5	1.5	[2]1.73	8.1	45.5%	4.4	8.2
1979	41	8.1	19.4	3.0	1.1	1.31	6.0	46.0%	3.2	7.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3.36	104	37.2	2.8	154	NM	30.2	63.9	97	31.1	NM
1987	1.60	100	28.1	3.6	162	0.5%	25.8	82.7	111	23.3	0.9%
1986	2.28	109	30.0	3.6	186	2.1%	63.6	84.7	151	42.0	4.7%
1985	1.09	116	25.8	4.5	188	6.3%	67.5	81.7	154	43.8	15.7%
1984	0.65	99	27.6	3.6	144	9.2%	53.6	51.1	107	50.0	25.0%
1983	0.79	66	16.7	4.0	100	3.7%	40.9	38.5	83	49.4	9.6%
1982	1.28	57	17.6	3.3	87	NM	32.9	34.3	69	47.7	NM
1981	0.32	42	11.4	3.7	66	2.9%	17.5	35.1	54	32.2	5.9%
1980	0.70	42	14.6	2.9	54	9.2%	13.3	24.7	39	33.9	22.7%
1979	0.16	26	10.7	2.5	36	10.5%	10.8	12.1	25	44.2	30.7%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol subs 2. Reflects accounting change. d-Deficit. NM-Not Meaningful

Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	51.2	44.2	52.3	41.1
Mar.	53.4	49.6	53.3	43.6
Jun.	47.2	50.6	49.4	47.0
Sep.	49.3	51.7	45.6	46.3
	201.2	196.2	200.6	178.0

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 2.5% from those of the previous year. Operating costs decreased fractionally, and after restructuring charges of $5.3 million and $7.9 million, respectively, an operating loss of $6.7 million was sustained, versus an operating loss of $15.7 million. Following a 38% rise in interest expense, and a $1.1 million tax credit, versus none, the net loss was $9.0 million ($0.61 a share), versus a net loss of $18.4 million ($1.27).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	d0.03	d0.53	0.10	0.10
Mar.	d0.02	d0.17	0.11	0.03
Jun.	d0.14	d0.54	0.05	0.07
Sep.	d0.42	d0.04	d0.21	0.06
	d0.61	d1.27	0.05	0.26

d-Deficit

Dividend Data

No cash dividends have ever been paid.

Finances

GDC repurchased 456,800 shares of its common stock during fiscal 1988's first quarter at an average price of $4.68. GDC repurchased 646,626 and 338,247 of its common shares in fiscal 1987 and 1986, respectively. GDC has not actively purchased its stock since the first quarter of fiscal 1988.

In October, 1984 the company sold 1,000,000 common shares at $19 each. Net proceeds of $17.7 million were used principally to reduce long-term debt.

Capitalization

Long Term Debt: $35,421,000.

Common Stock: 11,838,800 shs. ($0.10 par).

Class B Stock: 2,995,174 shs. ($0.10 par); conv. sh. for sh. into com. stk.

Officers and directors hold about 21% of the combined classes of common stock.

Shareholders of record: 3,190.

Office—Middlebury, Conn. 06762-1299 **Tel**—(203) 574-1118 **Chrmn & CEO**—C. P. Johnson **Pres & COO**—R. A. Belson **VP & CFO**—S. Lawrence **Secy.**—H. S. Modlin **Investor Contact**—T. A. Cargenitier **Dirs**—F. R. Cronin, C. P. Johnson, H. S. Modlin, L. M. Paschall **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1969 **Empl**—2,399

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

General Dynamics

964

NYSE Symbol GD Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
44⅝	60½-42½	6	1.00	2.2%	B+	1.08

Summary

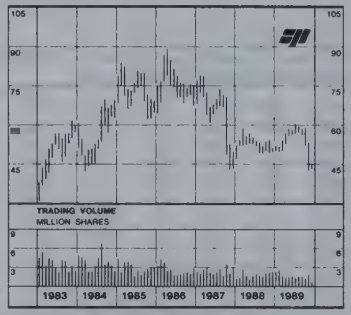
General Dynamics is a leading defense contractor with important positions in military aircraft, submarines, missiles, gun systems and tanks. GD is also involved in commercial businesses, including production of aircraft through Cessna, building products and coal mining. Many of its defense programs should be funded at relatively high rates in the near term, but future earnings growth will depend on development of newer programs, the funding of which which is uncertain at this time.

Current Outlook

Earnings for 1990 are projected at $8.25 a share, versus the $7.00 estimated for 1989.

Dividends should continue at the current $0.25 quarterly rate.

Revenues for 1990 should be moderately above 1989's level. Sales totals of most segments will contribute to the gain. Overall margins should improve assuming that additional writeoffs on submarine operations ($50 million in 1989) will be absent, although segment margins will continue to narrow. Gradual improvement in aircraft margins is likely. Further improvement in general aviation (Cessna) operations is likely. Interest expense probably will continue to rise.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	2,361	2,418	2,250
Jun.	---	2,530	2,357	2,412
Sep.	---	2,517	2,285	2,280
Dec.	---	---	2,490	2,403
	---	---	9,551	9,344

Sales for the first nine months of 1989 increased 4.9%, year to year. Net income was up 0.7%, to $5.03 a share from $4.97, which was restated to reflect adoption of FAS No. 96.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.85	1.81	2.52	2.45
Jun.	E2.00	1.39	1.58	2.92
Sep.	E2.10	1.83	2.29	2.62
Dec.	E2.30	E1.97	2.64	2.27
	E8.25	E7.00	9.03	10.26

Important Developments

Nov. '89— GD contracted for launches of two communications satellites, bringing to 22 the total of firm orders for commercial launches by its Atlas launch vehicle.

Oct. '89— The funded backlog at September 30, 1989 was $16.8 billion, up 5% from a year earlier. The total backlog of $28.3 billion was up 23%, year to year.

Apr. '89— Through application of FAS No. 96 (accounting for income taxes), GD restated share earnings for 1988, 1987 and 1986 to $7.00, $9.47 and $0.28, respectively. On a consecutive quarterly basis, share earnings for 1988 were $2.04, $1.11, $1.82 and $2.03.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	1984	1983	[2]1982	[1]1981	[2]1980	1979
Tangible Bk. Val.	44.51	35.76	26.09	21.35	19.71	19.22	16.37	19.99	18.54	14.86
Earnings[3]	9.03	10.26	d1.46	8.80	8.08	5.30	2.92	2.25	3.58	3.43
Dividends	1.00	1.00	1.00	1.00	1.00	0.93	0.72	0.72	0.63	0.60
Payout Ratio	11%	10%	NM	11%	12%	18%	25%	32%	18%	17%
Prices—High	59	79	89¼	84	69¾	61¾	38⅝	43	44⅞	30½
Low	46¾	42⅝	64¼	62	42	30⅝	18¾	21	25⅛	13⅝
P/E Ratio—	7-5	8-4	NM	10-7	9-4	12-6	13-6	19-9	13-7	9-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1980, 250% Feb. 1979. **1.** Reflects accounting change. **2.** Reflects merger or acquisition. **3.** Bef. results of disc. opers. of +0.24 in 1986, +0.26 in 1985, -0.51 in 1982. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	9,551	849	8.9	516	326	62.5	455	16.7%	379	4.0
1987	9,344	955	10.2	350	307	51.6	592	26.2%	437	4.7
[4]1986	8,892	919	10.3	421	264	59.1	198	131.7%	[3]d63	NM
[5]1985	8,164	891	10.9	414	224	23.1	654	43.1%	373	4.6
1984	7,839	853	10.9	252	189	6.6	684	44.2%	382	4.9
1983	7,146	673	9.4	215	172	24.3	510	43.8%	287	4.0
[5]1982	6,155	404	6.6	134	138	39.1	269	40.4%	161	2.6
[3]1981	5,063	297	5.9	176	123	35.5	196	36.7%	124	2.5
[6]1980	4,743	376	7.9	216	118	[3]28.1	259	24.0%	195	4.1
1979	4,060	397	9.8	222	100	10.1	296	35.4%	185	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	228	3,636	2,046	1.8	6,118	6.8%	975	1,922	3,367	29.0	21.6%
1987	178	3,034	2,106	1.4	5,032	9.2%	428	1,601	2,393	17.9	30.8%
1986	195	2,646	2,239	1.2	4,552	NM	433	1,264	1,920	22.6	NM
1985	13	2,178	1,867	1.2	4,448	10.0%	28	1,336	2,284	1.2	31.3%
1984	187	1,569	973	1.6	3,035	14.2%	18	1,062	1,932	0.9	36.4%
1983	159	1,429	903	1.6	2,836	10.6%	21	1,261	1,828	1.2	23.8%
1982	98	1,320	993	1.3	2,640	6.4%	24	1,175	1,547	1.5	14.0%
1981	14	1,291	804	1.6	2,327	5.2%	27	1,072	1,436	1.9	11.8%
1980	23	1,392	927	1.5	2,436	8.7%	59	999	1,433	4.1	21.0%
1979	42	1,078	759	1.4	2,005	9.8%	67	826	1,186	5.6	24.3%

Data as orig. reptd. **1.** Includes equity in earnings of nonconsol. subs. **2.** Before results of disc. opers. in 1986, 1985, 1982. **3.** Reflects accounting change. **4.** Excludes discontinued operations. **5.** Excludes discontinued operations and reflects merger or acquisition. **6.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

General Dynamics is a leading, diversified defense contractor, and has commercial interests. Business segment contributions (profits in million $):

1988	Sales	Profits
Military aircraft	36%	$318
Missiles/space/electronics	26%	143
Submarines	16%	36
Land systems	11%	39
Material service/resources	4%	-6
General aviation	5%	25
Other	2%	-33

GD is prime contractor for the Trident ballistic missile submarine, and produces the SSN 688-class fast-attack submarine. GD produces the F-16 Multi-Role Fighter aircraft. U.S. and foreign air forces plan to purchase a total of 4,440; 2,267 had been delivered through 1988. The Land Systems division makes the M-1 tank. Other programs include the sea-launched cruise missile, the Standard air defense missile, the Sparrow and Stinger missiles and the Phalanx gun system. The space division makes the Atlas/Centaur launch vehicle.

Cessna Aircraft, acquired in 1985, is the largest maker of general aviation aircraft, including Citation business jets.

The company mines coal and makes building materials. Other work includes production of commercial aircraft subassemblies.

Dividend Data

Dividends were resumed in 1979.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Mar. 1	Apr. 13	Apr. 19	May 19'89
0.25	Jun. 7	Jul. 12	Jul. 18	Aug. 18'89
0.25	Sep. 13	Oct. 11	Oct. 17	Nov. 17'89
0.25	Dec. 6	Jan. 9	Jan. 16	Feb. 16'90

Next dividend meeting: early Mar.'90.

Capitalization

Long Term Debt: $922,300,000.

Common Stock: 41,869,252 shs. ($1 par).
H. Crown and L. Crown own 22%.
Institutions hold about 53%.
Shareholders of record: 35,808.

Office—Pierre Laclede Center, St. Louis, Mo. 63105 **Tel**—(314) 889-8200 **Chrmn & CEO**—S. C. Pace **Pres**—H. F. Rogers **Secy**—E. A. Klobasa **VP-Treas**—C. R. Stoker **Investor Contact**—M. R. Salky **Dirs**—T. G. Ayers, J. S. Crown, L. Crown, M. Falkoff, S. H. Hoch, H. Kapnick, D. S. Lewis, J. R. Mellor, R. W. Meyer, Jr., S. C. Pace, A. E. Puckett, B. W. Rogers, H. F. Rogers, E. H. Stein, C. R. Vance **Transfer Agent & Registrar**—Company's office, St. Louis. **Incorporated** in Delaware in 1952 **Empl**—102,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. Canning, CFA

General Electric

NYSE Symbol GE Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
59⅝	60-43½	14	1.88	3.2%	A+	1.19

Summary

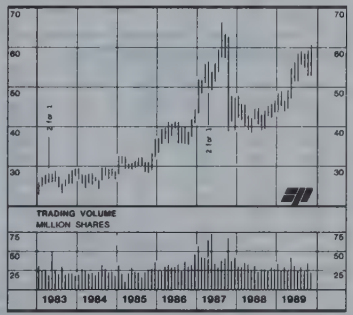
A broadly diversified company, General Electric's major businesses include aerospace, medical systems, financial services, broadcasting, appliances and lighting. An active program of acquisitions and divestitures is being pursued primarily to boost its market share in various operations. A second consecutive year of higher earnings is likely in 1989, led by financial services, plastics and medical systems. Additional growth is likely in 1990. The company recently increased the dividend 15% and announced that it would repurchase $10 billion of its common stock over the next five years.

Current Outlook

Earnings for 1990 should approximate $4.85 a share, up from the $4.35 estimated for 1988.

The quarterly dividend has been raised 15%, to $0.47 from $0.41, with the January, 1990 payment.

Revenues in 1990 are expected to increase approximately 7%, assuming modest economic growth. The gain should be led by plastics, financial services, aircraft engines and medical systems. Most other operations should also experience higher revenues. Margins should expand due to the higher volume, productivity improvements, and well contained costs. A possible repurchase of common stock could aid share earnings. Long-term prospects should benefit from GE's strong management, its leading market positions, and an ongoing restructuring of operations. Its extremely strong financial condition should also continue to give the company operating flexibility.



Total Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	11.90	10.53	8.32	5.88
Jun.	13.53	11.71	9.56	7.79
Sep.	12.98	12.02	9.40	9.28
Dec.	---	15.83	12.04	12.27
	---	50.09	39.32	35.21

Revenues for the nine months ended September 30, 1989 increased 11%, year to year, led by materials, financial services, industrial and medical operations. Margins widened on the higher volume, and pretax income was up 18%. After taxes at 31.3%, versus 30.2%, net income advanced 16%, to $3.06 a share from $2.63.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.94	0.80	0.35	0.59
Jun.	1.08	0.93	0.74	0.68
Sep.	1.04	0.90	0.73	0.66
Dec.	E1.29	1.12	0.51	0.80
	E4.35	3.75	2.33	2.73

Important Developments

Nov. '89— GE said that its board of directors had authorized the repurchase of up to $10 billion of its common stock over the next five years. The company added that shares are to be acquired in the open market with funds from a combination of borrowings and free cash flow.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	[3]1986	1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.99	13.35	12.65	15.01	13.55	12.02	10.78	9.66	8.92	8.02
Earnings[4]	3.75	2.33	2.73	2.57	2.52	2.23	2.00	1.82	1.67	1.55
Dividends	1.46	1.32½	1.18½	1.11½	1.02½	0.93⅞	0.83⅞	0.78⅞	0.73⅞	0.68⅞
Payout Ratio	39%	56%	43%	44%	41%	42%	42%	43%	44%	44%
Prices—High	47⅞	66⅜	44½	36⅞	29¾	29½	25	17½	15⅞	13⅞
Low	38⅜	39	33⅜	27⅞	24	22¾	13⅞	12⅞	11	11⅜
P/E Ratio—	13-10	28-17	16-12	14-11	12-10	13-10	13-7	10-7	9-7	9-7

Data as orig reptd. Adj. for stk. div(s). of 100% May 1987, 100% Jun. 1983. 1. Sales prior to 1986. 2. Reflects acctg. change. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of +0.87 in 1987. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	49,414	11,190	22.6	3,681	2,266	5,129	4,782	27.9%	3,386	6.9
[3]1987	39,315	5,223	13.3	1,778	1,544	668	3,207	33.9%	2,119	5.4
[3]1986	35,211	4,521	12.8	2,042	1,460	663	3,689	32.5%	[2]2,492	7.1
1985	28,285	4,161	14.7	2,038	1,226	393	3,540	33.7%	2,336	8.3
[3]1984	27,947	3,945	14.1	2,488	1,100	355	3,356	31.7%	2,280	8.2
1983	26,797	3,633	13.6	1,721	1,084	389	3,033	32.1%	2,024	7.6
1982	26,500	3,389	12.8	1,608	984	382	2,753	32.7%	1,817	6.9
1981	27,240	3,329	12.2	2,025	882	424	2,660	36.2%	1,652	6.1
1980	24,959	2,950	11.8	1,948	707	[2]335	2,493	38.4%	1,514	6.1
1979	22,461	2,754	12.3	1,262	624	259	2,391	39.9%	1,409	6.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	2,187	NA	61,800	NA	110,865	4.5%	15,082	18,466	37,902	39.8	19.4%
1987	2,692	15,739	12,671	1.2	38,920	5.8%	4,491	16,480	21,352	21.0	13.5%
1986	1,919	14,288	11,461	1.2	34,591	8.2%	4,351	15,109	20,025	21.7	17.2%
1985	2,557	12,546	8,919	1.4	26,432	9.1%	753	13,904	15,234	4.9	17.6%
1984	2,373	11,552	8,607	1.3	24,730	9.5%	753	12,573	13,834	5.4	19.1%
1983	2,505	10,912	8,688	1.3	23,288	9.0%	915	11,270	12,708	7.2	18.9%
1982	2,587	10,356	8,153	1.3	21,615	8.5%	1,015	10,198	11,728	8.7	18.8%
1981	2,471	10,804	8,734	1.2	20,942	8.4%	1,059	9,128	10,353	10.2	19.1%
1980	2,201	9,883	7,592	1.3	18,511	8.6%	1,000	8,200	9,354	10.7	19.5%
1979	2,577	9,385	6,872	1.4	16,645	8.9%	947	7,362	8,461	11.2	20.2%

Data as orig. reptd.; finance subs. consol. aft. 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition. NA-Not Available.

Business Summary

General Electric is a diversified company with interest in services, technology and manufacturing. Industry segment contributions in 1988 were:

	Revs.	Profits
Aerospace	10%	11%
Aircraft engines	13%	17%
Broadcasting	7%	9%
Industrial	14%	14%
Major appliances	10%	1%
Materials	7%	12%
Power systems	9%	8%
Technical products and services	9%	8%
Other	2%	3%
Financial services	19%	17%

Foreign operations accounted for 11% of sales and 17% of operating income in 1988.

Technology businesses include aircraft engines, aerospace (electronic systems), medical systems and factory automation.

The company's three service businesses are G.E. Financial Services (including General Electric Credit Corp., Employers Reinsurance Corp. and 80%-owned Kidder Peabody), the National Broadcasting Company, and Communications and Services (provides communications equipment and services, information services, and installation and maintenance).

Manufacturing businesses include major appliances, lighting, power systems, construction equipment, transportation systems, and motors.

Dividend Data

Dividends have been paid since 1899. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41	Feb. 10	Mar. 1	Mar. 7	Apr. 25'89
0.41	May 26	Jun. 6	Jun. 12	Jul. 25'89
0.41	Sep. 15	Sep. 21	Sep. 27	Oct. 25'89
0.47	Nov. 17	Dec. 4	Dec. 8	Jan. 25'90

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $15,918,000,000.

Minority Interest: $931,000,000.

Common Stock: 904,945,000 shs. ($0.63 par).
Institutions hold about 51%.
Shareholders of record: 532,000.

Office—3135 Easton Turnpike, Fairfield, Conn 06431 **Tel**—(203) 373-2211. **Chrmn & CEO**—J. F. Welch, Jr. **VP-Secy**—B. W. Heineman, Jr. **VP-Fin**—D. D. Dammerman **Investor Contact**—C. D. Collison **Dirs**—H. B. Atwater, Jr., R. T. Baker, L. A. Bossidy, C. D. Dickey, Jr., L. E. Fouraker, H. H. Henley, Jr., H. L. Hillman, E. E. Hood, Jr., D. C. Jones, R. E. Mercer, G. G. Michelson, B. S. Preiskel, L. T. Preston, F. H. T. Rhodes, A. C. Sigler, W. F. Smith, J. F. Welch, Jr., W. B. Wriston **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in New York in 1892 **Empl**—298,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

General Instrument

NYSE Symbol GRL Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
39⅜	40¾-25¼	13	0.50	1.3%	B	1.37

Summary

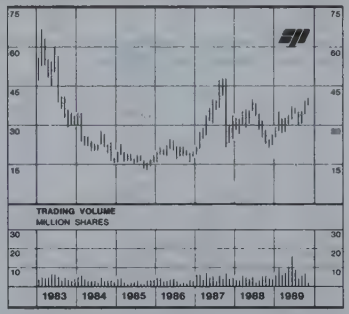
This company holds leading positions in cable television electronics, coaxial cable and satellite encryption systems. It also produces lottery systems, wagering equipment, semiconductors and electrical products. A strong gain in earnings from continuing operations is likely for the third consecutive year in fiscal 1989-90, led by higher cable television equipment and defense profits. Those factors should lead to an increase in earnings in fiscal 1990-91 as well. In July, 1989 GRL used part of its cash to repurchase 20% of its outstanding stock in a "Dutch auction" at $35.50 a share.

Current Outlook

Earnings for the fiscal year ending February 28, 1991 should reach $3.30 a share, up from the $2.90 projected from continuing operations for fiscal 1989-90.

An increase in the $0.12½ quarterly dividend is likely in fiscal 1990-91.

Sales for fiscal 1990-91 should rise about 10%, aided by continued healthy growth of cable television equipment. A projected slowing of component product sales and only moderately higher wagering and lottery revenues is likely to be restraining. Margins should be well maintained due to cost controls and a return to profitability of wagering operations. Fewer shares outstanding due to the July, 1989 stock repurchase should further aid share earnings. Long-term prospects are enhanced by a high level of capital spending by the cable television industry and a program of acquisitions and divestitures.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	346	313	280	156
Aug.	340	304	285	166
Nov.	---	359	298	225
Feb.	---	329	292	241
	---	1,305	1,155	788

Revenues for the 26 weeks ended August 27, 1989 rose 11%, year to year. Margins narrowed due to lower components earnings, and pretax income advanced 4.0%. After taxes at 38.4%, versus 39.1%, income from continuing operations rose 5.1%, to $1.38 a share from $1.29. Results for the fiscal 1989-90 interim exclude income from discontinued operations of $0.31.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	0.66	0.64	0.37	0.08
Aug.	0.72	0.65	0.46	0.10
Nov.	E0.75	0.65	0.60	0.18
Feb.	E0.77	0.61	0.58	0.21
	E2.90	2.55	2.01	0.57

Important Developments

Sep. '89— GRL said that second-quarter earnings reflected continued growth in the cable television equipment market and a solid performance in its VideoCipher business. In addition, results of the data systems segment substantially improved over the year-earlier period. The components segment reported lower earnings.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End Feb. 28	[1]1989	1988	[1]1987	1986	[1]1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	7.52	10.71	12.26	15.80	17.70	19.40	18.53	15.79	13.62	10.35
Earnings[2]	2.55	2.01	0.57	d1.46	d0.30	1.16	3.34	3.01	2.49	1.97
Dividends	0.43[13]/16	0.25	0.25	0.25	0.50	0.50	0.48	0.39⅞	0.31¾	0.25
Payout Ratio	17%	13%	44%	NM	NM	43%	15%	14%	14%	13%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	40	47⅞	24⅝	22⅞	34⅝	66⅞	61½	46¾	33¼	17¼
Low	21¼	18⅝	15¾	12¾	15½	29⅛	26⅝	24¾	12¾	8⅛
P/E Ratio—	16-8	24-9	43-28	NM	NM	58-25	18-8	16-8	13-5	9-5

Data as orig. reptd. Adj. for stk. div(s). of 200% Aug 1981 **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of -3.06 in 1987, -0.61 in 1986 d-Deficit E-Estimated NM Not Meaningful

November 20, 1989

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	1,305	210	16.1	87	83.4	15.7	137	37.5%	86	6.6
1988	1,155	179	15.5	70	71.9	15.6	108	38.6%	[4]66	5.7
[5]1987	788	96	12.1	107	66.7	7.7	30	37.7%	18	2.3
[5]1986	794	49	6.1	73	90.9	3.3	d76	NM	d47	NM
[3]1985	994	76	7.7	90	71.9	4.6	d20	NM	d10	NM
[3]1984	911	109	11.9	72	58.6	4.1	60	40.0%	36	4.0
1983	974	209	21.4	80	52.4	4.6	176	42.0%	102	10.5
1982	957	193	20.1	75	48.2	4.2	161	44.0%	90	9.4
1981	825	149	18.0	65	33.6	7.1	122	44.0%	68	8.3
1980	718	128	17.8	90	31.3	5.1	98	48.0%	51	7.1

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	278	633	326	1.9	1,309	7.1%	233	632	903	25.7	14.4%
1988	258	603	320	1.9	1,094	6.4%	175	551	761	23.0	12.8%
1987	86	444	270	1.6	940	2.1%	183	468	658	27.8	3.6%
1986	70	446	167	2.7	779	NM	33	550	611	5.5	NM
1985	72	481	166	2.9	829	NM	36	616	662	5.4	NM
1984	98	508	146	3.5	829	4.4%	31	629	676	4.6	5.9%
1983	139	522	144	3.6	812	12.8%	34	603	659	5.2	18.2%
1982	142	506	194	2.6	772	12.4%	40	510	569	7.0	19.0%
1981	130	421	152	2.8	645	11.2%	45	410	483	9.3	18.3%
1980	39	310	147	2.1	513	10.4%	49	283	357	13.8	18.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1987, 1986. **3.** Reflects merger or acquisition. **4.** Reflects accounting change. **5.** Excludes discontinued operations d-Deficit NM-Not Meaningful

Business Summary

General Instrument Corp. is a diversified manufacturer of electronic components and systems and related services. Business segment contributions in fiscal 1988-9 were:

	Sales	Profits
Broadband communications..	60%	65%
Data systems	17%	1%
Component products	23%	34%

Foreign operations accounted for 12% of sales and 15% of operating income in fiscal 1988-9.

Broadband Communications manufactures and installs electronic equipment and systems for CATV systems, as well as being a leading supplier of coaxial cable for CATV systems. Its VideoCipher Division produces satellite encryption systems used by television broadcasters.

The Data Systems group produces and services systems for on-track and off-track wagering and on-line lottery systems. Defense operations include electronic products used in the radar warning, targeting and surveillance and countermeasure systems, as well as sonar mapping products.

Component products include the Power Semiconductor Division, which is a leading supplier of rectifiers. Its Computer Products Division manufactures electronic products and systems for automotive, computer, military and commercial aerospace applications.

Dividend Data

Dividends were resumed in 1977. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12½	Dec. 21	Feb. 23	Mar. 1	Mar. 31'89
0.12½	Apr. 27	May 25	Jun. 1	Jun. 30'89
0.12½	Jun. 30	Aug. 28	Sep. 1	Oct. 3'89
0.12½	Oct. 27	Nov. 27	Dec. 1	Jan. 2'90

Next dividend meeting: late Dec.'89.

Finances

In July, 1989 the company repurchased 6.8 million of it common shares (20% of those outstanding) for $35.50 each in a "Dutch auction" self-tender offer.

Capitalization

Long Term Debt: $230,000,000, incl. $175.0 million of sub. debs. conv. into com. at $40.565 a share.

Common Stock: 27,315,000 shs. ($1 par).
Institutions hold some 62%.
Shareholders of record: 13,700.

Office—767 Fifth Ave., NYC 10153. **Tel**—(212) 207-6200 **Chrmn & CEO**—F. G. Hickey **Pres**—G. E. Safiol **VP-Secy**—R. M. Hoffman **VP-Fin, CFO & Treas**—T. C. DeFazio **Investor Contact**—Edward R. Kearney **Dirs**—J. C. Archibald, M. C. Barell, J. B. Cordell, F. M. Drendel, J. E. Goldman, F. G. Hickey, T. L. Kempner, H. Rapaport, R. S. Rosenbloom, R. N. Rosett, G. E. Safiol **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New Jersey in 1937; reincorporated in Delaware in 1967 **Empl**—15,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul Valentine, CFA

General Mills

NYSE Symbol GIS Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
71½	76⅞-50⅜	17	2.20	3.1%	A	0.82

Summary

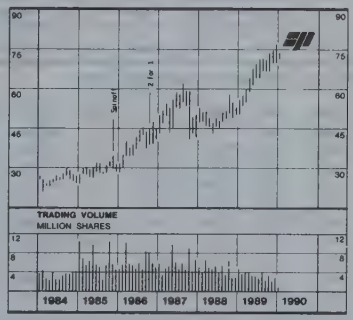
This company is a leading producer of consumer foods, and owns the Red Lobster and Olive Garden restaurant chains. Divestiture of low growth businesses has helped spur earnings growth in recent years. GIS bought back some 3.5 million common shares in fiscal 1988-9, leaving some 4.9 million shares for repurchase under previous authorizations. Strength in ready-to-eat cereals and restaurant business should sustain superior earnings momentum in fiscal 1989-90.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 should rise to $4.45 a share from fiscal 1988-9's $3.85, which excludes income from discontinued operations of $2.06 and a special charge of $0.85.

The quarterly dividend, which was raised 17% with the August, 1989 payment, should remain at $0.55.

Sales for fiscal 1989-90 should remain in a healthy uptrend, given continued strength in demand for oat-based cereals. Higher prices combined with lower ingredient costs, a reduction in trade promotions, and volume-based efficiencies along with tight controls on administrative costs should boost profitability. Expansion of Red Lobster and Olive Garden restaurant chains will also be an important growth factor. A joint venture with Nestle to expand in cereal markets abroad should enhance the future.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	1,502	1,379	1,274	1,193
Nov.	1,627	1,416	1,335	1,335
Feb.	---	1,456	1,264	1,311
May	---	1,439	1,306	1,350
	---	5,621	5,179	5,189

Sales from continuing operations for the six months ended November 26, 1989 rose 15%, year to year, reflecting increases of 13% for consumer foods and 18% for restaurants. Profitability improved in both segments, particularly for restaurants, and net income from continuing operations advanced 15%, to $2.41 a share from $2.10, before income from discontinued operations of $0.09, versus $2.37, and a special charge of $0.85 in 1988.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	1.30	1.10	0.90	0.67
Nov.	1.11	1.00	0.82	0.68
Feb.	E1.15	1.03	0.76	0.64
May	E0.89	0.72	0.57	0.51
	E4.45	3.85	3.05	2.50

Important Developments

Dec. '89— GIS and Nestle S.A. announced plans to jointly develop a major breakfast cereal business in Europe, which later would be expanded into other worldwide breakfast cereal markets outside the U.S. and Canada. The companies have entered into a long-term mutual standstill agreement providing that neither party will seek control of the other.

Next earnings report expected mid-March.

Per Share Data ($)

Yr. End May 31	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	NA	8.37	6.88	7.64	7.02	10.94	11.92	10.88	10.29	9.38
Earnings[2]	NA	3.85	3.05	2.50	2.06	1.29	2.49	2.45	2.23	1.95
Dividends	NA	1.88	1.60	1.25	1.13	1.12	1.02	0.92	0.82	0.72
Payout Ratio	NA	48%	50%	50%	55%	86%	40%	36%	37%	37%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	76⅞	58	62⅛	47⅜	34⅝	30	28⅞	27½	19⅞	15⅜
Low	50⅜	43⅛	40¾	28¼	23⅞	20⅞	22⅛	16½	13½	9½
P/E Ratio—	NA	15-11	20-13	19-11	17-12	23-16	12-9	11-7	9-6	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1986. 1. Reflects accounting change. 2. Bef. results of disc. opers. of +2.06 in 1989, +0.20 in 1988, +0.05 in 1986, 2.11 in 1985, and bef. spec. item(s) of 0.85 in 1989. E-Estimated. NA-Not Available.

January 16, 1990

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1989	5,621	697	12.4	442	152	63.7	518	39.1%	315	5.6
[3]1988	5,179	620	12.0	411	140	56.2	443	40.1%	[4]265	5.1
[3]1987	5,189	599	11.5	329	132	49.5	433	48.8%	222	4.3
1986	4,587	477	10.4	245	113	64.1	324	43.3%	184	4.0
[3]1985	4,285	442	10.3	210	110	62.7	196	41.1%	115	2.7
1984	5,601	581	10.4	282	129	67.0	399	41.5%	233	4.2
1983	5,551	591	10.6	308	122	66.5	410	40.2%	245	4.4
1982	5,312	589	11.1	287	107	82.9	407	44.6%	[4]226	4.2
1981	4,852	531	11.0	247	100	[4]63.6	374	47.5%	197	4.1
1980	4,170	448	10.7	197	81	48.6	317	46.3%	170	4.1

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	11	841	1,038	0.8	2,888	11.5%	536	732	1,668	32.2	46.5%
1988	15	986	1,191	0.8	2,672	11.0%	362	649	1,417	25.5	39.6%
1987	180	866	923	0.9	2,280	10.2%	286	730	1,299	22.0	31.7%
1986	190	804	763	1.1	2,086	7.7%	458	683	1,269	36.1	21.4%
1985	67	1,287	1,057	1.2	2,663	4.2%	450	1,023	1,563	28.8	10.4%
1984	66	1,390	1,145	1.2	2,858	8.3%	363	1,225	1,664	21.8	19.6%
1983	58	1,358	1,123	1.2	2,944	8.9%	464	1,227	1,780	26.1	20.4%
1982	33	1,259	1,048	1.2	2,702	9.0%	332	1,232	1,610	20.6	19.0%
1981	39	1,076	739	1.5	2,301	9.1%	349	1,145	1,536	22.7	18.1%
1980	39	986	570	1.7	2,012	8.8%	378	1,021	1,423	26.5	17.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1989, 1988, 1985, and bef. spec. item(s) in 1989. 3. Excludes discontinued operations. 4. Reflects accounting change.

Business Summary

Following a restructuring program begun in late 1985 which included the spin-off of toy and fashion units and disposal of its apparel and nonapparel specialty retailing business, General Mills is a leading producer of consumer foods and operates chain restaurants. Contributions from continuing operations in fiscal 1988-9:

	Sales	Profits
Consumer foods	71%	78%
Restaurants	29%	22%

Consumer foods operations include Big G ready-to-eat cereals, Betty Crocker desserts, main meals and side dishes, Yoplait yogurt, Bisquick baking mixes, Gold Medal flour, Pop Secret microwave popcorn, Gorton's frozen seafood, and commercial foods. The company also makes and sells food products in Canada and Europe, Japan, Korea and Latin America. Products are distributed to retail food chains, co-ops and wholesalers.

The Restaurants segment is comprised of the Red Lobster seafood chain (490 units in the U.S. and 32 in Japan at fiscal 1988-9 year-end), and The Olive Garden Italian cafe-style concept (145).

The company operates 10 major consumer food plants having a combined annual caapacity of 1.55 billion pounds annually and leases some 5.4 million square feet of warehouse space.

Dividend Data

Dividends have been paid since 1898. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47	Feb. 27	Apr. 4	Apr. 10	May 1'89
0.55	Jun. 26	Jul. 3	Jul. 10	Aug. 1'89
0.55	Sep. 18	Oct. 3	Oct. 10	Nov. 1'89
0.55	Dec. 11	Jan. 4	Jan. 10	Feb. 1'90

Next dividend meeting: Feb. 26'90.

Capitalization

Long Term Debt: $576,600,000.

Common Stock: 82,415,034 shs. ($0.75 par). Institutions hold about 58%. Shareholders of record: 33,413

Office—Number One General Mills Blvd., Minneapolis, Minn 55426. **Tel**—(612) 540-2311. **Chrmn & CEO**—H. B. Atwater, Jr. **Pres**—M. H. Willes. **VP-Secy**—C. L. Whitehill. **VP-Treas**—D. E. Kelby. **VP-Investor Contact**—D. Belbas. **Dirs**—B. Ancker-Johnson, H. B. Atwater, Jr., F. C. Blodgett, R. M. Bressler, L. D. Desimone, W. T. Esrey, N. B. Grossman, J. R. Hope, J. R. Lee, L. W. Lehr, G. A. Newkirk, W. F. Pounds, G. Putnam, M. D. Rose, A. R. Schulze, M. H. Willes, C. A. Wurtele. **Transfer Agent & Registrar**—Harris Trust and Savings Bank, Chicago, Ill. **Incorporated** in Delaware in 1928. **Empl**—83,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

General Motors

NYSE Symbol GM Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
44⅜	50½-39⅛	6	3.00	6.8%	B	1.12

Summary

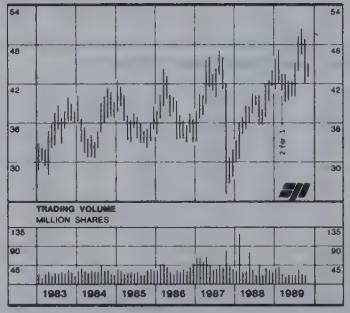
The largest automobile manufacturer in the world, GM has struggled in recent years to regain control of its manufacturing operations. The company is in the third year of a four-year plan to permanently reduce costs by at least $12.5 billion annually; annual cost reductions to date total $11.0 billion. GM's goal is to profitably boost its sagging U.S. automobile market share. Its share of the U.S. truck market has increased considerably over the past year. Aided by strong demand for vehicles in Europe, net income rose 9.0% in the first nine months of 1989.

Current Outlook

Earnings for 1990 may advance to $7.00 a share from the $6.85 estimated for 1989.

The dividend should continue at $0.75 quarterly.

Industrywide U.S. car and truck sales are expected to decline moderately in 1990. However, GM's market share should strengthen somewhat with the introduction of numerous new models for the 1990 model year. Continuing strong contributions by foreign operations and non-automotive subsidiaries, along with strenuous cost-cutting efforts, should lead to higher earnings.



Revenues[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	33.3	29.8	26.1	26.8
Jun.	33.6	33.2	26.7	27.6
Sep.	28.8	28.2	22.6	22.8
Dec.	---	32.4	26.4	25.5
	---	123.6	101.8	102.8

Consolidated revenues (including GMAC) for the nine months ended September 30, 1989 rose 4.8%, year to year. Manufacturing revenues were up 4.0% on a slight decline in factory sales of vehicles. Pretax income advanced 26%. After taxes at 36.6%, against 27.0%, net income increased 9.0%, to $5.32 a share from $4.70 (adjusted), before a special credit of $0.35 a share in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.37	1.21	1.31	1.76
Jun.	2.23	2.26	1.40	1.46
Sep.	0.72	1.23	1.14	0.40
Dec.	E1.53	2.12	1.18	0.49
	E6.85	6.82	5.03	4.11

Important Developments

Nov. '89— GM's U.S. retail car sales declined 7.1% in the first 10 months of 1989, to 3,003,705 from 3,232,304 in the 1988 period. Retail truck sales were up 1.1%, to 1,432,685 from 1,417,725. GM's share of the U.S. car market was 35.2% in the first 10 months of 1989, compared with 36.4% in the 1988 period.

Oct. '89— GM's worldwide factory vehicle sales declined slightly in the first nine months of 1989, to 5,996,000 vehicles from 6,000,000 in the 1988 period. Cost savings approximated $2.5 billion in the first nine months of 1989, bringing permanent annual cost reductions since 1987 under a four year plant to about $11.0 billion. GM's goal is to reduce costs by $12.5 - $13.0 billion by the end of 1990. GM may close four or five assembly plants in the next few years.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[3]1985	[2]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	46.93	42.71	38.98	36.89	34.90	32.53	28.88	28.72	29.61	32.65
Earnings[3]	6.82	5.03	4.11	6.14	7.11	5.92	1.55	0.54	d1.32	5.02
Dividends	2.50	2.50	2.50	[4]2.50	2.37½	1.40	1.20	1.20	1.47½	2.65
Payout Ratio	33%	44%	61%	40%	33%	24%	79%	224%	NM	53%
Prices--High	44⅛	47⅛	44⅜	42½	41⅜	40	32¼	29	29½	33
Low	30	25	33	32⅛	30½	28	17	17	19¾	24¾
P/E Ratio---	6-4	9-5	11-8	7-5	6-4	7-5	21-11	54-32	NM	7-5

Data as orig. reptd., pertains to $1.66⅔ par common stk. Adj. for stk. div(s). of 100% Mar 1989 **1.** Net sales prior to 1988. **2.** Reflects merger or acquisition **3.** Bef. spec. item(s) of +0.35 in 1988. **4.** Plus 0.02½ sh. Class H com. stk. E-Estimated d-Deficit NM-Not Meaningful

November 13, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	120,387	19,229	16.0	6,559	7,081	7,298	6,735	31.2%	4,632	3.8
1987	101,781	8,681	8.5	7,057	6,112	1,728	3,491	NM	3,551	3.5
1986	102,813	9,312	9.1	11,712	6,594	1,137	2,644	NM	[3]2,945	2.9
[4]1985	96,372	10,423	10.8	11,123	6,208	945	5,629	29.0%	3,999	4.1
[4]1984	83,890	9,666	11.5	6,047	4,966	933	6,322	28.6%	4,516	5.4
1983	74,582	10,628	14.3	4,007	5,120	1,402	5,954	37.3%	[3]3,730	5.0
1982	60,026	5,512	9.2	6,212	4,551	1,545	711	NM	963	1.6
1981	62,699	4,798	7.7	9,741	4,406	995	210	NM	333	0.5
1980	57,729	2,992	5.2	7,762	4,178	532	d1,148	NM	d763	NM
1979	66,311	7,853	11.8	5,387	3,187	368	5,076	43.0%	2,893	4.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	10,181	NA	NA	NA	164,063	3.7%	[5]88,425	34,153	125,257	70.6	14.1%
1987	4,706	39,772	25,528	1.6	87,422	4.5%	18,294	31,706	52,919	34.6	11.5%
1986	4,019	26,768	22,848	1.2	72,593	4.3%	9,525	30,443	41,708	22.8	9.8%
1985	5,114	24,256	22,299	1.1	63,833	6.9%	2,867	29,274	33,721	8.5	15.0%
1984	8,567	23,713	17,437	1.4	52,145	9.2%	2,773	23,959	28,247	9.8	20.3%
1983	6,217	20,800	14,909	1.4	45,695	8.5%	3,522	20,483	25,569	13.8	19.2%
1982	3,126	14,043	12,385	1.1	41,398	2.4%	4,745	18,004	24,191	19.6	5.3%
1981	1,321	13,716	12,555	1.1	38,991	0.9%	4,044	17,438	21,765	18.6	1.8%
1980	3,715	15,421	12,273	1.3	34,581	NM	2,058	17,531	20,677	10.0	NM
1979	2,986	16,557	9,868	1.7	32,216	9.1%	1,031	18,896	20,862	4.9	15.8%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1988. **3.** Reflects acctg. change **4.** Reflects merger or acquisition **5.** Incl. current portion of long term debt. NM-Not Meaningful d-Deficit NA-Not Available

Business Summary

This giant car and truck producer derived its revenues and operating profits as follows in 1988:

	Sales	Profits
Automotive products	81%	74%
Financing and insurance	9%	24%
Other products	10%	2%

In 1988 the U.S. accounted for 36% of net income, Europe 37%, Latin America 12%, Canada 8%, and all other 7%.

Various models of the Chevrolet, Buick, Cadillac Oldsmobile, and Pontiac divisions accounted for 35.9% of total new U.S. car registrations (including foreign-built cars) in 1988, versus 36.2% and 38.6% in 1987 and 1986, respectively. Comparable figures for Chevrolet and GMC trucks were 33.8%, 31.5% and 33.0%, respectively. Worldwide factory sales were 8,108,000 cars and trucks in 1988, versus 7,765,000 in 1987.

Other products includes computer services (Electronic Data Systems); defense electronics and weapons systems (GM Hughes Electronics); locomotives; drilling, marine and stationary engines; commercial satellites; and automated production and test equipment. Financing and insurance includes GMAC, GM's vehicle financing subsidiary.

Dividend Data

Dividends have been paid since 1915. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.50	Feb. 6	Feb. 10	Feb. 16	Mar. 10'89
2-for-1	Feb. 6	Mar. 29	Feb. 17	Mar. 28'89
0.75	May 1	May 5	May 11	Jun. 10'89
0.75	Aug. 7	Aug. 11	Aug. 17	Sep. 9'89
0.75	Nov. 6	Nov. 9	Nov. 16	Dec. 9'89

Next dividend meeting: early Feb. '90.

Capitalization

Total Debt: $88,908,700,000.

Preferred & Preference Stk.: $236,400,000.

Class E Com. Stock: 46,955,964 shs. ($0.10 par).

Class H Com. Stock: 89,568,011 shs. ($0.10 par).

Common Stock: 602,964,144 shs. ($1.66⅔ par).
Institutions hold approximately 43%.
Shareholders of record: 802,288.

Office—3044 West Grand Blvd Detroit, Mich 48202 **Tel**—(313) 556-5000 **Chrmn & CEO**—R. B. Smith **Pres**—R. C. Stempel **Secy**—P. A. Zaleski **VP-CFO**—F. A. Smith **Institutional Contact**—W. F. Muir (212) 418-6270. **Stockholder Contact**—(313) 556-2075 **Dirs**—A. L. Armstrong, J. H. Evans, T. E. Everhart, W. A. Fallon, C. T. Fisher III, M. L. Goldberger, J. J. Horan, J. W. Marriott, E. T. Pratt, Jr., L. E. Reuss, J. D. Robinson, III, G. P. Shultz, J. G. Smale, F. A. Smith, R. B. Smith, R. C. Stempel, L. H. Sullivan, D. Weatherstone, T. H. Wyman **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Registrar**—Chase Manhattan Bank, NYC **Incorporated** in Delaware in 1916 **Empl**—766,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

General Public Utilities

NYSE Symbol GPU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
43¼	44-36¼	9	2.20	5.1%	B	0.57

Summary

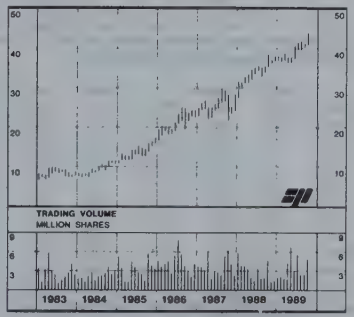
This utility holding company serves the commercial and industrial economy of New Jersey and Pennsylvania. Near-term prospects are benefiting from an increased number of residential and commercial customers, cost reduction efforts, and a completed construction program. Included in GPU's capacity is the Three Mile Island 1 nuclear unit. Unit 2 is being dismantled following an accident in 1979. TMI-2 clean up is expected to be completed in 1990. The company's longer-term outlook is enhanced by strong cash flow and supportive regulation.

Current Outlook

Share earnings for 1990 are projected at $5.00, up from the $4.94 estimated for 1989.

The dividend was raised to $0.55 quarterly, from $0.45, with the July, 1989 declaration. GPU's rate of dividend growth is expected to lessen in the near future although future increases should exceed the industry average.

Share earnings for 1990 will continue to benefit from an increased number of residential and commercial customers, cost reduction efforts, and a share repurchase program. Longer-term prospects are strengthened by the company's purchase power strategy, excellent cash flow, and a supportive regulatory environment.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	744	727	719	777
Jun.	688	652	622	652
Sep.	773	782	703	698
Dec.	---	673	630	660
	---	2,834	2,673	2,787

Based on a brief report, revenues for the nine months ended September 30, 1989 rose 2.0%, year to year. After higher production costs due to the Oyster Creek outage, net income fell 3.3%. Share earnings were $4.24 on 5.8% fewer shares, compared with $4.13.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.42	1.75	1.37	1.10
Jun.	0.95	0.93	0.84	0.55
Sep.	1.87	1.45	1.14	0.91
Dec	E0.70	0.62	0.77	0.70
	E4.94	4.75	4.12	3.26

Important Developments

Oct. '89— Profitability in 1989's first nine months was limited by the outage at the Oyster Creek nuclear plant. The unit had been down from late September, 1988 through mid-July, 1989 for equipment modification work. As a result of the outage, the company incurred higher replacement power costs and increased operating-maintenance expenditures in the 1989 first half. The plant has been operating at 100% of capacity since late September and is expected to run through 1990. Separately, GPU's Three Mile Island 1 nuclear plant has been operating at virtually full capacity since December, 1988. The unit has a scheduled outage for refueling in January, 1990 which is expected to take about three months. Total Kwh sales in 1989's first nine months declined 0.4%, as the effects of a cooler summer offset an increase in the number of residential and commercial customers.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	34.81	31.43	28.36	27.71	26.00	24.23	23.39	22.76	22.49	22.11
Earnings[1]	4.75	4.12	3.26	1.54	2.05	1.09	0.55	0.33	0.34	1.56
Dividends	1.35	0.45	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.20
Payout Ratio	28%	11%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	77%
Prices—High	38½	29¾	25	17¼	11⅝	9¾	7¼	6⅞	9⅜	18⅞
Low	27¼	21¾	16½	10¾	7¼	6½	4½	3⅞	3⅜	7
P/E Ratio—	8-6	7-5	8-5	11-7	6-4	9-6	13-8	21-12	28-10	12-4

Data as orig reptd. 1. Bef spec item(s) of +0.31 in 1984, -0.26 in 1983, +0.06 in 1982, -0.59 in 1981 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	**2,834**	**256**	**261**	**84.7%**	**3.52**	**17.9**	**36%**	**284**	**10.0**	**9.1**	**14.2**
1987	2,673	254	245	85.3%	3.50	19.8	43%	259	9.7	8.9	13.8
1986	2,787	225	263	87.3%	3.11	21.1	45%	205	7.4	8.3	12.2
1985	2,870	223	230	90.5%	2.15	17.3	50%	97	3.4	5.8	5.7
1984	2,735	219	243	88.5%	2.55	11.8	52%	129	4.7	6.9	8.2
1983	2,480	220	192	89.7%	1.88	11.6	53%	67	2.7	5.9	4.6
1982	2,406	203	175	90.2%	---	14.6	56%	34	1.4	5.5	2.4
1981	2,065	146	135	88.7%	---	22.7	37%	21	1.0	5.6	1.5
1980	1,832	147	120	86.6%	---	27.2	29%	21	1.1	5.8	1.5
1979	1,490	141	91	81.4%	---	43.0	40%	96	6.4	7.0	6.9

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	Capitalization [5]% LT Debt	Capitalization Pfd.	Capitalization % Pfd.	Capitalization Com.	Capitalization % Com.
1988	**7,495**	**441**	**5,056**	**8.8**	**5,155**	**1,751**	**41.9**	**400**	**9.6**	**2,024**	**48.5**
1987	7,069	448	4,840	8.3	5,055	1,699	41.7	400	9.8	1,979	48.5
1986	6,672	513	4,642	7.9	4,828	1,763	44.3	425	10.7	1,786	45.0
1985	6,389	408	4,535	6.1	4,990	1,842	45.2	483	11.9	1,744	42.9
1984	6,035	311	4,353	7.4	4,759	1,824	46.2	488	12.4	1,637	41.4
1983	5,703	285	4,187	6.1	4,571	1,895	48.9	492	12.7	1,488	38.4
1982	5,490	249	4,160	5.7	4,566	1,999	50.8	501	12.7	1,437	36.5
1981	5,273	264	4,104	5.8	4,539	2,109	52.6	502	12.5	1,399	34.9
1980	5,083	246	3,930	6.0	4,477	2,105	52.3	506	12.6	1,414	35.1
1979	5,289	351	4,268	6.6	4,462	2,149	53.0	510	12.6	1,393	34.4

Data as orig reptd. 1. Times int exp. & pfd divs covered (pretax basis) 2. Bef spec item(s) in 1984, 1983, 1982, 1981. 3. Based on income bef interest charges. 4. Based on avge. common equity. 5. Incl capital leases aft 1983.

Business Summary

General Public Utilities is an electric utility holding company whose subsidiaries serve some 4.2 million people in New Jersey and Pennsylvania. Contributions by customer class:

Revenues	1988	1987	1986	1985
Residential	41%	41%	40%	33%
Commercial	30%	30%	29%	27%
Industrial	25%	25%	26%	35%
Other	4%	4%	5%	5%

Power requirements in 1988 were derived from coal 43%, nuclear 21%, other 8%, and purchased 28%. Purchased power will represent a greater share of capability in the future. System capability in 1988 was 9,475 mw and peak demand was 7,987 mw for a capacity margin of 16%.

A serious accident which shut down the 880 mw Three Mile Island No. 2 (TMI-2) nuclear unit in March, 1979 caused GPU significant financial difficulties. Regulators removed both TMI-1 and TMI-2 from the rate base. In October, 1985 TMI-1 resumed operation and in November, 1985 TMI-1 was returned to rate base. GPU's recoverable investment in TMI-2 was $275 million. Clean up of TMI-2, which is estimated to cost about $973.0 million, is expected to be completed in 1990. A $0.19 a share write-off taken in 1988 for TMI-2 clean up costs is unrecoverable. Auditors noted in their report on GPU's 1988 financial statements the existence of uncertainties associated with the TMI-2 accident.

Dividend Data

Common dividends were resumed in April, 1987 after having been omitted since 1980. Dividends were maintained on subsidiaries' preferred stock. A dividend reinvestment is proposed to begin with the first 1990 payment.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Jan. 5	Jan. 13	Jan. 20	Feb. 24'89
0.45	Apr. 6	Apr. 17	Apr. 21	May 26'89
0.55	Jul. 6	Jul. 17	Jul. 21	Aug. 25'89
0.55	Oct. 5	Oct. 16	Oct. 20	Nov. 24'89

Next dividend meeting: Dec. 7'89.

Capitalization

Long Term Debt: $1,793,354,000.

Subsidiaries Preferred: $399,674,000

Common Stk.: 55,373,000 shs. ($2.50 par). Institutions hold approximately 67%. Shareholders of record: 61,210.

Office—100 Interpace Parkway, Parsippany, N.J. 07054-1149 **Tel**—(201) 263-6500 **Chrmn & Pres**—S. H. Hoch **Secy**—M. A. Nalewako **VP-CFO**—J. G. Graham **Investor Contact**—Joanne M. Barbieri **Dirs**—L. J. Appell, Jr. D. J. Bainton, T. H. Black, T. B. Hagen, H. F. Henderson, Jr., S. H. Hoch, W. G. Kuhns, J. M. Pietruski, C. A. Rein, P. R. Roedel, P. K. Woolf **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York, reincorported in Pennsylvania in 1989 **Empl**—13,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

General Re

NYSE Symbol GRN Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
87½	91½-54⅜	14	1.36	1.6%	A-	0.62

Summary

General Re is the parent company of General Reinsurance, the largest property-casualty reinsurer in the country. Other subsidiaries are engaged in property-casualty reinsurance overseas and related services. In November, 1988 GRN sold General Reassurance Corp., its life reinsurance unit, for $315 million. Since 1987, GRN has repurchased about 13.1 million common shares. In August, 1989 GRN committed another $150 million to its share repurchase program.

Current Outlook

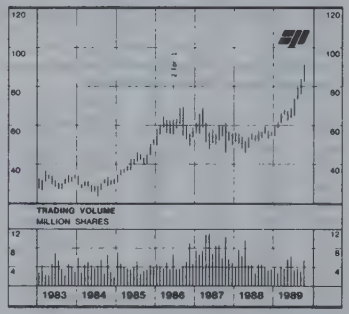
Excluding realized capital gains or losses, operating earnings for 1989 are estimated at $6.00 a share, up from 1988's $5.44. Share earnings for 1990 could reach $6.65.

The $0.34 quarterly dividend is the minimum expectation.

Despite declining premiums, a strong underwriting performance and an aggressive share repurchase program are expected to lead to higher share earnings in 1989. Since 1987, primary insurers have been retaining a larger portion of their risks, and this higher retention has led to a decline in premiums for GRN. However, the effects of Hurricane Hugo and the California earthquake and an expected easing in p-c pricing pressures (probably in 1990) may increase the demand for reinsurance in 1990. Underwriting performance is not expected to erode, as business written is estimated to be at profitable prices. Cash flow may decline slightly, but should only modestly restrain growth in investment income. GRN has repurchased about 13.1 million shares since mid-1987, and in August, 1989 directors authorized another $150 million repurchase program, the amount coinciding with proceeds from the sale of convertible preferred stock to a company ESOP in July

Review of Operations

Total revenues for the six months ended June 30, 1989 fell 1.7%, year to year (1988 restated), as an 11% drop in earned premiums was somewhat offset by an 18% rise in investment income, and realized investment gains of $48.0 million versus $2.5 million. With a 9.9% decline in total expenses, pretax earnings advanced 32%. After taxes at 19.4% versus 10.6%, and minority interests, net income rose 18%. Share earnings were $3.26 (including $0.28 in realized capital gains) on 4.6% fewer shares, compared with $2.64 ($0.01) before a loss from discontinued operations $0.38 a share in the 1988 period.



[1]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.69	1.29	1.09	0.57
Jun.	1.57	1.34	1.16	0.71
Sep.		1.35	1.19	0.48
Dec.		1.46	1.37	0.98
		5.44	4.79	2.74

Important Developments

Aug. '89— GRN said that despite a challenging market in which the demand for reinsurance has been declining, it wrote more business in the second quarter of 1989 than in the first quarter, although 4.6% less than in the second quarter of 1988. Also, as of August 3, 1.9 million shares had been repurchased in 1989. An additional $150 million has been allocated for further repurchases.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	29.04	26.21	23.47	18.50	15.16	14.59	12.65	11.10	9.70	7.70
Oper. Earnings[2]	5.44	4.79	2.74	1.69	0.80	2.13	2.33	2.04	1.77	1.54
Earnings[3,2]	5.39	4.92	2.99	1.76	0.84	2.10	2.30	2.06	1.78	1.51
Dividends	1.20	1.00	0.88	0.78	0.72	0.64	0.54	0.44	0.35	0.25
Payout Ratio	22%	20%	29%	44%	86%	30%	24%	21%	20%	16%
Prices—High	59⅜	68⅞	69½	53⅛	34⅛	36½	32⅜	21⅞	15⅜	13
Low	45½	46	49¼	30¼	23⅛	26	16⅞	12⅞	9½	9¾
P/E Ratio—	11-8	14-10	25-18	31-18	43-29	17-12	14-7	11-6	9-5	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986, 100% Jun. 1982, 100% Jul. 1980, 100% May 1979. **1.** Oper. earns prior to 1989. **2.** Bef. results of disc. opers. of -0.35 in 1988, -0.31 in 1985, bef. spec. item(s) of +0.12 in 1987, +0.23 in 1986, +0.90 in 1984. **3.** Aft. gains/losses on security trans.

November 6, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	Equity
1988	2,044	570	2,736	70.0	29.1	99.1	571	519	513	19.0	19.7
1987	2,774	563	3,448	74.3	25.5	99.8	551	486	499	14.1	19.5
1986	2,616	459	3,175	79.6	23.7	103.3	290	279	305	8.8	13.3
1985	1,695	342	2,123	84.8	26.0	110.8	165	159	164	7.5	10.0
1984	1,501	279	1,842	95.8	31.2	127.0	d29	72	76	3.9	5.4
1983	1,371	236	1,659	75.6	31.6	107.1	170	192	189	11.6	15.6
1982	1,250	215	1,498	72.1	29.7	101.8	190	207	204	13.8	19.6
1981	1,211	195	1,423	69.1	30.0	99.1	193	178	180	12.5	19.6
1980	936	162	1,104	71.8	27.0	98.8	172	154	155	14.0	20.3
1979	772	131	906	68.5	30.3	98.8	152	134	131	14.8	22.1

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[3]Premiums Due	[4]Bonds	Investment Assets—Stocks	Loans	Total	[5]Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	183	503	6,829	1,037	Nil	7,866	7.7	136	9,394	127	2,695
1987	197	672	6,587	943	Nil	7,530	8.0	349	9,438	128	2,563
1986	199	720	5,672	844	Nil	6,516	8.2	359	8,677	131	2,413
1985	136	767	4,005	670	Nil	4,675	8.1	362	6,689	134	1,794
1984	96	884	3,302	553	Nil	3,856	7.4	331	6,053	152	1,368
1983	92	604	3,095	590	Nil	3,685	6.7	303	5,440	101	1,317
1982	89	440	2,911	457	Nil	3,368	6.7	248	4,741	53	1,139
1981	85	409	2,686	392	Nil	3,078	6.7	200	4,168	36	968
1980	63	352	2,329	405	Nil	2,734	6.4	173	3,655	19	846
1979	52	172	1,966	314	Nil	2,280	6.2	146	2,707	20	672

Data as orig. reptd. **1.** General Reinsurance and North Star Reinsurance, as reptd. by co.. **2.** Bef. results of disc. opers. in 1988, 1985, bef. spec. item(s) in 1987, 1986, 1984. **3.** Accts. and notes receiv. **4.** Incl. short term invest. after 1980. **5.** As reported by co. d-Deficit.

Business Summary

General Re Corp. (formerly General Reinsurance) is the parent company of the General Reinsurance Group, the nation's largest reinsurance organization. Operations are conducted in the U.S., Canada and 30 foreign countries. Segment contributions to pretax operating income (in million $) in recent years:

	1988	1987	1986
Domestic	$538.0	$479.5	$298.5
Overseas	32.6	26.4	23.5

Most of the company's business is written on an excess of loss basis, which means that its liability arises only after the loss incurred by the primary insurer exceeds a specified sum.

Domestic p-c operations are conducted through General Reinsurance Corp., of which North Star Reinsurance Corp. is the largest unit. The group provides all lines of property-casualty reinsurance and excess covers, with business accepted directly from insurance companies, and from reinsurance intermediaries through North Star. Domestic operations accounted for about 94% of net premiums written in 1988. Of the $1.78 billion in domestic net premiums written in 1988 property and multi-peril lines accounted for 32%, other liability 42%, auto 12%, workers compensation 8%, bonding 3% and other 3%.

In November, 1988 the company sold its life reinsurance subsidiary, General Reassurance Corp., for $315 million in cash.

Dividend Data

Except for 1933, dividends have been paid steadily since 1926. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 14	Dec. 19	Dec. 24	Dec. 30'88
0.34	Feb. 8	Mar. 15	Mar. 21	Mar. 31'89
0.34	Jun. 14	Jun. 19	Jun. 24	Jun. 30'89
0.34	Aug. 9	Sep. 13	Sep. 19	Sep. 29'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Mortgage & Notes Payable: $129,200,000.

7.25% Conv. Preferred Stock: $150,000,000. (Held by ESOP.)

Common Stock: 91,326,762 shs. ($0.50 par).
Institutions hold about 83%.
Stockholders of record: 4,551.

Office—Financial Centre, 695 East Main St., P.O. Box 10351, Stamford, Conn. 06904-2351. **Tel**—(203) 328-5000. **Chrmn & Pres**—R. E. Ferguson. **Secy**—E. F. Rondepierre. **VP-Fin**—R. G. Anderson. **Investor Contact**—A. W. Rork. **Dirs**—J. C. Bierwirth, W. M. Cabot, J. C. Ettling, R. E. Ferguson, W. C. Ferguson, G. O. Harrison, D. J. Kirk, E. H. Malone, A. W. Mathieson, D. E. McKinney, C. S. Sanford, Jr. **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in New York in 1921; reincorporated in Delaware in 1972. **Empl**—2,363.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

General Signal

NYSE Symbol GSX Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
51¼	57⅞-47	14	1.80	3.5%	B	1.13

Summary

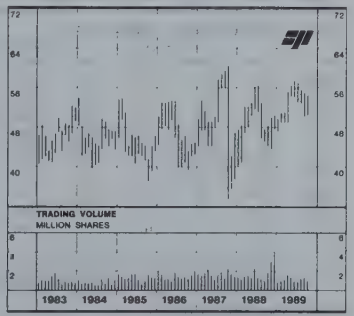
This company is a leader in instrumentation and control technology for semiconductor production, telecommunications, industrial automation, energy management, and rail transportation. Approximately 80% of its business is tied to capital spending. The absence of nonrecurring charges, operating improvements and fewer shares outstanding should lead to substantially higher profits in 1989 despite higher interest expense caused by the buyback last December of about one-third of GSX common shares. Further gains are anticipated for 1990.

Current Outlook

Earnings for 1990 may approximate $5.10 a share, up from the $4.15 projected for 1989.

Dividends are likely to remain at $0.45 quarterly.

Sales for 1990 should rise by approximately 10%, led by substantial growth of transportation controls due to sharply higher orders from the railroad industry. Process controls is expected to benefit from higher capital spending by the industrial sector, although at somewhat slower rate than in 1989. However, cautious spending by customers and foreign competition should restrict growth of the technologies industries. Electrical controls should experience continued modest growth. Operating margins should benefit from the higher volume and cost controls. Interest expense should decline meaningfully as debt is reduced.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	478	417	385	405
Jun.	489	436	397	412
Sep.	473	444	399	391
Dec.	---	464	422	374
	---	1,760	1,603	1,583

Sales for the nine months ended September 30, 1989 rose 11%, year to year, reflecting gains in all segments. In the absence of a $29.8 million ($2.35 a share) net nonrecurring charge and with substantial improvement in operating margins, pretax income advanced 211% despite net interest expense of $30.9 million, in contrast to net interest income of $1.4 million, due to greater borrowings for the repurchase of common stock. After taxes at 29.9%, versus 82.5%, net income rose to $2.96 a share (on 32% fewer shares) from $0.16.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.04	0.72	0.49	0.70
Jun.	0.98	d0.39	0.54	0.63
Sep.	0.94	d0.15	0.67	0.65
Dec.	E1.19	0.77	0.76	0.62
	E4.15	0.91	2.46	2.60

Important Developments

Oct. '89— GSX said that its business remained generally healthy with process controls and electrical controls exceeding budget. However, demand from the semiconductor and transportation industries was sluggish. It added that cost reductions were proceeding on schedule.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[1]1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	17.30	27.01	26.02	26.11	28.33	26.40	25.70	24.03	21.61	20.76
Earnings	0.91	2.46	2.60	1.72	3.80	3.16	3.85	4.23	4.01	3.52
Dividends	1.80	1.80	1.80	1.80	1.74	1.68	1.62	1.51	1.33	1.07
Payout Ratio	198%	71%	69%	105%	46%	53%	42%	36%	34%	31%
Prices—High	56½	61¼	54¼	53⅞	54	52⅜	47	51⅜	54¼	39⅛
Low	40	33¼	39¼	37	39⅝	40½	28	33⅜	28¼	25
P/E Ratio—	62-44	25-14	21-15	31-22	14-10	17-13	12-7	12-8	14-7	11-7

Data as orig. reptd. 1. Reflects merger or acquisition. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	1,760	136	7.7	38.8	61.8	12.4	53	52.3%	25	1.4
1987	1,603	157	9.8	34.0	63.2	8.0	97	28.4%	69	4.3
1986	1,583	181	11.5	45.7	60.6	12.0	118	36.5%	[3]75	4.7
[2]1985	1,801	203	11.3	68.1	55.0	9.0	80	38.6%	49	2.7
1984	1,787	231	12.9	88.7	47.5	7.4	188	42.4%	109	6.1
1983	1,575	192	12.2	63.3	41.9	8.5	155	42.1%	90	5.7
1982	1,622	226	13.9	46.0	37.8	10.9	193	44.0%	[3]108	6.6
1981	1,702	251	14.8	57.3	30.9	15.6	219	46.5%	117	6.9
[2]1980	1,522	233	14.6	48.8	26.7	14.7	193	46.1%	104	6.8
1979	1,343	192	14.3	40.1	24.7	12.1	158	47.2%	83	6.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**109**	**892**	**396**	**2.3**	**1,397**	**2.1%**	**492**	**461**	**989**	**49.7**	**4.6%**
1987	96	868	327	2.7	1,397	5.0%	110	907	1,056	10.5	7.7%
1986	124	887	351	2.5	1,458	5.1%	124	927	1,093	11.4	8.2%
1985	78	927	406	2.3	1,483	3.4%	124	904	1,062	11.7	5.4%
1984	146	958	387	2.5	1,438	7.9%	97	902	1,031	9.4	12.4%
1983	119	869	347	2.5	1,314	7.0%	76	846	947	8.0	10.8%
1982	152	827	304	2.7	1,222	8.8%	76	804	898	8.5	13.8%
1981	94	835	346	2.4	1,223	9.8%	84	753	845	9.9	16.3%
1980	85	781	354	2.2	1,136	9.4%	79	662	751	10.6	16.1%
1979	73	674	300	2.2	971	9.0%	79	561	647	12.2	15.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change.

Business Summary

General Signal is a broadly diversified manufacturer. Business segment contributions in 1988 (profits in million $):

	Sales	Profits
Process controls	37%	$61.0
Technology industries	26%	-6.2
Electrical controls	22%	34.7
Transportation controls	15%	4.3

Foreign operations accounted for 17% of sales and 26% of operating income in 1988.

Process controls products include pumps, control systems and electronic instrumentation, supervisory control and data acquisition systems, heat processing equipment, waste-treatment systems, aerators and scales.

Technologies industries provide semiconductor production equipment, test instruments, microwave radios, multiplexers, models, and data network diagnostic/management systems, as well as products for the broadcast and defense industries.

Electrical control products include power conditioning equipment, fire protection systems, transformers, electric motors and power distribution equipment.

Transportation controls consists of systems and controls, braking systems and related controls. Fare boxes, transmissions, power systems and cold-forged components are also sold.

Dividend Data

Dividends have been paid since 1940. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Feb. 16	Feb. 28	Mar. 6	Apr. 3'89
0.45	Apr. 20	Jun. 6	Jun. 12	Jul. 3'89
0.45	Jun. 22	Sep. 5	Sep. 11	Oct. 2'89
0.45	Oct. 19	Dec. 5	Dec. 11	Jan. 2'89

Next dividend meeting: mid-Feb.'90.

Finances

In December, 1988 the company bought back 9,572,627 of its common shares at $51 a share for a total cost of approximately $491 million, including legal and financial fees.

Capitalization

Long Term Debt: $406,424,000.

Common Stock: 19,013,167 shs. ($1 par).
Institutions own 73%.
Shareholders of record: 14,305

Offices—High Ridge Park, Stamford, Conn. 06904. **Tel**—(203) 357-8800. **Chrmn & CEO**—E. M. Carpenter. **VP-Treas**—M. R. Jacqmin. **VP-Secy**—E. J. Smith, Jr. **Investor Contact**—Nino J. Fernandez. **Dirs**—R. E. Bailey, E. M. Carpenter, R. E. Ferguson, N. B. Hannay, J. P. Horgan, R. H. Jones, N. R. Owen, R. A. Plane, R. W. Schmitt, J. R. Selby. **Transfer Agent**—The Bank of New York, NYC. **Incorporated** in New York in 1904. **Empl**—19,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine CFA

Genesco Inc.

NYSE Symbol GCO In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
8⅞	9-4¾	10	None	None	C	1.58

Summary

Genesco retails and manufactures footwear, and also produces men's tailored clothing. In 1987 GCO essentially completed a divestiture program designed to alleviate a serious liquidity problem. In addition, GCO has issued during the past two years more than 7 million new common shares in exchange for some of its outstanding serial preferred stock in order to reduce dividend and redemption arrearages. After a sharp recovery for fiscal 1988-9, profits continued to advance during 1989-90, reflecting strength in footwear wholesale & manufacturing and men's clothing.

Business Summary

Genesco manufactures and sells footwear at wholesale and through its own retail stores, and also manufactures and sells tailored clothing at wholesale. Business segment contributions for the fiscal year ended January 31, 1989:

	Sales	Profits
Footwear:		
Wholesale & mfg.	29%	24%
Retail	44%	33%
Men's tailored clothing	27%	44%

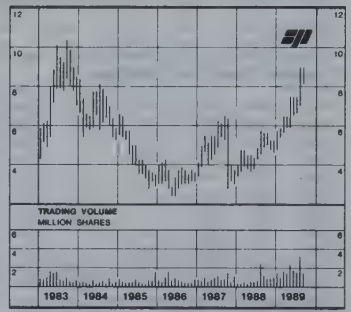
Footwear wholesale & manufacturing includes the manufacturing of men's (81% of fiscal 1988-9 shoe manufacturing sales), women's (18%), and children's (1%) shoes. About 70% of company manufactured shoes are sold at wholesale, and the balance sold to GCO's retail outlets. Wholesale brand names include Johnston & Murphy and Jarman men's shoes; Laredo and Code West boots for the family; Charm Step and Easy Street shoes for women; and Mitre cleated athletic shoes.

Footwear retail consists of the operation of retail outlets selling footwear for men and women, with 635 stores and leased departments in operation at year-end 1988-9. Total stores and leased departments in operation (as originally reported) at year end (January 31):

	1989	1988	1987	1986
Retail stores	524	545	588	951
Leased depts.	111	113	110	101
Total units	635	658	698	1,052

The stores are operated under various names: Jarman/Flagg, Hardy, Johnston & Murphy, Journeys, and Factory-to-You. Roughly one-third of merchandise sold is manufactured by Genesco.

Men's tailored clothing operations, doing business as The Greif Companies, produce men's suits, sport coats, and slacks. Branded lines include Kilgour, French & Stanbury; Lanvin of Paris; Chaps by Ralph Lauren; Perry Ellis; Phoenix; and Greif.



Important Developments

Aug. '89— Directors declared a dividend of $33.925 per subordinated serial preferred share series 1 and a dividend of $54.195 per series 2 share. Directors also authorized sinking fund payments to redeem all outstanding series 2 shares. These actions eliminated arrearages on both series of shares. Dividends had not been paid on the shares since 1975. The dividends and redemptions were payable October 31. GCO said it was now current on all dividends and redemption arrearages except for its subordinated serial perferred stock, series 3, 4 and 5.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31[1]	1989	1988	1987	1986	1984	1983	1982	1981	1980
Tangible Bk. Val.	3.96	2.93	2.33	0.65	3.23	1.73	1.88	d0.40	d0.85
Earnings[2]	0.76	0.12	0.23	d2.51	0.57	d0.36	d0.09	0.75	0.02
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices[3]—High	5¾	6½	4¼	6⅜	8⅜	10⅜	7	11⅛	6⅛
Low	3⅜	2¾	2⅜	2¾	5¼	4¼	3⅝	4⅝	2¾
P/E Ratio—	8-4	54-23	18-10	NM	15-9	NM	NM	15-6	NM

Data as orig. reptd. 1. Years ended Jul. 31 prior to 1986 2. Bef. results of disc. opers. of +0.27 in 1988, +0.63 in 1987, +0.12 in 1986, +0.29 in 1984, 0.09 in 1981, and spec. item(s) of +0.22 in 1988, +0.34 in 1987, +0.22 in 1984, +0.07 in 1983, +0.51 in 1981 3. Cal. yrs. d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	463	27.3	5.9	7.1	7.8	9.5	15.7	3.5%	15.2	3.3
1988	406	16.8	4.1	9.6	7.6	10.0	7.3	46.7%	3.9	1.0
[3]1987	515	21.1	4.1	7.2	10.1	13.4	15.2	63.2%	5.6	1.1
1986	538	11.7	2.2	9.7	10.6	[4]12.6	d29.8	NM	d35.8	NM
1984	606	41.8	6.9	7.5	10.1	[4]12.5	18.7	40.9%	11.0	1.8
1983	640	26.6	4.2	18.1	11.5	14.6	d0.3	NM	d3.0	NM
1982	665	28.5	4.3	17.3	10.6	13.7	8.0	86.2%	[5]1.1	0.2
[3]1981	662	51.8	7.8	19.0	10.2	13.4	[6]26.1	51.2%	12.7	1.9
1980	835	29.8	3.6	23.3	12.4	19.2	[6]8.9	61.3%	3.5	0.4

Balance Sheet Data (Million $)

Jan. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	41.8	219	52	4.2	265	4.9%	60	82.0	196	30.5	19.2%
1988	46.5	211	46	4.5	258	1.4%	69	44.5	191	36.1	4.4%
1987	33.7	241	68	3.5	290	1.9%	92	35.4	203	45.5	15.4%
1986	23.1	209	68	3.1	285	NM	114	9.8	197	58.0	NM
1984	32.0	247	68	3.6	329	3.3%	130	48.6	250	52.1	23.4%
1983	25.7	239	76	3.1	327	NM	138	25.0	235	58.9	NM
1982	13.6	258	104	2.5	356	0.3%	141	27.0	234	60.5	NA
1981	8.9	284	104	2.7	380	3.6%	159	d5.1	NA	NA	NA
1980	9.9	209	107	2.0	326	1.0%	111	d10.7	NA	NA	NA

Data as orig. reptd. 1. Yrs. ended Jul. 31 prior to 1986 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, 1981, 1979, and spec. item(s) in 1988, 1987, 1984, 1983, 1981 3. Excludes discontinued operations. 4. Net of interest income. 5. Reflects accounting change. 6. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful. NA-Not Available.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	105	102	93	124
Jul.	120	115	96	128
Oct.		117	104	131
Jan.		129	113	132
		463	406	515

Sales for the six months ended July 31, 1989 rose 3.7%, year to year. Profits increased 125% for footwear wholesale/manufacturing and 34% for tailored clothing which more than offset a 31% drop for footwear retail. Overall operating profit was up 47%. After a 6.2% rise in other expenses (net) and taxes at 5.6% versus 9.1%, net income increased to $5.5 million, from $1.3 million. After lower preferred dividend requirements, share earnings were $0.24 (on 42% more common and equivalents), against $0.02.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	d0.02	d0.18	d0.23	d0.41
Jul.	0.25	0.20	d0.01	d0.05
Oct.		0.20	0.12	0.06
Jan.		0.45	0.23	0.63
		0.76	0.12	0.23

Dividend Data

Dividend and redemption arrearages totaled $20.3 million at year-end 1988-9 (see Important Developments).

Finances

In the fiscal 1988-9 Annual Report GCO said that it planned to spend $6.4 million in 1989-90 for the opening of 39 new retail stores and the renovation of over 80 existing stores, and $7 million for manufacturing equipment and other items. GCO also said it expected cash needs for 1989-90 to exceed cash flow from operations, with the difference to be made up by cash on hand and available credit.

During the fiscal 1988-9 third quarter GCO issued 5.5 million new common shares in exchange for 321,872 shares of serial preferred stock.

Capitalization

Long Term Debt: $56,964,000, incl. about $10 million of capital lease obligations.

Preferred Stock: $17,749,000.

Common Stock: 22,604,996 shs. ($1 par).
Institutions hold about 33%.
Shareholders of record: 20,000.

Office—Genesco Park, Nashville, Tenn. 37202 **Tel**—(615) 367-7000 **Chrmn & CEO**—W. S. Wire II **Pres**—L. B. Shelton **VP-Treas**—J. Gulmi **Secy**—W. C. O'Connor. **Dirs**—D. M. Chamberlain, J. D. Dasburg, S. Davidson, W. L. Davis, Jr., J. Diebold, E. E. Elson, H. D. Garber, P. Merrill, W. G. Moore, Jr., L. B. Shelton, W. A. Williamson, T. S. Wilt, W. S. Wire II. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Tennessee in 1925. **Empl**—6,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N.J. DeVita

GenRad, Inc.

NYSE Symbol GEN Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
5½	8¾-5½	NM	None	None	C	2.01

Summary

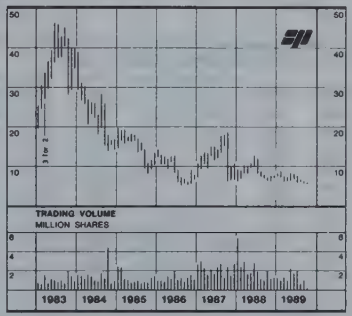
GenRad is a leading manufacturer of computer-controlled automatic test equipment sold to electronics companies. Despite higher sales, the company incurred its third deficit in the past four years in 1988 due to costs related to the relocation of certain manufacturing operations. The absence of further non-recurring charges should allow profitability to be restored in 1989 despite sluggish ordering by customers. Aided by an aggressive new product introduction program and recent cost reductions, significantly higher earnings are likely in 1990.

Current Outlook

Earnings for 1990 should reach $0.50 a share, up from the $0.20 projected for 1989.

Early resumption of dividends is not expected.

Sales for 1990 should rise approximately 10%, aided by new product introductions and a shift in the industry to a new generation of electronic products requiring more advanced test equipment. The impact from a substantial slowing of growth in the electronics industry should be limited due to conservative ordering during the recent upturn and the relatively strong finances of GEN's customers. Operating margins should widen due to the higher volume, productivity improvements and continuing cost reductions. Net interest expense is also expected to be substantially lower. Long-term prospects appear bright due to secular growth in electronics capital spending and the company's aggressive new product introduction program.



Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	49.3	49.2	48.3	49.0
Jun.	48.0	52.3	46.6	48.9
Sep.	---	50.1	48.2	45.0
Dec.	---	54.2	50.7	61.5
	---	205.9	193.8	204.3

Revenues for the six months ended July 1, 1989 declined 4.2%, year to year, reflecting weakness in the U.S. computer and defense industries. Margins narrowed on the lower volume, and pretax income declined 43%. After taxes at 17.2%, versus 15.0%, net income decreased 44%, to $0.06 a share from $0.10.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.06	0.05	0.08	d0.53
Jun.	Nil	0.05	0.03	d0.68
Sep.	Ed0.05	d0.58	0.07	d0.54
Dec.	E0.19	0.11	d0.04	d0.09
	E0.20	d0.38	0.13	d1.84

Important Developments

Aug. '89— Upon releasing second quarter earnings, the company said that it expected a slowdown in capital spending, in general, and that softness in the U.S. computer and defense electronics industries, in particular, was likely to continue for several quarters.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	[1]1983	1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	3.99	4.40	6.45	8.22	11.47	10.93	7.38	6.37	6.53	4.43
Earnings[2]	d0.38	0.13	d1.84	d3.25	0.68	1.25	0.68	0.25	0.93	0.97
Dividends	Nil	Nil	Nil	0.10	0.10	0.08	0.06⅝	0.05⅜	0.05	0.04
Payout Ratio	Nil	Nil	Nil	NM	14%	6%	10%	21%	6%	4%
Prices—High	12¾	18⅝	14¼	19¾	39	46⅜	23½	20¾	23⅜	13⅞
Low	6⅛	6⅛	5⅛	8	13⅞	19⅜	8⅝	7⅞	10¾	5¾
P/E Ratio—	NM	NM	NM	NM	57-20	37-16	35-13	82-31	25-12	14-6

Data as orig. reptd. Adj. for stk. divs. of 50% Mar. 1983, 100% Oct. 1980, 50% May 1978. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -2.38 in 1987, -0.06 in 1982, -0.41 in 1981 and spec. item of +0.07 in 1980. NM-Not Meaningful. d-Deficit. E-Estimated.

October 17, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

1005C GenRad, Inc.

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	206	24.3	11.8	12.6	16.5	5.93	[2]d6.1	NM	d6.2	NM
[3]1987	194	25.3	13.1	19.9	14.7	6.74	[2]3.2	34.7%	2.1	1.1
1986	204	d8.3	NM	11.5	15.5	6.36	[2]d29.1	NM	[4]d29.9	NM
1985	218	d23.7	NM	32.6	15.2	4.45	[2]d57.4	NM	d52.3	NM
[5]1984	249	18.2	7.3	39.3	8.8	2.55	[2]10.0	NM	11.0	4.4
[5]1983	227	33.1	14.6	15.5	7.8	1.96	[2]26.2	25.0%	19.6	8.7
[3]1982	188	22.5	12.0	9.6	8.5	4.07	[2]11.3	22.4%	8.8	4.7
[3]1981	169	21.0	12.4	9.4	7.6	[6]8.18	[2]4.0	26.6%	2.9	1.7
[5]1980	168	27.3	16.3	24.1	5.1	[4]4.26	18.9	45.5%	10.3	6.2
[5]1979	115	20.0	17.3	11.3	3.7	1.84	15.6	41.5%	9.1	7.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26.8	119	48.9	2.4	193	NM	57.1	67	125	45.5	NM
1987	18.9	115	54.7	2.1	202	1.0%	59.0	73	134	44.1	2.3%
1986	19.2	130	47.6	2.7	223	NM	59.7	106	167	35.8	NM
1985	1.6	123	58.0	2.1	227	NM	30.6	132	164	18.6	NM
1984	2.5	190	46.6	4.1	265	4.3%	29.0	182	217	13.4	6.2%
1983	27.7	191	54.3	3.5	237	9.5%	9.2	170	180	5.1	13.8%
1982	3.6	115	40.6	2.8	150	5.3%	8.3	99	109	7.6	9.5%
1981	3.7	118	35.6	3.3	156	1.9%	45.5	74	121	37.7	3.9%
1980	3.6	112	34.0	3.3	149	7.9%	38.9	74	115	33.9	16.4%
1979	1.4	75	37.6	2.0	92	11.5%	11.1	43	54	20.4	23.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, 1982, 1981, and spec. item(s) in 1980. 2. Incl. equity in earns. of nonconsol. subs. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition. 6. Net of interest income. d-Deficit. NM-Not Meaningful.

Business Summary

GenRad is a leading manufacturer of computer-controlled test and development systems for electronic equipment manufacturers, mechanical equipment manufacturers, and semiconductor manufacturers and users.

Users of GenRad's electronic manufacturing test and design equipment (mainly electronics and communications equipment industries) perform tests of their products at various stages in the design, manufacturing and service cycles to assist in development and to identify faulty components, manufacturing defects and damage from mishandling or exposure to adverse conditions.

Component-test instruments, which test the quality, reliability, conformance to standards, and performance of electronic components are another important product area.

Field service test products include a tester designed for field service depot applications, and a tester used as an on-site diagnostic tool. GenRad also offers a line of functional printed circuit board test systems specifically designed for field-service test depot applications.

The company discontinued its semiconductor test operations in 1987.

Foreign sales, which were solely to Europe, accounted for 31% of revenues and a $1.1 million in 1988. Sales to the U.S. Government represented 8% of total sales.

Dividend Data

Dividends had been paid since 1979 prior to omission in early 1986. The most recent semiannual payment was $0.05 in October, 1985. A "poison pill" stock purchase right was adopted in 1988.

Finances

The company has $21.5 million line of credit under a revolving credit agreement, $9 million for domestic borrowing and $12.5 million for international borrowing. The company also had lines of credit of $15.5 million with a number of banks. At July 1, 1989 notes payable totaled $8.3 million.

Capitalization

Long Term Debt: $56,929,000, incl. $55.8 million of debs. conv. into com. at $14.375 a sh.

Common Stock: 16,754,000 shs. ($1 par). Institutions hold approximately 58%. Shareholders of record: 4,927.

Office—300 Baker Ave., Concord, Mass. 01742 **Tel**—(508) 369-4400 **Chrmn**—W. R. Thurston **Pres & CEO**—R. E. Anderson **SVP-Secy**—C. J. Lahanas. **SVP-CFO**—C. E. Peters, Jr. **Investor Contact**—R. F. McNulty **Dirs**—R. E. Anderson, P. Penfield, Jr., E. W. Pitt, W. G. Scheerer, W. R. Thurston, W. Wilde, J. H. Wright **Transfer Agent & Registrar**—Bank of Boston, Boston, Mass. **Incorporated** in Massachusetts in 1915.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Genuine Parts

1005K

NYSE Symbol GPC Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
40⅜	43½–34⅞	16	1.20	3.0%	A+	1.01

Summary

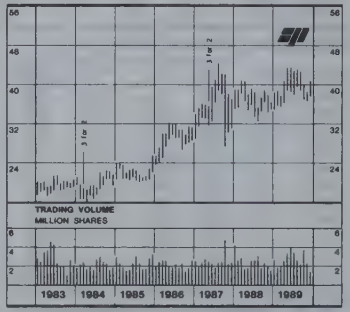
Earnings of this wholesale distributor of automotive replacement parts and other products have risen in every year since 1951 with the exception of 1960 and 1982. This record reflects the steady growth in the number of motor vehicles in use, their growing complexity, expansion of the company's distribution warehouses and jobbing stores, and acquisitions. Earnings gains in 1989 were led by strong improvement in industrial parts and office products, while automotive aftermarket demand was sluggish. The shares characteristically sell at an above-average multiple of earnings.

Current Outlook

Earnings for 1990 may rise to about $2.70 a share from the $2.55 estimated for 1989.

The $0.30 quarterly dividend is the minimum expected.

Prospects for GPC's replacement parts business are enhanced by the rising number and complexity of aging motor vehicles in the prime repair years, additional distribution centers, and the likelihood of further growth in domestic vehicle miles traveled. Contributions by the UAP-NAPA Canadian joint venture are expected to increase and recent years' strong growth in nonautomotive lines should continue.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	771	700	609	566
Jun.	812	748	686	618
Sep.	814	778	686	627
Dec.	---	716	645	582
	---	2,942	2,606	2,394

Sales for the nine months ended September 30, 1989 advanced 7.7%, year to year, reflecting particularly strong gains in industrial parts and office products. Sales at the automotive parts group rose 4%. Pretax income increased 10%. After taxes at 38.2%, against 38.0%, net income was up 9.9%, to $1.88 a share from $1.71.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.58	0.52	0.40	0.34
Jun.	0.65	0.59	0.47	0.39
Sep.	0.65	0.60	0.49	0.40
Dec.	E0.67	0.64	0.52	0.40
	E2.55	2.35	1.88	1.52

Important Developments

Oct. '89— Automotive parts sales rose only 4% in the first nine months of 1989, reflecting general softness in the U.S. market.

Jan. '89— GPC transferred its Western Canadian automotive distribution operations to a new partnership formed with UAP, Inc. UAP, one of Canada's largest automotive distributors, contributed its Western Canadian operations to the partnership. UAP owns slightly more than 50% of the partnership and will be the day-to-day operator of the unit, which will operate under the name UAP-NAPA. GPC owns the balance of the partnership and purchased 20% of UAP's common shares for some $25 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980	[1]1979
Tangible Bk. Val.	11.16	9.84	9.55	9.14	8.60	7.81	7.15	6.57	5.81	5.17
Earnings[2]	2.35	1.88	1.52	1.49	1.47	1.27	1.23	1.25	1.09	0.99
Dividends	1.04	0.91⅝	1.00¾	0.78¾	0.68	0.61⅜	0.57⅞	0.50¾	0.46¼	0.39⅛
Payout Ratio	44%	48%	66%	53%	46%	48%	47%	41%	42%	39%
Prices—High	40⅞	44⅜	32¼	25½	22½	21½	21	15⅞	13⅜	11⅞
Low	32½	27¼	23½	20⅛	16	17⅛	13¼	11½	8⅝	9⅜
P/E Ratio—	17–14	24–14	21–16	17–14	15–11	17–13	17–11	13–9	12–8	12–9

Data as orig. reptd. Adj. for stk. div(s) of 50% May 1987, 50% Apr. 1984, 50% Apr. 1979 **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers. of +0.07 in 1985 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	2,942	312	10.6	35.0	24.3	1.80	292	37.4%	181	6.2
1987	2,606	281	10.8	30.3	21.6	2.94	263	43.2%	[2]148	5.7
1986	2,394	254	10.6	34.6	19.9	1.64	242	49.2%	122	5.1
[3]1985	2,279	244	10.7	29.4	17.3	1.80	237	48.8%	120	5.3
1984	2,304	241	10.4	29.0	16.9	2.06	236	48.8%	120	5.2
1983	2,068	219	10.6	20.4	15.3	2.32	202	48.2%	104	5.0
[4]1982	1,937	210	10.8	25.2	14.1	2.37	194	47.8%	100	5.2
1981	1,585	165	10.4	13.6	9.8	0.98	154	48.3%	78	4.9
1980	1,432	146	10.2	15.4	9.0	3.19	134	48.2%	68	4.7
[4]1979	1,337	129	9.7	18.2	7.3	1.69	122	48.2%	62	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	123	968	231	4.2	1,141	16.7%	18.2	863	910	2.0	22.3%
1987	114	863	222	3.9	1,027	14.8%	19.4	760	804	2.4	19.8%
1986	166	855	209	4.1	1,011	12.3%	21.6	758	802	2.7	16.4%
1985	171	832	206	4.0	977	12.6%	23.0	729	771	3.0	17.0%
1984	144	807	215	3.8	948	13.2%	25.5	701	733	3.5	17.9%
1983	139	738	201	3.7	868	12.5%	24.9	636	667	3.7	17.0%
1982	97	657	170	3.9	784	13.0%	26.3	582	613	4.3	17.9%
1981	42	503	145	3.5	585	13.9%	16.8	411	441	3.8	20.1%
1980	31	446	139	3.2	527	13.5%	16.4	360	387	4.2	19.9%
1979	12	399	130	3.1	475	13.8%	15.4	321	346	4.5	20.5%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1985. **2.** Reflects accounting change **3.** Excludes discontinued operations **4.** Reflects merger or acquisition

Business Summary

Genuine Parts is an independent distributor of automotive replacement parts, operating 63 NAPA warehouse-distribution centers as of January 1, 1989 in the U.S., 550 owned jobbing stores, and six plants which rebuild small automotive parts. In January, 1989 GPC bought 20% of UAP Inc. GPC and UAP contributed their Canadian automotive operations to a partnership they formed. Contributions by industry segment in 1988 were:

	Sales	Profits
Automotive parts & supplies	66%	76%
Industrial parts & supplies	19%	12%
Office products	15%	12%

About 5,550 independent automotive parts jobbers are served, which in turn sell to garages, service stations, car and truck dealers, fleet operators, leasing companies, bus and truck lines, etc. Approximately 100,000 different replacement items are stocked.

The industrial parts and supplies segment distributes a wide variety of industrial bearings, mechanical and fluid power transmission equipment, including hydraulic and pneumatic products, material handling components, agricultural equipment, and related parts and supplies.

S. P. Richards distributes information processing supplies and office furniture, machines and supplies to office supply dealers, from 30 centers located in 21 states.

Dividend Data

Dividends have been paid since 1948. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 13	Mar. 7	Mar. 13	Apr. 1'89
0.30	Apr. 17	Jun. 6	Jun. 12	Jul. 1'89
0.30	Aug. 25	Sep. 5	Sep. 11	Oct. 1'89
0.30	Nov. 22	Dec. 5	Dec. 11	Jan. 2'90

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $18,779,000.

Minority Interests: $11,347,000.

Common Stock: 77,463,256 shs. ($1 par).
Institutions hold about 60%.
Shareholders of record: 6,761.

Office—2999 Circle 75 Pkwy., Atlanta, Ga. 30339. **Tel**—(404) 953-1700 **Chrmn & CEO**—W. Looney **Pres**—L. L. Prince **VP-Secy**—B. T. Webb, Jr. **VP-Treas & Investor Contact**—T. W. Wright **Dirs**—J. R. Courim, J. B. Ellis, J. C. Fraser, E. R. Hancock, W. C. Hatcher, E. M. Jones, W. Looney, C. Marks, W. A. Parker, Jr., L. L. Prince, J. J. Scalley W. M. Spencer, III, L. G. Steiner, D. N. Test, Jr., J. B. Williams **Transfer Agent & Registrar**—Trust Company Bank, Atlanta **Incorporated** in Georgia in 1928 **Empl**—15,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Georgia-Pacific

NYSE Symbol GP Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
51⅝	62-36⅝	7	1.60	3.1%	B+	1.26

Summary

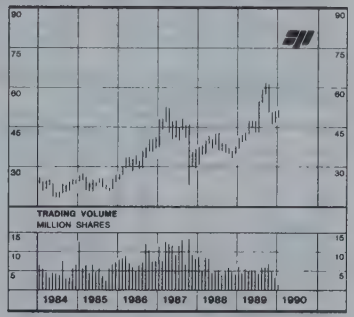
The largest domestic producer of softwood plywood, this leading forest products company also has major interests in pulp, paper, chemicals and gypsum. In October, 1989 GP commenced a $3.3 billion takeover bid for Great Northern Nekoosa. If the acquisition is successful, the merger of the two companies would create the world's largest forest products company.

Current Outlook

Earnings for 1990 (for the company as now constituted) are projected at $7.00 a share, compared with the $7.50 estimated for 1989.

The quarterly dividend was raised 14.3%, to $0.40 from $0.35, with the December, 1989 payment.

Building products sales are expected to rise somewhat in 1990 despite lower new homebuilding activity as GP continues to gain market share. The repair and remodeling market should remain strong. Pulp and paper prices should hold firm as long as the general economy continues to expand.



Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	2,447	2,115	1,855
Jun.	---	2,640	2,418	2,095
Sep.	---	2,646	2,409	2,424
Dec.	---	---	2,567	2,229
	---	---	9,509	8,603

Sales for the nine months ended September 30, 1989 rose 11%, year to year, reflecting a 27% increase in the pulp and paper segment. Building products sales were up 3.0%. Margins in pulp and paper widened dramatically, and pretax income advanced 46%. After taxes at 39.0%, versus 40.3%, net income was up 49%. Share earnings were $5.58 on 8.9% fewer shares outstanding, compared with $3.41.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.75	1.65	1.02	0.71
Jun.	E1.75	1.90	1.21	1.35
Sep.	E1.75	2.03	1.19	1.10
Dec.	E1.75	E1.92	1.36	1.06
	E7.00	E7.50	4.76	4.23

Important Developments

Dec. '89— GP continued to pursue its attempt to take over Great Northern Nekoosa. As of December 22, 73% of GNN's common stock had been tendered to GP under its $63-a-share cash offer. GNN management refused to withdraw its preferred stock purchase rights "poison pill" and continued to contest the merger in the courts. GP has received sufficient bank financing for the offer, and the Federal Trade Commission has not contested the merger on antitrust grounds.

Jul. '89— The company adopted a preferred stock purchase rights plan in a move designed to guard against partial tender offers and other abusive tactics.

Feb. '89— The company announced that it would rebuild a bleached paperboard machine at its Crosett, Ark. pulp and paper mill. The project will add 10,000 tons per year of capacity and will be completed in the second half of 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	27.79	24.72	22.70	20.59	19.58	19.48	19.21	18.98	19.02
Earnings[1]	NA	4.76	4.23	2.69	1.83	2.28	0.97	0.48	1.51	2.34
Dividends	1.45	1.25	1.05	0.85	0.80	0.70	0.60	1.05	1.20	1.20
Payout Ratio	NA	25%	25%	32%	44%	31%	68%	288%	81%	51%
Prices—High	62	42⅞	52¾	41¼	27⅜	25¾	31⅞	27¼	32⅜	34⅞
Low	36⅝	30¾	22¾	24¾	20½	18	22⅜	13¼	17¾	21½
P/E Ratio—	NA	9-6	12-5	15-9	15-11	11-8	33-23	57-28	21-12	15-9

Data as orig. reptd. 1. Bef. results of disc. opers. of -0.29 in 1985, -1.31 in 1984, and spec. item(s) of +0.10 in 1985, +0.96 in 1982. NA-Not Available. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	9,509	1,425	15.0	711	450	222	778	40.0%	467	4.9
1987	8,603	1,243	14.4	825	387	134	798	42.6%	458	5.3
1986	7,223	929	12.9	482	339	147	485	39.0%	296	4.1
[3]1985	6,716	732	10.9	642	310	162	309	33.0%	207	3.1
[3]1984	6,682	817	12.2	710	284	167	396	36.1%	253	3.8
1983	6,469	796	12.3	291	371	164	150	30.0%	[4]105	1.6
1982	5,402	533	9.9	277	356	209	67	22.4%	52	1.0
1981	5,414	632	11.7	766	277	198	230	30.4%	160	3.0
1980	5,016	720	14.4	641	288	138	353	30.9%	244	4.9
1979	5,207	847	16.3	878	245	103	536	39.0%	327	6.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	62	1,892	1,013	1.9	7,115	7.5%	2,514	2,635	5,937	42.3	18.5%
1987	70	1,729	996	1.7	5,870	8.4%	1,298	2,680	4,722	27.5	18.0%
1986	80	1,420	837	1.7	5,114	5.8%	893	2,437	4,153	21.5	12.1%
1985	62	1,291	700	1.8	4,866	4.3%	1,257	2,125	4,166	30.2	9.1%
1984	36	1,406	673	2.1	4,785	5.2%	1,383	2,007	4,111	33.6	11.7%
1983	43	1,451	680	2.1	4,979	2.1%	1,453	1,978	4,286	33.9	4.6%
1982	36	1,330	778	1.7	5,150	1.0%	1,618	1,947	4,366	37.1	1.9%
1981	30	1,323	894	1.5	5,060	3.3%	1,487	1,878	4,161	35.7	7.8%
1980	32	1,195	770	1.6	4,512	5.6%	1,227	1,879	3,740	32.8	12.7%
1979	22	1,123	661	1.7	4,118	8.9%	1,109	1,760	3,448	32.2	18.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1985, 1984, and spec. item(s) in 1985, 1982. 3. Excl. discontinued opers. 4. Reflects accounting change.

Business Summary

Georgia Pacific is the largest domestic producer of plywood, with major interests in the lumber, paper, and gypsum fields. GP operates more than 390 plants, mills and distribution centers in the U.S., plus operations in Canada and Brazil. Industry segment contributions in 1988:

	Sales	Profits
Building products	63%	41%
Pulp & paper	36%	58%
Other	1%	1%

Building products include softwood plywood and specialties (particleboard, insulation board, hardboard and panelboard), lumber, and gypsum products, which are sold through some 152 distribution centers in 47 states.

GP operates 28 primary pulp and paper plants with an aggregate capacity of about 4,366,000 tons, as well as 42 converting plants. Products include bags and sacks, tissues, paperboard and corrugated containers.

GP sold its commodity chemicals business in 1984, but retained its resin and specialty chemicals operations. The company sold its Exchange Oil and Gas subsidiary in September 1985.

As of December 31, 1988 GP owned about 5.48 million acres of timberland in North America, with cutting rights on another 1.01 million acres. GP also owns 874,000 acres in Brazil. GP obtains some 50% of its net fiber needs from its own holdings.

Dividend Data

Dividends have been paid since 1927. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Feb. 1	Feb. 13	Feb. 17	Mar. 13'89
0.35	May 2	May 15	May 19	Jun. 12'89
0.35	Jul. 31	Aug. 7	Aug. 11	Sep. 5'89
0.40	Oct. 27	Nov. 13	Nov. 17	Dec. 11'89

Next dividend meeting: Jan. 31'90.

Capitalization

Long Term Debt: $2,514,000,000.

Common Stock: 89,659,799 shs. ($0.80 par).
Institutions hold some 66%.
Shareholders of record: 53,000.

Office—133 Peachtree St. N.E., Atlanta, GA 30303 **Tel**—(404) 521-4000 **Chrmn & CEO**—T. M. Hahn, Jr. **Pres**—R. P. Hogan **Vice-Chrmn**—H. L. Arrington. **Secy**—Diane Durgin **Treas**—W. I. Tamblyn. **Investor Contact**—R. A. Good **Dirs**—H. L. Arrington, W. S. Boothby, Jr., R. Carswell, R. B. Claytor, H. C. Fruehauf, Jr., R. V. Giordano, T. M. Hahn, Jr., F. Jungers, F. J. McDonald, R. E. McNair, N. Pace, R. A. Schumacher, J. B. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Ga. in 1927 **Empl**—44,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Gerber Products

NYSE Symbol GEB Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
45½	52¼-28⅞	19	0.96	2.1%	B+	1.11

Summary

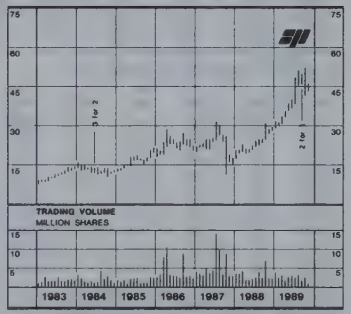
This company is the world's largest maker of baby foods. Other operations include infant and children's apparel, childcare products, and life insurance. GEB began marketing Bristol-Myers' infant formula in September, 1989. New product successes, rising unit volume and growing market share in baby foods augur well for fiscal 1989-90 earnings. Directors authorized a 5% share buyback program in mid-1989. In September the stock was split 2-for-1 and the dividend was raised 20%.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 are estimated at $2.70 a share, up from the $2.17 of fiscal 1988-9, as adjusted for the September, 1989 2-for-1 split.

Dividends were raised 20%, to $0.24 quarterly from $0.20 (both adjusted), with the September, 1989 payment.

Sales for fiscal 1989-90 should remain in a solid uptrend, reflecting growing volume from successful new products and rollouts of additional line extension. Expanding market share should enhance volume gains as well, and with higher average price increases, allow margins to expand substantially. Reorganization of apparel divisions may also boost profits, along with improved contributions from insurance operations. Entry into infant formula markets will require large initial marketing outlays, but should contribute modestly to fiscal 1989-90 profits and add significantly to future growth. Share repurchases should also enhance share earnings.



Net Sales & Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	273	248	200	195
Sep.	291	283	257	242
Dec.	---	247	227	219
Mar.	---	290	259	261
	---	1,068	943	917

Sales for the six months ended September 30, 1989 rose 8.1%, year to year (1988 restated to reflect consolidation of insurance operations). With increased volume and improved contributions from the Gerber products division, pretax income was up 27%. After taxes, net income from continuing operations rose 26%, to $1.42 a share from $1.08 (both adjusted), before a loss from discontinued operations of $0.01, versus $0.06.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.70	0.47	0.19	0.16
Sep.	0.72	0.61	0.45	0.30
Dec.	E0.55	0.48	0.31	0.15
Mar.	E0.73	0.61	0.39	0.33
	E2.70	2.17	1.33	0.93

Important Developments

Oct. '89— GEB announced plans to divest its Gerber Children's Centers, Inc. subsidiary (revenues of $30 million in fiscal 1988-9), which operates 115 facilities in 12 states and manages two centers for other employers. GEB began marketing Enfamil, the second largest infant formula in the U.S., under the Gerber brand name as of September, 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	[1]1987	1986	[1]1985	[1]1984	1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	8.38	7.83	7.68	8.33	7.94	7.38	6.83	6.37	5.78	5.32
Earnings[2]	2.17	1.33	0.93	1.12	1.39	1.24	0.98	0.98	0.86	0.77
Dividends	0.73½	0.66	0.66	0.66	0.58	0.49⅔	0.45⅔	0.41¾	0.38¾	0.36
Payout Ratio	33%	50%	70%	59%	42%	40%	47%	43%	45%	49%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	30⅞	31½	28⅞	21½	16	14⅝	9½	7½	6⅛	6⅞
Low	17⅛	11¼	17⅞	12¼	10¼	7½	5⅜	5¾	4	5⅛
P/E Ratio—	14-8	24-8	31-19	19-11	12-7	12-6	10-5	8-6	7-5	9-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep 1989, 50% Jul. 1984, 50% Jul. 1982. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers of -0.10 in 1989, -0.30 in 1988, -0.22 in 1987; bef. spec. item(s) of +0.05 in 1982, -0.09 in 1981 E-Estimated

November 22, 1989

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[5]1989	1,068	171	16.0	33.0	22.5	18.5	136	37.4%	85.4	8.0
[3]1988	943	125	13.2	45.4	20.9	19.8	84	37.5%	52.6	5.6
[3,4]1987	917	100	10.9	61.1	21.1	16.7	68	45.2%	[5]37.1	4.0
1986	968	117	12.1	55.9	23.6	10.9	79	42.7%	45.5	4.7
[4]1985	929	122	13.1	45.7	19.9	10.4	100	43.8%	56.4	6.1
[4]1984	805	105	13.0	30.5	17.5	9.4	89	43.9%	50.1	6.2
1983	719	91	12.7	23.6	18.3	6.8	73	46.3%	39.0	5.4
1982	703	88	12.5	34.1	17.1	6.0	72	45.3%	39.2	5.6
[4]1981	631	78	12.4	35.6	14.9	4.6	66	47.8%	34.5	5.5
[4]1980	602	70	11.6	48.5	12.6	6.2	54	45.0%	29.7	4.9

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	33.8	325	142	2.3	697	12.2%	146	330	515	28.4	26.5%
1988	5.3	366	205	1.8	727	7.3%	147	326	507	29.0	16.0%
1987	10.7	338	163	2.1	717	5.8%	176	329	550	32.0	10.8%
1986	19.3	290	107	2.7	601	7.8%	83	375	491	16.8	12.5%
1985	21.6	278	109	2.5	557	10.7%	75	350	448	16.8	16.9%
1984	70.1	273	92	3.0	500	10.7%	72	321	408	17.6	16.5%
1983	71.2	238	71	3.4	431	9.6%	71	283	361	19.6	14.3%
1982	15.6	195	81	2.4	384	10.6%	36	261	302	12.1	15.7%
1981	6.6	175	76	2.3	358	9.7%	37	237	282	13.1	15.1%
1980	11.6	180	101	1.8	353	9.0%	20	221	252	7.9	14.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1989, 1988, 1987, and spec. item(s) in 1982, 1981. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects accounting change.

Business Summary

Gerber Products is the largest producer of baby foods in the world, and is also engaged in a variety of other activities. Contributions to sales and operating profits by major industry segment:

Fiscal 1988-89	Sales	Profits
Gerber products division	56%	76%
Apparel group	33%	17%
Other	11%	7%

Gerber products consists primarily of baby food, including mainly Gerber strained, junior and chunky foods, First Foods fruits and vegetables, and Gerber cereals and bakery items. GEB holds about a 70% share of U.S. markets. The segment also includes portable vaporizers and humidifiers (Hankscraft), nursers, and infant care items.

Apparel consists of children's playwear, outerwear, underwear, and sleepwear sold under the Buster Brown, Weather Tamer, Bates and private labels; and infant clothing, bedding, and cloth diapers sold under the Curity label.

Other activities include the operation of day care centers, printing operations, life insurance, export sales and licensing agreements.

In 1988 GEB discontinued CWT, Inc. (trucking), Atlanta Novelty (plush toys), Cornucopia Farms, and Furniture Group operations.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Feb. 8	Feb. 14	Feb. 21	Mar. 10'89
0.40	May 10	May 16	May 22	Jun. 10'89
0.48	Jul. 26	Aug. 8	Aug. 14	Sep. 11'89
2-for-1	Jul. 26	---	Aug. 14	Sep. 11'89
0.24	Nov. 8	Nov. 14	Nov. 20	Dec. 11'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $146,253,000.

Common Stock: 37,681,450 shs. ($2.50 par). Institutions hold about 58%; some 16% closely held.
Shareholders of record: 10,986.

Office—445 State St., Fremont, Mich. 49412 **Tel**—(616) 928-2000 **Chrmn & CEO**—D. W. Johnson **Pres**—A. A. Piergallini **Secy**—Y. A. Lee **Treas**—M. Okkema **Investor Contact**—L. Grehs **Dirs**—G. M. Burditt, R. B. Carlson, H. M. Cummings, J. R. Fowler, A. J. Frens, D. F. Gerber, D. W. Johnson, R. L. McAuliffe, C. G. Smith, T. P. Smucker, G. S. Spitz, R. A. Weigel, C. F. Whitten, B. W. Wyse **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Michigan in 1901. **Empl**—14,691.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Gerber Scientific

NYSE Symbol GRB Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
16⅞	21-15⅞	12	0.20	1.2%	A-	1.29

Summary

This company manufactures and services high technology computer-aided design and computer-aided manufacturing systems designed to automate the design and production processes in a broad range of industries. Earnings for the first quarter of fiscal 1989-90 benefited from particular strength in laser photoplotters for the electronics industry and computer-controlled flexible material cutting systems for the apparel industry, a lower tax rate and fewer shares outstanding, which outweighed the adverse effects of narrower margins.

Business Summary

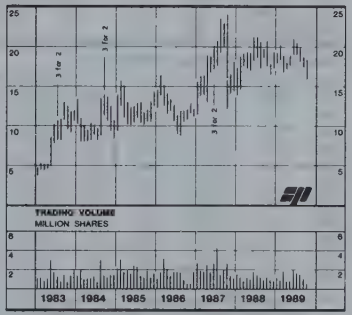
Gerber Scientific and its subsidiaries manufacture and service high technology computer-aided design and computer-aided manufacturing (CAD/CAM) systems. Contributions to sales by product line in recent fiscal years:

	1988-9	1987-8
Interactive production, drafting, and photoplotting systems	16%	16%
Cutting, nesting, & material handling systems	42%	45%
Interactive mechanical design & manufacturing systems	4%	5%
Microprocessor-controlled production systems	38%	34%

Export sales accounted for about 42% of total sales in fiscal 1988-9.

Interactive production systems are task-oriented, computer-based systems that automate the production of artwork, tooling, and documentation for printed circuit boards, and the preparation of film masks and paste-up mechanicals in the graphic arts industry, and the preparation of printing plates in the newspaper industry.

Computer-controlled cutting systems (GERBER-cutters) cut precise parts out of layers of flexible materials. Computer-aided pattern-making and nesting systems automate the sizing and arrangement of nested pieces to improve efficiency in material usage. The above systems are used by the apparel, aerospace, automotive and other industries. The GERBERmover delivers sequentially fabricated apparel parts between operators.



Interactive design and data management systems are used in the design and manufacture of aerospace, automotive and industrial machinery components, tools, dies, molds and assorted parts.

Microprocessor-controlled production systems are used to meet the graphic design needs of commercial sign shops, art and graphics departments, advertising agencies and other groups.

Important Developments

Aug. '89— The company reported that new orders received during the three months ended July 31, totaled $66.4 million, down 4.2% from $69.3 million for the comparable year-earlier period. The backlog of orders at July 31 totaled $74.6 million, versus $82.6 million a year earlier.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.18	6.43	5.88	5.13	4.43	3.63	1.71	1.74	1.61	0.95
Earnings	1.35	1.15	0.81	0.70	0.97	0.63	0.21	0.15	0.42	0.28
Dividends	0.12	0.11	0.08	0.08	0.06¾	0.04⅞	0.03½	0.03½	0.03¼	0.01⅞
Payout Ratio	9%	9%	10%	11%	7%	8%	17%	23%	8%	7%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	21¼	24⅛	16½	15¾	14	13	4½	8⅛	8½	4⅜
Low	13⅞	11⅜	8¾	9⅜	8	3¾	1⅞	2⅞	3⅛	1¼
P/E Ratio—	16-10	21-10	20-11	22-13	14-8	21-6	22-9	52-18	20-8	15-4

Data as orig. reptd. Adj. for stk. divs. of 50% Jul. 1987, 50% Sep. 1984, 50% Aug. 1983, 100% Nov. 1980. 1. Reflects merger or acquisition.

October 25, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	299	54.9	18.3	10.3	7.73	1.71	50.9	35.4%	32.9	11.0
1988	264	49.6	18.8	15.4	7.21	1.56	46.0	35.6%	29.6	11.2
1987	224	39.4	17.6	10.6	6.50	2.06	34.2	38.9%	21.1	9.4
1986	192	34.4	17.9	7.1	6.26	3.60	29.6	38.9%	18.2	9.5
[2]1985	224	47.6	21.2	12.2	6.01	3.50	43.7	43.0%	25.1	11.2
1984	174	31.0	17.8	8.0	5.01	3.63	25.0	42.4%	14.7	8.5
[2]1983	117	14.4	12.3	2.5	4.00	4.70	6.9	41.8%	[3]4.5	3.9
1982	115	9.0	7.8	[4]7.1	2.98	4.38	4.5	37.8%	3.3	2.8
1981	93	14.0	15.1	7.0	1.85	[3]3.53	15.2	40.1%	8.9	9.5
1980	74	11.7	15.7	6.5	1.16	2.61	10.0	39.9%	5.9	7.9

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	33.9	181	54.2	3.3	255	13.4%	11.5	181	200	5.7	19.1%
1988	44.5	176	56.8	3.1	245	12.6%	12.1	170	189	6.4	18.3%
1987	48.4	177	54.6	3.3	235	9.0%	12.6	161	180	7.0	13.9%
1986	55.7	179	53.7	3.3	231	8.0%	30.5	141	177	17.2	13.7%
1985	53.3	168	61.5	2.7	220	12.3%	31.2	122	159	19.7	22.5%
1984	59.4	147	58.4	2.5	186	8.8%	24.7	99	128	19.3	19.6%
1983	2.7	88	43.7	2.0	123	4.0%	33.5	42	79	42.2	11.1%
1982	1.9	74	37.4	2.0	102	3.3%	23.0	39	65	35.3	8.7%
1981	5.1	68	30.0	2.3	92	11.1%	22.4	36	62	36.3	31.4%
1980	6.5	53	24.0	2.2	68	10.7%	22.6	21	44	51.6	33.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects acctg. change. 4. Net of curr. yr. retirement and disposals.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	74.7	69.5	61.8	54.4
Oct.		71.6	64.4	56.3
Jan.		78.4	68.8	53.4
Apr.		79.9	68.9	59.8
		299.3	264.0	223.9

Sales for the three months ended July 31, 1989 rose 7.5%, year to year, reflecting particular strength in laser photoplotters for the electronics industry and computer-controlled flexible material cutting systems for the apparel industry, which outweighed weakness in microprocessor-controlled production systems for the signmaking and graphic arts industries and lower service revenues.
Margins narrowed on a less favorable product mix, increased R&D expenses and higher marketing costs, and the gain in pretax income was limited to 0.3%. After taxes at 34.7%, versus 35.6%, net income was up 1.7%, to $0.32 a share (on 3.6% fewer shares outstanding) from $0.30.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.32	0.30	0.25	0.18
Oct.		0.32	0.28	0.19
Jan.		0.35	0.30	0.20
Apr.		0.38	0.32	0.24
		1.35	1.15	0.81

Dividend Data

Dividends were initiated in 1978.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Jan. 18	Feb. 6	Feb. 10	Feb. 28'89
0.03	May 1	May 8	May 12	May 31'89
0.03	Aug. 1	Aug. 9	Aug. 15	Aug. 31'89
0.05	Sep. 7	Nov. 9	Nov. 15	Nov. 30'89

Next dividend meeting: mid-Jan.'90.

Finances

During fiscal 1988-9 the company repurchased 1,012,400 common shares pursuant to an April, 1988 authorization to buy back up to 3 million common shares (about 12% of the total outstanding). Pursuant to a previously granted, one-year authorization, which expired April 6, 1988, the company repurchased about 1.3 million common shares.

Capitalization

Long Term Debt: $11,305,000.

Common Stock: 23,846,859 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 2,730.

Office—83 Gerber Rd. West (P.O. Box 305, Hartford, Conn. 06141-0305). S. Windsor, Conn. 06074 **Tel**—(203) 644-1551 **Chrmn & Pres**—H. J. Gerber **Secy**—R. F. Treacy Jr. **Treas**—P. J. Russo **Investor Contact**—R. D. Lipira. **Dirs**—G. M. Gentile, H. J. Gerber, D. J. Logan, R. McCormick, S. Simon, B. Towbin **Transfer Agent & Registrar**—Connecticut Bank and Trust Co., Hartford. **Incorporated** in Connecticut in 1948 **Empl**—1,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Giant Food

7988

ASE Symbol GFS.A Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
29⅛	36¼-19¼	17	0.50	1.7%	A	0.89

Summary

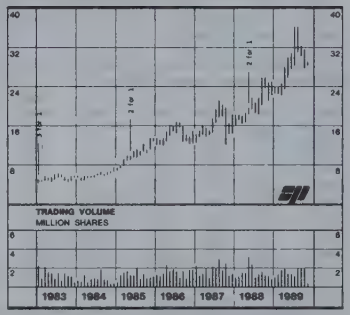
This rapidly growing regional supermarket operator is the leading chain in the highly competitive metropolitan Washington, D.C. market. Earnings should continue to benefit from aggressive promotions and merchandising as well as additional openings of larger food-drug combination stores.

Current Outlook

Earnings for the fiscal year ending in February 1990 are projected to increase to $1.90 a share from the $1.63 of 1988-9. Earnings could approximate $2.20 in 1990-1.

The quarterly dividend was raised 25%, to $0.12½ from $0.10, with the June 1989 payment.

Sales in 1989-90 should reflect increased same-store volume, aided by remodelings, new store openings and continued strong emphasis on promotions. Margins should benefit from the increased volume, the addition of new combination food-drug stores and stringent cost controls. Interest expense will remain about level.



Net Sales (Million $)

Weeks:	1989-90	1988-9	1987-8	1986-7
12 May	725	659	606	548
12 Aug.	733	676	613	555
12 Nov.		686	620	565
16 Feb.		966	883	[1]861
		2,987	2,721	2,528

Sales for the 24 weeks ended August 12, 1989, rose 9.2%, year to year, benefiting from increased same-store sales and volume produced by new stores. Costs and expenses were well controlled, and pretax income climbed 19%. After taxes at 38.5% in each period, net income also increased 19%, to $48.7 million ($0.81 a share), from $40.8 million ($0.68).

Common Share Earnings ($)

Weeks:	1989-90	1988-9	1987-8	1986-7
12 May	0.44	0.34	0.25	0.23
12 Aug.	0.37	0.34	0.26	0.22
12 Nov.	E0.38	0.35	0.29	0.08
16 Feb.	E0.71	0.60	0.45	[1]0.25
	E1.90	1.63	1.26	0.78

Important Developments

Oct. '89— Giant said its long-term goal is to maintain net return on sales of over 3%. The company noted that last month it had signed a three-year union contract providing for an initial wage increase of $1 an hour, and said it plans to examine all areas of selling, general and administrative expense for possible savings so as to minimize price increases passed on to the consumer. Giant added that it currently has locations for 19 new supermarkets, including 18 food-drug stores; 14 of the stores should be open within the next 36 months.

Jun. '89— The company said its manufacturing, processing, wholesaling and distribution operations had benefited substantially from increased volume at retail stores; about 1% of net income was derived from these activities in 1988-9.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Feb. 28	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.11	5.91	4.99	4.53	3.84	3.31	2.67	2.30	2.07	1.86
Earnings	1.63	1.26	0.78	[2]1.00	[2]0.77	[2]0.70	0.64	0.29	0.32	0.31
Dividends	0.38¼	0.33	0.30	0.30	0.18¾	0.20	0.11[15/16]	0.10	0.09¼	0.08⅜
Payout Ratio	20%	26%	39%	26%	25%	22%	19%	35%	29%	27%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	25⅞	21[3/16]	16[13/16]	13⅞	7½	6¼	4[9/16]	1⅞	1⅞	1[11/16]
Low	16⅛	12⅝	11⅞	6[13/16]	4[13/16]	4¼	1[9/16]	1[7/16]	1⅛	1⅝
P/E Ratio—	16-10	17-10	22-15	14-7	10-6	9-6	7-2	6-5	5-4	5-3

Data as orig. reptd. Adj. for stk. divs. of 100% Jun 1988, 100% Jun. 1985, 200% Jan 1983. 1. 17 wks. 2. Fvl. dil. 0.94 in 1986, 0.75 in 1985, 0.68 in 1984. E-Estimated.

November 14, 1989

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	2,987	232	7.8	115	61.8	25.1	159	38.4%	98.0	3.3
1988	2,721	197	7.2	111	54.4	24.0	132	42.6%	[1]75.6	2.8
1987	2,528	147	5.8	139	44.7	16.3	93	50.2%	46.5	1.8
1986	2,247	143	6.4	102	36.7	12.3	103	44.4%	57.0	2.5
1985	2,139	116	5.4	60	31.5	11.0	82	45.1%	45.2	2.1
1984	1,957	106	5.4	49	28.3	11.4	73	44.7%	40.5	2.1
1983	1,852	97	5.2	43	25.4	11.3	68	44.9%	37.2	2.0
1982	1,684	50	3.0	57	21.9	9.8	25	33.0%	16.8	1.0
1981	1,483	54	3.7	41	19.6	[1]8.8	32	42.8%	18.3	1.2
1980	1,243	52	4.2	33	17.7	8.3	31	42.6%	17.9	1.4

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	179	405	258	1.6	983	10.5%	233	428	706	33.0	25.0%
1988	148	365	240	1.5	885	9.2%	235	356	630	37.3	23.0%
1987	106	291	213	1.4	759	6.7%	200	300	531	37.8	16.2%
1986	93	251	189	1.3	623	9.8%	126	271	421	30.0	22.7%
1985	96	233	165	1.4	540	8.8%	117	229	363	32.2	21.3%
1984	84	206	149	1.4	479	8.9%	112	193	319	35.2	23.2%
1983	88	200	153	1.3	451	8.9%	118	162	291	40.5	25.4%
1982	53	160	122	1.3	392	4.6%	118	133	258	45.8	13.2%
1981	43	145	105	1.4	340	5.6%	98	121	226	43.5	15.9%
1980	47	134	95	1.4	307	6.1%	91	108	205	44.3	17.6%

Data as orig. reptd. 1. Reflects acctg. change.

Business Summary

At February 25, 1989, Giant Food operated a chain of 145 supermarkets (one of which is a gourmet store), including 100 in the Washington, D. C., metropolitan area and 37 in or near Baltimore. The company also operates one freestanding drug-store.

The majority of the company's stores are located in shopping centers, with the average food and food/pharmacy combination unit generating an annual sales volume of about $20.7 million. Of the retail stores, 92 have pharmacy units, 133 have full service delicatessens and a number have flower departments. In 1988-9, 25% of sales were accounted for by meat, deli and dairy, 66% came from groceries and non-food items, and 9% from fresh produce.

Giant owns and operates three distribution facilities, with about 1,100,000 square feet, in Landover, Maryland, and also operates a dry grocery warehouse, a frozen foods distribution center and an ice cream manufacturing facility. The company produces for sale in its stores bakery products and dairy products, ice cream, soft drinks and ice cubes. Giant also provides services such as check cashing, issuance of money orders (through a joint venture), automatic teller machines, photographic film development, rental of home care appliances and catering.

Through its GFS Realty Inc. subsidiary, Giant owns 10 shopping centers and two freestanding stores.

Dividend Data

Cash has been paid each year since 1960. A dividend reinvestment plan is available. Recent class A declarations were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Jan. 19	Jan. 30	Feb. 3	Mar. 3'89
0.12½	Apr. 13	May 1	May 5	Jun. 2'89
0.12½	Jul. 6	Jul. 31	Aug. 4	Sep. 1'89
0.12½	Oct. 19	Oct. 30	Nov. 3	Dec. 1'89

Capitalization

Long Term Debt: $235,779,000 (5/89), incl. $134,204,000 of obligs. under capital leases.

Common Stock ($1 par): 59,831,043 shs. class A—non-voting; 125,000 shs. class AC—voting; 125,000 shs. class AL—voting.
All voting shares are closely held.
Institutions own about 28% of the class A.
Shareholders: About 10,956 of record.

Options: To buy 1,901,962 shs. at $1.21 to $24.44 each.

Office—6300 Sheriff Rd., Landover, Md 20785. P.O. Box 1804, Washington, D.C. 20013. **Tel**—(301) 341-4100. **Chrmn, Pres & CEO**—I. Cohen. **SVP, Secy-Treas & Investor Contact**—D. B. Sykes. **Dirs**—I. Cohen, S. Lehrman, J. J. Mason, D. B. Sykes, R. Waxenberg, M. F. West, Jr., M. H. Wilner. **Transfer Agent & Registrar**—American Stock Transfer Co., NYC. **Incorporated** in Delaware in 1935. **Empl**—24,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen Sack

Gillette Co.

NYSE Symbol GS Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
48 3/8	49 3/4-33	18	0.96	2.0%	A	1.17

Summary

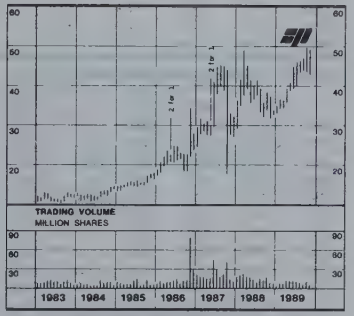
Gillette is the leading factor in the razor and blades field and has important participations in hair care, toiletries, writing instruments, and small appliances. A substantial portion of sales and earnings is derived from foreign operations. In July, 1989 the company sold $600 million of convertible preferred stock to Berkshire Hathaway Inc. GS introduced a new shaving system under the Sensor brand name in October.

Current Outlook

Earnings for 1990 are expected to reach $3.25 a share, up from the $2.70 estimated for 1988.

An increase in the $0.24 quarterly dividend is likely in early 1990.

Sales for 1990 should post a healthy gain, aided by initial sales of the company's new Sensor shaving system, as well as growth in most established hair care, Braun, stationery and dental product lines. Profits should benefit from the better volume and cost efficiencies.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	941	903	762	655
Jun.	904	865	762	679
Sep.	922	846	777	694
Dec.	---	968	866	791
	---	3,581	3,167	2,818

Sales for the nine months ended September 30, 1989 rose 5.9%, year to year. However, profitability was hurt by increased net interest expense and higher foreign exchange losses. Net income declined fractionally (0.8%). Following preferred dividends in the 1989 period, share profits rose to $2.02 based on 15% fewer average shares outstanding, from $1.82.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.80	0.65	0.48	0.36
Jun.	0.65	0.60	0.50	0.37
Sep.	0.57	0.57	0.51	0.37
Dec.	E0.68	0.63	0.51	d0.97
	E2.70	2.45	2.00	0.13

Important Developments

Oct. '89— The company introduced a new permanent, cartridge-type razor product under the Sensor name. GS said that the new shaving system, which features twin spring-mounted blades that move independently, provides a closer, safer and more comfortable shave than any other product now on the market. The launch will be supported by a $175 million sales and marketing campaign.

Jul. '89— Gillette sold 600,000 shares of a new 8 3/4% Series B convertible preferred stock at $1,000 per share to Berkshire Hathaway Inc. The preferred is convertible into an 11% interest in GS. Proceeds were used to reduce debt. Berkshire's chairman, Warren E. Buffett, was added to Gillette's board of directors.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	1984	1983	1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	d3.69	2.97	1.93	5.45	5.01	5.49	5.22	5.20	5.17	4.65
Earnings	2.45	2.00	0.13	1.30	1.30	1.20	1.12	1.03	1.03	0.92
Dividends	0.86	0.74	0.67 3/8	0.65	0.61	0.58 1/2	0.55	0.50	0.45 3/8	0.41 1/2
Payout Ratio	31%	37%	538%	50%	47%	49%	50%	49%	44%	45%
Prices—High	49	45 7/8	34 1/2	18	14 3/4	12 7/8	12 3/8	8 7/8	7 7/8	7
Low	29 1/8	23 1/4	17 1/4	13 3/8	10 3/4	10 1/4	7 3/4	6 7/8	4 1/2	5 7/8
P/E Ratio—	20-12	23-12	NM	14-10	11-8	11-9	11-7	9-7	8-4	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987, 100% May 1986. 1. Reflects merger or acquisition. E-Estimated. d-Deficit. NM-Not Meaningful

December 14, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	3,581	755	21.1	189	141	138	449	40.1%	269	7.5
[2]1987	3,167	629	19.9	147	114	113	384	40.1%	230	7.3
[2]1986	2,818	508	18.0	230	97	85	52	69.3%	[3]16	0.6
1985	2,400	458	19.1	158	78	89	272	41.3%	160	6.7
1984	2,289	428	18.7	155	76	79	259	38.5%	159	7.0
1983	2,183	397	18.2	90	78	58	239	38.9%	146	6.7
1982	2,239	396	17.7	91	77	66	225	39.8%	135	6.0
1981	2,334	389	16.7	116	77	79	217	42.7%	[3]124	5.3
[2]1980	2,315	349	15.1	148	71	60	214	42.0%	124	5.4
[2]1979	1,985	296	14.9	148	58	37	189	41.6%	111	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	175	1,740	965	1.8	2,868	10.4%	1,675	d85	1,681	99.6	128.6%
1987	143	1,578	961	1.6	2,731	8.7%	840	599	1,509	55.6	43.3%
1986	118	1,490	901	1.7	2,540	0.7%	915	461	1,427	64.1	2.4%
1985	473	1,531	901	1.7	2,425	7.2%	436	898	1,407	31.0	18.9%
1984	307	1,224	662	1.8	2,024	8.6%	443	791	1,276	34.7	20.5%
1983	176	1,064	526	2.0	1,696	8.6%	278	757	1,081	25.7	19.6%
1982	138	1,054	525	2.0	1,667	7.9%	293	721	1,059	27.7	18.7%
1981	166	1,151	669	1.7	1,759	7.2%	259	720	1,020	25.4	17.3%
1980	89	1,115	601	1.9	1,709	7.7%	279	717	1,032	27.1	18.2%
1979	93	1,011	527	1.9	1,528	7.8%	249	648	932	26.7	17.9%

Data as orig. reptd. 1. Incl equity in earns of nonconsol subs 2. Reflects merger or acquisition. 3. Reflects accounting change d-Deficit.

Business Summary

Contributions for Gillette by business segment in 1988 were as follows:

	Sales	Profits
Blades and razors	32%	61%
Toiletries & cosmetics	28%	14%
Braun products	23%	13%
Stationery products	11%	9%
Oral-B dental items	6%	3%

Foreign operations (including Canada) accounted for about 65% of sales and 64% of profits in 1988.

Items in the blade and razor area include the Trac II, Atra and Sensor twin bladed razor and cartridge systems; Super Stainless Steel and Platinum Plus double edged blades; and the Daisy, Good News and Micro Trac disposable razors.

Toiletries and cosmetics include deodorants such as Right Guard, Dry Idea and Soft & Dri; shampoos, sprays and other hair care products sold under the White Rain, Silkience, Toni and other names; and various skin care and shaving cream products.

Braun AG is the leading producer of electric shavers in Germany and also makes a number of household and personal care appliances.

Stationery products include Paper Mate, Flair, Eraser Mate and Waterman writing instruments and Liquid Paper and other correction fluids. Oral-B dental products include toothbrushes, toothpastes, rinses and related items.

Dividend Data

Dividends have been paid since 1906. A "poison pill" stock purchase right was adopted in 1986. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21 1/2	Dec. 15	Jan. 26	Feb. 1	Mar. 3'89
0.24	Apr. 20	Apr. 25	May 1	Jun. 5'89
0.24	Jul. 20	Jul. 26	Aug. 1	Sep. 5'89
0.24	Oct. 19	Oct. 26	Nov. 1	Dec. 5'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $964,400,000.

Minority Interest: $13,400,000.

8.75% Series B Conv. Pfd. Stock: 600,000 shs. ($600 million); conv. into 12 million com. in 1991. Held by Berkshire Hathaway Inc.

Common Stock: 96,763,244 shs. ($1 par).
Institutions hold approximately 49%.
Shareholders of record: 27,052.

Office—Prudential Tower Bldg., Boston, Mass. 02199. **Tel**—(617) 421-7000. **Chrmn & CEO**—C. M. Mockler, Jr. **Secy**—K. E. DeMoss. **Treas**—L. B. Swaim. **Investor Contact**—Milton Glass. **Dirs**—W.E. Buffett, R. R. Campbell, R. C. Foster, L. E. Fouraker, H. H. Jacobi, C. M. Mockler, Jr., D. F. Phillips, R. R. Pivirotto, J. J. Sisco, J. M. Stata, J. F. Turley, A. N. Zeien. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Delaware in 1917 **Empl**—29,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H. B Saftles

Glaxo Holdings

NYSE Symbol GLX Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
23½	25½-18½	16	[1]0.64	[1]2.7%	NR	1.21

Summary

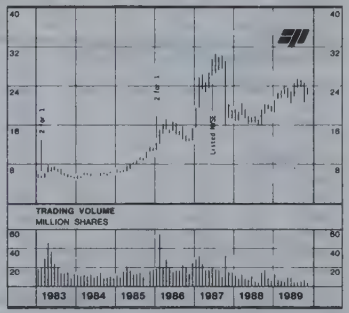
This British holding company is the world's second largest producer of ethical pharmaceuticals, with about half of its sales derived from Zantac, an antiulcer drug. Sales and earnings have increased steadily in recent years, aided by strong growth in Zantac and other new drug products, and expansion in the North American market. Sales and earnings are often importantly affected by foreign exchange currency fluctuations.

Current Outlook

Earnings for the fiscal year to end June 30, 1990 are projected at about $1.60 per ADS, up from the $1.43 of fiscal 1989, assuming a constant dollar-to-£ sterling exchange rate.

A final dividend from fiscal 1989 earnings of $0.447 per ADS (after 15% British tax to U.S. residents) was paid November 20, 1989. An interim dividend of $0.189 per ADS was paid in May, 1989.

Sales for fiscal 1990 should post another healthy increase, aided by double-digit growth in Zantac, as well as higher sales of respiratory and anti-infective pharmaceuticals. Despite another large increase in R & D costs, profits should benefit from the better volume, cost efficiencies and a lower tax rate.



Sales (Million $)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Dec.	2,026	1,744	1,298	991
12 Mos. Jun.	3,984	3,521	2,808	2,189

Sales (in British pounds) for the fiscal year ended June 30, 1989 advanced 25%, year to year, reflecting strong growth in sales of Zantac, respiratory drugs and systemic antibiotics. Income before taxes rose 21%. After taxes at 31.4% against 30.8%, and minority interests, net income was up 20%. Earnings per ADS were $1.43, versus $1.32 (based on year-end exchange rates).

Earnings Per ADS ($)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Dec.	0.77	0.69	0.48	0.32
12 Mos. Jun.	1.43	1.32	1.08	0.83

Important Developments

Oct '89— Glaxo projected R & D expenditures for fiscal 1990 at about £440 million, up from £323 million in fiscal 1989. The company said that it had nine new compounds in 11 full development programs, as well as a substantial number of additional compounds in exploratory development. In April, 1989 GLX made product license applications for ondansetron (GR 38032), a treatment for emesis induced by cancer chemotherapy and radiotherapy. During calendar 1989 and 1990 Glaxo plans to file product license applications for fluticasone propionate (CCI 18781), an anti-inflammatory steroid; lacidipine (GR 43659), a calcium channel blocker antihypertensive agent; sumatriptan (GR 43175) for migraine; and salmeterol hydroxynaphthoate, a bronchodilator.

Next earnings report expected in mid-March.

Per ADS Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	4.77	4.12	3.16	2.26	1.51	1.25	1.14	1.08	1.09	1.18
Earnings[2]	1.43	1.32	1.08	0.83	0.50	0.31	0.24	0.21	0.18	0.15
Dividends	0.56	0.45[1]/8	0.26[1]/4	0.21[1]/8	0.11[5]/8	0.09[1]/8	0.07[1]/2	0.07[1]/2	0.07[1]/4	0.04[3]/4
Payout Ratio	39%	34%	24%	25%	23%	29%	31%	36%	42%	32%
Prices[3]—High	25½	20½	30[6]/8	17[1]/4	11[5]/8	6[5]/8	7[7]/8	6[1]/8	2[1]/8	1[5]/8
Low	18½	15[7]/8	15[3]/8	10[7]/8	6[1]/4	4[7]/8	5	1[7]/8	1½	1
P/E Ratio—	18-13	16-12	28-14	21-13	23-12	21-16	33-21	30-10	12-8	11-7

Data as orig. reptd. Adj. for stk. divs. of 100% Jan 1986, 100% Feb 1983, 100% Feb 1980. 1. Decl. in the past 12 mos. (approx.), net aft. 15% British tax to U.S. residents. 2. Bef. results of disc. opers. of -0.02 in 1985, and spec. item(s) of +0.02 in 1988, +0.03 in 1987. 3. Cal. yrs.

December 6, 1989

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Income Data (Million U.S. $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	3,984	1,462	36.7	578	144	41.0	1,559	31.4%	1,066	26.8
1988	3,521	1,379	39.2	470	125	36.0	1,423	30.8%	976	27.7
1987	2,808	1,161	41.4	311	89	17.7	1,203	32.8%	800	28.5
1986	2,189	829	37.9	307	65	11.3	937	34.1%	613	28.0
[3]1985	1,850	525	28.4	166	51	18.5	528	29.8%	366	19.8
1984	1,629	364	22.3	133	45	17.5	348	32.9%	229	14.1
1983	1,575	319	20.2	108	46	20.4	295	39.1%	177	11.2
1982	1,503	261	17.4	113	42	25.9	232	39.0%	140	9.3
1981	1,371	203	14.8	106	36	23.6	169	29.2%	117	8.5
1980	1,456	196	13.5	111	42	21.4	156	35.6%	98	6.8

Balance Sheet Data (Million U.S. $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	2,006	3,537	1,338	2.6	5,377	20.7%	50	3,551	3,717	1.3	32.2%
1988	2,004	3,394	1,486	2.3	4,902	22.4%	21	3,051	3,160	0.7	36.2%
1987	1,508	2,672	1,147	2.3	3,803	24.4%	21	2,339	2,427	0.9	39.9%
1986	907	1,825	857	2.1	2,755	26.7%	16	1,670	1,702	1.0	44.0%
1985	502	1,184	568	2.1	1,837	21.3%	10	1,116	1,139	0.9	35.9%
1984	292	1,022	556	1.8	1,589	15.0%	12	917	940	1.2	26.1%
1983	221	931	504	1.8	1,460	12.0%	22	831	860	2.6	21.8%
1982	159	870	559	1.6	1,394	10.2%	65	743	818	7.9	18.7%
1981	161	837	472	1.8	1,324	8.5%	84	737	831	10.2	15.2%
1980	148	942	497	1.9	1,436	7.5%	104	797	910	11.4	15.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1985, and spec. item(s) in 1988 and 1987. 3. Excl. disc. opers.

Business Summary

Glaxo Holdings is a British holding company which, through some 70 subsidiaries and associated companies worldwide, produces a broad range of ethical pharmaceuticals. Sales by product category in recent fiscal years:

	1989	1988
Anti-ulcerants	50%	48%
Respiratory products	23%	22%
Systemic antibiotics	15%	15%
Dermatologicals	4%	5%
Cardiovascular products	2%	2%
Other	6%	8%

Sales by geographic markets in fiscal 1989 were divided as follows: North America 45% (40% in fiscal 1988); Europe (excluding the U.K.) 30% (32%); U.K. 12% (13%); Southeast Asia and the Far East 6% (6%); Africa and the Middle East 2% (4%); Australasia 3% (3%); and Central and South America 2% (2%).

Principal products include Zantac (ranitidine), an anti-peptic ulcerant which accounts for roughly 43% of the worldwide anti-peptic ulcerant market; respiratory products such as Ventolin, a bronchodilator for the treatment of asthma, and Becotide/Beclovent, an inhaled anti-inflammatory to treat asthma; systemic antibiotics, which include Fortum/Fortaz injectable cephalosporins and an oral cephalosporin, cefuroxime axetil, sold under the Ceftin, Oracef and Zinnat names. Other products include cardiovascular and dermatological drugs, commodity antibiotics, and fine chemicals.

Dividend Data

Dividends have been paid on the ordinary shares since 1948. From each fiscal year's earnings an interim dividend is paid in May and a larger final dividend in November after the end of the fiscal year. Payments on the ADS in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.189*	---	Apr. 7	Apr. 13	May 19'89
0.447*	---	Oct. 5	Oct. 12	Nov.20'89

*Net aft. 15% British tax.

Capitalization

Long Term Debt: £32,000,000 (6/30/89).

Minority Interests: £22,000,000.

Ordinary Stock: 1,491,778,814 shs. (50p par). Each American Depositary Share represents 2 Ordinary shares.
Institutions hold about 5.6% of the ADS.
Shareholders of record: 78,237.

Office—Clarges House, 6-12 Clarges St., London W1Y 8DH, England **Tel**—01-493-4060 **Chrmn**—Sir Paul Girolami **Chief Exec**—E. Mario **Secy**—D. J. G. White **U.S. Investor Contact**—Penney Burnett (212) 308-5185 **Dirs**—Sir Ronald Arculus, Sir Ralf Dahrendorf, J. L. Ferguson, M. Fertonani, Sir Alistair Frame, Sir Paul Girolami, J. M. Hignett, F. B. Humer, E. Mario, H. McCorquodale, J. M. Raisman, R. B. Sykes. **Depositary for ADRs**—Bank of New York, NYC **Registered** in Britain in 1935; reregistered in 1981 **Empl**—33,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Herman Saftlas

Golden Nugget

NYSE Symbol GNG Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
29¼	34-16⅜	NM	None	None	B-	1.06

Summary

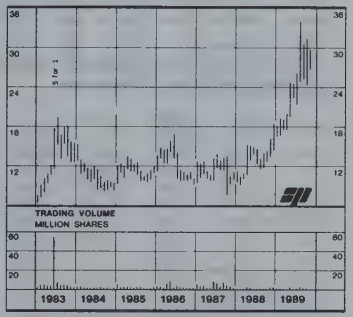
This gaming company, which operates a casino/hotel in downtown Las Vegas and a casino in Laughlin, Nev., is about to open a major, new casino/hotel on the Las Vegas Strip. This new facility, called the Mirage, is expected to produce the bulk of GNG's revenues and operating profit in 1990. Since October 1987, GNG has spent approximately $267 million to repurchase about 19.8 million common shares.

Current Outlook

Earnings for 1990 are estimated at $0.25 a share, versus a loss of roughly $1.20 expected for 1989.

Dividends are unlikely over the near term.

GNG's new Mirage casino/hotel is expected to boost operating profit substantially in 1990. However, projected interest expense of more than $100 million and competitive conditions in the Las Vegas casino market are expected to limit net income to not much more than breakeven levels. Several other major casino/hotel operators have recently expanded, and Circus Circus Enterprises is expected to open a large new Las Vegas facility in 1990.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	49.9	42.6	78.8	87.2
Jun.	65.3	40.3	38.4	98.6
Sep.	52.2	41.8	39.4	102.9
Dec.	---	50.3	37.7	93.0
	---	175.0	194.2	381.7

Operating revenues for the nine months ended September 30, 1989, increased 34%, year to year, aided by inclusion of GNG's recently acquired Laughlin casino. The net loss widened to $11.4 million ($0.69 a share), from $4.3 million ($0.20).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.55	0.18	3.78	0.11
Jun.	d0.51	d0.30	0.02	0.04
Sep.	d0.76	d0.07	0.10	0.16
Dec.	Ed0.51	d0.16	d0.04	d0.20
	Ed1.20	d0.35	4.16	0.10

Important Developments

Nov. '89— The Mirage, GNG's large new casino/hotel on the Las Vegas Strip, was expected to open in late November. Including related expenses, the facility was expected to cost about $625 million. It was expected to have about 3,056 hotel rooms and suites, and about 95,500 square feet of casino space, which would make it one of the largest casino/hotels in the U.S. Also, in October, GNG's directors authorized the repurchase of up to 3.0 million common shares. Repurchase of about 0.3 million additional shares was still possible under a previous authorization. Since October 1987, GNG has purchased about 20 million of its common shares. At June 30, 1989 GNG had long-term debt of about $902 million, and cash equivalents and marketable securities totaling about $239 million.

Next earnings report expected in March.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	[2]1981	[1]1980	1979
Tangible Bk. Val.	6.63	9.63	6.88	6.46	6.37	6.59	3.05	2.84	2.04	1.44
Earnings[3]	d0.35	4.16	0.10	0.65	0.23	1.09	0.72	0.76	d0.08	0.13
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	18½	13⅞	16⅞	13½	15⅜	19⅜	6⅝	7⅛	6⅞	6¼
Low	9⅛	7⅝	9⅛	9¼	8⅛	6¼	3⅞	3⅝	3	2½
P/E Ratio—	NM	3-2	NM	21-14	67-35	18-6	9-5	9-5	NM	50-20

Data as orig. reptd. Adj. for stk. divs. of 400% Jul. 1983. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. spec. item(s) of -0.47 in 1986, -0.05 in 1985, -0.08 in 1984, -0.04 in 1983. NM-Not Meaningful. d-Deficit.

November 17, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	175	30	17.3	228	18.1	68.2	d11	NM	d8	NM
1987	194	30	15.7	37	19.8	32.3	179	23.2%	138	70.8
1986	382	66	17.4	176	29.9	78.9	1	NM	3	0.9
1985	385	68	17.5	68	29.2	73.6	30	23.9%	23	5.9
1984	385	81	21.0	133	24.4	56.7	10	21.4%	8	2.1
1983	370	115	31.1	107	20.2	45.4	70	42.3%	41	10.9
1982	273	77	28.2	72	12.4	34.3	50	42.5%	29	10.5
[3]1981	239	68	28.3	39	10.0	20.0	49	36.6%	31	13.1
[2]1980	61	16	26.0	98	3.5	[4]4.2	d5	NM	d3	NM
1979	48	17	35.8	22	2.4	3.3	7	45.6%	4	7.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	80	101	93	1.1	1,038	NM	749	134	939	79.8	NM
1987	176	193	54	3.6	546	25.1%	213	217	489	43.6	74.1%
1986	235	272	90	3.0	866	0.4%	506	243	776	65.2	1.5%
1985	421	454	72	6.3	921	2.8%	583	204	850	68.6	11.1%
1984	227	334	144	2.3	763	1.1%	339	225	619	54.8	3.5%
1983	343	370	62	6.0	715	7.3%	370	239	654	56.7	23.0%
1982	105	126	51	2.5	389	8.1%	202	110	337	60.0	27.7%
1981	142	163	42	3.9	366	10.2%	200	112	324	61.7	32.5%
1980	51	61	36	1.7	246	NM	126	79	209	59.9	NM
1979	80	82	14	5.9	164	3.1%	103	45	150	68.6	11.8%

Data as orig. reptd. 1. Bef. spec. item(s) in 1986, 1985, 1984, 1983. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Net of interest income. d-Deficit. NM-Not Meaningful.

Business Summary

Golden Nugget owns and operates a casino/hotel in downtown Las Vegas, a casino in Laughlin, Nev., and is constructing a major new facility on the Las Vegas Strip. In March 1987, GNG sold its Atlantic City casino/hotel and related assets to Bally Manufacturing for about $141 million, plus assumption of debt. GNG continued to own about 14½ acres of property in the marina area of Atlantic City.

GNG's downtown Las Vegas facility has about 1,907 hotel rooms and about 38,000 square feet of casino space. As of March 1, 1989, it included 60 table games, about 1,100 slot machines and other coin-operated devices, a keno lounge, and a race and sports book.

In October 1988, GNG acquired the Nevada Club casino (now named Golden Nugget-Laughlin) in Laughlin, Nev., and a nearby motel for about $40 million. An expansion of the GNG facility in Laughlin is expected.

Also, GNG is building a large, new casino/hotel, called The Mirage, on the Las Vegas Strip. Expected to open in late 1989, it would be the first major, new casino/hotel to open on the Strip since late 1973. The Mirage is expected to have about 3,056 hotel rooms and approximately 95,500 sq. ft. of casino space. In addition, GNG is developing a world-class golf course, about five miles north of the downtown Las Vegas area.

Dividend Data

The only cash dividend since 1972 was $0.016 (adjusted) in July 1978.

Finances

Between October 1987 and February 1989, GNG repurchased about 19.8 million of its common shares at an aggregate cost of about $266.7 million.

Between March and September 1988, GNG completed private placement and public debt offerings which produced total net proceeds of about $510 million, which were largely expected to be used for expenses related to its new casino/hotel on the Las Vegas Strip. Also, in April, 1989 GNG completed a notes sale, and the net proceeds of about $145 million may be used for general corporate purposes.

Capitalization

Long Term Debt: $902,365,000.

Common Stock: 17,026,727 shs. ($0.02 par). Incl. options and warrants, about 42% held by officers & directors, incl. more than 25% by S. A. Wynn.
Shareholders of record: About 11,400.

Options & Warrants: To purchase about 3.0 million shs.

Office—129 Fremont St., Las Vegas, Nevada 89101 **Tel**—(702) 385-7111 **Chrmn, Pres & CEO**—S. A. Wynn **VP-Secy**—K. R. Wynn. **EVP, CFO, Treas & Investor Contact**—C. T. Turner **Dirs**—G. S. Darman, G. J. Mason, R. M. Popeil, D. B. Wayson, M. B. Wolzinger, E. P. Wynn, K. R. Wynn, S. A. Wynn **Transfer Agents**—Valley Bank of Nevada, Las Vegas; Morgan Shareholder Services Trust Co., NYC. **Registrars**—Morgan Shareholder Services Trust Co., NYC; First Interstate Bank of Nevada, Las Vegas. **Incorporated** in Nevada in 1949. **Empl**—3,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Golden West Financial

NYSE Symbol GDW Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
28¼	33¾–15⅜	12	0.16	0.6%	B	1.27

Summary

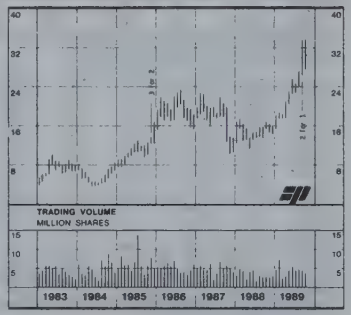
This holding company owns World Savings and Loan Association, one of the nation's 10 largest savings and loans, with over 190 offices in California, Colorado, Kansas and Texas. The company has restructured its balance sheet over the past several years to make itself substantially less vulnerable to fluctuations in interest rates. An extremely low expense ratio coupled with excellent credit quality has enabled GDW to consistently post higher returns than its peers. The shares were recently split 2-for-1.

Current Outlook

Earnings for 1990 are estimated at $3.40 a share, up from the $2.65 expected for 1989.

In July, 1989, in conjunction with a 2-for-1 stock split, directors boosted the quarterly dividend to $0.04 from $0.03½ (adjusted).

Mortgage lending volume is expected to be flat in 1990, assuming a continuation of an active California housing market, which affords the company a chance to add earning assets in concert with management's intent on maintaining conservative capital ratios. Based on a projected decline in interest rates, funding costs should fall faster than loan yields, resulting in wider spreads. Credit quality is excellent and is expected to remain so. Noninterest income should increase slightly. Noninterest expense, quite low compared with other major thrifts, will continue to increase. Golden West consistently posts the highest ROA and ROE of any large healthy public thrift.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 12%, year to year, reflecting growth in the level of earning assets. The provision for possible loan losses was raised to $4.7 million from a very low $1.1 million. Noninterest income increased 25%, mainly due to higher other income, and noninterest expenses increased 12%. Pretax income rose 14%. After taxes at 35.4%, versus 36.0%, net income was up 15%, to $1.86 a share from $1.62 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.56	0.47	0.73	0.77
Jun	0.64	0.58	0.66	0.73
Sep	0.66	0.57	0.58	0.72
Dec	E0.79	0.58	0.46	0.73
	E2.65	2.21	2.42	2.95

Important Developments

Oct. '89— In its third quarter earnings release, Golden West attributed its higher profits, in part, to the significant volume of loans added to its portfolio in the past 12 months, leading to a substantially larger earning asset base. More recently,, however, GDW said that the slowdown in home sales in the past few months had caused mortgage demand to slacken compared with the prior year's exceptional pace. Despite this slowdown, third quarter loan originations topped $1 billion, a substantial volume.

Jun. '89— Golden West announced that it had filed a shelf registration statement covering up to 2,000,000 preferred shares to be offered on a delayed or continuous basis.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.90	6.99	4.48	1.36	NA	NA	NA	2.88	3.33	2.86
Earnings[1]	2.21	2.42	2.95	2.57	1.31	1.25	d0.33	d0.31	0.60	0.58
Dividends	0.12½	0.10½	0.08½	0.07	0.04¾	0.02	0.00¾	0.09⅞	0.12¼	0.11⅜
Payout Ratio	6%	4%	3%	3%	4%	2%	NM	NM	20%	20%
Prices—High	17⅜	22¾	23⅜	16¾	8½	10¼	6⅛	5	5¼	3¾
Low	11⅝	10¼	15¼	7½	3¾	3⅞	1½	2⅜	2½	2⅜
P/E Ratio—	8–5	9–4	8–5	7–3	6–3	8–3	NM	NM	9–4	7–4

Data as orig reptd Adj for stk div(s) of 100% Sep 1989, 50% Dec 1985, 50% Dec 1980 1. Bef spec item(s) of -0.08 in 1987, +0.05 in 1984 E-Estimated NA-Not Available d-Deficit NM-Not Meaningful

November 2, 1989

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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On [2]Assets	% Return On [3,5]Equity
1988	1,252	132	1,410	1,006	83.2	215	35.7%	138	9.8	1.0	16.7
1987	1,104	102	1,274	832	80.5	249	39.1%	152	11.9	1.2	20.8
1986	1,140	118	1,359	919	79.8	274	33.0%	184	13.5	1.5	32.5
1985	1,106	173	1,378	995	82.4	243	34.0%	160	11.6	1.4	41.3
1984	889	113	1,055	839	90.2	103	21.4%	81	7.7	0.9	29.4
1983	764	95	922	716	88.5	106	26.7%	77	8.4	1.0	38.5
1982	587	165	799	757	104.1	d32	NM	d20	NM	NM	NM
1981	433	149	624	605	104.5	d28	NM	d19	NM	NM	NM
1980	343	111	485	389	87.7	60	36.0%	38	7.8	0.8	19.4
1979	272	83	365	275	84.5	57	35.5%	37	10.0	1.0	22.0

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Saving Accts.	Cash & Secs.	[4]Loans	Loans/ Equity	Capitalization [5]Debt	Capitalization [3]Equity	Capitalization Total	Price Times Book Value Hi	Price Times Book Value LO
1988	16,721	10,496	1,549	14,265	15.3–1	4,071	896	4,967	2.0–1.3	
1987	12,836	8,427	896	11,151	14.9–1	2,468	792	3,260	3.2–1.5	
1986	12,435	7,699	1,272	10,388	18.1–1	2,288	651	2,939	5.2–3.4	
1985	12,130	7,599	1,404	9,968	23–1	2,243	472	2,715	12.3–5.5	
1984	10,620	7,461	1,750	8,186	27.1–1	840	316	1,156	NA	
1983	8,186	5,767	831	6,715	32.1–1	705	235	940	NA	
1982	7,269	4,835	748	5,880	30.4–1	1,001	158	1,158	NA	
1981	5,541	3,022	1,025	4,293	21.4–1	2,206	177	2,383	1.7–0.8	
1980	5,579	3,418	1,385	4,017	18–1	850	212	1,062	1.6–0.7	
1979	3,889	2,842	687	3,050	17.6–1	728	181	909	1.3–0.8	

Data as orig reptd 1. Bef spec. item(s) in 1987, 1984. 2. As reptd. by co. 3. Common. 4. Incl. mortgage backed secs. 5. Incl FHLB advances, incl curr portion d-Deficit NM-Not Meaningful NA-Not Available.

Business Summary

Golden West Financial is the holding company for World Savings and Loan Association, one of the ten largest S&Ls based on assets at December 31, 1988, with 193 offices located in California (114), Colorado (63), Kansas (10) and Texas (6). GDW also originates mortgages in Arizona, Connecticut, Florida and eight other states.

Of total loans receivable outstanding at December 31, 1988 of $14.3 billion, 68% were rate sensitive loans, 17% fixed-rate loans, and 15% mortgage backed securities. The amount of liabilities that would reprice before assets (the "gap") within one year was 4.2% of assets, down from 10.5% a year before. During 1988 GDW made $4.7 billion of new loans with an average interest rate of 9.98%, compared with $2.7 billion (9.61%) in 1987. The yield on the loan portfolio at December 31, 1988 was 10.18% (10.21% in 1987), and the yield on investments 8.82% (7.86%).

Of the $10.5 billion of total deposits at December 31, 1988, checking, passbook and money market accounts represented 16%, time deposits maturing within one year 47%, and deposits maturing over one year, jumbo CD's and other 37%. At 1988 year-end the average cost of deposits was 7.49% (7.22% a year earlier), and the cost of borrowing was 8.56% (7.71%).

The yield on earning assets at 1988 year-end was 10.06% (versus 10.04% a year earlier), the cost of funds was 7.84% (7.36%), and the spread was 2.22% (2.68%). Non-performing assets amounted to 0.48% of total loans at year-end 1988, down from 0.75% a year earlier.

Dividend Data

Dividends, which had been paid since 1977 prior to omission in 1982, were resumed in 1983.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Nov. 2	Nov. 8	Nov. 15	Dec. 9'88
0.07	Jan. 31	Feb. 9	Feb. 15	Mar. 10'89
0.07	May 1	May 9	May 15	Jun. 9'89
2-for-1	Jul. 27	Sep. 11	Aug. 15	Sep. 8'89
0.04	Jul. 27	Aug. 9	Aug. 15	Sep. 11'89

Next dividend meeting: early Nov. '89.

Capitalization

FHLB Borrowings: $4,306,242,000.

Other Borrowings: $1,407,495,000.

Common Stock: 62,949,326 shs. ($0.10 par). About 20% closely held. Institutions hold approximately 67%. Shareholders of record: 2,185.

Office—1901 Harrison St., Oakland, Calif. 94612 **Tel**—(415) 446-6000 **Chrmn & CEO**—H. M. Sandler **Pres & CEO**—M. O. Sandler **VP-Secy**—R. A. Crane **VP-Treas**—D. C. Welch **VP & Investor Contact**—J. L. Helvey (415) 446-3405 **Dirs**—D. H. Folkman, L. J. Galen, W. D. McKee, B. A. Osher, K. T. Rosen, H. M. Sandler, M. O. Sandler, C. E. Wallace, W. H. Widener **Transfer Agent & Registrar**—First Interstate Bank, San Francisco **Reincorporated** in Delaware in 1975.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Goodrich (B.F.)

NYSE Symbol GR Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
42¾	69-42	6	2.00	4.7%	B	1.67

Summary

This company is the largest North American producer of PVC resins and compounds, and also produces specialty chemicals and aerospace products. In 1988 GR completed a restructuring in which it divested its automobile and aircraft tire businesses and industrial products business. GR intends to focus on its chemicals (about 85% of sales) and aerospace businesses. Earnings in recent periods have been penalized a softer PVC business, and unfavorable conditions are expected to continue in 1990.

Current Outlook

Share earnings for 1990 are projected at about $6.00, down from the $6.60 expected for 1989.

Dividends at $0.50 quarterly are the minimum expected.

Earnings for 1990 are expected to decline with the cyclical downturn in the PVC industry due to lower demand growth and reduced selling prices caused by increased industry capacity and resulting lower operating rates. Specialty chemicals and aerospace should post continued gains with strong demand and acquisitions, despite heavy project development costs. The tax rate will increase sharply due to the absence of tax credits.

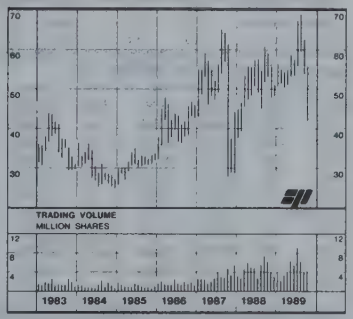
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	616	552	486	729
Jun.	629	607	551	759
Sep.	601	640	564	574
Dec.	---	618	567	491
	---	2,417	2,168	2,553

Sales from continuing operations for the first nine months of 1989 rose 6.8%, year to year. With lower PVC profits, and after taxes at 27.7%, against 17.4%, net income fell 13%. Share earnings were $5.41, versus $6.29, before income from discontinued operations of $0.09, versus a loss of $0.27.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.94	1.54	0.06	d0.99
Jun.	2.01	2.24	1.23	0.36
Sep.	1.46	2.64	1.13	0.58
Dec.	E1.19	1.56	0.73	0.49
	E6.60	7.99	3.17	0.46



Important Developments

Oct. '89— GR said that it was experiencing reduced profits margins for PVC as a result of increased industry capacity. Selling prices for PVC resins dropped over 15% since December, 1988. GR said that while overall demand for PVC was still good, it may be some time before the supply-demand balance allows higher industry operating rates. The aerospace business continued to grow at a rapid rate in the third quarter, but specialty chemicals profits were slowed by manufacturing problems and raw material shortages.

Feb. '89— In 1988 GR sold its 50% interest in the Uniroyal Goodrich Tire Co. for $225 million. GR received $251 million when the joint venture was formed in 1986. GR also sold its aircraft tire operations to Michelin, its rubber products unit, and most of its industrial products segment.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	38.05	33.74	28.97	28.98	45.22	44.08	49.69	53.98	50.98	49.30
Earnings[1]	7.99	3.17	0.46	d14.11	2.52	0.68	d2.43	4.71	3.57	4.89
Dividends	1.72	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.44
Payout Ratio	22%	52%	339%	NM	59%	250%	NM	33%	45%	29%
Prices—High	60¾	65	47⅞	35	36⅜	43⅞	32⅞	28⅛	25¾	24
Low	37½	27¾	32⅛	25¾	24⅝	29⅜	16⅝	18½	16⅜	17⅜
P/E Ratio—	8-5	21-9	NM	NM	14-10	65-43	NM	6-4	7-5	5-4

Data as orig reptd. 1. Bef. results of disc opers of -0.68 in 1988, -0.20 in 1987, -1.68 in 1985, bef spec item(s) of +0.11 in 1988, +1.09 in 1987, +0.86 in 1986, +1.04 in 1981 d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,417	402	16.6	181	96	44	255	17.8%	210	8.7
1987	2,168	271	12.5	143	87	54	150	44.2%	[4]84	3.9
1986	2,553	241	9.4	163	97	84	63	79.5%	13	0.5
[3]1985	3,201	243	7.6	202	118	108	d290	NM	d317	NM
1984	3,438	308	9.0	155	129	101	84	25.2%	61	1.8
1983	3,192	217	6.8	120	122	92	25	19.4%	18	0.6
1982	3,005	168	5.6	147	117	103	d68	NM	d33	NM
[5]1981	3,185	193	6.1	205	94	87	162	42.2%	[4]92	2.9
1980	3,080	221	7.2	193	91	[4]79	89	28.0%	62	2.0
1979	2,988	245	8.2	117	85	63	131	34.6%	83	2.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	314	1,003	491	2.0	2,073	10.5%	308	1,045	1,508	20.4	20.9%
1987	111	707	493	1.4	1,939	4.3%	341	881	1,392	24.5	9.1%
1986	52	612	433	1.4	1,820	0.6%	427	705	1,300	32.9	1.5%
1985	59	999	834	1.2	2,260	NM	537	690	1,294	41.5	NM
1984	96	1,037	682	1.5	2,622	2.4%	678	1,081	1,873	36.2	5.5%
1983	100	1,006	624	1.6	2,576	0.6%	654	1,108	1,888	34.7	1.2%
1982	45	824	529	1.6	2,371	NM	602	949	1,762	34.2	NM
1981	212	1,176	622	1.9	2,703	3.7%	745	1,027	2,026	36.8	8.2%
1980	40	1,035	531	1.9	2,216	2.8%	534	948	1,629	32.8	6.3%
1979	67	1,049	548	1.9	2,082	4.1%	440	901	1,486	29.6	9.2%

Data as orig reptd. 1. Incl equity in earns of nonconsol subs 2. Bef results of disc opers in 1988, 1987, 1985, and spec items in 1988, 1987, 1986, 1981. 3. Excludes discontinued operations. 4. Reflects accounting change 5. Reflects merger or acquisition and accounting change d-Deficit NM-Not Meaningful

Business Summary

The company is a diversified producer of PVC resins and compounds, specialty chemicals, and aerospace products. Contributions by segment in 1988:

	Sales	Profits
PVC & intermediates	54%	67%
Specialty chemicals	32%	21%
Aerospace products	14%	12%

Foreign operations accounted for 28% of sales and 23% of operating income in 1988.

GR is the largest North American producer of polyvinyl chloride (PVC) resins and compounds and also producers feedstock and intermediate precursors (vinyl chloride monomer, chlorine, and ethylene).

Specialty chemicals include polymers and chemicals (polyurethanes, hydrophiles, specialty plastics, polymers, additives, and latex products), and the Tremco division (adhesives, sealants, coatings, membranes, roofing materials, and rustproofing products for the construction and industrial markets).

Aerospace products include aircraft wheels and brakes, evacuation and deicing systems, instruments and avionics equipment, sonar domes, industrial fasteners, composites, off highway braking systems, specialty molded products, and provides aircraft maintenance, repair, and overhaul services.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Feb. 21	Feb. 28	Mar. 6	Mar. 31'89
0.50	Apr. 17	May 26	Jun. 2	Jun. 30'89
0.50	Jul. 17	Aug. 28	Sep. 1	Sep. 30'89
0.50	Oct. 16	Nov. 27	Dec. 1	Dec. 31'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $298,200,000

$7.85 Cum. Pfd. Stk.: $11,300,000

$3.50 Cum. Conv. Pfd. Stk.: 2,200,000 shs. ($1 par); conv. into 0.909 com.

Common Stock: 25,323,691 shs. ($5 par).
Institutions hold about 61%
Shareholders of record: 15,628.

Office—3925 Embassy Parkway, Akron, Ohio 44313 **Tel**—(216) 374-3985 **Chrmn & CEO**—J D Ong **Pres**—L Carter **Secy**—N J Calise **VP-Treas**—R A McMillan **Investor Contact**—T A Waltermire **Dirs**—L Carter, J C Duncan, J J Glasser, J N Lauer, D L Luke III, T H O'Leary, J D Ong, J A Pichler, A M Rankin, Jr, I M Ross, G J Tankersley, D L Tobler, J L Weinberg **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New York in 1912 **Empl**—12,302

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly CFA

Goodyear Tire & Rubber

NYSE Symbol GT Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
47 1/2	59 3/4-42 1/4	11	1.80	3.8%	B+	1.13

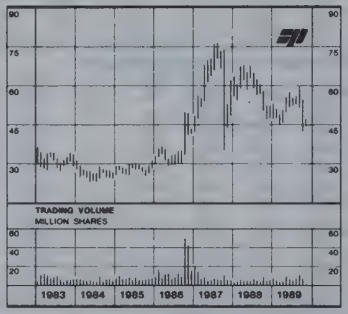
Summary

Goodyear is the largest supplier of tires to the U.S. original equipment and replacement markets. Earnings in the first nine months of 1989 were restricted by increased costs for raw materials and employee benefits, higher taxes on foreign earnings, and soft tire demand. Nonrecurring charges for the sale of South African operations and pipeline assets also impacted net income. Management has effected price increases and cost reductions are being implemented which should lead to an earnings recovery in 1990.

Current Outlook

Earnings for 1990 may rebound to about $5.50 a share from the reduced $4.50 estimated for 1989. The quarterly dividend should continue at $0.45.

Sales for 1990 should advance, as GT benefits from increased original equipment business and a recovery in demand for radial and high performance tires. Profits should be helped by tire price increases, improved raw materials prices and further cost reductions, but margins may remain under pressure from higher employee benefit expenses and lower foreign earnings. Nonrecurring charges of $1.65 a share for the South African operations and the All-American Pipeline will be absent.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.64	2.53	2.27	2.06
Jun.	2.81	2.79	2.53	2.36
Sep.	2.68	2.66	2.48	2.32
Dec.	---	2.83	2.62	2.37
	---	10.81	9.91	9.10

Sales for the nine months ended September 30, 1989 rose 1.9%, year to year. Hurt by nonrecurring charges of $91.3 million ($95 million or $1.65 a share after taxes) related to the sale of the South African operations and certain pipeline assets, pretax income declined 12%. After taxes at 54.9%, against 39.5%, net income was down 35%, to $3.33 a share from $5.13.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.64	1.67	1.17	d0.59
Jun.	0.47	2.35	2.46	0.89
Sep.	1.22	1.11	2.98	1.61
Dec.	E1.17	0.98	2.09	d1.04
	E4.50	6.11	8.49	0.94

Important Developments

Oct. '89— GT said that third quarter 1989 earnings reflected improved performance in the U.S. tire replacement market, changes in pricing and product mix and improved raw materials costs. Worldwide tire unit sales were down 1.4% in the third quarter from the year-earlier period, on a 1.9% decline in U.S. tire sales and a 1% drop in foreign tire sales.

Jul. '89— In the second quarter of 1989 GT recognized a $43 million ($0.75 a share) after-tax charge for the sale of 435 miles of 30-inch pipe that had been earmarked for use on the eastern leg of the All-American Pipeline for $70 million, and a $52 million ($0.90 a share) after-tax charge for the sale of its South African tire and general products manufacturing facilities.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	[2]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	35.30	32.19	30.93	32.44	29.78	28.61	33.14	32.96	32.09	30.18
Earnings[3]	6.11	8.49	0.94	2.81	3.87	2.71	3.35	3.36	2.85	2.02
Dividends	1.70	1.60	1.60	1.60	1.50	1.40	1.40	1.30	1.30	1.30
Payout Ratio	28%	18%	154%	57%	39%	55%	42%	38%	45%	64%
Prices—High	67 7/8	76 1/2	50	31 1/4	31 1/2	36 3/8	36 7/8	20 1/4	18 3/8	18 7/8
Low	47	35	29	25 1/8	23	27	17 7/8	15 7/8	10 3/4	11 7/8
P/E Ratio—	11-8	9-4	53-31	11-9	8-6	13-10	11-5	6-5	6-4	9-6

Data as orig. reptd. 1. Reflects acctg. change 2. Reflects merger or acquisition 3. Bef. results of disc. opers. of +4.24 in 1987, +0.22 in 1986, +1.03 in 1985, bef. spec. item(s) of +0.35 in 1983, +0.24 in 1982, +0.23 in 1981, +0.33 in 1980 d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	10,810	1,131	10.5	744	357	364	557	33.7%	350	3.2
[3]1987	9,905	1,246	12.6	666	350	387	889	40.3%	[5]514	5.2
[4]1986	9,103	887	9.7	1,338	379	269	248	55.5%	101	1.1
[5]1985	9,585	781	8.1	1,696	311	145	463	33.5%	301	3.1
1984	10,241	1,072	10.5	635	309	142	687	39.2%	411	4.0
[6]1983	9,736	1,015	10.4	500	297	132	536	48.3%	270	2.8
1982	8,689	872	10.0	302	239	205	470	45.2%	248	2.8
1981	9,153	931	10.2	303	233	243	492	47.9%	[4]244	2.7
1980	8,444	756	9.0	249	230	240	363	39.9%	207	2.4
1979	8,239	703	8.5	360	227	[4]223	263	42.1%	146	1.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	234	3,558	2,459	1.4	8,618	4.1%	3,045	2,027	5,724	53.2	18.1%
1987	201	3,305	2,140	1.5	8,396	7.6%	3,282	1,834	5,880	55.8	28.6%
1986	131	3,040	2,143	1.4	8,609	1.4%	2,488	3,003	6,149	40.5	3.3%
1985	139	2,558	1,607	1.6	6,953	4.6%	998	3,507	5,044	19.8	9.0%
1984	143	2,901	1,558	1.9	6,194	6.7%	857	3,171	4,342	15.1	13.2%
1983	111	2,920	1,532	1.9	5,986	4.0%	665	3,016	4,157	16.0	8.3%
1982	83	2,750	1,174	2.3	5,194	4.6%	1,037	2,457	3,764	27.6	10.1%
1981	72	2,857	1,330	2.1	5,354	4.5%	1,158	2,375	3,803	30.4	10.4%
1980	68	2,856	1,380	2.1	5,368	3.8%	1,241	2,303	3,812	32.5	9.3%
1979	72	2,875	1,341	2.1	5,371	2.8%	1,462	2,163	3,872	37.8	6.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, 1985, and spec. items in 1983, 1982, 1981, 1980 3. Excl. disc. opers. and reflects acctg. change 4. Reflects accounting change. 5. Excl. disc. opers. and reflects merger or acquisition 6. Reflects merger or acquisition

Business Summary

Goodyear is the world's largest rubber fabricator. Contributions to sales and operating profit by industry segment in 1988:

	Sales	Profits
Tires & related products	86%	76%
Industrial rubber/chemical/plastic products	13%	21%
Other products & services	1%	3%

Foreign operations accounted for 41% of sales and 56% of operating income in 1988.

Transportation-related products include new tires and inner tubes, retreads, repair materials, automotive belts and hose, molded parts and foam cushioning, auto repairs and services, and other accessories. Sales of new tires alone contributed 73% of total sales in 1988. Replacement volume is significantly higher than sales to the original equipment market.

Celeron is engaged in testing a new 1,750-mile, 30-inch crude oil pipeline from offshore California wells to Texas refineries. Celeron is the last remaining business to be sold under the company's restructuring program.

Other lines include industrial belts, hosing, tank and pipe lining, noise abatement materials, air springs, rubber railroad crossings, tank tracks, molded and extruded products, organic chemicals, polyester resins, packaging films, shoe products, graphic products, and elastomer membrane roofing materials and systems.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Jan. 3	Feb. 10	Feb. 16	Mar. 15'89
0.45	May 9	May 10	May 16	Jun. 15'89
0.45	Aug. 1	Aug. 10	Aug. 16	Aug. 15'89
0.45	Nov. 7	Nov. 9	Nov. 16	Dec. 15'89

Next dividend meeting: early Jan. '90.

Capitalization

Long Term Debt: $3,145,400,000.

Minority Interest: $103,700,000.

Common Stock: 57,688,837 shs. (no par).
Institutions hold about 64%.
Shareholders of record: 46,162

Office—1144 East Market St., Akron, Ohio 44316. **Tel**—(216) 796-2121. **Chrmn & Pres**—T. H. Barrett **VP-Secy**—J. Boyazis. **VP-Treas**—G. B. Hargreaves Jr. **Investor Contact**—M. R. Blitstein. **Dirs**—T. H. Barrett, T. H. Cruikshank, S. C. Gault, G. G. Michelson, S. A. Minter, C. W. Parry, R. H. Platt, F. V. Prus, A. Pytte, J. R. Sardas, O. G. Shafter, L. B. Smith, W. C. Turner, H. M. Wells **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Ohio in 1898 **Empl**—114,161

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M. Harari

Grace (W.R.)

NYSE Symbol GRA Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
30¼	39⅛–25⅛	11	1.40	4.6%	B	1.30

Summary

GRA is a leading producer of specialty chemicals; distributes books, videocassettes and software; and makes specialty textiles and cocoa products. It also has interests in oil and gas exploration and production, energy services and coal. Over the past three years GRA completed a restructuring program that included the sale of its restaurant, retail and fertilizer businesses. In September, 1989 GRA completed a public offering of its energy business. A modest gain in operating earnings is expected for 1990.

Current Outlook

Share earnings for 1990 are projected at about $2.60, versus 1989's estimated $2.90, which includes a large onetime gain.

Dividends should continue at $0.35 quarterly.

Operating earnings for 1990 should rise with gains in the specialty chemicals business from strong worldwide demand for many products lines, including packaging, organics, graphic arts, water treatment, and silica products, and as well as lower plastic costs. However, the stronger U.S. dollar and weak catalyst and automotive markets will restrict the increase. The specialty businesses unit and National Medical Care should also perform well. Interest expense is expected to be lower.

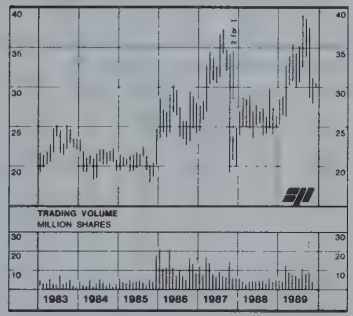
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,397	1,297	963	843
Jun.	1,511	1,447	1,147	921
Sep.	1,487	1,390	1,101	903
Dec.	---	1,652	1,305	1,058
	---	5,786	4,515	3,726

Sales for the first nine months of 1989 rose 6.3%, year to year. With higher earnings in most segments and a $0.73 a share nonrecurring gain, net income advanced 27%, to $2.03 a share from $1.61. Results exclude a loss from discontinued operations of $0.02, versus income of $0.12, and a special credit of $0.06 in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.36	0.33	0.14	0.08
Jun.	0.52	0.68	0.42	0.08
Sep.	1.15	0.60	0.48	0.16
Dec.	E0.87	0.65	0.63	d4.79
	E2.90	2.26	1.67	d4.47



Important Developments

Oct. '89— Third quarter earnings included a $114 million pretax gain from the restructuring of the energy business, including the sale of the equipment rental company for $305 million, and the public offering of a 16.6% interest in Grace Energy Corp. Gross proceeds were about $400 million and would be used to reduced debt and finance capital expenditures. The sale of a minority interest in Specialty Businesses is also possible. Excluding these unusual items, earnings for the third quarter were unchanged, year to year. Chemical profits were up slightly, but excluding a 1988 insurance adjustment, profits rose 7.0%. However, the strong U.S. dollar and continued weakness in cracking catalysts and the automotive industry limited profit gains. GRA projected R&D spending for 1990 at $144 million, versus some $130 million in 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	13.41	15.98	14.18	20.50	21.15	21.49	22.08	20.73	18.09	16.84
Earnings[2]	2.26	1.67	d4.47	1.23	2.01	1.64	3.31	3.79	3.04	2.51
Dividends	1.40	1.40	1.40	1.40	1.40	1.40	1.35	1.22½	1.08⅞	0.98⅛
Payout Ratio	62%	84%	NM	114%	70%	85%	41%	32%	36%	40%
Prices—High	29⅞	37⅜	30½	24⅞	23½	25¼	23⅛	29⅞	31⅞	20⅝
Low	23½	19⅛	22⅝	17⅞	18⅜	19⅛	14⅜	19⅜	16⅜	12⅞
P/E Ratio—	13–10	22–11	NM	20–14	12–9	15–12	7–4	8–5	10–5	8–5

Data as orig. reptd. Adj. for stk div(s). of 100% Dec 1987 1. Reflects merger or acquisition 2. Bef. results of disc. opers of +0.43 in 1988, +0.22 in 1987, -1.16 in 1986, +0.19 in 1985, bef. spec. item(s) of +0.06 in 1988, +0.14 in 1987 E-Estimated. d-Deficit NM-Not Meaningful

December 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,786	614	10.6	418	224	176	317	39.4%	192	3.3
[3]1987	4,515	505	11.2	243	192	127	248	42.7%	142	3.1
[4]1986	3,726	426	11.4	199	238	196	d324	NM	[5]d375	NM
[4]1985	5,193	524	10.1	348	309	192	175	26.8%	128	2.5
[6]1984	6,728	730	10.9	409	290	191	326	40.0%	196	2.9
[6]1983	6,220	673	10.8	367	305	170	264	39.5%	160	2.6
[6]1982	6,128	782	12.8	618	305	201	490	34.8%	320	5.2
[6]1981	6,521	847	13.0	657	238	200	547	34.0%	361	5.5
[6]1980	6,101	771	12.6	657	204	[5]143	492	42.4%	284	4.7
[6]1979	5,267	636	12.1	510	169	106	412	46.0%	[5]223	4.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	133	2,014	1,484	1.4	5,310	3.9%	1,509	1,544	3,145	48.0	12.7%
1987	151	1,723	1,165	1.5	4,474	3.3%	1,223	1,456	2,787	43.9	10.3%
1986	93	1,496	1,119	1.3	4,097	NM	1,095	1,301	2,498	43.8	NM
1985	152	2,024	1,035	2.0	5,421	2.2%	1,524	2,394	4,191	36.4	5.2%
1984	157	1,911	1,160	1.6	5,328	3.8%	1,507	2,187	4,006	37.6	8.9%
1983	164	1,761	1,072	1.6	5,035	3.2%	1,349	2,172	3,831	35.2	7.3%
1982	165	1,711	998	1.7	4,916	6.4%	1,295	2,188	3,791	34.1	15.0%
1981	83	1,873	1,188	1.6	5,022	7.7%	1,374	2,052	3,697	37.2	18.7%
1980	125	1,719	1,135	1.5	4,365	6.9%	1,116	1,787	3,116	35.8	16.5%
1979	154	1,700	1,065	1.6	3,729	6.1%	840	1,563	2,578	32.6	14.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, 1985, and spec. item(s) in 1987 3. Excludes discontinued operations. 4. Excl. discontinued operations and reflects merger or acquisition 5. Reflects accounting change 6. Reflects merger or acquisition. d-Deficit NM-Not Meaningful

Business Summary

This company is a diversified producer of chemicals, natural resources and selected consumer services. Contributions by segments in 1988:

	Sales	Profits
Specialty chemicals	54%	65%
Specialty businesses	28%	13%
Natural resources	8%	6%
Health care	10%	16%

Foreign operations accounted for 37% of sales and 47% of profits in 1988.

Specialty chemicals include plastic packaging products, catalysts, molecular sieves, membranes, battery separators, construction materials, graphic arts materials, water treatment and process chemicals, electronics adhesives, coatings and encapsulants, and chemical intermediates.

Specialty businesses include book, videocassette and computer software distribution, cocoa products, specialty textiles, cattle breeding and animal feed products.

Grace Energy Corp. (83% owned) includes 182 onshore drilling rigs and drilling services and equipment and produces natural gas, oil and coal.

Proved reserves were 6.4 million bbls. of oil and 179,126 MMcf of natural gas at 1988 year-end.

National Medical Care, Inc. (97.5%-owned) provides kidney dialysis services and infusion therapy products.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Jan. 5	Jan. 27	Feb. 2	Mar. 10'89
0.35	Apr. 6	Apr. 28	May 4	Jun. 10'89
0.35	Jul. 6	Jul. 28	Aug. 3	Sep. 10'89
0.35	Oct. 5	Oct. 27	Nov. 2	Dec. 10'89

Next dividend meeting: early Jan.'90.

Capitalization

Long Term Debt: $1,609,000,000.

Non-Redeemable Pfd. Stock ($100 par): 74,951 shs. in 3 series.

Common Stock: 85,058,000 shs. ($1 par).
Institutions hold approximately 60%.
Shareholders of record: 27,012.

Office—Grace Plaza, 1114 Ave. of the Americas, New York, N.Y. 10036-7794 **Tel**—(212) 819-5500 **Chrmn & CEO**—J. P. Grace **Pres**—C. H. Erhart, Jr. **VP-Secy**—Gail Erickson **VP-Treas**—F. J. Brennan **Investor Contact**—J. G. Sher **Dirs**—J. P. Bolduc, Z. Brzezinski, G. C. Dacey, T. D. Daniels, E. W. Duffy, H. A. Eckmann, C. H. Erhart, Jr., R. C. Foster, J. W. Frick, G. G. Garbacz, G. P. Gardner, Jr., J. P. Grace, D. E. Grimm, R. H. Grierson, C. L. Hampers, T. A. Holmes, C. F. Horn, G. P. Jenkins, D. H. Kohnken, P. S. Lynch, R. C. Macauley, F. E. Mackie, Jr., R. Milliken, D. G. Nancarrow, P. D. Paganucci, J. E. Phipps, W. W. Prince, J. A. Puelicher, E. W. Pyne, D. W. Robbins, Jr., R. W. Samuels, J. F. Spellman, Grace S. Vance, D. L. Yunich. **Transfer Agent**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Connecticut in 1899 reincorporated in New York in 1988 **Empl**—45,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Grainger (W.W.)

NYSE Symbol GWW In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
59⅞	66¼-52½	14	1.04	1.7%	A	1.07

Summary

Grainger is a leading distributor of electric motors and related products through a nationwide network of over 300 branches. An extensive catalog is GWW's main selling tool. An aggressive branch expansion program that included the opening of 55 branches in 1988 is being slowed somewhat due to delays in training personnel. Significant earnings growth is likely for the fourth consecutive year in 1989, despite costs related to the opening of a third distribution center. Further growth is projected for 1990.

Current Outlook

Earnings for 1990 are expected to approximate $5.10 a share, up from the $4.40 projected for 1989.

A modest increase in the $0.26 quarterly dividend is likely in 1990.

Revenues are anticipated to increase approximately 10% in 1990, primarily reflecting expansion of the distribution network and the addition of new products. An estimated 20 branches are planned to be opened, down from the 25 expected to be opened in 1989. A projected slowing in economic growth is likely to be somewhat restraining. Margins should widen on the higher volume, the absence of 1989 costs related to the opening of the company's third distribution facility, and the increased profitability of branches opened over the past several years which initially were not fully utilized. The tax rate should be essentially unchanged. Long-term prospects appear favorable.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	393	347	287	261
Jun.	447	396	345	299
Sep.	---	408	351	305
Dec.	---	385	338	295
	---	1,535	1,321	1,160

Sales for the six months ended June 30, 1989 increased 13%, year to year. Despite a higher gross profit margin, operating margins narrowed, limiting the gain in operating income to 4.9%. However, following a 851% increase in other income due to a nonrecurring gain, pretax income advanced 8.7%. After taxes at 39.2%, versus 39.3%, net income rose 8.9%, to $2.13 a share from $1.91.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.01	0.86	0.65	0.55
Jun.	1.12	1.05	0.84	0.65
Sep.	E1.20	1.07	0.80	0.64
Dec.	E1.07	0.94	0.85	0.73
	E4.40	3.92	3.14	2.57

Important Developments

Oct. '89— GWW said that it had decided to reduce the number of new branches it planned to open in 1989 to approximately 25 from the 35-40 expected earlier in the year. The reduction reflects difficulties the company has had in training personnel to operate new branches. At the end of the third quarter GWW had 302 branches.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.39	20.97	20.14	17.92	16.08	14.30	13.06	11.81	10.32	9.07
Earnings[1]	3.92	3.14	2.57	2.33	2.38	1.79	1.75	1.98	1.73	1.71
Dividends	0.86	0.78	0.71	0.66½	0.61½	0.59½	0.57	0.53	0.49	0.44
Payout Ratio	21%	25%	28%	29%	26%	33%	33%	27%	28%	26%
Prices—High	67½	71¾	46½	40⅛	33	31⅝	28	22⅜	20⅛	19½
Low	49¼	43⅛	37¼	27⅜	23½	23½	16⅞	16⅝	12½	15⅝
P/E Ratio—	17-13	23-14	18-14	17-12	14-10	18-13	16-10	11-8	12-7	11-9

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1985. 1. Bef. results of disc. opers. of +0.39 in 1986, +0.14 in 1985. E-Estimated

October 16, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,535	206	13.4	87.1	28.5	3.53	180	39.4%	108.8	7.1
1987	1,321	180	13.6	46.4	22.7	3.25	162	44.3%	90.5	6.9
1986	1,160	149	12.8	30.0	19.3	3.24	141	46.8%	74.8	6.5
[2]1985	1,092	148	13.6	19.1	17.1	3.24	133	48.9%	67.7	6.2
1984	1,059	154	14.6	22.9	20.6	4.89	134	48.6%	68.9	6.5
1983	880	118	13.4	30.9	20.3	2.59	100	48.1%	51.7	5.9
[3]1982	803	106	13.2	50.0	16.3	4.04	92	45.3%	50.1	6.2
1981	867	124	14.2	49.3	13.8	3.63	109	48.5%	56.3	6.5
1980	783	101	13.0	56.7	10.3	[3]5.15	92	46.7%	48.8	6.2
1979	733	100	13.7	42.8	7.3	2.10	93	47.9%	48.2	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	79	620	237	2.6	936	12.4%	16.5	635	699	2.4	18.1%
1987	58	574	201	2.9	832	11.2%	7.0	581	631	1.1	15.9%
1986	181	583	178	3.3	820	9.7%	22.6	582	642	3.5	13.6%
1985	101	460	135	3.4	718	9.9%	29.4	518	583	5.0	13.8%
1984	62	399	145	2.8	654	10.8%	21.9	464	509	4.3	15.7%
1983	9	346	156	2.2	617	9.1%	33.6	412	462	7.3	13.1%
1982	21	262	113	2.3	520	10.1%	26.5	375	407	6.5	14.1%
1981	5	251	115	2.2	472	12.7%	14.4	335	357	4.0	17.9%
1980	4	240	117	2.1	413	12.6%	4.6	292	296	1.6	17.8%
1979	4	231	99	2.3	360	14.7%	5.0	256	261	1.9	20.3%

Data as orig. reptd. 1. Bef. results from discontinued operations in 1986, 1985. 2. Excludes discontinued operations 3. Reflects accounting change

Business Summary

W.W. Grainger is a leading distributor of electrical, mechanical, and other products to the industrial and commercial markets.

The company is a nationwide distributor of electric motors and motor controls, gearmotors, fans, blowers, liquid pumps, air compressors, air tools and paint spraying equipment, hydraulic equipment, power transmission components, heating equipment and controls, air conditioning and refrigeration equipment and components, tools, office equipment, computer supplies and lawn and garden equipment, as well as other items shown in its Wholesale Price Catalog (often referred to as the MotorBook) that lists more than 20,600 items. Approximately 52% of 1988 sales consisted of items bearing the company's registered trademarks.

Products are distributed through a network of branches (286 at December 31, 1988). Sales in 1988 were made by more than 803 full-time sales representatives to some 921,000 customers, principally consisting of distributors, dealers, contractors, service shops, industrial and commercial maintenance departments, and original equipment manufacturers. During 1988 approximately 12,400,000 transactions averaging $124 each were completed.

Dividend Data

Dividends have been paid since 1965. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Oct. 26	Nov. 1	Nov. 7	Dec. 1'88
0.22	Jan. 25	Jan. 31	Feb. 6	Mar. 1'89
0.26	Apr. 26	May 2	May 8	Jun. 1'89
0.26	Aug. 2	Aug. 8	Aug. 14	Sep. 1'89

Next dividend meeting: Oct. 25 '89.

Capitalization

Long Term Debt: $5,595,000.

Common Stock: 27,136,035 shs. ($1 par).
Officers and directors own some 29%.
Institutions hold about 65% (incl. some shares owned by management).
Shareholders of record: 1,900.

Office—5500 W. Howard St., Skokie, Ill. 60077 **Tel**—(312) 982-9000 **Chrmn**—D. W. Grainger **Pres**—W. N. Caldwell **VP-Secy & Investor Contact**—L. J. Flory **VP-Treas**—R. D. Pappano **Investor Contact**—Gloria J. Sinclair. **Dirs**—G. R. Baker, W. N. Caldwell, K. Douglass, Jr., E. W. Duffy, R. E. Elberson, J. D. Fluno, W. H. Gantz, D. W. Grainger, J. D. Slavik, H. B. Smith, Jr., F. L. Turner **Transfer Agent & Registrar**—The First National Bank of Boston, Boston, Mass. **Incorporated** in Ill. in 1928. **Empl**—7,209

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Great Atlantic & Pacific

NYSE Symbol GAP Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
58⅛	65⅜-44¼	16	0.70	1.2%	B	1.08

Summary

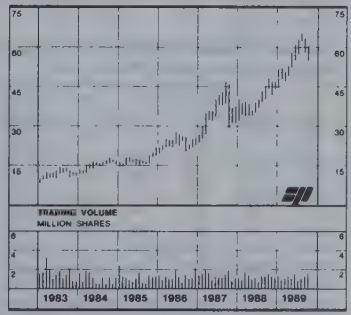
This major grocery chain has grown rapidly in recent years through acquisitions of regional food chains and an aggressive store renewal program. Margins have improved dramatically, reflecting labor concessions, larger stores, and increased sales of specialty products. In January, 1989 the company completed the acquisition of Borman's, Inc., a Detroit-based supermarket chain, for about $76 million. The Tengelmann Group of West Germany owns about 52% of GAP shares.

Current Outlook

Earnings for the fiscal year ending February 28, 1990 are projected at $3.95 a share, up from the $3.34 of fiscal 1988-9. Earnings could rise to $4.35 in fiscal 1990-1.

The dividend was raised 17%, to $0.17½ quarterly from $0.15, with the August, 1989 payment.

Revenues gains in fiscal 1989-90 should mainly reflect the Borman's acquisition. Margins should benefit from improved sales volume in Canada and metropolitan New York regions, as well as overall increased sales of higher-margined products. Interest expense will increase. The longer-term outlook is enhanced by GAP's aggressive capital plan and possible further acquisitions.



Net Sales (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
16 Wks. Jun.	3.44	3.00	2.90	2.10
12 Wks. Sep.	2.59	2.33	2.20	1.68
12 Wks. Dec.	---	2.30	2.20	1.71
12 Wks. Feb.	---	2.44	2.23	2.34
	---	10.07	9.53	7.84

Sales for the 28 weeks ended September 9, 1989 rose 13%, year to year, reflecting new store openings, remodelings and the Borman's acquisition. Margins margins widened and pretax income increased 16%. After taxes at 42.0%, versus 44.0%, net income advanced 20%, to $2.12 a share from $1.77.

Common Share Earnings ($)

Period:	1989-90	1988-9	1987-8	1986-7
16 Wks. Jun.	1.19	1.00	0.80	0.50
12 Wks. Sep.	0.93	0.77	0.64	0.39
12 Wks. Dec.	E0.88	0.77	0.61	0.38
12 Wks. Feb.	E0.95	0.80	0.66	0.55
	E3.95	3.34	2.71	1.82

Important Developments

Sep. '89— GAP said that overall results for the first half of fiscal 1989-90 were essentially on target. The consolidation of Farmer Jack operations (acquired in the Borman's acquisition) was proceeding according to plan. Separately, in an attempt to purchase Gateway Corp. PLC, the U.K.'s largest food retailer, GAP and Wasserstein Perella & Co. formed Newgateway PLC. In August, Newgateway announced a definitive agreement with Isosceles PLC under which Newgateway and Isosceles will combine their ownership interest in Gateway and act together in developing its business. GAP said the agreement would allow it to acquire a substantial equity investment in a major British retailer for a total of $125 million. The cost of financing the investment will be $0.05 per share per quarter.

Next earnings report expected in early January.

Per Share Data ($)

Yr. End Feb. 28	[1]1989	1988	[1]1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	24.50	22.32	19.85	17.63	15.48	10.02	8.81	8.08	10.89	15.83
Earnings[2]	3.34	2.71	1.82	1.48	1.35	0.84	0.57	d6.19	d1.35	Nil
Dividends	0.57½	0.47½	0.40	0.10	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	17%	18%	22%	7%	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	48⅛	46⅞	27¾	22	18	14¼	9⅜	6⅝	8⅝	10⅜
Low	31⅞	23⅝	19¼	14⅜	11⅝	8	3¾	3½	4½	5⅝
P/E Ratio—	14-10	17-9	15-11	15-10	13-9	17-10	16-7	NM	NM	NM

Data as orig. reptd. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.68 in 1987, +0.85 in 1986, +4.39 in 1985, +0.43 in 1984, +0.26 in 1983, +3.47 in 1982 d-Deficit. NM-Not Meaningful E-Estimated

November 6, 1989

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc.of Revs.
[2]1989	10,068	418	4.2	176	151	48.5	224	43.0%	128	1.3
1988	9,532	379	4.0	255	144	51.9	188	45.0%	103	1.1
[2]1987	7,835	263	3.4	676	103	47.8	129	46.7%	69	0.9
[2]1986	6,615	200	3.0	276	80	40.5	109	48.6%	56	0.8
1985	5,878	154	2.6	125	66	31.6	99	49.0%	51	0.9
1984	5,222	143	2.7	119	54	30.8	64	50.9%	31	0.6
1983	4,608	118	2.6	39	50	30.1	45	52.6%	21	0.5
1982	6,227	72	1.2	69	67	35.6	d225	NM	d232	NM
1981	6,990	56	0.8	72	68	36.5	d36	NM	d43	NM
1980	6,684	95	1.4	78	68	[3]36.3	1	543.7%	d4	NM

Balance Sheet Data (Million $)

Feb. 28	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	44	1,069	978	1.1	2,640	5.2%	507	971	1,552	32.7	14.0%
1988	54	946	883	1.1	2,243	4.8%	394	851	1,295	30.4	12.9%
1987	62	899	805	1.1	2,080	3.7%	420	756	1,189	35.3	9.7%
1986	69	757	583	1.3	1,664	3.7%	348	669	1,034	33.6	8.9%
1985	73	643	473	1.4	1,363	4.0%	243	583	841	28.9	10.6%
1984	65	654	488	1.3	1,200	2.7%	259	376	647	40.0	8.9%
1983	98	593	408	1.5	1,087	1.9%	260	329	598	43.4	6.8%
1982	56	608	432	1.4	1,142	NM	282	302	589	47.9	NM
1981	108	782	519	1.5	1,309	NM	333	407	744	44.7	NM
1980	64	696	462	1.5	1,231	NM	333	394	729	45.7	NM

Data as orig. reptd. 1. Bef. spec. items in 1987, 1986, 1985, 1984, 1983, 1982. 2. Reflects merger or acquisition 3. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Great Atlantic & Pacific sells food and general merchandise through 1,241 stores in 25 states, the District of Columbia and Canada (193) as of February 25, 1989. Operations included 1,048 retail stores in the U.S. under the names A&P, Super Fresh, Family Mart, Kohl's, Waldbaum's, Shopwell, Food Emporium, Food Mart, Sav-A-Center, Sun, Futurestores, Farmer Jack, Dominion and Compass.

GAP has expanded and geographically diversified through the acquisition of other supermarket chains, while closing over 2,000 underperforming stores since 1974-5. The company has also developed new store prototypes. In January, 1989 GAP acquired all the outstanding shares of Borman's, Inc. ($1 billion in 1987-8 revenues) for about $78 million in cash. Borman's operated 81 Farmer Jack retail supermarkets in the Detroit area. In fiscal 1986-7 GAP acquired the 53-store Shopwell chain ($464 million in 1985 sales) and the 140-unit Waldbaum chain ($1.8 billion).

Retail square footage totaled 36,407,000 as of fiscal 1988-9 year-end. The average store size was 29,000 sq. ft., but stores built more recently are larger. About 6% of the stores are owned, the remainder leased.

GAP operates three coffee roasting plants, three bakeries and two delicatessen food kitchens. In addition, it maintains warehouses which service its retail stores. The company also sells its coffee and ice cream products to other retailers. Since 1974, the company has closed more than 2,000 underperforming stores in an effort to restore its operations to profitability.

Dividend Data

Omitted since 1978, quarterly dividends were resumed in early 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Dec. 1	Jan. 6	Jan. 12	Feb. '89
0.15	Mar. 21	Apr. 10	Apr. 14	May '89
0.17½	Jul. 11	Jul. 17	Jul. 21	Aug. 7'89
0.17½	Oct. 3	Oct. 10	Oct. 16	Nov. '89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $493,829,000, incl. $248.8 million of capital lease obligations.

Common Stock: 38,194,546 shs. ($1 par).
Tengelmann Group (W. Germany) owns 52.5%.
Institutions hold about 36%
Shareholders of record: 16,079.

Office—2 Paragon Drive, Montvale, N J 07645 **Tel**—(201) 573-9700 **Chrmn, CEO & Pres**—J Wood **Secy**—P R Brooker **CFO & Treas**—Fred Corrado **Investor Contact**—M J Rourke **Dirs**—R Baumeister, H J. Berry, W. D Dance, C F Edley, H Haub, B B Hauptfuhrer, P C Nagel, Jr., J W Rowe, P L Sherwood, E C Sess, F Teelen, H W Van Baalen, J. Wood. **Transfer Agent & Registrar**—American Stock Transfer Co., NYC **Incorporated** in Maryland in 1925 **Empl**—92,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J Sack

Great Northern Nekoosa

NYSE Symbol GNN Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
61½	63⅜-35⅝	10	2---	2---	B+	1.47

Summary

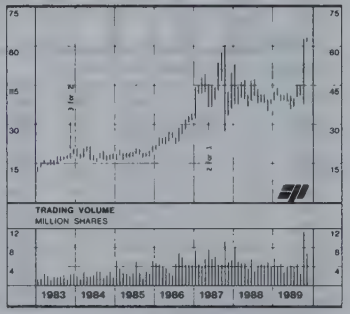
On October 31, 1989 Georgia-Pacific Corp. launched a tender offer for all of the outstanding common stock of Great Northern Nekoosa at $58 a share in cash. The offer, which was scheduled to expire November 29 (unless extended), was subject to the tender of at least 75% of the outstanding shares of GNN, the receipt of sufficient financing, and certain other conditions. Commenting on the proposed merger, GNN said that its directors would review the offer in due course.

Current Outlook

Earnings for 1990 (for the company as now constituted) are projected at $5.80 a share, down from the $6.35 estimated for 1989.

The quarterly dividend was raised 18%, to $0.33 from $0.28, with the June, 1989 payment.

Sales for 1990 should show modest growth, assuming no major slowdown in the general economy. Some weakening in market pulp prices could occur later in the year as new industry capacity comes on stream. Profits may decline slightly, year to year, but should remain at very high historical levels.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	986	844	567
Jun.	---	988	857	575
Sep	---	981	938	665
Dec.	---	---	950	783
	---	---	3,588	2,589

Sales for the nine months ended September 30, 1989 rose 12%, year to year Margins widened in the paper and market pulp segment, but narrowed in containerboard and packaging. Pretax earnings increased 6.0%. After taxes at 40.0%, versus 39.5%, net income was up 5.2%. Share earnings were $4.86, compared with $4.65.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.50	1.69	1.43	0.80
Jun.	E1.50	1.63	1.55	0.82
Sep.	E1.40	1.54	1.67	1.02
Dec.	E1.40	E1.49	1.56	1.04
	E5.80	E6.35	6.21	3.68

Cash Tender Offer

Oct. 31'89— Georgia-Pacific Corp. launched a $3.3 billion unsolicited tender offer for all of the outstanding common shares of GNN at $58 a share in cash. The offer, scheduled to expire November 29, 1989 (unless extended), was subject to various conditions, including the tender of at least 75% of GNN's approximately 54,941,000 outstanding common shares, the receipt of sufficient financing, the redemption or nullification of GNN's preferred stock purchase rights, the resolution of any possible antitrust problems that may arise from the merger of these two large forest products companies, and the waiver of certain restrictions on business combinations in the state of Maine. GNN said that its board of directors would consider the offer in due course.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.89	14.23	19.76	19.06	18.94	17.36	16.48	15.54	14.31	12.82
Earnings	6.21	3.68	1.60	0.89	2.30	1.63	1.81	1.95	2.06	1.89
Dividends	1.04½	0.90½	0.78½	0.76	0.71½	0.67½	0.66¾	0.61¾	0.55	0.48½
Payout Ratio	17%	25%	49%	85%	31%	41%	42%	32%	27%	26%
Prices—High	53	60½	34½	21¾	21⅝	20⅝	14	15⅞	14⅞	13½
Low	35	27	20⅛	16⅛	15½	11½	9¾	11	9⅜	10¼
P/E Ratio—	9-6	16-7	21-13	24-18	9-7	13-7	9-6	8-6	7-5	7-5

Data as orig. reptd. Adj. for stk. div(s) of 100% May 1987, 50% Jan 1984. 1. Reflects merger or acquisition 2. See Cash Tender Offer d-Deficit E Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
²1988	3,588	880	24.5	282	188	124.1	558	38.8%	342	9.5
²1987	2,589	538	20.8	924	142	62.1	336	40.3%	201	7.7
²1986	2,039	333	16.3	177	115	37.9	147	41.8%	³85	4.2
1985	1,935	218	11.3	113	113	43.6	68	32.3%	46	2.4
²1984	1,873	277	14.8	231	87	47.5	185	35.1%	120	6.4
1983	1,565	173	11.0	389	79	37.4	96	12.3%	84	5.4
²1982	1,430	169	11.8	275	80	22.5	94	16.4%	79	5.5
²1981	1,493	237	15.9	98	70	18.7	168	43.6%	³95	6.4
1980	1,373	231	16.8	107	65	19.6	155	36.2%	99	7.2
1979	1,158	199	17.2	197	54	19.1	132	31.4%	90	7.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	26.0	850	597	1.4	3,821	9.2%	1,210	1,533	3,206	37.8	24.7
1987	44.4	691	781	0.9	3,539	7.1%	1,094	1,220	2,722	40.2	17.5
1986	20.4	471	276	1.7	2,077	4.1%	391	1,054	1,779	22.0	8.2
1985	7.5	436	238	1.8	1,968	2.3%	487	963	1,730	28.1	4.7
1984	10.3	420	245	1.7	1,964	6.3%	470	949	1,719	27.4	12.8
1983	4.5	402	249	1.6	1,818	5.1%	478	862	1,568	30.5	9.6
1982	2.7	323	154	2.1	1,482	5.6%	365	805	1,327	27.5	10.0
1981	9.2	318	160	2.0	1,308	7.5%	256	755	1,147	22.3	13.1
1980	75.9	361	146	2.5	1,210	8.6%	255	690	1,064	23.9	15.1
1979	9.5	257	124	2.1	1,097	8.8%	267	614	973	27.4	15.5

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition 3. Reflects accounting change.

Business Summary

GNN is a leader in the production of newsprint, business papers, and containerboard. Contributions by business segment in 1988 were:

	Sales	Profits
Paper & market pulp	38%	47%
Containerboard & packaging	31%	44%
Distribution & envelope	28%	7%
Other	4%	2%

In 1988 GNN produced 1,604,000 tons of paper, 537,000 tons of market pulp, and 2,132,000 tons of containerboard. Business papers include business communications papers, stationery and office equipment papers; GNN is a leading producer of office copier paper. Coated and uncoated groundwood papers are used for paperback books, mail order catalogs, periodicals and directories. Newsprint is sold primarily in the New England and Middle Atlantic states. Containerboard is sold principally to independent corrugated box makers in the U.S. and abroad.

Paper merchant activities are carried out through Butler Paper, which operates distribution centers in 84 locations. Mail-Well Envelope is one of the largest domestic makers of envelopes. Other operations include the producton of lumber and plywood, and two small railroads.

GNN owns about 3,447,000 acres of timberland (in Maine and Wisconsin) and leases additional acreage. Coal deposits are owned in Alabama.

Dividend Data

Dividends have been paid since 1910. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Feb. 1	Feb. 27	Mar 3	Mar. 31'89
0.33	May 3	May 26	Jun. 2	Jun. 30'89
0.33	Aug. 2	Aug. 28	Sep. 4	Sep. 30'89
0.33	Nov. 1	Nov. 28	Dec. 4	Dec. 31'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $1,267,900,000.

Common Stock: 54,940,686 shs. ($2.50 par).
Institutions hold some 70%.
Shareholders of record: 19,605.

Office—401 Merritt 7, P O Box 5120, Norwalk, Conn 06856 **Tel**—(203) 845-9000 **Chrmn & Pres**—W. R. Laidig **Secy**—J. F. O'Handley **Treas**—P Cannella **Investor Contact**—S M Hill **Dirs**—L C Ballard, J R. Barker, J.G Crump, Jr., S. M DuBrul, Jr. W R Laidig, J C Lindsey, D E Miller, N R Owen, P S. Pane, Jr., J A Puelicher, R G Stone, Jr., G E Veneman **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in Maine in 1898 **Empl**—19,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

Great Western Financial

1059

NYSE Symbol GWF Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
19⅜	25⅛-14⅝	10	0.80	4.1%	B	0.95

Summary

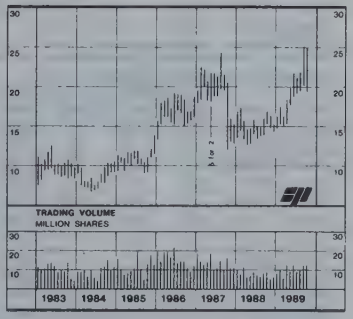
This holding company owns Great Western Bank, the nation's third largest thrift based on assets of $36 billion at September 30, 1989. Most of GWF's retail banking and real estate lending operations are conducted through about 212 offices in California and 49 offices in Florida. The company also engages in consumer finance, discount brokerage, and mortgage banking activities. With good loan growth and wider spreads projected, GWF's earnings for 1990 are expected to increase over 25% to a new record.

Current Outlook

Earnings for 1990 are estimated at $2.50 a share, up from the $1.95 anticipated for 1989.

Directors could raise the $0.20 quarterly dividend in 1990.

Total lending volume is expected to increase moderately in 1990, primarily reflecting a still active housing market in California and GWF's efforts to increase market share, especially outside California. Spreads could widen on the basis of projected lower interest rates at least through mid-year. Credit quality on loans in California is excellent and should remain so, although loan loss provisions may increase due to the company's involvement with riskier construction lending as well as further declines in already weak real estate markets, notably Texas and the Sunbelt, where GWF has some exposure. Gains on loan sales are likely to be higher with a decline in interest rates and the upward adjustment of the cost of funds index. Tax rates should be similar to rates in 1989.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 12%, year to year, primarily reflecting strong loan growth over the past year. The provision for loan losses increased 17%, to $73.8 million. Noninterest income declined 21%, mainly due to smaller gains on loan sales ($14.9 million against $60.9 million), while noninterest expense increased 8.7%. Pretax income was down 6.0%. After taxes at 39.0% in both periods, net income also fell 6.0%, to $1.37 a share from $1.48.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.45	0.45	0.69	0.70
Jun.	0.40	0.50	0.42	0.72
Sep.	0.52	0.53	0.45	0.69
Dec.	E0.58	0.47	0.11	0.70
	E1.95	1.95	1.67	2.81

Important Developments

Oct. '89— GWF said that it was the best capitalized major thrift in the nation and that thus far this year it had surpassed its competitors as the largest U. S. mortgage lender. Total new loans for the year-to-date amounted to $9.78 billion, versus $9.40 billion in the comparable period in 1988.

Oct. '89— In its third quarter earnings release, Great Western noted that its quarterly provision for loan losses was increased to $27.9 million for the third 1989 quarter, compared with $21.8 million for the same period a year earlier. This was primarily the result of continued weakness in various commercial and multifamily real estate markets outside California which GWF entered during their boom periods in the early and mid-1980s.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.64	13.26	12.20	10.84	9.23	8.59	9.25	10.66	11.31	10.99
Earnings[1]	1.95	1.67	2.81	2.01	1.04	0.83	d1.07	d0.50	0.70	1.66
Dividends	0.75	0.66	0.46	0.37⅝	0.35¼	0.20⅞	0.20⅞	0.35¼	0.35¼	0.33⅝
Payout Ratio	38%	40%	16%	19%	34%	25%	NM	NM	51%	20%
Prices—High	17⅜	24⅜	19⅜	13⅞	10½	12⅝	11⅞	7⅝	9½	11⅛
Low	12⅛	12	13¼	9	6⅝	7½	3⅞	4⅞	5⅝	6⅜
P/E Ratio—	9-6	15-7	7-5	7-4	10-6	15-9	NM	NM	14-8	7-4

Data as orig. reptd. Adj. for stk. div(s) of 150% May 1987, 50% Mar. 1979. 1. Bef. appropriation to general reserves, bef. spec. item(s) of +0.06 in 1984, 0.03 in 1982, +0.22 in 1981. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	2,787	128	3,166	2,056	87.1	407	39.0%	248	7.8	0.8	13.2
1987	2,335	268	3,969	1,723	89.3	424	50.4%	210	5.3	0.7	12.3
1986	2,318	341	3,773	1,800	86.7	503	40.3%	301	8.0	1.1	21.5
1985	2,424	299	3,404	2,030	90.1	335	39.9%	202	5.9	0.8	18.1
1984	2,085	276	2,869	1,935	95.2	137	31.3%	94	3.3	0.4	9.9
1983	1,552	247	1,991	1,545	94.4	111	33.8%	74	3.7	0.4	8.9
1982	1,101	233	1,387	1,339	107.4	d103	NM	d75	NM	NM	NM
1981	888	232	1,173	1,116	103.8	d44	NM	d28	NM	NM	NM
1980	814	129	997	846	93.7	63	37.4%	39	3.9	0.4	6.0
1979	709	111	878	648	82.9	150	38.0%	93	10.6	1.0	15.5

Balance Sheet Data (Million $)

Dec. 31	Total Assets	[2]Cust. Accts.	Cash & Secs.	Loans	Loans/ Equity	[3]Debt	Capitalization Equity	Capitalization Total	Price Times Book Value Hi	Price Times Book Value Lo
1988	32,815	22,207	1,675	29,144	14.4-1	7,565	1,983	9,548	1.3-0.9	
1987	28,631	19,974	1,804	25,158	14-1	5,882	1,852	7,734	1.8-0.9	
1986	27,630	18,131	4,049	21,971	15.5-1	5,297	1,599	6,896	1.6-1.1	
1985	25,471	17,594	2,855	20,692	17.5-1	4,417	1,197	5,614	1.3-0.8	
1984	23,555	16,849	2,887	18,259	17.2-1	4,184	1,032	5,215	1.1-0.7	
1983	18,639	13,516	2,237	14,167	15.8-1	3,024	856	3,881	1.5-0.9	
1982	12,675	9,561	1,976	10,174	14.9-1	2,285	643	2,927	1.3-0.4	
1981	10,646	7,849	1,609	8,679	13.4-1	1,576	624	2,200	0.7-0.5	
1980	10,253	7,774	1,324	8,573	13-1	1,362	659	2,021	0.8-0.5	
1979	9,454	7,385	816	8,306	12.9-1	1,007	638	1,645	1.0-0.6	

Data as orig. reptd. 1. Bef. spec. item(s) in 1984, 1982, 1981. 2. Savings accts. prior to 1982. 3. Incl. FHLB advances; incl. current portion. d-Deficit. NM-Not Meaningful.

Business Summary

This company is the parent of Great Western Bank (formerly Great Western Savings), the nation's third largest thrift. Bank operations, conducted through GWF's 282 branch offices in California, Florida, Washington, Arizona and New York, accounted for 86% of 1988 pretax earnings. Consumer finance operations, conducted in 25 states through 466 Blazer Financial and City Finance offices, accounted for 14% of earnings. Insurance operations were sold in 1987.

Of total interest earning assets of $28.4 billion at 1988 year-end (up 13% from 1987), 4% were investment securities, 90% real estate loans, and 6% consumer and other loans. New loans originated in 1988 totaled $13.2 billion, up 16% from $11.4 billion in 1987. At 1988 year-end ARMs were 87% of the real estate loan portfolio. The one-year gap (excess of liabilities that would reprice in one year before assets as a percentage of assets) was a positive 0.1%. Non-performing assets at 1988 year-end equaled 1.85% of assets, down from 2.06% a year earlier.

Of total deposits of $22.21 billion at 1988 year-end, 25% were transaction accounts, 30% term accounts up to six months, 35% term accounts over six months and deferred compensation, and 10% were wholesale accounts.

The average yield on earning assets in 1988 was 10.59% (10.16% in 1987), and the average cost of funds was 7.78% (7.30%), for a spread of 2.81% (2.86%).

Dividend Data

Dividends have been paid since 1972. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Jan. 24	Jan. 31	Feb. 6	Feb. 24'89
0.20	Apr. 25	May 1	May 5	May 26'89
0.20	Jul. 25	Jul. 31	Aug. 4	Aug. 25'89
0.20	Oct. 23	Oct. 30	Nov. 3	Nov. 24'89

Next dividend meeting: late Jan. '90.

Capitalization

FHLB Borrowings: $1,582,880,000.

Other Borrowings: $6,288,218,000.

Common Stock: 128,264,389 shs. ($1 par).
Institutions hold about 81%.
Shareholders of record: 34,573.

Office—8484 Wilshire Blvd., Beverly Hills, Calif. 90211. **Tel**—(213) 852-3411. **Chrmn & CEO**—J. F. Montgomery. **Pres**—J. F. Maher. **EVP-Secy**—J. L. Erikson. **CFO & Investor Contact**—C. F. Geuther (213) 852-3436. **Dirs**—D. Alexander, H. F. Christie, S. Davis, M. Feldstein, J. V. Giovenco, F. A. Gryp, J. F. Maher, C. D. Miller, C. A. Miller, J. F. Montgomery, A. E. Siegel, N. Strunk. **Transfer Agent & Registrar**—First Interstate Bank of California, Los Angeles. **Incorporated** in Delaware in 1955. **Empl**—12,609.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Greyhound Corp.

NYSE Symbol G Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 7'89	1989					
30⅜	37¾-14¼	11	1.32	4.3%	B+	1.06

Summary

Following a three-year restructuring that included the 1987 sale of Greyhound bus lines for $350 million, this company makes branded consumer household and food products and transit buses, operates commercial and institutional foodservice outlets, and provides offers varied consumer and commercial services. Acquisitions, including Carson Pirie Scott's airline and airport foodservice businesses and General Motors bus manufacturing operations in 1987, and asset sales should aid 1990 earnings progress.

Current Outlook

Earnings for 1990 should advance to $2.90 a share from $2.65 estimated for 1989.

The quarterly dividend should remain at $0.33.

Earnings from continuing operations for 1990 should benefit from successful new consumer products from Dial, growth in service operations and continued improvement in bus manufacturing productivity. Acquisitions should enhance contributions from airline catering business, but meaningful recovery in the financial group is not expected. Cost cutting efforts will be important to the anticipated earnings gain, along with the continued sale of underperforming assets.

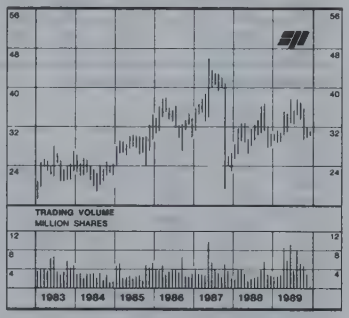
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	842	756	493	580
Jun.	925	854	558	685
Sep.	906	857	570	710
Dec.	---	838	653	673
	---	3,305	2,274	2,647

Revenues for the nine months ended September 30, 1989 rose 8.4%, year to year, led by transportation manufacturing and financial services. Operations benefited from substantially improved profitability for those two segments, and pretax income advanced 18%. After taxes at 41.1%, versus 40.1%, net income was up 16%, to $2.05 a share from $1.81.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.38	0.33	0.22	0.16
Jun.	0.92	0.81	0.79	d0.91
Sep.	0.75	0.67	0.60	0.62
Dec.	E0.60	0.61	0.49	2.30
	E2.65	2.42	2.10	2.08



Important Developments

Nov. '89— G attributed an 18% rise in the financial group's 1989 nine months earnings to $19.4 million from $16.5 million to higher gains on asset sales. Income included $16 million in insurance proceeds, outweighed by a charge to increase reserves for nonearning Latin American loans. Strong demand for coaches and improved contributions from bus production increased transportation segment earnings 24%.

Jun.'89— G sold 1.14 million treasury shares to its Employee Stock Ownership Plan for $35.125per share. The ESOP funded the purchase with a $40 million loan, which was recorded on the balance sheet as an increase in long-term debt and a reduction of shareholder's equity.

May '89— The company's Travelers Express Co. subsidiary acquired Republic Money Orders, Inc.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	[2]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.12	8.44	17.36	17.54	19.35	18.31	17.46	16.14	14.41	12.73
Earnings[3]	2.42	2.10	2.08	2.48	2.56	1.47	2.41	3.06	2.67	2.80
Dividends	1.32	1.32	1.32	1.26	1.20	1.20	1.20	1.20	1.20	1.04
Payout Ratio	55%	61%	56%	51%	46%	84%	49%	39%	45%	37%
Prices—High	36⅞	46	38	34½	26¼	28	19	20¼	18⅝	16⅝
Low	25⅝	19¼	27⅛	23⅞	18⅝	17⅛	12⅝	13¼	12½	11
P/E Ratio—	15-10	22-9	18-13	14-10	10-7	19-12	8-5	7-4	7-5	6-4

Data as orig reptd. 1. Reflects acctg change. 2. Reflects merger or acquisition. 3. Bef results of disc opers of -1.33 in 1987, +2.04 in1986, +0.44 in 1983 and spec item(s) of +0.28 in 1988, -0.16 in 1987, +0.31 in 1983, -0.07 in 1982. d-Deficit. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	3,305	495	15.0	121	85.4	254	155	34.1%	93	2.8
[3]1987	2,259	225	10.0	115	69.3	61	[4]135	34.5%	83	3.7
[3]1986	2,584	152	5.9	157	68.0	69	[4]122	18.0%	[2]94	3.7
[5]1985	2,562	191	7.5	125	61.3	49	[4]176	29.0%	120	4.7
[2]1984	2,201	189	8.6	88	52.1	20	[4]189	30.9%	125	5.7
[6]1983	2,131	142	6.7	85	48.2	38	[4]113	31.6%	70	3.3
1982	4,526	197	4.4	143	65.2	50	[4]150	23.7%	106	2.3
1981	4,699	240	5.1	135	70.2	58	[4]207	27.5%	138	2.9
1980	4,766	219	4.6	118	74.7	[7]57	[4]163	21.8%	118	2.5
1979	4,700	247	5.3	97	68.0	52	[4]182	28.6%	123	2.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	695	NA	NA	NA	5,034	2.2%	[8]1,968	967	3,128	62.9	9.8%
1987	634	1,266	1,199	1.1	3,409	2.7%	884	901	1,860	47.5	8.7%
1986	578	1,162	982	1.2	2,964	3.5%	607	1,018	1,695	35.8	9.5%
1985	503	1,077	942	1.1	2,931	4.6%	605	1,123	1,798	33.7	10.8%
1984	427	907	770	1.2	2,347	5.8%	224	1,104	1,397	16.0	11.5%
1983	26	522	385	1.4	1,965	3.4%	346	1,063	1,507	23.0	6.6%
1982	23	622	437	1.4	2,007	5.5%	422	943	1,478	28.5	11.5%
1981	40	642	446	1.4	1,950	7.1%	361	942	1,421	25.4	15.3%
1980	32	647	432	1.5	1,905	6.3%	440	849	1,384	31.8	14.5%
1979	30	632	428	1.5	1,819	6.9%	423	776	1,297	32.6	16.7%

Data as orig reptd.; Financial Group fully consol. aft. 1987. 1. Bef. results of disc. opers in 1987, 1986, 1983, and spec. item(s) in 1988, 1987, 1983, 1982. 2. Reflects acctg. change. 3. Excl. disc. opers. and reflects merger or acquisition. 4. Incl. equity in earns. of nonconsol. subs. 5. Reflects merger or acquisition. 6. Excl. disc. opers. 7. Reflects acctg. change; net of interest inc. 8. Incl. current portion. NA-Not Available

Business Summary

Greyhound Corp. is a diversified holding company which provides varied products and services for consumers and businesses. Bus operations were discontinued in 1987 with the sale of Greyhound Lines. Segment contributions from continuing segments in 1988:

	Revs.	Profits
Consumer products	29%	27%
Services	50%	48%
Transportation manufacturing	13%	16%
Financial	8%	9%

Consumer products include Dial, Tone and other soaps; Armour Star and Treet canned meats; Lunch Bucket microwave meals; Dial antiperspirants; Purex and Borax brands laundry products; Parsons Ammonia; and Brillo soap pads.

Transportation manufacturing includes buses, coaches and replacement parts made for city and intercity operators. In mid-1987 Greyhound acquired General Motors transit bus business.

Services include airline inflight catering and airport coffee and gift shops. The company also operates Premier Cruise Lines Ltd., Travelers Express (money orders and QUANTUM electonic funds transfer systems); commercial contract food services; truck stop services; convention exhibit services and bus lines in Canada.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Feb. 16	Feb. 27	Mar. 3	Apr. 3'89
0.33	May 9	May 26	Jun. 2	Jul. 3'89
0.33	Aug. 17	Aug. 28	Sep. 1	Oct. 1'89
0.33	Nov. 16	Nov. 27	Dec. 1	Jan. 2'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $1,958,176,000.

Minority Interest: $47,910,000.

$4.75 Red. Pfd. Stk.: 235,749 shs. (no par).

Common Stock: 39,703,851 shs. ($1.50 par).
Institutions hold about 36%.
Shareholders of record: 64,700.

Office—Greyhound Tower, Phoenix, Ariz. 85077. **Tel**—(602) 248-4000. **Chrmn & Pres**—J. W. Teets. **VP-Secy**—F. G. Emerson. **VP-Treas**—R. G. Nelson. **Investor Contact**—Roger Bedier. **Dirs**—J.E. Cunningham, D. E. Gill, D. E. Guinn, J. Hay, J. K. Hofer, J. H. Johnson, F. L. Nageotte, A. E. Pauleon, J. F. Reichert, D. C. Stanlill, R. P. Straetz, J. W. Teets. **Transfer Agent**—First National Bank of Boston, Boston. **Incorporated** in Delaware in 1926; reincorporated in Arizona in 1978. **Empl**—31,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Grumman Corp.

NYSE Symbol GQ Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
16⅛	23-16	7	1.00	6.2%	B	0.75

Summary

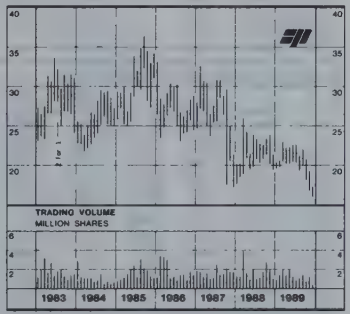
Grumman makes a variety of military aircraft, most of which is supplied to the U.S. Navy, and has an increasing amount of defense electronics and information processing business. Moderate improvement in earnings is likely in 1990 following 1989's decline. Possible eventual termination of F-14 procurement threatens GQ's long-term position in aircraft production.

Current Outlook

Earnings for 1990 are projected at $2.50 a share, up from $2.20 estimated for 1989.

Dividends should continue at $0.25 quarterly.

Sales for 1990 could be slightly below estimated 1989 levels. Aerospace revenues should be lower, reflecting fewer deliveries of F-14s and A-6s, partially offset by higher space and subcontracting activities. Margins could be improved. Electronics sales and profits should be moderately improved, and vehicle sales about unchanged with margins maintained. Information systems results could be somewhat higher. Interest expense should level off after a sharp climb in 1989. Higher profits should result from lower interest expense.



Sales & Other Income (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	905	908	852
Jun.	---	881	874	804
Sep.	---	905	832	772
Dec.	---	---	1,036	947
	---	---	3,649	3,375

Sales for the first nine months of 1989 rose 3.0%, year to year. Margins narrowed, and with interest expense up 30%, net income fell 15.8%. Share earnings were $1.50, versus $1.80.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.60	0.46	0.61	0.66
Jun	E0.60	0.56	0.53	0.33
Sep.	E0.60	0.48	0.66	0.21
Dec.	E0.70	E0.70	0.70	d0.53
	E2.50	E2.20	2.50	0.67

Important Developments

Nov. '89— Congress approved funding for 18 F-14Ds to be built in 1992-4, following which production would be ended. Older F-14s would be upgraded to the D model configuration.

Aug. '89— The company announced that it would close its Tachonics subsidiary, maker of gallium arsenide components for the electronics industry, by the end of 1989.

Aug. '89— Grumman successfully completed the first test of the air to ground link of the JSTARS radar system. The program remains nine months behind schedule, however.

Dec. '88— Grumman reported that it would reduce total employment by 3,100 persons (nearly 10%) during 1989, citing cancellation of the A-6G development program.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	23.77	22.13	22.00	20.43	18.71	15.86	13.36	12.76	12.92
Earnings[1]	NA	2.50	0.67	2.32	2.65	3.62	3.82	3.36	0.73	1.18
Dividends	1.00	1.00	1.00	1.00	1.00	0.92½	0.85	0.72½	0.70	0.62½
Payout Ratio	NA	40%	148%	44%	38%	26%	23%	20%	97%	50%
Prices—High	23	26	32⅝	33⅛	36⅜	29⅝	33⅝	25½	19	16¾
Low	16	17⅝	17⅛	23	24⅞	21¾	23	10½	10⅞	8⅞
P/E Ratio—	NA	10-7	49-26	14-10	14-9	8-6	9-6	8-3	26-15	14-8

Data as orig reptd Adj for stk div(s) of 100% Aug. 1983. 1. Bef results of disc. opers. of -0.81 in 1987, -2.46 in 1982, & spec. item(s) of +1.07 in 1987, +0.27 in 1982. E-Estimated. d-Deficit NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	3,591	14	0.4	118	114	90.4	130	33.7%	86	2.4
[2]1987	3,325	d109	NM	178	104	64.4	41	34.1%	[3]27	0.8
1986	3,440	185	5.4	196	81	54.4	117	32.9%	79	2.3
1985	3,049	168	5.5	171	60	37.1	129	36.8%	82	2.7
1984	2,558	193	7.6	147	45	22.3	179	39.4%	108	4.2
1983	2,220	195	8.8	88	34	15.4	183	39.4%	111	5.0
[2]1982	2,003	172	8.6	53	25	43.4	160	43.5%	90	4.5
1981	1,916	77	4.0	50	24	54.8	33	37.9%	21	1.1
1980	1,729	74	4.3	34	23	[3]27.8	54	42.9%	31	1.8
1979	1,476	71	4.8	26	23	26.5	34	41.9%	20	1.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	114	1,814	740	2.5	2,566	3.6%	802	782	1,731	46.3	10.8%
1987	138	1,521	658	2.3	2,255	1.3%	643	727	1,527	42.1	3.0%
1986	129	1,305	624	2.1	1,964	4.2%	421	722	1,311	32.1	10.5%
1985	103	1,042	556	1.9	1,586	5.3%	263	603	1,015	25.9	13.2%
1984	275	1,003	446	2.2	1,445	8.5%	237	544	983	24.1	20.6%
1983	80	778	304	2.6	1,088	9.7%	65	452	769	8.4	25.2%
1982	68	748	264	2.8	999	8.1%	164	321	712	23.0	26.9%
1981	67	864	206	4.2	1,073	2.0%	374	272	847	44.1	5.4%
1980	56	712	210	3.4	906	3.4%	232	266	683	33.9	9.5%
1979	44	603	303	2.0	798	2.8%	204	226	485	42.0	7.9%

Data as orig reptd 1. Bef. results of disc. opers. in 1987, 1982, and spec. item(s) in 1987, 1982. 2. Excludes discontinued operations. 3. Reflects accounting change. d-Deficit NM-Not Meaningful.

Business Summary

Grumman Corp. designs and manufactures military aircraft and space systems and a diversified line of commercial products. Business segment contributions in 1988:

	Sales	Profits
Aerospace	65%	64%
Information & other serv.	13%	27%
Electronics systems	13%	4%
Special purposes vehicles	9%	5%

About 90% of sales in 1988 were to the U.S. Government.

Military aircraft and space systems activities include production of the Navy F-14 fighter, the A-6E attack aircraft, the EA-6B tactical jamming aircraft, the E-2C early warning aircraft and the C-2A cargo plane.

Information and other services include electronic data processing services, financing services and real estate and insurance services.

Electronics systems include electronics for aircraft, computerized test equipment, airborne surveillance systems and other defense products.

Special purpose vehicles include fabrication and sale of aluminum truck bodies, fire trucks, and aluminum boats.

Dividend Data

Dividends have been paid since 1933. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 19	Feb. 1	Feb. 7	Feb. 17'89
0.25	Apr. 20	May 3	May 9	May 19'89
0.25	Jul. 20	Aug. 2	Aug. 8	Aug. 18'89
0.25	Oct. 19	Nov. 6	Nov. 10	Nov. 20'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $865,707,000

$2.80 Cum. Pfd. Stk.: 1,600,000 shs. ($1 par).

$0.80 Conv. Pfd. Stk.: 6,808 shs. ($1 par).

Common Stock: 32,962,932 shs. ($1 par).
Some 38% held by Employee trusts.
Institutions hold approximately 37%.
Shareholders of record: 15,095.

Office—1111 Stewart Ave., Bethpage, Long Island, N.Y. 11714 **Tel**—(516) 575-0574 **Chrmn & Pres**—J. O'Brien **VP-Secy**—R. W. Bradshaw **Vice Chrmn & Treas**—R. G. Freese **Dirs**—A. E. Albright, K. S. Axelson, L. W. Benson, E. W. Brooke, R. L. Caporali, O. L. Freeman, R. G. Freese, D. F. Huebner, V. H. Li, D. L. Luke III, J. O'Brien, E. L. Phillips, Jr., J. T. Sargent **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in New York in 1929. **Empl**—32,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. M. Canning, CFA

Gulf States Utilities

NYSE Symbol GSU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
11⅝	14⅜-7⅝	NM	None	None	C	0.80

Summary

This electric utility, serving the petrochemical industry of Texas and Louisiana, owns the River Bend nuclear plant. On October 11, 1989 a Louisiana district court upheld the LPSC's finding that GSU was imprudent to have restarted construction of the River Bend nuclear plant, affirming the LPSC disallowance of approximately $677 million from the rate base. GSU was evaluating the order and expected to appeal it. Auditors noted in their report on the company's 1988 financial statements that significant legal proceedings, rate issues and operational contingencies raised substantial doubts about the company's ability to continue as a going concern.

Current Outlook

Share earnings for 1990 could reach $0.50, up from the $0.02 projected for 1989, both years excluding charges for River Bend and other extraordinary items.

The common dividend (omitted in 1986) is not expected to be restored in the near future.

Share earnings for 1990 should benefit from higher rates and a small increase in kwh sales. River Bend rate issues may be completed by late 1990.

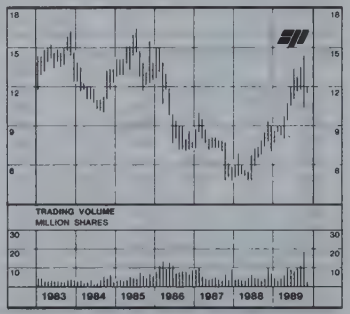
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	366	354	303	375
Jun.	393	363	364	359
Sep.	467	437	429	406
Dec.	---	367	336	338
	---	1,520	1,433	1,478

Revenues for the nine months ended September 30, 1989 rose 6.2%, year to year. However, following substantially lower rate deferrals, operating income was off 27%. After a $19.2 million charge for abandonment of subsidiary lignite leases, versus a charge of $46.3 million for reduction of deferred River Bend costs in the year-earlier period, net income fell 75%, to $27.8 million from $109.9 million. After preferred dividend accruals, the per share loss was $0.18, compared with income of $0.58. Results exclude a $0.34 a share charge for discontinuation of regulatory accounting principles in 1989, and the write-off of River Bend 2 costs of $0.14 a share versus $0.13.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.10	0.06	0.23	0.48
Jun.	d0.12	0.14	0.43	0.46
Sep.	0.04	0.38	0.69	0.69
Dec.	E0.20	d0.08	0.30	0.08
	E0.02	0.50	1.66	1.71



Important Developments

Nov. '89— GSU reported that on October 11, 1989 a Louisiana district court upheld the LPSC's finding that GSU was imprudent to have restarted construction of the River Bend nuclear plant and affirmed the LPSC disallowance of certain construction costs from the rate base, approximately $677 million on a Louisiana jurisdictional basis. The district court also affirmed the LPSC finding that $1.6 billion of River Bend costs were prudent, and confirmed the court approved rate phase-in plan based on such findings, subject to LPSC review. GSU stated that it was evaluating the order and expected to appeal it. Separately, the Texas Supreme Court ordered the Texas PUC to stay hearings on River Bend cost issues while the court considers an "emergency relief" request by certain parties.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.98	18.44	16.52	15.76	15.54	15.50	15.03	15.28	15.46	15.42
Earnings[1]	0.50	1.66	1.71	2.10	2.30	2.31	1.95	2.24	2.05	1.74
Dividends	Nil	Nil	0.67	1.64	1.64	1.62	1.56	1.48	1.39	1.36
Payout Ratio	Nil	Nil	39%	78%	71%	70%	80%	66%	68%	78%
Prices—High	9⅜	10	15	16½	13⅞	16¼	14	12⅞	12⅝	13⅝
Low	4¾	4¾	7	11⅝	10	11¾	11⅛	10⅜	9	10⅛
P/E Ratio—	19-10	6-3	9-4	8-6	6-4	7-5	7-6	6-5	6-4	8-6

Data as orig reptd. 1. Bef results of disc opers of -0.01 in 1987, bef. spec item(s) of -0.13 in 1988 NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	1,520	177	100	71.5%	1.31	10	37.1%	118	7.7	7.0	2.0
1987	1,433	187	109	73.7%	1.55	8	11.8%	242	16.9	9.2	9.3
1986	1,478	162	84	78.8%	1.81	114	4.8%	245	16.6	9.2	10.5
1985	1,858	113	80	81.5%	2.22	213	17.3%	265	14.3	9.6	13.1
1984	1,547	112	85	77.8%	2.39	159	22.5%	258	16.7	10.5	14.4
1983	1,436	103	79	78.2%	2.42	127	24.5%	230	16.0	10.6	14.8
1982	1,307	89	65	79.3%	---	90	25.1%	166	12.7	10.1	12.3
1981	1,222	78	71	81.2%	---	76	18.4%	151	12.4	10.1	14.2
1980	1,005	73	57	83.2%	---	74	30.2%	117	11.7	8.6	12.9
1979	864	63	47	86.7%	---	53	30.9%	84	9.7	7.4	10.9

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	6,749	124	5,226	8.2	6,022	2,624	49.2	624	11.7	2,088	39.1
1987	6,623	66	5,249	7.1	6,063	2,829	52.0	593	10.9	2,020	37.1
1986	6,389	328	5,185	6.2	5,755	2,806	54.2	560	10.8	1,812	35.0
1985	6,093	662	5,012	7.3	5,235	2,488	53.2	531	11.4	1,657	35.4
1984	5,454	625	4,460	8.1	4,563	2,104	51.6	480	11.8	1,492	36.6
1983	4,951	643	4,046	8.3	4,013	1,840	51.1	441	12.3	1,317	36.6
1982	4,335	629	3,524	8.2	3,488	1,596	50.9	412	13.1	1,129	36.0
1981	3,833	437	3,090	7.9	3,034	1,467	54.1	312	11.5	933	34.4
1980	3,402	644	2,727	6.9	2,621	1,269	54.1	312	13.3	763	32.6
1979	2,808	417	2,201	5.7	2,110	991	53.1	212	11.4	664	35.5

Data as orig reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. results of disc. opers. in 1987, bef spec. item(s) in 1988 3. Based on income before interest charges. 4. As reptd. by co 5. Utility and other plant.

Business Summary

Gulf States Utilities supplies electricity to some 558,000 customers located in southeast Texas and south Louisiana. Electric revenues by customer class in recent years:

Revenues	1988	1987	1986
Residential	32%	32%	31%
Commercial	23%	23%	23%
Industrial	36%	36%	37%
Other	9%	9%	9%

Sources of generation in 1988 were gas 58%, nuclear 18%, coal 11%, and purchased power 13%. Peak demand in 1988 was 4,910 mw and capability totaled 6,805 mw for a capacity margin of 28%.

GSU's 70%-owned, River Bend nuclear plant (936 mw) entered commercial operation in 1986. The River Bend 2 plant was cancelled in 1984. GSU's net investment in River Bend 2 was about $80.0 million. In 1989's first quarter, GSU wrote off some $14.9 million, net allocated to Louisiana and in 1988's first quarter, the company wrote off about $14.4 million, net allocated to Texas and the Federal jurisdiction.

GSU is appealing a March, 1988 decision by the Federal Energy Regulatory Commission that upheld the validity of a purchased power contract with Southern Co. GSU's potential liability is estimated at about $1.2 billion. In June, 1989 Cajun Electric Power Cooperative, Inc., which is a 30% co-owner in the River Bend plant, filed a suit against GSU seeking to recover its $1.6 billion investment in the plant plus damages and fees.

Auditors noted in their report on the company's 1988 financial statements that material uncertainties concerning the River Bend nuclear plant, and other shareholder, rate and legal matters, raised substantial doubt about the company's ability to continue as a going concern.

Dividend Data

Common dividends were omitted in August, 1986. Preferred and preference dividends were omitted in February, 1987.

Capitalization

Long Term Debt: $2,391,114,000.

Red. Cum. Preferred Stock: $408,794,000.

Cum. Pfd. & Pref. Stock: $236,444,000.

Common Stock: 108,055,065 shs. (no par).
Institutions hold about 46%.
Shareholders of record: 69,235.

Office—350 Pine St., Beaumont, Texas 77701. **Tel**—(409) 838-6631. **Chrmn & Pres**—E. L. Draper, Jr. **VP-Secy**—L. D. Cobb. **VP-Treas & Investor Contact**—J. L. Schenck. **Dirs**—R. H. Barrow, J. W. Barton, J. E. Donnelly, E. L. Draper, Jr., M. Goland, E. W. Ham, W. H. LeBlanc, Jr., C. W. McCoy, P. W. Murrill, E. H. Owen, M. J. Rathbone, Jr., N. S. Rogers, S. F. Segnar, B. A. Steinhagen, J. E. Taussig II. **Transfer Agents**—Company's office, Morgan Shareholder Services Trust Co., NYC. **Registrars**—Morgan Shareholder Services Trust Co., NYC; First City National Bank of Beaumont, Texas. **Incorporated** in Texas in 1925. **Empl**—4,844.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

HBO & Company

4071

NASDAQ Symbol HBOC (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
13¼	13⅝-9⅜	16	0.30	2.3%	B+	1.19

Summary

This firm is a leading provider of information systems to the healthcare industry. In the absence of a large gain on the sale of land, net income was slightly lower in 1988, but share earnings improved on 28% fewer shares outstanding. The majority of a recently instituted 2,000,000 share repurchase plan is expected to be completed by year end.

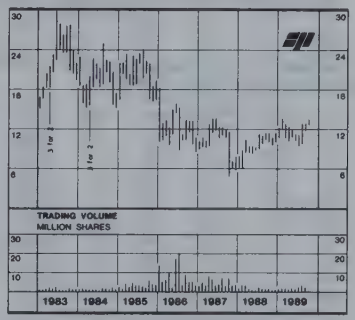
Business Summary

HBO & Company designs, sells and services information systems and software packages for a variety of applications within healthcare organizations (utilizing both minicomputers and mainframes, depending on the needs of customers). The company also provides data processing services under contract management agreements whereby it staffs, manages and operates a client's data processing facility. Equipment maintenance services also are provided. The primary market for the company's products and services consists of about 3,000 hospitals in the U.S. having more than 100 beds.

HBO's patient information systems, designed to provide transaction data during a patient's stay in the hospital, include data collection such as order entry and nurse station communication, hospital information such as departmental interface and nurse staffing, medical information such as results reporting and nurse care planning and patient accounting-related information that responds directly to governmental changes in reimbursement methods. Departmental information systems are designed to meet the particular requirements of each of the major ancillary departments of a hospital, which currently include laboratory, radiology and pharmacy. Financial information systems provide applications in patient billing and accounting, payroll/personnel, inventory, accounts payable, general ledger and financial reporting. HBO's decision support systems assist clients in preparing DRG analysis, annual business plans, financial modeling, reimbursement enhancement and regulatory reporting.

Medical Systems Support Inc. (MSSI), formed in 1985, primarily provides on-site maintenance of data processing and other information systems equipment to hospitals throughout the U.S. In addition, MSSI provides maintenance services for diagnostic imaging and x-ray equipment in hospitals.

On February 28, 1985, the company acquired Amherst Associates Inc., a provider of computer and consulting services to the healthcare industry, and Mediflex Systems Corp., a provider of data processing products and services to the healthcare industry. These transactions were effected by the exchange of 7.4 million HBO common shares for all of the stock of Amherst and Mediflex. In July 1986, HBO sold Amherst's consulting business to Amherst's management.



Important Developments

Sep. '89— A group led by Heinz Prechter said it reduced its stake in the company to 4.9% of the outstanding common shares, from 6.9%.

Aug. '89— HBO authorized the repurchase of an additional 1,000,000 of its common shares after instituting a similar buyback plan in May. Most of the 2,000,000 share repurchase program, of which some 450,000 have been bought, is expected to be completed before year end.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	1986	[2]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	1.90	1.31	3.40	3.57	2.98	2.47	2.11	1.87	0.50	0.25
Earnings	[3]0.81	0.62	d0.16	0.90	0.86	0.61	0.46	0.33	0.23	0.17
Dividends	0.30	0.20	0.00½	0.20	0.14½	0.06⅝	0.05	0.01⅛	Nil	Nil
Payout Ratio	36%	32%	NM	22%	17%	11%	11%	3%	Nil	Nil
Prices—High	11½	13⅝	18¼	24⅛	25	29⅞	17⅞	10¾	NA	NA
Low	6	4¾	8½	16⅛	15⅛	15	8⅜	6⅜	NA	NA
P/E Ratio—	14-7	22-8	NM	27-18	29-18	49-25	39-18	33-19	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 50% Apr. 1984, 50% Apr. 1983, 50% Apr. 1982. 1. Prior to 1983, fis. yr. ended Mar. 31 of following cal. yr., thus, 1983 & 1982 have certain data in common. 2. Refl. merger or acq. 3. Ful. dil.. 0.80. d-Deficit. NM-Not Meaningful. NA-Not Available.

October 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31[1]	Oper. [2]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[3]Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	187	35.6	19.0	13.4	14.5	2.93	19.0	34.2%	12.5	6.7
1987	175	38.7	22.1	15.3	22.2	1.26	21.0	36.7%	13.3	7.6
1986	155	23.3	15.1	33.0	18.8	1.65	d8.5	NM	[4]d3.6	NM
[5]1985	189	46.7	24.7	28.9	14.7	0.64	35.2	40.8%	20.8	11.0
1984	89	32.7	36.9	17.6	11.1	NA	23.2	40.0%	13.9	15.7
1983	68	25.0	36.9	19.8	8.9	0.36	16.1	38.0%	10.0	14.8
1982	56	21.2	38.1	20.6	8.0	0.83	13.4	44.0%	7.5	13.5
1981	39	15.5	39.8	13.1	6.5	1.10	8.9	44.2%	5.0	12.8
1980	29	12.4	42.0	8.5	4.7	2.09	5.6	46.4%	3.0	10.3
1979	21	8.8	41.9	8.9	3.2	1.20	4.4	46.6%	2.4	11.2

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	4.5	44.3	49.8	0.9	101	12.3%	10.0	28.5	51	19.7	52.0%
1987	5.7	43.9	47.0	0.9	102	14.4%	19.2	19.5	55	35.0	38.0%
1986	24.5	52.2	25.8	2.0	131	NM	3.9	79.0	103	3.8	NM
1985	34.5	67.7	21.8	3.1	135	16.6%	3.7	81.6	114	3.2	27.8%
1984	27.7	34.5	10.2	3.4	81	22.6%	3.5	48.1	71	4.9	37.2%
1983	12.2	19.5	7.5	2.6	64	14.0%	3.7	40.2	56	6.6	21.8%
1982	11.3	15.2	5.7	2.7	53	15.9%	3.9	34.3	48	8.2	24.3%
1981	9.4	14.6	7.8	1.9	41	13.9%	0.4	27.2	33	1.2	28.1%
1980	1.0	4.8	3.4	1.4	25	13.8%	11.2	6.7	22	51.9	61.3%
1979	1.1	2.8	2.1	1.3	19	NA	11.7	3.2	17	70.5	NA

Data as orig. reptd. 1. Prior to 1983, fis. yr. ended Mar. 31 of fol. cal. yr. 2. Incl. gross margin on sales of equip. to licensees prior to 1982. 3. Net prior to 1983. 4. Refl. acctg. change. 5. Refl. merger or acq. d-Deficit. NM-Not Meaningful. NA-Not Available.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	44.68	40.74	37.41	41.20
Jun.	45.91	47.47	43.73	37.57
Sep.		47.61	44.96	35.96
Dec.		51.59	49.13	40.10
		187.41	175.23	154.82

For the six months ended June 30, 1989, revenues edged up 2.7%, year to year, as gains in hardware sales and software maintenance revenue outweighed lower software license fees and decision support timesharing services. Costs and expenses were well controlled, and net income rose 3.1%, to $3,797,000 ($0.24 a share, on 3.7% more shares), from $3,684,000 ($0.24).

In July 1989, HBO said it expected to derive most of its revenue and profit in the second half of 1989.

Common Share Earnings ($)

Quarter:	1989	1988	[1]1987	1986
Mar.	0.09	0.07	0.04	0.03
Jun.	0.15	0.17	0.10	d0.27
Sep.		0.25	0.15	0.04
Dec.		0.31	0.39	0.04
		0.81	0.62	d0.16

1. Does not add, due to the purchase of treas. stk. d-Deficit.

Dividend Data

Cash payments, omitted in mid-1986, were resumed in mid-1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Oct. 24	Dec. 23	Dec. 30	Jan. 20'89
0.07½	Feb. 17	Mar. 27	Mar. 31	Apr. 20'89
0.07½	May 4	Jun. 26	Jun. 30	Jul. 20'89
0.07½	Aug. 28	Sep. 25	Sep. 29	Oct. 20'89

Finances

During the first quarter of 1988, the company sold its home healthcare information systems unit, Computer Resources, Inc.

In February 1988, HBO said it completed the repurchase of more than 8.5 million shares of its common stock for $69 million, or an average price of $8.09 per share.

Capitalization

Long Term Debt: $8,497,000 (6/89).

Common Stock: 15,148,122 shs. ($0.05 par).
Institutions own some 48%.
Shareholders: 2,215 of record (12/88).

Office—301 Perimeter Center North, Atlanta, Ga 30346 **Tel**—(404) 393-6000 **Chrmn, Pres & CEO**—W. S Huff Jr. **Sr VP, Secy, Treas & CFO**—T. H. Muller Jr. **Asst Treas & Investor Contact**—Austin E. Kearney Jr. **Dirs**—J. M. Clark Jr., L. G. Gerdes, H. T. Greene Jr., W. S. Huff Jr., D. L. Lucas, J. V. Napier, D. Wegmiller. **Transfer Agent & Registrar**—Citizens & Southern National Bank, Atlanta. **Incorporated** in Delaware in 1974. **Empl**—1,810.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

John D Coyle

Halliburton Co.

NYSE Symbol HAL Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
37	41⅜-27½	40	1.00	2.7%	B	1.18

Summary

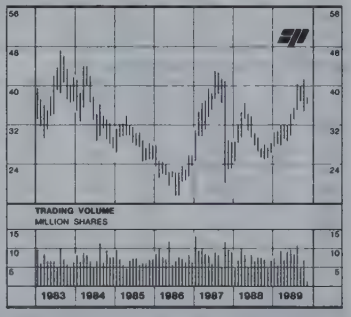
Halliburton is one of the world's largest oil field services and engineering and construction companies. The company also engages in property and casualty insurance. HAL's global presence is being strengthened by its 1988 acquisition of Gearhart Industries, a provider of wireline services, and its purchase of Geophysical Service, a major seismic services business. An improved outlook for industry drilling and the company's expanding product lines are expected to enhance its competitive position.

Current Outlook

Share earnings for 1990 are estimated at $1.40, up from $1.20 projected for 1989.

The dividend should remain at $0.25 quarterly.

Revenues for 1990 are expected to benefit from increased international activity, primarily in the Middle East. The U.S. market for both the oil field segment and the engineering business appears to be bottoming out and should enhance profits. The insurance sector is projected to add to earnings slightly, reflecting improved pricing.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,197	1,048	700	1,005
Jun.	1,371	1,192	777	855
Sep.	1,468	1,224	897	841
Dec.	---	1,375	994	808
	---	4,839	3,368	3,509

Revenues for the nine months ended September 30, 1989 rose 17%, year to year, reflecting primarily gains in the engineering and construction services group. Strong performance in the oil field services group in 1989's third quarter and improvement in the insurance business earlier in 1989, in addition to lower overhead charges, resulted in an 18% increase in net income. Share earnings were $0.81, versus $0.70, before a special credit of $0.01, versus $0.08.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.12	0.22	d0.08	0.11
Jun.	0.29	0.24	0.02	d4.94
Sep.	0.40	0.24	0.19	d0.07
Dec.	E0.39	0.11	0.32	0.05
	E1.20	0.81	0.45	d4.85

Important Developments

Oct. '89— Share earnings in 1989's third quarter of $0.40, compared with $0.24 a year earlier, benefited primarily from improved performance in the oil field services business. Increased demand for services and products in the U.S. led to higher capacity utilization. Included in the oil field services earnings was an approximate $8 million gain in the third quarter from the sale of certain service vessels. Excluding this gain, operating income for the oil field services group was up 27% from a year earlier. In September, 1989 the company announced that it increased its capital budget 14%, owing to the strength of the oil field services business. HAL said that the engineering and construction group reported a 3% decline in earnings for the third quarter while the insurance services group reported nominal income.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	1986	[1]1985	1984	1983	1982	[2]1981	1980	[1]1979
Tangible Bk. Val.	19.80	19.76	20.30	26.30	31.19	30.18	29.49	26.85	22.39	19.05
Earnings[3]	0.81	0.45	d4.85	0.27	2.87	2.66	4.21	5.72	4.25	3.21
Dividends	1.00	1.00	1.20	1.80	1.80	1.65	1.60	1.30	1.05	0.92½
Payout Ratio	126%	219%	NM	NM	59%	62%	38%	23%	25%	29%
Prices—High	36½	43⅛	28	33⅞	44	47¼	52¾	84½	86⅜	42½
Low	24⅜	20⅛	17⅜	24½	27⅛	29¼	21	44⅛	41	29⅞
P/E Ratio—	45-30	96-45	NM	NM	15-9	18-11	13-5	15-8	20-10	13-9

Data as orig reptd. Adj. for stk. div(s) of 100% Dec. 1980. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Bef. spec. item(s) of +0.08 in 1988, -3.39 in 1985, -0.33 in 1983. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,826	353	7.3	169	213	59	152	45.4%	85	1.8
1987	3,373	241	7.2	76	214	62	63	27.0%	48	1.4
1986	3,527	206	5.9	97	281	77	d556	NM	d515	NM
[3]1985	4,781	692	14.5	239	343	106	151	75.4%	29	0.6
1984	5,428	848	15.6	262	369	138	572	41.9%	330	6.1
1983	5,511	865	15.7	243	376	132	539	40.9%	315	5.7
1982	7,282	1,248	17.1	488	367	124	825	39.1%	497	6.8
[4]1981	8,435	1,423	16.9	697	316	126	1,145	40.7%	674	8.0
1980	8,327	1,114	13.4	546	267	80	849	41.0%	500	6.0
[3]1979	7,766	826	10.6	490	[4]233	39	635	40.4%	377	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	345	NA	NA	NA	4,722	1.9%	199	2,107	2,479	8.0	4.0%
1987	547	1,785	796	2.2	3,271	1.5%	198	2,082	2,475	8.0	2.3%
1986	513	1,681	743	2.3	3,328	NM	241	2,150	2,585	9.3	NM
1985	623	2,403	1,145	2.1	4,662	0.6%	448	2,858	3,517	12.7	0.9%
1984	1,047	2,831	1,263	2.2	5,352	6.2%	480	3,384	4,089	11.7	9.9%
1983	1,241	3,140	1,283	2.4	5,834	5.5%	730	3,572	4,550	16.0	8.9%
1982	523	2,828	1,124	2.5	5,582	8.9%	745	3,482	4,457	16.7	14.9%
1981	138	2,891	1,492	1.9	5,580	13.1%	742	3,167	4,088	18.1	23.2%
1980	134	2,490	1,350	1.8	4,724	11.6%	584	2,635	3,374	17.3	20.5%
1979	226	2,067	1,225	1.7	3,923	10.3%	291	2,251	2,698	10.8	17.8%

Data as orig reptd. 1. Incl equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1985, 1983. 3. Reflects merger or acquisition. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Halliburton is the largest factor in oil field well cementing, completion and stimulation and, through its Brown & Root subsidiary, is a major factor in industrial and marine engineering/construction. Contributions by business segment in 1988:

	Revs.	Profits
Oil field services & prods.	45%	56%
Indus. engin./constr.	45%	27%
Marine construction	10%	17%

In 1988 some 31% of revenues were derived from operations outside the U.S.

The company provides a wide variety of oil field equipment and services, including well cementing, completion and stimulation services, drilling muds, pressure control and production testing services, and wireline services. In February, 1988 HAL acquired 60% of Geophysical Service, Inc., a leading seismic services contractor, and in November, 1988 an additional 20.28% of GSI. In September, 1988 HAL acquired 100% of Gearhart Industries, Inc. ($300 million in revenues), a major wireline logging company; its Geosource unit is a leading geophysical servies company.

Brown & Root engages in a wide range of design and construction activities, including power plants, refineries, and petrochemical facilities. B&R's marine construction activities include the laying and burying of marine pipelines and the fabrication and erection of offshore production platforms for the petroleum industry.

HAL also offers specialty services and products, largely related to its basic businesses, and has an insurance affiliate which provides casualty, property, surety, and marine insurance. In June, 1989 HAL sold its Life Insurance Co. of the Southwest subsidiary.

Dividend Data

Dividends have been paid since 1947. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 17	Nov. 25	Dec. 1	Dec. 20'88
0.25	Feb. 16	Feb. 24	Mar. 2	Mar. 23'89
0.25	May 16	May 25	Jun. 1	Jun. 22'89
0.25	Jul. 20	Aug. 28	Sep. 1	Sep. 21'89

Next dividend meeting: Nov. 16'89.

Capitalization

Long Term Debt: $199,600,000.

Minority Interest: $26,900,000.

Common Stock: 106,456,605 shs. ($2.50 par). Institutions hold about 74%. Shareholders of record: 29,827.

Office—3600 Lincoln Plaza, 500 North Akard St., Dallas, Texas 75201. **Tel**—(214) 978-2600. **Chrmn & CEO**—T. H. Cruikshank. **Pres**—D. P. Jones. **Secy**—S. S. Keith. **Treas**—C. R. Fielder. **VP-Investor Contact**—Guy T. Marcus. **Dirs**—A. L. Armstrong, T. L. Austin, Jr., R. W. Campbell, Lord Clitheroe, E. L. Cox, R. L. Crandall, T. H. Cruikshank, J. W. Glanville, D. P. Jones, G. T. McBride, Jr., F. J. McDonald, E. L. Williamson. **Transfer Agents & Registrars**—NCNB Texas National Bank, Dallas; Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1924. **Empl**—61,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Handleman Co.

NYSE Symbol HDL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
20¼	24-13¾	15	0.40	2.0%	A	1.44

Summary

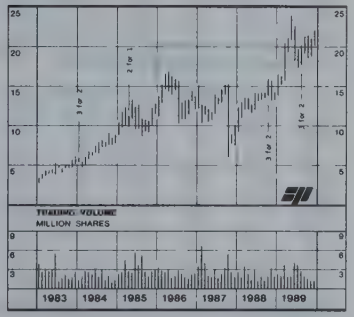
This leading distributor of home entertainment products has been experiencing strong growth in the sales of prerecorded videocassettes. However, sales of recorded music have been sluggish. K mart Corp. accounted for about 43% of HDL's total sales in fiscal 1988-9. The stock was split 3-for-2 in July, 1989.

Current Outlook

Earnings for the fiscal year ending April 1991 are estimated at $1.62 a share, up from the $1.45 expected for fiscal 1989-90.

The dividend was raised 7.1%, to $0.10 quarterly from $0.09⅓ (adjusted), with the October, 1989 payment.

Video products are expected to remain an important part of HDL's growth. HDL supplies videos which are aimed at purchase, rather than rental, by consumers. Also, HDL is expected to become increasingly involved in the manufacturing of low-priced videos, whose distribution rights are either in the public domain or have been acquired by HDL. In addition, compact discs should continue to bolster HDL's recorded music sales, and the growth of HDL's book business is expected to benefit from expansion on the West Coast.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	127.3	121.1	96.9	88.8
Oct.	205.0	179.7	148.7	124.4
Jan.	---	194.6	151.7	125.0
Apr.	---	151.4	134.5	122.0
	---	646.7	531.8	460.3

Sales for the six months ended October 28, 1989, rose 10.5%, year to year. Net income was up 11%, to $0.59 a share from $0.53 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.18	0.17	0.15	0.11
Oct.	0.41	0.36	0.29	0.21
Jan	E0.48	0.41	0.32	0.23
Apr.	E0.38	0.33	0.29	0.25
	E1.45	1.28	1.05	0.81

Important Developments

Dec. '89— HDL is selling lower-priced video products to stores in one of the U.S.'s largest specialty video chains, West Coast/National Video. Over the near term, HDL's video sales are likely to remain heavily weighted toward mass merchandisers, but as consumers increasingly buy, rather than rent, tapes, HDL's revenue mix may increasingly include sales to video specialty outlets. Also, HDL signed a letter of intent to acquire GES, The Interstate Group, a distributor of home entertainment software and books; this business had annual sales of about $20 million. In fiscal 1989-90's second quarter, sales of video products were up 37%, year to year, and accounted for 46% of HDL's total. However, music sales, which also were 46% of HDL's total, declined 2%. Compact discs accounted for 18% of HDL's music sales in the quarter.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	[1]1989	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	6.01	5.07	4.30	3.68	3.11	2.57	2.20	2.04	1.94	1.87
Earnings	1.28	1.05	0.81	0.81	0.77	0.51	0.31	0.29	0.23	0.29
Dividends	0.33⅓	0.29⅓	0.24⅞	0.24⅞	0.21⅝	0.15¾	0.14⅞	0.14⅞	0.14⅞	0.14⅞
Payout Ratio	27%	28%	31%	31%	28%	31%	47%	51%	66%	52%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	16	15¼	16⅞	13⅜	9⅛	6⅛	3¼	2⅞	2¼	2⅝
Low	9⅛	6	10¼	8⅝	4¾	2⅝	1⅝	1¾	1⅛	1⅝
P/E Ratio—	13-7	15-6	21-13	17-11	12-6	12-5	10-5	10-6	10-5	9-5

Data as orig reptd Adj for stk div(s) of 50% Aug 1989, 50% Nov 1988, 100% May 1985, 50% Jan 1984 1. Reflects merger or acquisition E-Estimated

December 29, 1989

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25 Broadway, NY, NY 10004

1093D

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1989	647	79.8	12.3	[2]24.5	12.2	1.06	68.1	39.2%	41.4	6.4
1988	532	64.8	12.2	[2]19.8	10.3	0.61	55.4	40.2%	33.1	6.2
1987	460	57.2	12.4	[2]13.4	10.5	0.49	47.3	46.3%	25.4	5.5
1986	422	53.3	12.6	[2]13.2	9.6	0.58	44.5	43.7%	[3]25.1	5.9
1985	401	47.5	11.8	[2]23.7	6.9	0.23	42.1	43.8%	23.7	5.9
1984	301	31.5	10.5	[2]7.9	4.9	0.16	28.4	45.3%	15.6	5.2
1983	231	20.9	9.1	[2]6.8	4.4	0.09	17.4	45.8%	9.4	4.1
[1]1982	234	18.5	7.9	6.0	3.6	0.21	15.4	43.6%	[3]8.7	3.7
1981	217	14.0	6.4	6.2	2.8	0.40	11.5	41.2%	6.7	3.1
1980	199	16.6	8.4	5.6	2.3	0.56	16.1	46.2%	8.6	4.3

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	24.8	258	120	2.1	330	13.3%	10.9	196	210	5.2	22.9%
1988	35.1	229	109	2.1	284	12.7%	10.4	161	175	6.0	22.3%
1987	8.5	189	88	2.1	238	11.2%	11.4	137	150	7.6	20.0%
1986	29.3	173	90	1.9	212	12.0%	6.3	115	123	5.1	23.6%
1985	23.8	167	98	1.7	203	13.3%	7.3	97	105	7.0	26.9%
1984	24.1	128	67	1.9	152	11.3%	4.9	79	85	5.7	21.0%
1983	15.9	101	50	2.0	120	8.0%	2.0	68	71	2.9	14.5%
1982	4.9	97	49	2.0	115	7.9%	2.3	63	66	3.5	14.3%
1981	1.5	90	43	2.1	104	6.5%	1.1	59	61	1.8	11.6%
1980	10.3	91	42	2.1	101	8.9%	1.7	57	59	2.9	15.8%

Data as orig reptd 1. Reflects merger or acquisition 2. Net of curr. yr. retirement and disposals. 3. Reflects accounting change

Business Summary

Handleman Co. is one of North America's largest independent distributors of prerecorded music, prerecorded videocassettes, books, and home computer software to retail chains throughout the U.S. and Canada. Much of HDL's sales growth in recent years has come from prerecorded videocassettes and compact discs. At November 1, 1989, HDL's service base included about 5,400 full-service music departments, 5,600 video outlets, 1,500 software locations, and 2,100 book outlets, and additional limited-service music/video customers. Also, HDL owns master recordings of a number of public domain movies.

Net Sales	1988-9	1987-8
Prerecorded music	57.8%	64.0%
Prerecorded video	32.8%	25.7%
Books	6.6%	7.1%
Software	2.7%	3.2%

Of fiscal 1988-9's net sales, the U.S. accounted for about 92% and Canada 8%. In fiscal 1988-9 K mart Corp. accounted for about 43% of HDL's sales, and Wal-Mart accounted for about 14%.

Competitors to HDL include some manufacturers who distribute their products directly, record and book clubs, and independent distributors and wholesale merchandisers.

Dividend Data

Dividends have been paid since 1963. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Mar. 8	Mar. 20	Mar. 27	Apr. 10'89
0.14	Jun. 7	Jun. 26	Jun. 30	Jul. 10'89
3-for-2	Jun. 7	Aug. 11	Jul. 21	Aug. 10'89
0.10	Sep. 6	Sep. 25	Sep. 29	Oct. 10'89
0.10	Dec. 6	Dec. 20	Dec. 27	Jan. 10'90

Finances

In January, 1989 HDL acquired assets of Video Treasures Inc. and related companies for about 610,000 (adjusted) common shares. These companies are engaged in acquiring licenses for exclusive rights to duplicate and distribute certain prerecorded videos.

Capitalization

Long-Term Debt: $10,785,000.

Common Stock: 32,624439 shs ($0.01 par).
The Handleman family owns about 11%.
Institutions hold approximately 66%.
Shareholders of record: 2,575.

Office - 500 Kirts Blvd., Troy, Mich. 48084-5299 **Tel.**—(313) 362-4400 **Chrmn & CEO**—D. Handleman **COO & EVP** - S. Strome **CFO, Secy., Treas & Investor Contact**—L. A. Kircos **Dirs**—R. H. Cummings, J. F. Daly, D. Handleman, M. Handleman, P. Handleman, A. E. Schwartz, S. Strome **Transfer Agent & Registrar**—National Bank of Detroit **Incorporated** in Michigan in 1946, reincorporated in Michigan in 1979 **Empl**—3,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Hanover Insurance

NASDAQ Symbol HINS (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
31⅜	33-25¾	7	0.44	1.4%	B+	NA

Summary

This insurer writes a variety of property-liability coverage in all 50 states and certain foreign countries. Earnings for the first nine months of 1989 were hurt by increases in weather-related damage payouts, including $7.5 million associated with Hurricane Hugo. State Mutual Life Assurance Co. and its affiliates control more than 50% of the shares.

Business Summary

The Hanover Insurance Company, which dates from 1852, conducts a diversified property-liability insurance business throughout the U.S. and in most of Canada. The broad line of insurance products offered includes virtually all types except life insurance, annuity contracts and title insurance.

Net premiums written in recent years were derived from:

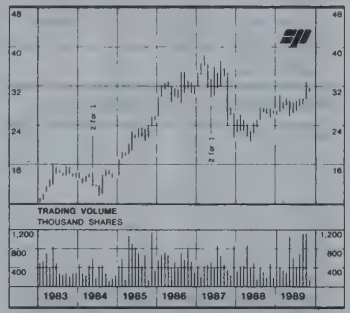
	1988	1987
Automobile	50.4%	50.5%
Fire & allied lines	29.7%	29.1%
General casualty	16.5%	16.8%
Marine & aircraft	2.7%	2.9%
Fidelity & surety	0.7%	0.7%

The average loss ratio for all lines was 70.4% in 1988 (72.0% in 1987). Individual product line ratios were: automobile 76.0% (79.6%), fire and allied lines 53.9% (51.5%), general casualty 87.8% (88.5%), marine and aircraft 52.0% (52.3%) and fidelity and surety 7.3% (35.0%).

Wholly owned Massachusetts Bay Insurance Co. (all of whose business is automatically assumed by Hanover), 100%-owned Citizens Insurance Co. of America (acquired in 1974), 98%-owned Beacon Insurance Co. of America, (acquired in 1981), and Hanover Lloyd's Insurance Co. are subsidiaries. During 1988, the company realized a pretax gain of $1.5 million on the sale of its interest in California Compensation & Fire Co.

The company's insurance subsidiaries are represented by approximately 2,605 agents, with the major share of premiums produced by commissioned agents who in most instances also represent other insurance companies.

Hanover is a member of various associations formed for the purpose of underwriting risks collectively. During 1988, about 8.9% of total net premiums written were derived in that manner.



The company also owns AMGRO, Inc., whose principal business is the financing of property and liability insurance premiums; and Citizen's Man, Inc., which offers various insurance related services. In 1988, the company began accounting for AMGRO and Citizen's Man on a consolidated basis (see Finances).

Total investments amounting to $1.92 billion at 1988 year-end were divided: fixed maturities 78.2%, equity securities 9.9%, other long-term investments 1.1% and short-term investments 10.8%.

Important Developments

Sep. '89— Hanover said that it liquidated about 50% of its equity portfolio in order to limit exposure to a potential correction in the stock market. As a result, the company realized a $21.6 million gain in the third quarter of 1989.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.[2]	32.03	25.68	21.75	17.48	15.98	15.99	14.77	12.78	11.29	8.65
Oper. Earnings[3]	5.82	4.57	3.30	0.51	0.54	1.91	1.68	2.02	1.83	1.52
Earnings[3,4]	5.82	5.42	3.83	1.14	0.75	1.93	1.68	2.16	1.99	1.58
Dividends[5]	0.36	0.34	0.28	0.28	0.26½	0.22	0.21	0.16½	0.11⅜	0.08
Payout Ratio	6%	6%	7%	25%	35%	11%	13%	8%	6%	5%
Prices—High	27¾	38⅜	35	26	15	16⅛	9⅛	9¼	8⅝	6
Low	20½	21⅜	25⅞	13⅝	9½	8⅜	6¼	6⅞	4¾	3¾
P/E Ratio—	5-4	8-5	11-8	51-27	28-18	8-4	5-4	5-3	5-3	4-2

Data as orig reptd. Adj. for stk. divs. of 100% May 1987, 100% in May 1984, 50% in 1981. 1. Refl. acctg. change. 2. As reptd. by co. 3. Bef. spec. items of +0.01 in 1987, +0.88 in 1986, +0.02 in 1984. 4. Aft. gains/losses on security trans. 5. Declared. NA-Not Available.

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios Loss	Expense	Comb.	Net Bef. Taxes	[1]Net Oper. Inc.	[1]Net Inc.	—% Return On— Revs.	Equity
[2]1988	1,424	138	1,580	70.4	29.2	99.6	138	120.0	120	7.6	20.2
1987	1,294	117	1,411	72.0	28.9	100.9	101	94.2	112	6.7	19.3
1986	1,064	98	1,162	72.2	28.8	101.0	85	68.0	79	5.9	16.8
1985	812	86	898	81.4	27.9	109.3	4	10.5	23	1.2	3.1
1984	643	75	718	79.7	29.2	108.9	8	11.1	15	1.5	3.4
1983	560	67	627	72.8	30.9	103.7	35	39.1	39	6.2	12.4
1982	546	60	606	74.3	30.7	105.0	23	34.4	34	5.7	12.2
1981	500	51	551	68.5	31.2	99.7	43	41.2	44	7.5	16.8
1980	463	42	505	67.1	30.2	97.3	40	37.1	40	7.4	18.3
1979	427	33	460	67.8	29.9	97.7	36	30.7	32	6.7	19.7

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[3]Premiums Due	Investment Assets [4]Bonds	Stocks	Loans	Total	% Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	55.8	314	1,706	190	0.20	1,916	7.7	109	2,649	Nil	661
1987	60.1	300	1,449	179	0.20	1,646	7.8	109	2,299	Nil	530
1986	37.8	248	1,171	166	0.25	1,355	8.0	96	1,891	Nil	448
1985	32.6	186	929	141	0.30	1,082	8.5	74	1,490	Nil	359
1984	31.9	125	830	117	0.34	948	8.1	59	1,248	Nil	328
1983	24.7	87	777	126	0.39	904	7.6	51	1,139	Nil	328
1982	22.9	78	748	113	0.57	861	7.2	51	1,083	Nil	302
1981	16.7	75	706	90	0.54	796	6.8	48	1,004	Nil	261
1980	12.4	66	614	100	0.60	714	6.4	42	894	Nil	230
1979	7.0	62	517	60	Nil	582	6.2	39	765	Nil	176

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. acctg. change. 3. Incl. notes receiv. 4. Incl. short-term invest.

Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	378	378	326	258
Jun.	390	385	344	285
Sep.	434	411	363	300
Dec.		406	378	319
		1,580	1,411	1,162

Total revenues for the nine months ended September 30, 1989, rose 1.9%, year to year (1988 restated), as a 4.2-fold increase in gains on the sale of equity securities (see Important Developments) outweighed a 1.4% decline in premiums earned (due in part to the December 1988 sale of California Compensation & Fire Co.). Profitability was hurt by continuing expenses associated with weather-related catastrophes, and pretax income fell 29%. After taxes at 13.3% against 17.4%, and minority interests, net income was down 26%, to $73,310,000 ($3.55 a share), from $98,780,000 ($4.79).

Common Share Oper. Earnings ($)

Quarter:	1989	[1]1988	[1]1987	1986
Mar.	0.76	1.26	1.54	0.36
Jun.	1.15	1.85	1.55	1.22
Sep.	1.65	1.68	1.41	0.86
Dec.		1.03	0.91	0.86
		5.82	5.42	3.30

1. Refl. acctg. change.

Dividend Data

Cash has been paid each year since 1853.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Dec. 14	Jan. 13	Jan. 20	Feb. 15'89
0.11	Apr. 12	Apr. 17	Apr. 21	May 12'89
0.11	Jun. 14	Jul. 17	Jul. 21	Aug. 15'89
0.11	Sep. 13	Oct. 6	Oct. 13	Nov. 15'89

Finances

In 1988, the company began to report realized capital gains and losses as operating earnings on a pretax basis rather than as a separate component, net of taxes. Also, all majority-owned subsidiaries are now accounted for on a consolidated basis. Implementation of these changes had no impact on net income or shareholders equity.

Capitalization

Long Term Debt: None (9/89).

Minority Interest: $5,339,000.

Capital Stock: 20,632,002 shs. ($1 par).
About 51% is held by State Mutual Life Assurance Co. of America.
Shareholders: 2,398.

Exec Office—100 North Pkwy., Worcester, Mass. 01605-1396 **Tel**—(508) 853-7200 **Chrmn**—J. F. O'Brien **Pres**—W. J. O'Brien **VP-Fin & Treas**—J. C. Henry **VP-Secy**—J. E. Sutton **Dirs**—W. D. Bell, E. L. Boody, Jr., D. Falvey, Jr., J. B. Kenary, Jr., D. S. Laskey, J. R. McAuliffe, R. C. McCray, D. R. Nelson, G. W. Nichols, W. J. O'Brien, M. W. Spellman, R. A. Westran. **Transfer Agent**—Company itself **Registrar**—Shawmut Worcester County Bank, Worcester, Mass **Incorporated** in New York in 1852, reincorporated in New Hampshire in 1972. **Empl**—5,760.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

John D. Coyle

Hanson PLC

NYSE Symbol HAN Options on CBOE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
16 3/8	19 7/8-14	11	[1]0.72	[1]4.4%	NR	NA

Summary

Hanson PLC is a British industrial management company whose subsidiaries are engaged in a wide range of activities principally in the U.K. and the U.S. HAN continually evaluates its existing operations and explores internally and with third parties possible acquisitions and sales of businesses. HAN announced in August, 1989 that it owned or had tender offers for over 90% of Consolidated Gold Fields.

Business Summary

Hanson PLC (formerly Hanson Trust) is a British industrial management company with consumer, building products, industrial, and food operations, primarily in the U.K. and the U.S. Contributions by segment in fiscal 1988:

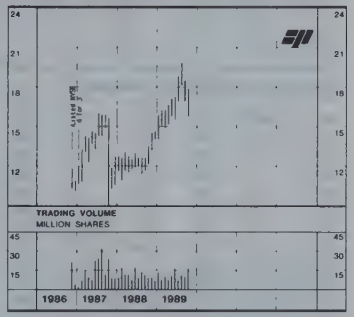
	Sales	Profits
Consumer	54%	37%
Industrial	25%	36%
Building products	13%	22%
Food	8%	5%

In fiscal 1988 the U.K. accounted for 57% of sales and 57% of operating profits and the U.S. 43% and 43%, respectively.

Holdings in the U.K. include Allders Ltd., which operates retail department stores and duty and tax-free shops; Imperial Tobacco Ltd., a manufacturer of cigarettes and tobacco products; and British Every Ready, producer of dry cell batteries.

In the U.S., operations include (51% owned) Smith Corona Corp., maker of portable typewriters and word processors; Endicott Johnson Corp., a producer of footwear; SCM Chemicals Inc., a leading producer of white pigment for use in the manufacture of paint, paper, plastic and rubber products; Hygrade Food Products Corp., a producer of processed meats; Ground Round Inc., a chain of family restaurants; Carisbrook Industries Inc., manufacturer of yarns, fabrics, apparel and textile finishing machinery; and Kaiser Cement Corp., producer of cement and aggregate products. Other product lines include Jacuzzi whirlpool and spa products, Tucker houseware and Farberware cookware

HAN continually evaluates its existing and newly-acquired operations and explores internally and with third parties possible acquisitions and dispositions of businesses.



Important Developments

Oct. '89— HAN agreed to sell its Ground Round Inc. unit to International Proteins Corp. (ASE: PRO) for $49 million and 2,850,000 PRO shares, raising HAN's PRO stake to 49.5% from 9%. In August HAN said that it owned or had tender offers for over 90% of Consolidated Gold Fields PLC's (CGF) shares under its £3.5 billion offer (£143 in cash plus 11 HAN warrants for every 10 CGF shares). Earlier, when already controlled by HAN, CGF sold a 30% stake in Gold Fields of South Africa for £368 million. In July HAN's Smith Corona Corp unit sold publicly 14,750,000 (48.8%) common shares at $21 each, for net proceeds of about $293.5 million. Separately, HAN sold its 8.8% stake in Cummins Engine Co. for $72 million. In April HAN conditionally agreed to sell Allden Department Stores Ltd. and Allden Int'l Ltd. to a management group for $381 million. HAN would have a 5% stake in the new firm.

Next earnings report expected in late November.

Per ADS Data ($)

Yr. End Sep. 30	[2]1988	[2]1987	[2]1986	1985	1984
Tangible Bk. Val.	4.84	3.97	2.94	2.76	NA
Earnings[3,4]	1.47	1.29	0.85	0.61	0.44
Dividends[5]	0.69 1/6	0.43 3/4	0.25 1/2	0.19 5/8	0.09 1/8
Payout Ratio	47%	34%	30%	32%	21%
Prices—High[6]	14 1/2	16	11 7/8	NA	NA
Low[6]	10 7/8	9	10	NA	NA
P/E Ratio—	10-7	12-7	14-12	NA	NA

Data as orig reptd., prior to 1986, data as reptd. in 1985 Annual Report, conv. to US$ at year-end exch. rates. Adj. for stk. div(s) of 33 1/3% Jan 1987, 33 1/3% Jan 1986, 50% Jan 1985, 50% Feb 1984 **1.** Decl. in the past 12 mos. (approx.); net aft 15% U.K. tax to U.S. residents **2.** Reflects merger or acquisition **3.** Ful. dil.: 1.34 in 1988, 1.15 in 1987, 0.77 in 1986, 0.56 in 1985, 0.35 in 1984 **4.** Bef. spec. item(s) of +0.98 in 1988, +0.01 in 1986, and in 1985, 1984 **5.** Paid from fiscal yr.'s earns., incl. final payment aft. yr.-end **6.** Cal. yr. NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	[1]Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[2]1988	12,507	1,561	12.5	724	215	485	[3]1,488	23.2%	1,143	9.1
[2]1987	10,975	1,230	11.2	522	172	493	[3]1,217	22.8%	939	8.6
1986	6,252	719	11.5	167	106	363	673	22.4%	522	8.3
1985	3,771	477	12.7	84	74	172	356	23.5%	272	7.2
1984	2,930	303	10.3	61	55	119	208	25.7%	154	5.3
1983	2,226	207	9.3	59	47	81	137	30.2%	94	4.2
1982	1,952	NA	NA	NA	NA	NA	NA	NA	72	3.7
1981	1,549	NA	NA	NA	NA	NA	NA	NA	62	4.0

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	6,527	10,413	4,165	2.5	13,210	9.4%	3,592	3,707	7,878	45.6	33.5%
1987	5,025	8,236	3,422	2.4	10,471	9.3%	2,837	2,841	6,151	46.1	37.5%
1986	2,532	8,049	3,605	2.2	9,664	7.6%	2,859	2,087	5,300	54.0	29.1%
1985	1,659	2,908	1,277	2.3	4,021	7.7%	903	1,376	2,563	35.2	27.7%
1984	641	1,775	925	1.9	2,638	9.0%	981	505	1,540	63.7	36.7%

Data as orig. reptd., prior to 1986 data as reptd. in 1985 Annual Report (prior to 1984 from Listing Application of Nov. 3, 1986). Conv. to US$ at year-end exch. rates **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1986-1 **3.** Refl. merger or acquisition NA-Not Available

Net Sales (Billion $)

Period:	1988-9	1987-8	1986-7	1985-6
3 Mos. Dec.	3.49	3.69	---	---
6 Mos. Mar.	6.36	7.02	3.84	2.18
9 Mos. Jun.	7.93	9.48	7.94	---
12 Mos. Sep.	-	12.51	10.98	6.25

Sales (in British pounds) for the nine months to June 30, 1989 rose 14%, year to year. Net income was up 22%, to £567 million from £466 million. Earnings per ADR were $1.12, versus $1.02, translated at period exchange rates. Per ADR results exclude an extraordinary credit of $0.66, against $0.51.

Earnings Per ADS ($)

Period:	1988-9	1987-8	1986-7	1985-6
3 Mos. Dec.	0.34	0.34	---	---
6 Mos. Mar.	0.73	0.67	0.51	0.31
9 Mos. Jun.	1.12	1.02	0.87	---
12 Mos. Sep.		1.47	1.29	0.85

Finances

In May, 1989 HAN sold its Barbour Campbell (BC) industrial thread and yarn business to a management group for $31.8 million in cash plus BC's cash balance of $9.6 million. In April, HAN sold its Elizabeth Shaw confectionary unit to a management group for $42 million. In March, HAN sold its Hygrade Food Products Corp. unit to Sara Lee Corp. for $140 million in cash and the assumption of debt. In January, HAN sold Kidde Credit Corp. operations in the U.S. and Canada for $70.3 million. In December, 1988 HAN sold Durkee Industrial Foods Corp. to Unilever U.S. Inc. for $185 million. In November, HAN sold KFPG, a fire detection and suppression service unit of Walter Kidde, to Pilgrim House Group PLC for $253.8 million.

In July, 1988 HAN sold HP Foods Ltd. and Lea & Perrins Inc. for $338.5 million. HAN's Kidde Inc. subsidiary also sold its Globe Security Systems unit for $46.5 million. In April, HAN sold its Ross Youngs frozen and chilled food business for $620 million. Also in April, HAN sold Kaiser Cement's Lucerne Valley plant for $185 million in cash and $8 million in inventory. In November, 1987 HAN acquired through an exchange offer of Kidde, Inc., a manufacturer of consumer, recreational, and security products, for $1.46 billion in cash and about 24.3 million warrants each to buy one ADS of HAN at $18 through September, 1994. In March, 1987 HAN acquired Kaiser Cement Corp. for about $250 million in cash.

Dividend Data

Dividends have been paid since 1964. Semiannual payments in the past 12 months.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.49314*	---	Dec. 30	Jan. 6	Feb. 10'89
0.23039*	---	Jun. 19	Jun. 23	Jul. 28'89

*Net after 15% British tax.

Capitalization

Long Term Debt: $3,173,000,000

Conv. Preference Stock: 40,351,075 shs. (£1 par); conv. into 0.556 ord. sh

Ordinary Stock: 3,920,461,075 shs. (25p par). Each American Depositary Share (ADS) represents 5 ordinary shares.
Shareholders of record: 201,700

Office—1 Grosvenor Place, London SW1X7JH, England **Tel**—44 1 245-1245 **U.S. Office**—410 Park Ave., NYC 10022 **U.S. Investor Contact**—Karen Levy (212) 826 0098 **Chrmn**—Lord Hanson **Vice Chrmn**—D N Rosling **Vice Chrmn**—M G Taylor **Treas**—R E Lee **Secy**—Y M Newbold **U. S. Investor Contact**—Karen B Levy (212) 826-0098 **Dirs**—A G L Alexander, H G Ashton, D C Bonham, Sir Gordon Booth, A Hagdrup, Lord Hanson, C G F Harding, B A Hellings, J H Pattison, D N Rosling, M G Taylor **ADR Depositary**—Citibank, NYC **Incorporated** in England in 1950 **Empl**—105,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Christopher J. Grant

Harcourt Brace Jovanovich

1096K

NYSE Symbol HBJ Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
5	18⅝-3¾	NM	None	None	NR	1.72

Summary

The publisher and insurance underwriter/broker completed the sale of its theme parks and all of its land holdings in November, 1989 for $1.1 billion as a means of partially reducing an onerous debt obligation. While cash flow from publishing and insurance operations are sufficient for ongoing debt service, the company will probably have to sell additional assets in order to meet interest obligations on nearly $600 million of debt beginning in 1992.

Current Outlook

A loss from continuing operations of about $1.85 a share is projected for 1990, versus 1989's estimated loss of $5.80, which excludes about $7.55 of capital gains.

Cash dividends on the common stock will not be paid before 1996.

Revenues from continuing operations in 1990 should rise, largely due to improved educational book sales. Profits should benefit from the absence of certain nonrecurring charges, from the improved sales, cost controls, and reduced capital outlays. Debt service, although reduced, and preferred dividends will continue to negatively impact net income and per share results.

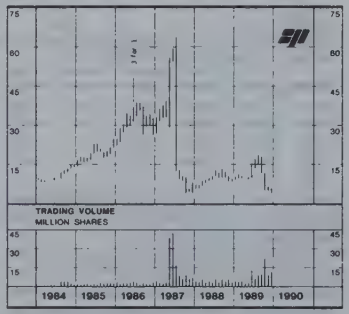
Sales & Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	307	174	158
Jun.	[5]570	449	258	231
Sep.	470	633	444	335
Dec.	---	393	222	245
	---	1,782	1,098	969

Sales and revenues from continuing operations for the nine months ended September 30, 1989 rose 7.5%, year to year. Results were hurt by a 98% plunge in publishing profits, a 50% drop in insurance income and a 20% rise in interest expense. Including $0.70 a share of preferred dividends (currently being paid in additional preferred stock), the net loss from continuing operations was $4.29 a share, versus a loss of $1.57 (restated).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	d0.87	d0.79	d0.22
Jun	[6]d2.77	d1.04	d1.53	0.31
Sep.	d1.52	1.00	1.33	1.51
Dec.	Ed1.51	d1.08	d1.00	0.23
	Ed5.80	d2.04	d2.00	1.91



Important Developments

Nov. '89— HBJ completed the sale of its six theme parks and related land holdings to a unit of Anheuser-Busch for $1.1 billion. Proceeds were largely used to reduce by about $875 million the nearly $2.6 billion in term debt outstanding prior to the sale. HBJ's cash flow from publishing and insurance operations will be sufficient to pay cash interest obligations on its remaining debt for the foreseeable future, but the outlook for 1992 and beyond is clouded by the requirement to begin paying interest on nearly $600 million of zero-coupon and pay-in-kind debentures. Because it remains highly leveraged, the company will need to make further reductions in its outstanding debt in order to remain a growing and viable concern in the future. Thus, further asset sales may be forthcoming.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[2]1986	[2]1985	[3]1984	1983	1982	1981	[2]1980
Tangible Bk. Val.	NA	d27.31	d32.99	2.11	8.42	6.76	5.98	5.29	5.68	5.27
Earnings[4]	NA	d2.04	d2.00	1.91	1.62	1.23	1.01	0.12	0.90	0.93
Dividends	Nil	Nil	0.10	0.38⅜	0.33⅜	0.33⅜	0.33⅜	0.33⅜	0.31¼	0.26
Payout Ratio	Nil	Nil	NM	21%	23%	28%	33%	276%	35%	28%
Prices—High	18⅝	13¼	63¾	38¾	24⅞	15	10½	7½	7	6½
Low	3¾	5½	3¾	22⅛	14¼	7⅞	5⅞	4¼	4¾	4⅜
P/E Ratio—	NA	NM	NM	20-12	15-9	12-6	10-6	63-35	8-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1986, 100% May 1981. 1. Incl. insurance revs. aft. 1987. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. results of disc. opers. of 3.20 in 1987, and spec. items of 0.15 in 1987. 5. Six mos. NM-Not Meaningful. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,782	352	19.8	182	122	327	d83	NM	d53.5	NM
[1]1987	1,098	256	23.3	246	112	180	[3]d93	NM	d70.3	NM
[4]1986	969	173	17.8	316	53	[5]22	[3]130	45.7%	70.5	7.3
[4]1985	819	129	15.8	98	41	[5]19	[3]90	44.1%	50.5	6.2
[6]1984	713	114	16.1	75	34	[5]13	[3]61	43.2%	34.5	4.8
1983	649	93	14.4	47	32	[5]10	[3]51	46.5%	27.5	4.2
1982	575	65	11.3	37	27	[5]13	[3]d2	NM	3.3	0.6
1981	539	78	14.4	52	25	[5]13	[3]40	40.1%	[2]23.8	4.4
[4]1980	504	75	15.0	33	21	[5]11	[3]45	45.6%	24.4	4.8
[4]1979	456	72	15.8	33	18	[5]9	[3]46	47.9%	23.8	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	104	NA	NA	NA	3,233	NM	2,600	d1,525	1,850	NM	NM
1987	136	558	382	1.5	2,039	NM	2,320	d1,497	1,570	NM	NM
1986	17	459	247	1.9	1,709	5.3%	797	531	1,376	57.9	15.9%
1985	3	286	129	2.2	803	7.0%	261	306	593	44.0	18.1%
1984	3	239	125	1.9	537	6.7%	131	212	369	35.5	17.1%
1983	1	225	105	2.2	468	6.1%	117	184	324	36.2	15.7%
1982	15	204	89	2.3	429	0.8%	115	166	297	38.7	1.9%
1981	12	193	81	2.4	407	6.1%	111	172	299	37.0	14.2%
1980	4	193	77	2.5	376	6.7%	97	161	271	35.8	16.0%
1979	3	177	82	2.2	348	7.2%	91	143	245	37.2	17.7%

Data as orig. reptd. 1. Excl. disc. opers. 2. Bef. results of disc. opers. in 1987, and spec. items in 1987. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects merger or acquisition. 5. Net of interest income. 6. Reflects accounting change. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Harcourt Brace Jovanovich is largely engaged in publishing and insurance. In November, 1989 the company sold Sea World Enterprises, operator of four marine parks, a botanical gardens park and a recreational and baseball theme park, and some 2,500 acres of largely undeveloped land in order to partially reduce outstanding debt. Business segment contributions in 1988:

	Revs.	Profits
Publishing	49%	57%
Insurance	29%	19%
Parks	22%	24%

The elementary and secondary education division publishes textbooks and instructional materials (including software); and publishes and scores achievement and aptitude tests. The university and professional education division publishes textbooks and instructional materials for higher education, scientific and medical books and journals, and general books; publishes books and conducts courses and seminars for law, accounting, and business; and publishes multi-media materials for community colleges. The company said that it will publish about 5,000 new books and about 240 scholarly journals in 1989.

HBJ Insurance, which includes the Federal Cos., Harvest Cos. and the Riehle Cos., is an underwriter of life and health insurance and an agent and broker of property and casualty insurance. It also publishes 10 state farm magazines, which provide a medium for certain insurance sales.

Dividend Data

In a July, 1987 recapitalization, common shareholders received $40 in cash and one share of a new $1.62 preferred stock for each share held. In March 1989 HBJ said that cash dividends on preferred stock would not be paid before 1996. Dividends on the preferred are being paid in additional preferred shares.

Capitalization

Long Term Debt: About $1,762,155,000. (11/89)

$1.62 Preferred Stock: 47,949,115 shs. ($13.50 liquid. pref.); divd. payable in cash or pfd. stk. thru Jun. 1993.

Common Stock: 72,880,740 shs. ($1 par).
Employees own 33%. Institutions hold approximately 39%.
Shareholders of record: 5,680.

Office—Orlando, Fla. 32887. **Tel**—(407) 345-2000. **Chrmn**—W. Jovanovich. **Pres & CEO**—R. D. Caulo. **VP-Treas**—J. F. Berardi. **VP-Secy & Investor Contact**—M. M. McQuillan. **Dirs**—J. F. Berardi, T. M. Black, J. W. Brandner, R. D. Caulo, P. Gitlin, M. C. Istomin, W. J. Johnson, W. Jovanovich, W. Jovanovich, E. J. McCarthy, K. L. Peterson, P. J. Ryan, A. V. Shoemaker, V. B. Smith, W. W. Vale, M. R. Winston. **Transfer Agent & Registrar**—Sun Bank, Orlando, Fla. **Incorporated** in New York in 1919. **Empl**—15,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Harland (John H.)

NYSE Symbol JH In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
23⅝	25-19½	16	0.68	2.9%	A	0.96

Summary

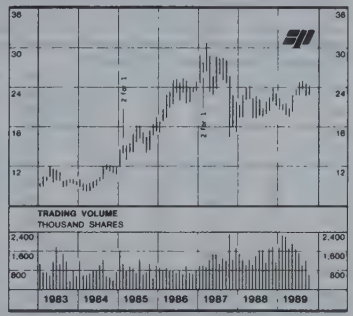
This printer of bank checks and related forms accounts for about 20% of the personal check volume printed in the U.S. JH has recorded sales increases for 39 consecutive years, and earnings and dividend gains for 35 years; return on equity has exceeded 20% for 15 years. Profitability is currently benefiting from conversion to offset printing technology.

Current Outlook

Earnings for 1990 are projected at $1.85 a share, up nearly 15% from the $1.60 estimated for 1989.

The $0.17 quarterly dividend is likely to be raised to $0.20 in the near term.

Sales for 1990 will be boosted by continued rapid gains in Scantron's business, growing check usage, and new and expanded lines of personal and business checking items. Margins should continue to improve, reflecting the volume gains and operating efficiencies, aided by continuing conversion to offset printing capability. Longer-term prospects are favorable.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	83.8	80.8	72.0	64.9
Jun.	89.3	85.7	70.7	65.6
Sep.	---	83.6	73.3	67.6
Dec.	---	83.2	71.7	68.0
	---	333.3	287.7	266.1

Sales for the 1989 first half rose 3.9% from the year-earlier level, as restated to include Scantron on a pooling-of-interests basis. Aided by improvements in efficiency and the absence of nonrecurring costs, pretax earnings advanced 17%. After taxes at 36.5%, versus 34.4%, net income was up 14%, to $0.77 a share from $0.68.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.37	0.34	0.30	0.25
Jun	0.40	0.34	0.31	0.26
Sep	E0.40	0.36	0.31	0.26
Dec.	E0.43	0.37	0.35	0.29
	E1.60	1.41	1.26	1.06

Important Developments

Aug. '89— The company broke ground for a new check printing plant ion Wilkes-Barre, Pennsylvania, its 43rd facility nationwide. When completed during the first quarter of 1990, the plant will serve financial institutions in northeast Pennsylvania.

Jul. '89— JH said that productivity was up 3.5% for the first half, aided by conversion to offset printing technology. Advanced technology now represents the majority of total check production, which has a direct impact on market share.

Jan. '89— The company said that the check will remain the firm's primary product in the coming years as it also looks for additional markets through compatible acquisitions and internal development.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.48	5.49	4.69	3.94	3.28	2.74	2.28	1.90	1.58	1.33
Earnings	1.41	1.26	1.06	0.89	0.74	0.62	0.51	0.42	0.34	0.28
Dividends	0.58	0.42	0.34	0.28	0.23	0.19	0.15½	0.12½	0.10	0.08½
Payout Ratio	41%	33%	32%	32%	31%	31%	30%	30%	30%	30%
Prices—High	24¼	30¾	25½	19½	12⅜	12	9½	6⅝	5¼	3¼
Low	19¼	16⅜	17⅛	11⅞	8⅛	8⅞	3⅞	4⅜	2⅞	2
P/E Ratio—	17-14	24-13	24-16	22-13	17-11	19-14	19-8	16-10	15-9	12-7

Data as orig reptd Adj. for stk. div(s) of 100% Mar 1987, 100% Mar. 1985, 100% Jun. 1981, 50% Mar. 1980. 1. Reflects merger or acquisition E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	333	93.4	28.0	32.6	16.4	NA	[2]81.3	34.4%	53.3	16.0
1987	288	79.9	27.8	34.6	11.7	NA	73.3	40.6%	43.6	15.1
1986	266	72.2	27.1	24.0	9.8	NA	67.2	45.7%	36.5	13.7
1985	245	60.3	24.6	15.5	8.7	NA	54.6	44.4%	30.3	12.4
1984	217	49.6	22.8	25.6	8.0	NA	44.6	43.6%	25.2	11.6
1983	189	40.6	21.5	10.9	6.3	NA	37.1	44.0%	20.8	11.0
1982	160	33.8	21.1	11.2	5.2	NA	30.9	44.8%	17.1	10.7
1981	143	26.6	18.5	10.2	2.6	NA	25.6	45.7%	13.9	9.7
1980	114	22.1	19.4	5.3	3.1	NA	20.4	45.5%	11.1	9.8
1979	94	18.0	19.2	5.7	2.1	0.05	16.6	45.8%	9.0	9.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	57.8	138	29.7	4.6	295	19.7%	11.2	244	256	4.4	23.6%
1987	51.4	112	35.5	3.1	225	20.7%	Nil	189	189	Nil	24.8%
1986	57.5	111	33.9	3.3	196	20.2%	Nil	162	162	Nil	24.5%
1985	47.1	94	28.6	3.3	164	20.3%	Nil	135	135	Nil	24.5%
1984	23.1	72	22.4	3.2	134	20.4%	Nil	112	112	Nil	24.5%
1983	28.0	68	19.3	3.5	112	20.1%	Nil	93	93	Nil	24.5%
1982	19.7	55	17.4	3.2	94	20.0%	Nil	77	77	Nil	24.3%
1981	8.6	42	12.9	3.3	76	19.7%	Nil	63	63	Nil	24.0%
1980	13.2	39	12.5	3.1	65	18.9%	Nil	52	52	Nil	23.1%
1979	6.5	29	8.5	3.4	52	18.7%	Nil	44	44	Nil	22.3%

Data as orig reptd. 1. Reflects mergr or acquisition. 2. Incl. equity in earns. of nonconsol. subs NA-Not Available

Business Summary

John H. Harland is a financial stationer, primarily engaged in printing checks and related items. Harland is among the three largest printers of magnetic ink character recognition (MICR) encoded personalized checks in the U.S., accounting for some 20% of all personal checks written.

The company's principal products are MICR encoded checks designed to be processed on automatic sorting and posting equipment, deposit tickets, and related forms for financial institutions and their customers. The company also produces customer-designed printed, lithographed and engraved business forms and other stationery items for banks and other accounts

JH's direct mail division, J. William Company, makes office supply forms for small businesses and sells them through catalogs. The National Safe division manufactures bank equipment, including vault doors, safe deposit boxes, drive-up teller windows, remote teller units and alarm systems.

Scantron Corp., acquired in June 19E8, designs, develops, and produces optical mark reading equipment and scannable forms used to score tests and tabulate data.

Dividend Data

Cash dividends have been paid since 1932, and increased each year since 1953. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14½	Oct. 28	Nov. 4	Nov. 10	Nov. 29'88
0.17	Jan. 27	Feb. 13	Feb. 17	Mar. 1'89
0.17	Apr. 28	May 15	May 19	Jun. 1'89
0.17	Jul. 28	Aug. 14	Aug. 18	Sep. 1'89

Next dividend meeting: Oct. 27'89.

Finances

During the 1989 second quarter the company began a 1.5 million stock repurchase program. Capital expenditures during the 1989 first half totaled $11.3 million.

Capitalization

Long Term Debt: $11,333,208 (6/89), incl. $11 million of sub. debs. conv. at $25.17 a sh

Common Stock: 37,643,511 shs. ($1 par)
Officers and directors own about 10%.
Institutions hold approximately 51%
Shareholders of record: 8,482.

Office—2939 Miller Rd., Decatur, Ga 30035, P.O. Box 105250, Atlanta 30348 **Tel**—(404) 981-9460 **Chrmn & CEO**—J W Robinson **Pres & Investor Contact**—R R Woodson **VP-Secy**—I W Lang **Treas & CFO**—M S Rupe **Dirs**—J. A Conant, L L Gellerstedt Jr , I. W. Lang, W D Looney, J. J. McMahon Jr., G. H. Northrop, H G Pattillo, J. W Robinson, J. M Sibley, J. H Weitnauer Jr., L. C Whitney, R R Woodson **Transfer Agent & Registrar**—Citizens and Southern National Bank, Atlanta **Incorporated** in Georgia in 1923 **Empl**—5,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H Donald

Harnischfeger Industries

NYSE Symbol HPH Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 12'89	1989					
21	21½-15	15	0.20	1.0%	B-	1.37

Summary

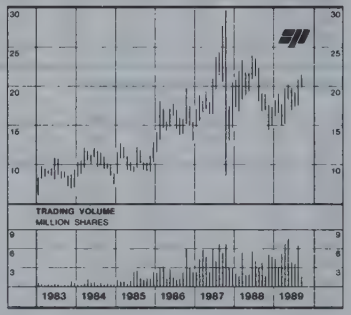
This company produces heavy capital goods equipment, including power cranes, electric shovels, material handling equipment, paper making machinery and develops defense-related software. Benefiting from higher sales and improved margins, earnings more than doubled in fiscal 1988. Earnings for the first nine months of fiscal 1989 benefited from higher sales and profits in the papermaking machinery and mining equipment units and a turnaround in the material handling equipment segment. Sales and earnings should continue to rise in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending October 31, 1990 are projected at $1.90 a share, versus the $1.55 estimated for fiscal 1989.

Dividends should remain at $0.05 quarterly.

Sales for fiscal 1990 are expected to rise, reflecting higher order bookings and backlog. Volume gains in the integrated materials handling unit along with increased parts sales should lift margins. Aided further by the realization of interest income and the abatement of share dilution, share earnings should rise in fiscal 1990.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	317	257	191	105
Apr.	352	304	250	151
Jul.	377	315	240	226
Oct.	---	312	277	232
	---	1,187	958	714

Sales for the nine months ended July 31, 1989 rose 20%, year to year, reflecting gains in the mining and papermaking machinery units. Margins widened, and benefiting further from the absence of interest expense (net), pretax income advanced 65%. After taxes at 35.0%, versus 31.9%, and higher minority interest, net income rose 63%. Share earnings were $1.13 (before a special credit of $0.38) on 21% more shares, versus $0.85.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.28	0.12	0.06	0.07
Apr.	0.40	0.42	0.20	0.19
Jul.	0.45	0.31	0.10	d0.12
Oct.	E0.42	0.30	0.13	2.01
	E1.55	1.15	0.51	2.15

Important Developments

Aug. '89— HPH reported share earnings of $1.13 on a 20% gain in sales for fiscal 1989's first nine months, versus $0.85 a share in the year-earlier period. HPH attributed the higher earnings to the strong performance of its papermaking and mining equipment units. HPH also noted that its material handling equipment unit reported a $2.2 million profit in the first nine months of fiscal 1989, versus a $3.5 million loss a year-earlier. Orders booked for the first nine months totaled $1.42 billion, up 19%, year to year; the backlog at July 31, 1989 was $1.77 billion, up 27%.

Jul. '88— HPH sold publicly through underwriters 6,325,000 common shares (including overallotments) at $21.875 a share. Net proceeds of some $132.5 million were used for debt reduction

Next earnings report expected in early December.

Per Share Data ($)

Yr. End Oct. 31	1988	[1]1987	[1]1986	[2]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.61	7.89	6.07	11.20	11.04	9.76	13.33	22.20	19.16	19.04
Earnings[3]	1.15	0.51	2.15	0.37	0.35	d3.49	d7.64	2.93	0.53	d0.12
Dividends	0.15	Nil	Nil	Nil	Nil	Nil	0.20	0.40	0.40	1.00
Payout Ratio	15%	Nil	Nil	Nil	Nil	Nil	NM	14%	75%	NM
Prices—High[4]	24	29¾	19¾	12⅞	12⅛	10⅞	11⅞	23¼	18½	26
Low[4]	14¾	8½	11½	8¾	7⅜	6	5½	9¾	11½	11¾
P/E Ratio—	21-13	58-17	9-5	35-24	35-21	NM	NM	8-3	35-22	NM

Data as orig reptd. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Bef. results of disc. opers. of -4.45 in 1986, and spec. item(s) of -0.64 in 1988, +0.45 in 1987, +1.16 in 1986, +0.37 in 1985, +0.93 in 1984, -0.10 in 1979. 4. Cal. yr. E-Estimated. d-Deficit. NM-Not Meaningful.

September 20, 1989

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Income Data (Million $)

Year Ended Oct. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	1,209	91.9	7.6	35.4	22.6	26.8	60.0	28.0%	32.5	2.7
[4]1987	974	60.6	6.2	27.4	17.3	27.4	32.0	44.9%	13.0	1.3
[4]1986	727	54.9	7.6	11.8	15.1	20.4	60.9	25.8%	45.2	6.2
[5]1985	489	29.8	6.1	6.6	8.7	23.3	10.0	NM	11.6	2.4
1984	406	26.4	6.5	5.5	[6]8.1	21.1	6.7	36.0%	4.2	1.0
1983	324	d9.5	NM	1.9	13.6	19.7	d36.2	NM	d34.6	NM
1982	451	d7.9	NM	10.8	15.2	20.8	d77.5	NM	[6]d76.5	NM
1981	654	61.9	9.5	11.1	15.1	[6]30.9	46.7	36.6%	29.1	4.4
1980	642	47.6	7.4	31.6	13.4	32.3	d2.3	NM	4.7	0.7
1979	562	43.0	7.6	17.7	12.6	28.3	0.3	NM	d1.1	NM

Balance Sheet Data (Million $)

Oct. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	147	730	458	1.6	1,195	2.6%	84	461	627	13.4	7.5%
1987	87	655	374	1.8	1,071	0.9%	168	323	573	29.3	3.7%
1986	117	637	342	1.9	967	5.4%	168	133	507	33.1	20.3%
1985	205	516	140	3.7	640	2.1%	136	138	444	30.7	3.3%
1984	96	349	117	3.0	473	0.9%	136	136	293	46.6	2.7%
1983	64	314	123	2.5	415	NM	153	99	265	57.6	NM
1982	32	341	292	1.2	457	NM	13	135	165	7.9	NM
1981	13	379	159	2.4	511	5.3%	113	224	352	32.2	13.6%
1980	8	386	180	2.1	518	0.9%	154	171	338	45.4	2.8%
1979	12	394	200	2.0	507	NM	132	169	307	43.1	NM

Data as orig. reptd. 1. Incl. other inc. aft. 1983. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. disc. opers. in 1986, bef. spec. item(s) in 1988, 1987, 1986, 1985, 1984, 1979. 4. Reflects merger or acquisition. 5. Reflects accounting change. NM-Not Meaningful. d-Deficit.

Business Summary

Harnischfeger Industries makes heavy capital goods equipment and provides related replacement, credit, and other services. Contributions in fiscal 1988 (profits in million $):

	Sales	Profits
Harnischfeger Engineers	8%	$4.5
Material handling equip.	7%	-5.2
Mining equipment	13%	10.9
Papermaking machinery	59%	63.5
Computers for defense	13%	16.4

Harnischfeger Engineers designs, engineers and integrates automated material handling systems for manufacturing, distribution and warehouse applications.

The Material Handling Equipment segment makes overhead cranes, electric wire rope and chain hoists, monorail systems and components.

Mining equipment makes electric mining shovels, electric and diesel-electric draglines, and hydraulic mining excavators.

Through Beloit Corp. (80% owned), HPH manufactures papermaking machinery systems and related products.

Syscon Corp. develops and manages computer software systems and hardware/software products primarily for the U.S. defense industry.

Dividend Data

Common dividends were resumed as follows in 1988 since omission in mid-1982. A "poision pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Dec. 5	Dec. 19	Dec. 26	Jan. 9'89
0.05	Mar. 9	Mar. 20	Mar. 27	Apr. 10'89
0.05	Jun. 9	Jun. 20	Jun. 26	Jul. 10'89
0.05	Aug. 8	Sep. 19	Sep. 25	Oct. 9'89

Next dividend meeting: early Dec.'89.

Finances

In February, 1989 HPH filed a shelf registration covering $150 million principal amount of debt securities to be offered on a continuous or delayed basis.

Capitalization

Long Term Debt: $82,849,000.

Minority Interest: $77,222,000.

Common Stock: 32,394,602 shs. ($1 par).
Kobe Steel of Japan owns 3.2%.
Institutions hold some 68%.
Shareholders of record: 3,500.

Office—13400 Bishops Lane, Brookfield, Wis. 53201. **Tel**—(414) 671-4400. **Chrmn & CEO**—W. W. Goessel. **Pres**—J. T. Grade. **SVP-Fin & CFO**—F. M. Corby, Jr. **Secy**—J. R. Tertigen. **Dirs**—R. C. Joynes, T. J. Bruggeman, H. L. Davis, W. W. Goessel, J. T. Grade, H. Harnischfeger, H. V. Kohler, Jr., T. Mori, R. F. Schnoes, D. Taylor, C. R. Whitney. **Transfer Agent & Registrar**—First National Bank of Boston, Mass. **Incorporated** in Wisconsin in 1910, reincorporated in Delaware in 1971. **Empl**—11,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Harris Corp.

1099M

NYSE Symbol HRS Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
39	39-26⅜	13	0.96	2.5%	B	1.21

Summary

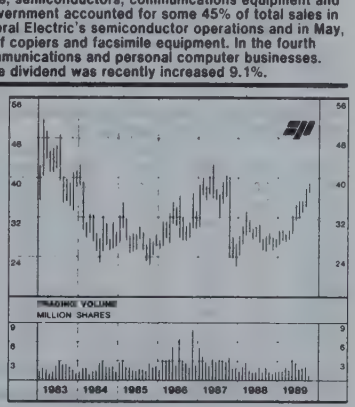
This company produces advanced electronic systems, semiconductors, communications equipment and systems, and office equipment. Sales to the U.S. Government accounted for some 45% of total sales in fiscal 1989. In November, 1988 Harris acquired General Electric's semiconductor operations and in May, 1989 it purchased the remaining 50% of a supplier of copiers and facsimile equipment. In the fourth quarter of fiscal 1989 HRS discontinued its data communications and personal computer businesses. Earnings in fiscal 1990 should improve modestly. The dividend was recently increased 9.1%.

Current Outlook

Earnings from continuing operations for the fiscal year ending June 30, 1990 are estimated at $3.25 a share, versus fiscal 1989's $3.00.

The dividend was increased 9.1%, to $0.24 quarterly from $0.22, with the September, 1989 payment.

Sales for fiscal 1990 will benefit from the inclusion of Harris/3M as a wholly-owned subsidiary. HRS's government business is expected to post high single digit growth, aided by the revitalization of NASA and healthy demand from state and local governments; however, margins are likely to remain under pressure. Meanwhile, HRS's other traditional business segments should post modest growth rates. Profitability should benefit from improved margins in HRS's semiconductor segment and Lanier's international business.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	430	507	469	560
Dec.	491	493	525	562
Mar.	524	525	522	517
Jun.	768	538	562	577
	2,214	2,063	2,079	2,217

Sales for the fiscal year ended June 30, 1989 rose 23%, year to year, benefiting from the inclusion of GE Solid State since November 30, 1988 and Harris/3M as a wholly-owned subsidiary in the fourth quarter. Excluding these acquisitions, sales were unchanged. Expenses were well controlled, and despite a substantial increase in interest expense, net income was up 31%. Share earnings increased 36%, to $3.00 on fewer shares from $2.20 Results exclude losses from discontinued operations of $2.43 and $0.57 a share, respectively, and a special credit of $0.87 in fiscal 1988.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	0.59	0.45	0.40	0.32
Dec.	0.72	0.56	0.49	0.36
Mar.	0.79	0.56	0.53	0.38
Jun.	0.90	0.05	0.63	0.42
	3.00	1.63	2.05	1.48

Important Developments

Aug. '89— As part of a major business restructuring, HRS decided to exit a significant portion of its data communications and personal computer-based office systems businesses. As a result, it reported a fourth-quarter fiscal 1989 charge of $85 million in connection with the potential sales of these businesses.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Jun. 30	[1]1989	1988	[1]1987	1986	1985	[1]1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	21.35	24.54	23.25	21.95	21.10	19.99	19.51	18.44	17.22	14.25
Earnings[2]	3.00	1.63	2.05	1.48	2.00	2.02	1.60	2.42	3.37	2.63
Dividends	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.80	0.72
Payout Ratio	29%	52%	43%	59%	44%	44%	55%	36%	24%	27%
Prices[3]—High	39	33¼	42¾	36⅞	35	42⅝	51⅞	41⅛	60¼	55¾
Low	26⅜	24¼	22	25½	22¼	22¾	33¼	20⅜	37½	26[1]
P/E Ratio—	13-9	20-15	21-11	25-17	18-11	21-11	32-21	17-8	18-11	21-10

Data as orig. reptd 1. Reflects merger or acquisition 2. Incl. 0.40 nonrecurr. gain in 1981, bef. results of disc. opers of -2.45 in 1989, +0.18 in 1983, and spec. item(s) of +0.87 in 1988 3. Cal. yr.

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	2,214	280	12.7	110	116	36.9	167	30.5%	116	5.2
1988	2,063	213	10.3	95	128	18.2	87	24.4%	65	3.2
[4]1987	2,079	245	11.8	99	140	19.8	122	31.0%	85	4.1
1986	2,217	208	9.4	131	135	25.1	61	1.8%	60	2.7
1985	2,281	215	9.4	206	115	29.1	100	19.7%	80	3.5
[4]1984	1,996	189	9.5	203	101	27.5	102	21.3%	80	4.0
[5]1983	1,424	146	10.2	126	80	24.8	59	14.5%	51	3.5
[4]1982	1,719	203	11.8	175	78	25.1	118	36.0%	76	4.4
1981	1,552	221	14.3	158	67	[6]24.5	167	37.6%	104	6.7
[4]1980	1,301	187	14.4	153	51	11.6	133	40.0%	80	6.1

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	189	1,534	1,238	1.2	2,558	5.5%	315	947	1,320	23.8	12.1%
1988	92	966	478	2.0	1,644	3.9%	142	972	1,166	12.2	6.9%
1987	175	1,083	559	1.9	1,796	4.6%	146	984	1,237	11.8	8.8%
1986	108	1,042	550	1.9	1,793	3.3%	183	901	1,243	14.7	6.7%
1985	56	1,065	586	1.8	1,789	4.6%	190	867	1,203	15.8	9.5%
1984	144	1,049	557	1.9	1,697	4.7%	213	818	1,140	18.7	9.9%
1983	293	892	388	2.3	1,360	3.6%	212	636	972	21.8	8.1%
1982	57	878	428	2.1	1,418	5.5%	226	597	990	22.8	13.1%
1981	114	848	405	2.1	1,314	8.4%	213	556	908	23.5	20.4%
1980	108	756	374	2.0	1,140	7.6%	216	453	766	28.2	18.6%

Data as orig. reptd 1. Incl. equity in earns. of nonconsol. subs 2. Bef. results of disc. opers in 1989 and 1983, and spec. item(s) in 1988 3. Excludes discontinued operations & reflects merger or acquisition 4. Reflects merger or acquisition 5. Excludes discontinued operations 6. Reflects acctg. change

Business Summary

Harris is focused on four major core businesses—advanced electronic systems, semiconductors, communications, and an office-equipment distribution network. Sales to the U.S. government were 45% of total sales in fiscal 1989. Segment contributions in fiscal 1989:

	Sales	Profits
Electronic Systems	41%	29%
Semiconductor	25%	23%
Communications	20%	16%
Lanier Worldwide	14%	32%

The Electronic Systems segment is engaged in research, development, design, and production of a broad range of high-technology systems for government and commercial organizations in the U.S. and overseas. Applications include avionics and space systems; support equipment; command, control, communications and intelligence; energy management; newspaper composition; real-time and relational database computing; and design-automation.

The Semiconductor sector is a leading manufacturer of standard, semicustom, and custom integrated circuits and discrete devices based on complementary metal oxide semiconductor (CMOS), bipolar, dielectric isolation, gallium arsenide and radiation hardening technologies.

The Communications sector produces a comprehensive line of communications equipment and systems, including microwave, lightwave, two-way radio, broadcast radio and television systems, digital telephone switches, satellite systems, auxiliary telecommunication products and turnkey communication systems.

Lanier Worldwide, Inc., formerly Harris/3M Document Products, Inc., is a wholly-owned subsidiary of Harris which markets, sells and services office equipment and business communication products.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Oct. 28	Nov. 15	Nov. 21	Dec. 2'88
0.22	Feb. 24	Mar. 1	Mar. 16	Mar. 30'89
0.22	May 26	Jun. 1	Jun. 7	Jun. 16'89
0.24	Aug. 25	Aug. 29	Sep. 5	Sep. 15'89

Next dividend meeting: Oct. 27'89.

Capitalization

Long Term Debt: $314,639,000.

Common Stock: 38,774,440 shs. ($1 par).
Institutions hold about 70%.
Shareholders of record: 13,459.

Office— 1025 W. NASA Blvd., Melbourne, Fla. 32919. **Tel**—(407) 727-9100. **Chrmn, Pres & CEO**—J. T. Hartley, Jr. **Secy**—O. W. Hudson. **VP-Treas**—R. W. Fay. **Investor Contact**—J. Birchfield. **Dirs**—J. A. Boyd, R. Cizik, L. E. Coleman, R. D. DeNunzio, C. J. Grayson, Jr., J. T. Hartley, Jr., G. I. Meisel, G. W. Milner, W. F. Raab, J. W. Wilcock. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Delaware in 1926. **Empl**—35,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Hartmarx Corp.

NYSE Symbol HMX In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
19 3/8	28 1/8-19	13	1.20	6.2%	A	1.05

Summary

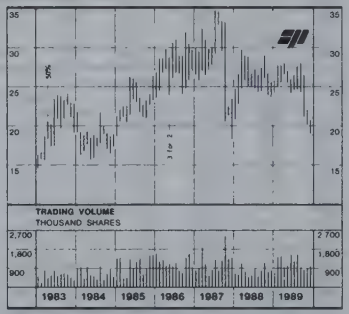
This company is a leading manufacturer and retailer of men's and women's apparel under such well-known names as Hart Schaffner & Marx, Henry Grethel and Hickey-Freeman. Earnings in fiscal 1989 have been hurt by soft retail sales, higher wool prices and increased interest charges, but profits should rebound in fiscal 1990. Continued expansion through acquisitions and store openings, the addition of new lines, and continued efforts to control costs enhance the long-term outlook.

Current Outlook

Earnings for the fiscal year ending November 30, 1990 are estimated at $1.90 a share, up from the $1.20 likely for fiscal 1989.

The quarterly dividend should remain at $0.30.

Sales for fiscal 1990 should advance moderately, reflecting higher prices, new store openings, and higher same store sales from increased volume. Cost efficiencies, benefits from centralized retail operations, and increased volume should offset continued higher priced raw materials, costs associated with opening new stores, and programs to stimulate retail sales. Interest charges should be about the same.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	327	302	283	290
May	304	273	248	245
Aug.	317	290	257	253
Nov.	---	310	293	274
	---	1,174	1,080	1,063

Sales for the nine months ended August 31, 1989 rose 9.8%, year to year, reflecting higher manufacturing and retail sales. Margins narrowed, and pretax income fell 41%. After taxes at 38.2%, versus 37.8%, net income was down 42%, to $0.68 a share (on 4.4% more shares) from $1.21.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.50	0.47	0.54	0.40
May	0.16	0.44	0.40	0.11
Aug.	0.02	0.30	0.30	0.18
Nov.	E0.52	0.82	0.77	0.51
	E1.20	2.03	2.01	1.20

Next earnings report expected in early January.

Important Developments

Nov.'89— HMX said that excluding acquisitions, sales for the first nine months of fiscal 1989 would have risen only 3%, reflecting the sluggish retail environment for menswear as a result higher prices from substantially higher wool prices. While sales at the popularly priced Kuppenheimer's men's stores rose 6% in comparable locations, menswear sales in HMX's specialty stores fell 4.5%. HMX said actions to stimulate sales in the specialty stores group had included lower price points, more selections, and increased marketing efforts. Meanwhile, the planned sale of Country Miss was not completed. HMX added that the sluggish retail trend had continued into the fourth quarter, and that orders for menswear for the spring 1990 were below last year's level. However, HMX was expecting improved results for the entire year.

Per Share Data ($)

Yr. End Nov. 30	1989	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	NA	19.21	18.26	17.59	17.60	16.24	14.80	13.45	12.55	11.69
Earnings	NA	2.03	2.01	1.20	2.25	2.24	2.03	1.67	1.41	1.17
Dividends	1.17½	1.07½	0.98	0.90⅜	0.85⅜	0.74¾	0.60¾	0.53⅞	0.48½	0.43⅛
Payout Ratio	NA	53%	45%	75%	38%	33%	30%	30%	34%	36%
Prices—High[2]	28⅛	29¾	34¾	32	26½	21⅞	24⅛	18⅛	10¾	7
Low[2]	19	20¾	18¼	23½	18¾	15¾	14½	8⅛	6¼	4⅜
P/E Ratio—	NA	15-10	17-9	27-20	12-8	10-7	12-7	11-5	8-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 50% May 1986, & 50% stk. exchange Apr. 1983. 1. Reflects merger or acquisition. 2. Cal. yr. NA-Not Available. E-Estimated.

December 26, 1989

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,174	84.1	7.2	33.7	25.0	14.5	59.9	36.5%	38.0	3.2
1987	1,080	89.8	8.3	21.7	22.6	7.7	72.0	42.7%	41.3	3.8
1986	1,063	64.4	6.1	[2]27.1	21.0	9.4	47.5	47.9%	[3]24.8	2.3
1985	1,110	96.8	8.7	[2]33.2	19.6	12.0	81.3	47.5%	42.7	3.8
1984	1,071	92.7	8.7	[2]32.6	17.1	12.3	80.3	48.0%	41.7	3.9
[4]1983	962	83.8	8.7	[2]20.7	15.2	10.7	72.9	48.4%	37.6	3.9
1982	863	65.5	7.6	[2]12.8	14.0	10.2	56.9	44.0%	31.9	3.7
[4]1981	816	58.1	7.1	[2]32.0	11.9	9.3	50.8	46.0%	27.4	3.4
1980	675	45.3	6.7	15.8	9.7	5.5	42.3	46.7%	22.5	3.3
1979	631	42.4	6.7	12.1	9.1	5.1	40.2	47.8%	21.0	3.3

Balance Sheet Data (Million $)

Nov. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	5.0	578	240	2.4	734	5.5%	135	358	494	27.4	10.9%
1987	8.8	515	197	2.6	660	6.7%	120	344	464	25.8	12.2%
1986	3.9	483	192	2.5	622	3.7%	71	359	430	16.5	6.9%
1985	22.2	530	222	2.4	669	6.6%	115	332	447	25.7	13.4%
1984	6.8	488	201	2.4	614	7.2%	111	302	412	26.8	14.5%
1983	5.7	431	171	2.5	543	7.3%	101	272	372	27.0	14.5%
1982	16.9	386	149	2.6	481	7.0%	90	241	332	27.0	13.6%
1981	8.2	366	157	2.3	465	6.3%	62	242	308	20.2	11.7%
1980	13.9	327	122	2.7	402	6.0%	54	221	280	19.1	10.4%
1979	5.6	281	83	3.4	351	6.1%	54	207	267	20.3	10.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net of curr. yr. retirement and disposals. 3. Reflects accounting change. 4. Reflects merger or acquisition.

Business Summary

Hartmarx is a leading diversified manufacturer and retailer of men's and women's apparel. Contributions (profits in million $) by major segments in fiscal 1988.

	Sales	Profits
Retailing	53%	22%
Manufacturing	47%	78%

Hartmarx Men's Apparel Group manufactures 30 well-known, prestigious brands of all types of men's apparel. Some major brand names include Henry Grethel, Hart Schaffner & Marx, Hickey Freeman, Gieves & Hawkes, Intercontinental Branded Apparel, Austin Reed, Society Brand, Christian Dior, Jack Nicklaus, Sansabelt, Sterling & Hunt, Bobby Jones, Gleneagles, Nino Cerruti, Allyn St. George, Johnny Carson, and Pierre Cardin.

The company operates approximately 468 apparel stores in the U.S. which include 233 Hartmarx specialty stores; 108 Kuppenheimer stores, which sell popular priced men's tailored clothing; 87 Old Mill stores, which sell women's apparel primarily manufactured by HMX; 25 Graham and Gunn Stores; and 15 Sansabelt stores.

HMX designs, manufactures and sells moderately priced women's sportswear and separates, mainly through the Country Miss division. Approximately 55% of Country Miss's clothing is sold through the 87 Old Mill Stores.

HMX also owns a 37.33% interest in Robert's, a Mexican manufacturer and retailer of men's quality clothing.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Jan. 12	Jan. 26	Feb. 1	Feb. 15'89
0.30	Apr. 12	Apr. 25	May 1	May 15'89
0.30	Jul. 12	Jul. 26	Aug. 1	Aug. 15'89
0.30	Oct. 11	Oct. 26	Nov. 1	Nov. 15'89

Next dividend meeting: Jan. 16'90.

Capitalization

Long Term Debt: $256,002,000.

Common Stock: 19,487,315 shs. ($2.50 par).
Institutions hold approximately 68%.
Shareholders of record: 10,000.

Office—101 North Wacker Drive, Chicago, Ill. 60606 **Tel**—(312) 372-6300 **Vice Chrmn & CEO**—H. A. Weinberg **Chrmn**—J.R. Meinert **Pres & COO**—E. O. Hand **VP-Secy**—C. M. Stein. **VP-Treas & Investor Contact**—J. E. Condon **Dirs**—A. R. Abboud, L. Baldinger, J. E. Devitt, R. F. Farley, J. S. Gore, E. O. Hand, D. P. Jacobs, C. Marshall, J.R. Meinert, B. B. Ruby, S. F. Segnar, H. A. Weinberg **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in New York in 1911, reincorporated in Delaware in 1983. **Empl**—22,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Hasbro Inc.

ASE Symbol HAS Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
20⅞	23⅞–15¼	16	0.16	0.8%	B+	1.19

Summary

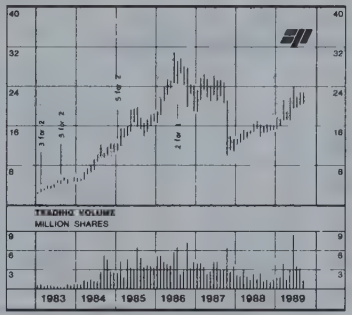
One of the largest toy companies in the world, Hasbro has a broadly diversified line consisting of promotional toys, Milton Bradley board games and Playskool pre-school toys and infant products. Coleco Industries, which filed for bankruptcy in July 1988, was recently acquired. Although only modest sales growth is expected, well controlled costs and the absence of a nonrecurring charge should lead to a second consecutive year of higher earnings in 1989. A possible peaking of the video game fad and an expanded number of new product introductions should allow for significantly improved results in 1990.

Current Outlook

Earnings for 1990 should reach $1.80 a share, up from the $1.55 projected for 1989.

A modest increase in the $0.04 quarterly dividend is likely in 1990.

Revenues for 1989 should increase 15%, aided by the inclusion of Coleco for a full year and assuming that competing video game sales decline. A possible economic slowdown should not have a major impact on results, since toy sales are not very sensitive to overall economic activity. Sales of the company's Milton Bradley board games and G.I. Joe line should benefit from a projected waning of the video game fad, which has negatively impacted these sales. In addition, lessening interest in video games may create a more favorable environment for the company's new product introduction program, which is being expanded in 1990. Margins should benefit from higher volume and well controlled costs. Longer term prospects are enhanced by the company's well known brand names and strong management.



Net Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	[3]288	286	279	254
Jun.	301	308	291	323
Sep.	---	368	396	409
Dec.	---	395	378	359
	---	1,358	1,345	1,345

Revenues for the 27 weeks ended July 2, 1989, decreased 0.8% from those of the corresponding 26-week period in 1988. Pretax income advanced 4.4%. After taxes at 41.5%, versus 45.0%, net income rose 11%, to $36,882,000 ($0.63 a share), from $33,216,000 ($0.57).

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	[3]0.32	0.29	0.28	0.33
Jun.	0.31	0.28	0.24	0.43
Sep.	E0.57	0.31	0.19	0.65
Dec.	E0.35	0.36	0.11	0.29
	E1.55	1.24	0.82	1.71

Important Developments

Jul. '89— The company acquired substantially all of the non-cash assets of Coleco Industries, Inc. for approximately $85 million in cash, plus warrants to purchase 1,000,000 Hasbro common shares. Coleco, which filed for bankruptcy in July 1988, incurred a $266.6 million loss on sales of $185.2 million in 1988; it produces the Cabbage Patch Kids, Scrabble and Parcheesi.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.41	8.27	6.94	4.44	1.74	2.04	1.29	1.01	0.84	0.59
Earnings[1]	1.24	0.82	[2]1.71	1.78	[2]1.29	0.48	0.28	0.18	0.14	0.09
Dividends	0.11¼	0.09	0.08¼	0.07½	0.05⅛	0.04⅜	0.02½	0.01¼	Nil	Nil
Payout Ratio	8%	10%	5%	4%	5%	9%	9%	6%	Nil	Nil
Prices—High	17	26½	30⅞	19⅞	12½	5⅝	2⅞	1	⅝	½
Low	12	10	16½	10⅞	4⅝	2⅛	⅞	½	⅜	¼
P/E Ratio—	14–10	32–12	18–10	11–6	10–4	12–4	10–3	6–3	4–2	5–3

Data as orig. reptd. Adj. for stk. divs. of 100% Jul. 1986, 150% Jan. 1985, 50% Aug. 1983, 50% Feb. 1983, 50% Aug. 1982, 10% Apr. 1981
1. Bef. results of disc. ops. of +0.01 in 1980. 2. Ful. dil. 1.70 in 1986, 1.27 in 1984. 3. 14 wks. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	**1,358**	**205**	**15.1**	**54.4**	**51.0**	**29.9**	**131**	**44.9%**	**72.4**	**5.3**
1987	1,345	185	13.7	62.7	52.1	33.0	100	51.8%	48.2	3.6
1986	1,345	245	18.2	83.9	34.0	29.6	192	48.3%	[2]99.2	7.4
1985	1,220	242	19.8	38.8	19.5	37.7	195	49.2%	99.0	8.1
[3]1984	714	148	20.7	95.2	16.4	27.5	111	52.2%	52.4	7.3
[3]1983	222	33	14.9	7.6	5.1	2.4	30	48.5%	15.2	6.9
1982	134	17	12.5	4.2	3.6	3.7	13	46.7%	[2]7.0	5.2
1981	105	12	11.4	3.2	3.2	3.6	8	46.7%	4.4	4.2
[4]1980	101	12	11.4	2.9	3.6	3.3	8	44.0%	4.6	4.6
1979	131	12	9.2	3.9	4.3	4.9	6	44.3%	3.1	2.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	**232**	**736**	**273**	**2.7**	**1,112**	**6.6%**	**127**	**700**	**830**	**15.3**	**10.8%**
1987	162	693	304	2.3	1,076	4.7%	127	638	769	16.5	7.5%
1986	116	601	272	2.2	982	10.4%	125	577	705	17.7	18.7%
1985	182	530	240	2.2	846	12.9%	186	414	604	30.8	26.9%
1984	63	364	243	1.5	666	12.3%	128	285	421	30.3	26.4%
1983	41	107	51	2.1	131	13.6%	3	72	79	3.9	25.8%
1982	30	56	31	1.8	70	11.2%	4	34	38	11.1	23.0%
1981	15	43	22	1.9	56	8.0%	5	27	33	16.6	17.3%
1980	16	42	24	1.7	55	9.3%	7	23	30	22.3	23.2%
1979	3	50	31	1.6	68	4.7%	12	25	37	32.3	13.0%

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. acctg. change. 3. Refl. merger or acq. 4. Excl. disc. ops.

Business Summary

Hasbro Inc. is one of the world's largest manufacturer and marketer of toys.

Major continuing product lines sold under the Hasbro brand name include G.I. Joe, My Little Pony, Transformers, COPS male action figures, the Maxi fashion doll, Fazz jewelry and makeup and Pogo Bal. Besides a wide variety of new items in existing lines, new toys for 1989 include the Record Breakers super fast cars, the 17½" My Beautiful dolls, Sweetie Pups and Sweetie Kitties, Topsy Turtles stuffed animals, the Make-Me-Up Darlings dolls, the Flying Fighters handheld jets with sound effects, Nintendo video game software and Nintendo trophy figures.

Milton Bradley is the nation's largest board game manufacturer. Its line includes staples such as The Game of Life, Stratego, Candy Land and Yahtzee and jigsaw puzzles. Major new product introductions in 1989 include Shark Attack!, Heartthrob, Spider Wars and Trump: The Game.

A wide variety of pre-school toys are sold under the Playskool name, as well as a line of bibs, infant care products and infant and toddler clothes. The Playskool line is being aggressively expanded for the second consecutive year in 1989.

Foreign operations accounted for 32% of sales and 46% of operating income in 1988.

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Oct. 12	Oct. 26	Nov. 1	Nov. 15'88
0.03	Jan. 10	Feb. 1	Feb. 7	Feb. 21'89
0.04	Feb. 21	May 1	May 5	May 19'89
0.04	May 23	Jul. 31	Aug. 4	Aug. 18'89

Finances

On June 19, 1984, the company purchased 51% of Milton Bradley shares for $180,284,000. On September 10, 1984 the remaining shares were acquired in exchange for 13,446,896 (adj.) shares of common stock and 1,407,744 shares of 8% convertible preference stock.

Capitalization

Long Term Debt: $126,497,000 (6/89).

Common Stock: 53,003,664 shs. ($0.50 par).
About 17% owned by Warner Communications, Inc.
Hassenfeld family and estate of S.D. Hassenfeld control approximately 12%.
Institutions hold 59%.
Shareholders: About 5,000 of record.

Office—1027 Newport Avenue, P.O. Box 1059, Pawtucket, R.I. 02862-1059 **Tel**—(401) 431-8697 **Chrmn & CEO**—A. G. Hassenfeld **CFO & Investor Contact**—John O'Neill **VP-Secy**—D. M. Robbins **Dirs**—B. J. Alperin, A. F. Duval, H. P. Gordon, A. Grass, A. G. Hassenfeld, Sylvia Hassenfeld, J. R. Martin, Norma T. Pace, A. Pearson, E. J. Rosenwald, Jr., H. Taub, P. R. Tisch **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Rhode Island in 1926

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine, CFA

Heinz (H.J.)

NYSE Symbol HNZ Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
33½	35⅞-22½	19	0.84	2.5%	A+	0.98

Summary

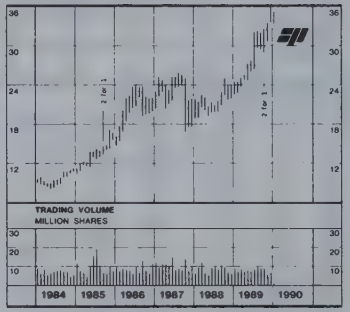
Heinz is a major factor in the food industry worldwide, with strong positions in ketchup, tuna fish, pet food, and frozen potatoes and dinners. Acquisitions have added to earnings progress over the past decade; expansion of pet food, Weight-Watchers and foreign businesses along with growing efficiencies enhance the future.

Current Outlook

Earnings for the fiscal year ending April 30, 1990 are estimated at $1.87 a share, up 12% from fiscal 1988-9's $1.67 (as adjusted for the October, 1989 2-for-1 stock split).

The quarterly dividend, which was raised 17% in October, 1989, should remain at $0.21.

Sales for fiscal 1989-90 are expected to remain in a good uptrend, with strength in Weight Watchers products, acquisitions, and growth in markets abroad augmenting gains in traditional domestic branded products. Cost cutting programs at U.S. and foreign operations should continue to widen margins, as would reduced borrowing costs. A 10 million (adjusted) share repurchase program initiated in September, 1988 should also add to share earnings growth. Participation in food service supply markets bodes well for future progress.



Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	1,452	1,379	1,247	1,084
Oct.	1,531	1,425	1,275	1,157
Jan.	---	1,367	1,253	1,085
Apr.	---	1,630	1,469	1,313
	---	5,801	5,244	4,639

Sales for the six months ended November 1, 1989 rose 6.4%, year to year, reflecting 5.2% higher volume primarily from tuna, foodservice, ketchup and frozen potatoes. Higher prices and lower operating and other expenses helped widen margins, and despite sharply higher interest expense, pretax income was up 12%. After taxes at 38.9%, versus 40.1%, net income was up 15%. Share earnings were $0.95, versus $0.84 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.48	0.42	0.37	0.31
Oct.	0.47	0.42	0.36	0.31
Jan.	E0.44	0.39	0.35	0.28
Apr.	E0.48	0.45	0.39	0.35
	E1.87	1.67	1.46	1.24

Important Developments

Dec. '89— HNZ repurchased 4.8 million common shares during the fiscal 1989-90 first half for a total of 8.9 million under a 10-million-share program (adjusted) begun in November, 1988. In November, 1989 an additional 10 million share repurchase plan was authorized. In September HNZ bought 1,577,908 shares at $31.69 each to fund an employee stock ownership plan.

Next earnings report expected in mid-March.

Per Share Data ($)

Yr. End Apr. 30	1990	1989	1988	[1]1987	1986	1985	1984	1983	[1]1982	1981
Tangible Bk. Val.	NA	4.56	4.89	4.61	4.39	3.87	3.48	3.37	2.99	2.81
Earnings	NA	1.67	1.46	1.24	1.10	0.97	0.85	0.76	0.69	0.61
Dividends	NA	0.69½	0.60½	0.50¼	0.43¾	0.38¾	0.33¾	0.26⅞	0.23½	0.20
Payout Ratio	NA	42%	42%	41%	40%	40%	39%	36%	34%	34%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	35⅞	25	25⅞	24⅛	17⅛	11¼	9½	7	5	4
Low	22½	18¾	16¾	14⅝	10¼	8	6	4¼	3⅞	3
P/E Ratio—	NA	15-11	18-12	20-12	16-9	12-8	11-7	9-6	7-6	6-5

Data as orig reptd. Adj. for stk div(s) of 100% Oct 1989, 100% Oct 1985, 50% Oct 1983, 100% Oct 1981. 1. Reflects merger or acquisition. NA-Not Available E-Estimated

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Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	5,801	929	16.0	323	126	77.7	725	39.3%	440	7.6
1988	5,244	807	15.4	[2]214	119	74.0	623	38.0%	386	7.4
[3]1987	4,639	692	14.9	185	99	51.0	565	40.0%	339	7.3
1986	4,366	637	14.6	206	86	58.0	499	39.6%	302	6.9
1985	4,048	576	14.2	[2]151	85	52.8	445	40.3%	266	6.6
1984	3,954	530	13.4	137	76	46.4	402	41.0%	238	6.0
1983	3,738	466	12.5	111	70	50.4	350	38.9%	214	5.7
[3]1982	3,689	427	11.6	152	64	58.8	299	35.5%	[4]193	5.2
1981	3,569	393	11.0	132	60	59.6	295	43.3%	167	4.7
1980	2,925	305	10.4	155	54	49.0	206	29.6%	143	4.9

Balance Sheet Data (Million $)

Apr. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	238	1,775	1,116	1.6	4,002	11.5%	693	1,776	2,752	25.2	26.0%
1988	253	1,664	1,075	1.5	3,605	11.1%	524	1,593	2,381	22.0	25.9%
1987	565	1,857	1,035	1.8	3,364	11.1%	586	1,392	2,221	26.4	25.0%
1986	405	1,615	910	1.8	2,837	11.5%	300	1,359	1,872	16.0	23.6%
1985	346	1,445	759	1.9	2,474	11.0%	274	1,229	1,673	16.4	22.6%
1984	311	1,351	744	1.8	2,343	10.8%	297	1,118	1,551	19.1	21.6%
1983	259	1,226	576	2.1	2,179	9.9%	318	1,136	1,552	20.5	19.6%
1982	108	1,216	787	1.5	2,130	9.1%	190	1,023	1,303	14.6	19.2%
1981	87	1,186	776	1.5	2,074	8.2%	181	960	1,266	14.3	18.3%
1980	138	1,143	732	1.6	1,954	8.0%	245	817	1,185	20.7	18.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net of curr. yr. retirement and disposals. 3. Reflects merger or acquisition. 4. Reflects acctg. change

Business Summary

H.J. Heinz manufactures an extensive line of convenience foods. Foreign operations accounted for 40% of sales and 42% of operating income in fiscal 1988-9. Foreign markets include the U.K., Canada, Western Europe, Australia, Venezuela and Japan.

Heinz U.S.A. is the leading producer of ketchup (more than 50% of the U.S. market), and also holds important positions in sauces, baby food, beans, vinegar, pickles and private label soups. The Star-Kist division is a major producer of canned tuna (with a 36% share) and also produces 9-Lives cat food.

Ore-Ida leads the branded retail frozen potato market with some 48% of the market. Gagliardi Brothers makes frozen specialty meat products.

Weight Watchers International (holding a 50% share) operates and franchises weight-control classes and licenses its diet foods to other manufacturers. Hubinger Co. makes high fructose and regular corn syrups.

Acquisitions have included Cardio-Fitness Corp. in 1985 (develops and operates cardio-vascular fitness facilities) and in 1988 two pet food businesses (California Home Brands Holdings, Inc. and Champion Valley Farms), Mavar Shrimp & Oyster Co. and S. Orlando S.A.(tomato-based condiments).

Dividend Data

Dividends have been paid since 1911. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.36	Mar. 8	Mar. 15	Mar. 21	Apr. 1'89
0.36	Jun. 14	Jun. 20	Jun. 26	Jul. 1'89
0.42	Sep. 6	Sep. 15	Sep. 21	Oct. 10'89
2-for-1	Sep. 26	Oct. 24	Sep. 27	Oct. 23'89
0.21	Dec. 13	Dec. 19	Dec. 26	Jan. 10'90

Next dividend meeting: early Mar.'90.

Capitalization

Long Term Debt: $884,495,000.

$1.70 Third Cum. Conv. Preferred Stk.: 76,000 shs. ($10 par); conv. into 9.00 com. shs.

Common Stock: 256,339,018 shs. ($0.25 par). Institutions hold about 54%; the Heinz family has right to vote 15%.
Shareholders of record: 36,100.

Office—600 Grant St., Pittsburgh, Pa. 15219. **Tel**—(412) 237-5757. **Chrmn, Pres & CEO**—A. J. F. O'Reilly. **VP-Secy**—S. D. Wiley. **CFO**—R. D. Finlay. **Treas**—P. F. Renne. **Investor Contact**—J. Mazur (412) 456-6014. **Dirs**—J. J. Boggdanovich, N. F. Brady, J. W. Connolly, P. I. Corddry, R. M. Cyert, R. D. Finlay, S. C. Johnson, A. Lippert, F. J. McDonald, R. B. Patton, A. J. F. O'Reilly, H. J. Schmidt, E. B. Sheldon, W. P. Snyder III, S. D. Wiley. **Transfer Agent & Registrar**—Mellon Bank, Pittsburgh. **Incorporated** in Pa. in 1900. **Empl**—36,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Helmerich & Payne

NYSE Symbol HP Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
28½	30⅞-20⅜	30	0.44	1.5%	B-	0.79

Summary

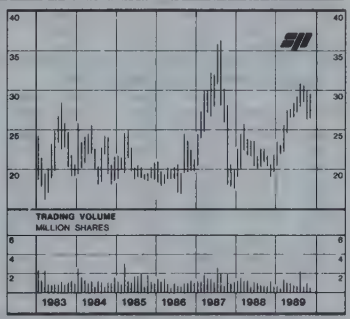
Helmerich & Payne is a diversified energy company engaged in contract drilling, oil and gas exploration and production, chemicals manufacturing, and real estate. It also has large equity investments in publicly-owned companies. An improved fundamental outlook for the natural gas industry is expected to stabilize the company's contract drilling business and HP's exploration and production activities.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 should approach $1.10 a share, versus the $0.94 reported for fiscal 1989.

The quarterly dividend was raised 4.8%, to $0.11 from $0.10½, with the December, 1989 payament.

Operating revenues in fiscal 1990 should benefit from firmer contract drilling day rates and greater utilization rates, reflecting improved natural gas fundamentals. Exploration and production operations should benefit from the improved gas outlook. A stronger gas drilling climate is expected to strengthen margins. HP will continue to augment earnings with the sale of securities.



Sales & Oper. Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	36.1	33.8	27.4	41.3
Mar.	39.5	36.8	29.7	37.7
Jun.	38.9	34.7	28.1	26.1
Sep.	36.0	33.7	29.3	20.9
	150.4	139.0	114.5	126.0

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 8.2%, year to year, reflecting a greater contribution from foreign contract drilling and the oil and gas business. Despite weakness in the chemicals segment and the real estate business, net income adavanced 13%. Share earnings were $0.94, versus $0.83.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.21	0.20	0.43	0.29
Mar.	0.22	0.24	0.21	0.02
Jun.	0.24	0.22	0.16	0.08
Sep.	0.27	0.17	0.11	d0.11
	0.94	0.83	0.91	0.28

Important Developments

Nov. '89— HP reported earnings in the oil and gas exploration segment in fiscal 1989 benefited from higher prices and increased production. The average price for crude oil in fiscal 1989 was $16.34 a barrel, compared with $15.54 a barrel in fiscal 1988. Natural gas prices were $1.48 per Mcf in the current year, versus $1.44 per Mcf in fiscal 1988. In fiscal 1989 HP produced 2,486 barrels of crude a day, versus 2,463 barrels a day a year earlier; while natural gas production was 57,490 Mcf per day, up from 45,480 Mcf per day in fiscal 1988. HP reported the contract drilling segment posted an increase in profits reflecting higher rig utilization rates. Foreign utilization increased to 46% in fiscal 1989, compared with 30% in fiscal 1988; domestic rates in the current fiscal year were about unchanged from fiscal 1988's 44% rate.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.83	17.40	16.88	17.02	16.63	16.12	14.54	11.98	9.28
Earnings	0.94	0.83	0.91	0.28	0.74	0.85	1.90	2.98	2.95	1.86
Dividends	0.42	0.40	0.38	0.36	0.35	0.34	0.32	0.28	0.22	0.18
Payout Ratio	45%	48%	42%	129%	47%	40%	17%	9%	7%	10%
Prices—High[1]	30⅞	25¾	36⅜	24½	24⅞	25⅞	28½	38⅛	52¾	54⅛
Low[1]	20⅜	19	17½	16⅞	18½	18	16⅛	13⅜	29½	19⅜
P/E Ratio—	33-22	31-23	40-19	88-60	34-25	30-21	15-8	13-5	18-10	29-10

Data as orig reptd. Adj. for stk. div(s) of 100% Oct. 1980, 100% Oct. 1979. 1. Cal. yr. d-Deficit. NA-Not Available

December 4, 1989

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	139	54	38.8	50	38.0	6.3	26	23.8%	[2]20.2	14.5
1987	114	38	33.1	48	38.5	6.7	32	31.5%	22.0	19.2
1986	126	41	32.4	36	64.1	8.6	3	NM	7.0	5.6
1985	169	63	37.2	53	54.8	7.5	24	23.5%	18.5	11.0
1984	174	71	40.7	57	50.9	8.1	31	29.9%	21.4	12.3
1983	208	96	46.2	47	50.4	10.3	68	29.9%	47.8	23.0
1982	338	151	44.6	109	46.1	16.7	114	33.8%	75.7	22.4
1981	288	128	44.7	126	33.5	[2]10.2	114	33.8%	75.3	26.2
1980	198	89	44.9	69	21.8	6.8	74	35.9%	47.2	23.8
1979	146	66	45.0	39	16.2	3.3	53	37.9%	33.1	22.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	117	162	26.5	6.1	576	3.5%	71	431	545	13.0	4.7%
1987	118	159	23.8	6.7	571	3.9%	75	421	542	13.8	5.3%
1986	98	132	23.5	5.6	563	1.2%	79	408	533	14.9	1.7%
1985	95	151	33.0	4.6	616	3.0%	86	428	575	14.9	4.4%
1984	71	122	37.4	3.3	610	3.5%	87	418	566	15.4	5.2%
1983	63	123	35.0	3.5	600	7.9%	93	405	559	16.7	12.4%
1982	29	144	84.7	1.7	616	13.1%	106	366	525	20.1	22.7%
1981	23	136	98.7	1.4	546	16.3%	100	307	441	22.6	27.7%
1980	22	91	58.0	1.6	374	13.9%	48	236	311	15.4	22.1%
1979	35	85	47.5	1.8	304	12.6%	43	189	254	16.8	19.0%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects acctg. change. NM-Not Meaningful.

Business Summary

HP is a diversified company involved in contract drilling, oil and gas exploration and production, chemicals manufacturing and real estate development. HP also has equity investments in other publicly-held firms. Contributions to revenues and pretax income in fiscal 1988:

	Revs.	Profits
Contract drilling	48%	7%
Oil/gas prod. & expl.	26%	48%
Chemical manufacturing	7%	13%
Real estate	5%	18%
Dividend income & other	14%	13%

Foreign drilling operations (11% of fiscal 1988 revenues) generated pretax earnings of $919,000.

HP's contract drilling segment has a domestic fleet of 48 rigs, with drilling capabilities from 14,000 ft. to 30,000 ft. The foreign fleet of 18 rigs is located mostly in Venezuela.

Oil and gas exploration is concentrated in the Anadarko Basin of Oklahoma and Texas. At September 30, 1988 HP owned working interests in 424 net oil wells and 197 net gas wells, with reserves of 6.3 million bbls. of oil and 279.6 billion cubic feet of gas. HP realized an average price of $15.54 for the 2,463 bbls. of oil produced daily in fiscal 1988, and $1.44 per Mcf for the 45,480 Mcf of gas per day.

The chemical division produces over 30 variations of odorant used as warning agents in natural gas. It also sells mercaptans, which are used as feedstocks in the manufacture of chemicals. HP owns, leases and manages retail, office and industrial properties exclusively in Tulsa, Okla.

Dividend Data

Dividends have been paid since 1959. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10½	Dec. 7	Feb. 9	Feb. 15	Mar. 1'89
0.10½	Mar. 1	May 9	May 15	Jun. 1'89
0.10½	Jun. 7	Aug. 9	Aug. 15	Sep. 1'89
0.11	Sep. 6	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: Dec. 6'89.

Finances

HP estimated the market value of its investment portfolio at about $184 million at September 30, 1988, versus a book value of $134 million.

Capitalization

Long Term Debt: $70,958,000.

Common Stock: 24,166,882 shs. ($0.10 par).
The Helmerich family controls about 15%.
Institutions hold approximately 59%.
Shareholders of record: 2,829.

Office—Utica at 21st St., Tulsa, Okla. 74114 **Tel**—(918) 742-5531 **Chrmn & CEO**—W. H. Helmerich III **Pres**—H. Helmerich **VP-Secy**—L. C. Gavras **VP-Fin & Investor Contact**—D. E. Fears **Dirs**—C. W. Flint, Jr., H. Helmerich, W. H. Helmerich III, W. R. Horkey, R. B. Kamm, W. F. Martin, W. L. Naumann, R. S. Randolph, G. A. Schaefer, H. W. Todd, J. D. Zeglis **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Delaware in 1940. **Empl**—1,156

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Hercules Inc.

NYSE Symbol HPC Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
42½	52¼-41	14	2.24	5.3%	B+	1.08

Summary

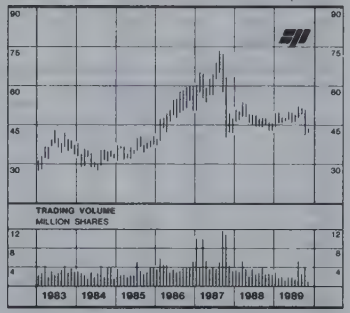
This company has interests in specialty chemicals, aerospace and defense related goods, and polypropylene film and fiber products. In 1987 HPC completed a 10-year program to eliminate its exposure to petrochemicals. Earnings over the past several years were impacted by heavy development costs for new business and missile programs, and some improvement is expected in 1990.

Current Outlook

Share earnings for 1990 are projected to approximate the $3.50 estimated for 1989.

Dividends at $0.56 quarterly are the minimum expected.

Earnings for 1990 are expected to benefit from continued gains in the chemicals businesss with strong demand for several major products. Further improvement is expected in the aerospace segment as the Titan, Trident and Delta rocket programs begin to move into the production stages and with the sale of an underperforming business. The film and fiber businesses should benefit from the decline in polypropylene costs but the loss of a major film customer will limit results. Interest expense will likely remain high. Planned asset sales may impact reported earnings.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	739	662	667	645
Jun.	791	705	691	691
Sep.	787	687	657	639
Dec.	---	749	678	640
	---	2,802	2,693	2,615

Sales for the first nine months of 1989 rose 13%, year to year, reflecting the consolidation of Aqualon. Including a nonrecurring gain of $0.45 a share, versus a onetime charge of $0.11, and much lower equity income, net income was up 15%, to $2.78 a share from $2.39.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.96	0.82	2.32	0.81
Jun.	0.88	1.00	1.19	1.37
Sep.	0.94	0.58	10.24	1.15
Dec.	E0.72	0.15	0.73	0.69
	E3.50	2.55	14.74	4.02

Important Developments

Oct. '89— HPC said that third-quarter earnings included a nonrecurring gain of $0.28 a share. HPC said that despite the apparent strength of the earnings, it was disappointed in a number of business unit operating results and income from equity companies. Resins profitability was impacted by continuing difficulties in the start-up of a new wood resin extraction facility. While aerospace profits doubled from the 1988 level, it continued to be affected by development costs related to several missile contracts and the impact of a plant fire. Engineered polymers profits were affected by the loss of an important portion of the film business. Disappointing equity income reflected lower income from a Mexican affiliate. HPC planned to divest its electronic and printing products business (annual sales in excess of $80 million), and was assessing the future of its aircraft and electronic products segment ($275 million).

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[1]1983	1982	[1]1981	1980	[1]1979
Tangible Bk. Val.	44.58	44.88	31.11	27.13	25.57	24.33	24.18	24.73	23.79	22.31
Earnings[2]	2.55	14.74	4.02	2.40	3.54	3.17	1.97	3.09	2.60	3.89
Dividends	2.00	1.84	1.72	1.60	1.48	1.38	1.32	1.26	1.20	1.07½
Payout Ratio	76%	12%	43%	65%	40%	42%	68%	39%	45%	26%
Prices—High	54	73½	60	40¾	38	43⅛	28¾	26⅜	25	22¾
Low	42⅝	40	37	31⅛	27¼	27¼	16⅞	18¾	15⅛	16⅛
P/E Ratio—	22-17	5-3	15-9	17-13	11-8	14-9	15-9	9-6	10-6	6-4

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.25 in 1982. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
[3]1988	2,802	300	10.7	251	145	49.2	163	26.2%	120	4.3
1987	2,693	342	12.7	205	134	55.2	1,396	41.2%	821	30.5
1986	2,615	329	12.6	295	145	58.5	308	26.4%	[4]227	8.7
1985	2,587	253	9.8	248	122	59.5	172	22.7%	133	5.1
1984	2,571	316	12.3	218	106	55.3	263	25.1%	197	7.7
[3]1983	2,629	311	11.8	168	128	49.5	247	29.5%	174	6.6
1982	2,469	234	9.5	165	120	68.5	107	18.9%	87	3.5
[3]1981	2,718	330	12.2	167	119	60.3	188	27.2%	[4]136	5.0
1980	2,485	269	10.8	229	114	[4]51.3	137	17.0%	114	4.6
[3]1979	2,345	318	13.6	186	107	31.8	259	33.4%	173	7.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**200**	**1,479**	**529**	**2.8**	**3,325**	**3.6%**	**429**	**2,045**	**2,673**	**16.0**	**5.9%**
1987	694	1,793	494	3.6	3,492	27.0%	489	2,190	2,872	17.0	44.3%
1986	56	1,080	420	2.6	2,914	8.1%	546	1,703	2,428	22.5	14.2%
1985	29	1,046	416	2.5	2,659	5.2%	531	1,474	2,176	24.4	9.3%
1984	53	943	399	2.4	2,388	8.6%	421	1,367	1,946	21.6	14.8%
1983	37	826	385	2.1	2,175	7.7%	350	1,288	1,768	19.8	13.6%
1982	34	783	352	2.2	2,001	4.2%	432	1,079	1,630	26.5	8.0%
1981	28	854	335	2.5	1,997	7.0%	454	1,051	1,640	27.7	13.2%
1980	37	792	405	2.0	1,890	6.2%	335	1,010	1,461	22.9	11.7%
1979	56	784	405	1.9	1,761	10.3%	281	945	1,330	21.1	19.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1982. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Business Summary

Hercules is primarily a producer of a diversified line of chemicals and allied products. Industry segment contributions (profits in million $) in 1988:

	Sales	Profits
Specialty chemicals	46%	$113
Aerospace	38%	62
Engineered polymers	14%	14
Other	2%	-34

Foreign operations contributed 23% of sales and 65% of profits in 1988.

Specialty chemicals include resins, rosin esters, paper chemicals, electronic chemicals, photoresists, coupling agents, peroxides, flavors, food ingredients, fragrances, nitrocellulose, pectin, and fatty acids used in adhesives and sealants, automotive, construction, electrical, lubricants, printing, rubber, household products, food, textile, perfume and personal care, paint, ink, graphic arts, and furniture.

The Aerospace segment includes solid propellant rocket motors and components, graphite fibers, composite structures, electromechanical and electronic equipment, and smokeless powders for the defense, aerospace, and sport markets.

Engineered polymers include polypropylene films, fibers and containers, synthetic pulp, and Metton reaction molding systems for the food packaging, textiles, upholstery, carpeting, disposable personal hygiene products, recreational, medical, automotive, and pharmaceuticals markets.

Dividend Data

Dividends have been paid since 1913. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.56	Jan. 25	Feb. 27	Mar. 3	Mar. 24'89
0.56	Apr. 26	May 26	Jun. 2	Jun. 23'89
0.56	Jul. 26	Sep. 1	Sep. 8	Sep. 25'89
0.56	Oct. 25	Dec. 4	Dec. 8	Dec. 21'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $590,572,000, incl. $153 million conv. into about 4.0 million com. shs.

Common Stock: 46,147,632 shs. (no par).
Institutions hold about 70%.
Shareholders of record: 27,080.

Office—Hercules Plaza, Wilmington, Del 19894 **Tel**—(302) 594-5000. **Chrmn & CEO**—D. S. Hollingsworth **Pres**—F. L. Buckner **Secy**—C W Gamble **VP-Treas**—A. L. Searl. **Investor Contact**—W. W. Bewley **Dirs**—F. L. Buckner, E. D. Crittenden, Jr., S. E. Eizenstat, T. L. Gossage, A. B. Engebretsen, D. S. Hollingsworth, J. Jacobson, R. G. Jahn, G. N. Kelley, G. T. McBride, Jr., A. C. Nielsen, Jr., J. R. Petty, R. Schwartz, J. E. Spero, S. M. Turk. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Wachovia Bank & Trust Co., Winston-Salem, N.C.; Wilmington Trust Co., Wilmington **Incorporated** in Delaware in 1912. **Empl**—22,718

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA

Hershey Foods

NYSE Symbol HSY Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
34⅞	36⅛-24¾	19	0.78	2.2%	A+	1.11

Summary

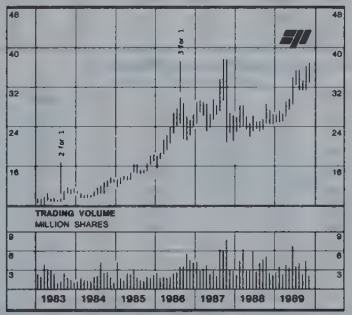
Hershey is the nation's leading producer of chocolate and confectionery products, and the second largest pasta maker. Earnings from continuing operations should remain in a solid uptrend in 1990 on improved contributions from the RJR Nabisco and Cadbury confectionery acquisitions. The proposed buyout of General Foods' Ronzoni pasta business, which is pending Justice Department approval, would raise HSY's 18% share of U.S. pasta markets to 27%.

Current Outlook

Earnings for 1990 are expected to rise 20%, to $2.35 a share from 1989's anticipated $1.95.

The dividend, which was raised 11% with the September, 1989 payment, should remain at $0.19½ quarterly.

Profits from the chocolate and confectionery segment for 1990 should again trend higher, reflecting successful rollout of the new Symphony chocolate bar. Volume-based increases in plant efficiency and improved contributions from the RJR Canadian candy and nut and Cadbury Schweppes' U.S. candy businesses should also aid earnings growth, along with stable cocoa, flour and packaging costs. An increase in cash flow from operations augurs well for debt reduction and a high degree of financial flexibility.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	572	495	590
Jun.	---	485	403	498
Sep.	---	682	598	680
Dec.	---	---	672	666
	---	---	2,168	2,434

Sales for the nine months ended October 1, 1989 increased 16%, year to year, reflecting strong unit volume gains from the Cadbury acquisition, and from established brands. Gross margins widened on lower commodity costs, but higher acquisition-related selling and marketing costs limited the gain in operating income to 14%. With interest expense substantially lower, however, net income from continuing operations advanced 19%. Earnings per share were $1.30, compared with $1.09, which excludes income related to discontinued operations of $0.77.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.50	0.44	0.40	0.36
Jun.	E0.35	0.28	0.23	0.30
Sep.	E0.70	0.58	0.46	0.53
Dec.	E0.80	E0.65	0.51	0.45
	E2.35	E1.95	1.60	1.64

Important Developments

Nov. '89— HSY said that it was negotiating a definitive agreement with General Foods Corp. for purchase of Ronzoni Foods' dry pasta, pasta sauce and cheese businesses, which had annual sales of some $80 million in 1988. The transaction was under review by the Department of Justice. HSY holds an 18% share of U.S. pasta markets, Ronzoni a 9% share.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	7.04	6.33	6.42	7.04	6.19	5.79	5.11	4.42	3.61	3.11
Earnings[2]	1.60	1.64	1.42	1.28	1.16	1.07	1.00	0.94	0.73	0.63
Dividends	0.66	0.58	0.52	0.47½	0.41⅜	0.363/4	0.333/8	0.291/4	0.25	0.22½
Payout Ratio	41%	35%	35%	37%	36%	34%	33%	31%	34%	36%
Prices—High	28⅝	37¾	30	18⅜	13¾	11¾	9⅞	6⅞	4⅜	4½
Low	21⅞	20¾	15½	11¾	9½	8⅛	5½	3⅞	3⅛	2⅞
P/E Ratio—	18-14	23-13	21-11	14-9	12-8	11-8	10-5	7-4	6-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 200% Sep 1986, 100% Sep. 1983. **1.** Reflects merger or acquisition **2.** Bef. results of disc. opers of +0.77 in 1988, -0.09 in 1985. E-Estimated

December 1, 1989

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25 Broadway NY NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,168	310	14.3	102	43.7	35.4	236	38.8%	145	6.7
1987	2,434	358	14.7	108	64.1	28.0	269	45.0%	148	6.1
1986	2,170	327	15.1	136	56.0	16.7	261	49.1%	133	6.1
[4]1985	1,996	294	14.8	114	49.6	21.1	233	48.2%	121	6.0
1984	1,893	263	13.9	87	43.1	16.6	210	48.1%	109	5.7
1983	1,706	244	14.3	105	38.6	19.9	189	47.1%	100	5.9
1982	1,566	210	13.4	117	30.7	17.5	172	45.1%	94	6.0
1981	1,451	195	13.4	92	27.6	18.5	155	48.1%	80	5.5
1980	1,335	165	12.4	59	26.2	17.2	125	50.3%	62	4.6
[5]1979	1,161	143	12.4	56	20.5	[6]20.3	104	48.6%	54	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	70	619	345	1.8	1,765	8.5%	233	1,006	1,371	17.0	15.7%
1987	15	485	300	1.6	1,645	9.9%	306	832	1,302	23.5	19.0%
1986	28	393	222	1.8	1,356	10.6%	211	728	1,098	19.2	18.6%
1985	111	412	195	2.1	1,197	10.4%	110	728	971	11.3	17.4%
1984	88	385	203	1.9	1,123	10.3%	125	661	895	14.0	17.3%
1983	73	337	152	2.2	984	10.7%	128	596	810	15.8	17.8%
1982	18	275	142	1.9	888	11.1%	140	532	747	18.8	18.8%
1981	54	287	117	2.4	807	10.3%	158	470	690	22.9	18.5%
1980	49	221	112	2.0	684	9.6%	159	362	573	27.7	18.2%
1979	17	170	104	1.6	607	10.3%	144	321	503	28.5	17.4%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1988, 1985. **3.** Excl. disc. operations and refl. merger or acquisition. **4.** Excl. disc. operations. **5.** Refl. merger or acquisition. **6.** Refl. accounting change.

Business Summary

Hershey is a leading producer of chocolate and confectionery products and makes pasta. The company acquired RJR Nabisco's Canadian confectionery business in 1987 for $163 million. In 1988 Hershey bought Peter Paul/Cadbury's U. S. confectionery operations for $270 million and sold the Friendly Ice Cream restaurant chain for $375 million.

The company manufactures chocolate and confectionery products. Principal brands include Hershey's almond bars, chocolate chips, milk chocolate bars, cocoa and syrup; Hershey's Kisses chocolates; Hershey's Miniatures bars; Kit Kat wafer bars; Mr. Goodbar chocolate bars; Reese's Pieces candies; Rolo caramels in milk chocolate; Skor toffee bars; Y&S Twizzlers licorice; and Whatchamacallit bars. Hershey's chocolate milk is produced and sold under license by independent dairies.

HSY also makes pasta products, including San Giorgio, Skinner, Delmonico, Light 'n Fluffy and American Beauty, and owns Petybon, a Brazilian maker of pasta, biscuit and margarine products.

Dividend Data

Dividends have been paid since 1930. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Feb. 8	Feb. 21	Feb. 27	Mar. 15'89
0.17½	Apr. 24	May 19	May 25	Jun. 15'89
0.19½	Aug. 1	Aug. 21	Aug. 25	Sep. 15'89
0.19½	Nov. 7	Nov. 20	Nov. 27	Dec. 15'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $216,486,000.

Common Stock: 74,907,032 shs. ($1 par).
Milton Hershey School owns some 31%.
Institutions hold about 22%.
Shareholders of record: 30,430.

Class B Stock: 15,279,304 shs. ($1 par); ea. sh. entitled to 10 votes; divd. about 10% lower than com. divd. Milton Hershey School owns 99%.

Office—100 Mansion Rd East, Hershey, Pa 17033 **Tel**—(717) 534-4000 **Chrmn & CEO**—R. A. Zimmerman **Pres**—K. L. Wolfe **VP-Secy**—W. Lehr, Jr. **VP-CFO**—M. F. Pasquale. **Investor Contact**—J. Edris. **Dirs**—H. O. Beaver, Jr., J. F. Burlingame, T. C. Graham, K. V. Hatt, J. C. Jamison, S. C. Mobley, F. I. Neff, J. M. Pietruski, H. R. Sharbaugh, J. P. Viviano, K. L. Wolfe, R. A. Zimmerman. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1927. **Empl**—12,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Hewlett-Packard

NYSE Symbol HWP Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
50	61½-48	14	0.42	0.8%	A+	1.35

Summary

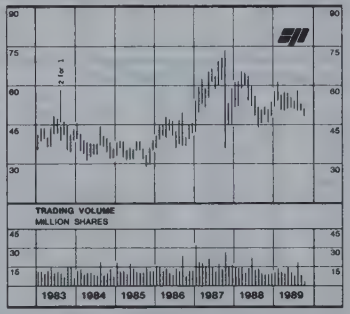
Hewlett-Packard manufactures a broad array of electronic instruments and computer systems. In May, 1989 HWP acquired Apollo Computer for about $470 million, effectively raising its share of the rapidly growing workstation market to about 30%. Earnings for fiscal 1989 should show only a small gain with dilution from the acquisition and pressure on margin due to a shift in distribution channels, but a healthy increase in earnings is expected in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending October 31, 1990 are projected to rise to $4.00 a share from the $3.48 estimated for fiscal 1989.

The dividend was increased 23.5%, to $0.10½ quarterly from $0.08½, with the October, 1989 payment.

Revenues for fiscal 1990 are projected to rise about 15% with increased production of the Precision Architecture computer systems, continued strong demand for industry standard personal computers, workstations, printers and networking products, and the acquisition of Apollo. Margins are likely to remain under pressure, reflecting the product mix shift toward personal computers and peripherals, the shift to sales through dealers, and sluggish demand for high-end minicomputers. The acquisition of Apollo should dilute earnings by about 5%. Interest expense will be significantly higher and some $350 million of goodwill associated with the Apollo acquisiton will be amortized over 10 years.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	2,657	2,192	1,740	1,597
Apr.	2,864	2,496	2,017	1,778
Jul.	3,001	2,434	2,054	1,794
Oct.	---	2,709	2,279	1,933
	---	9,831	8,090	7,102

Revenues for the nine months ended July 31, 1989 advanced 20%, year to year, led by a 28% sales gain in peripherals and network products, a 20% advance in MDIM revenues, and a 15% increase in revenues from service for equipment, systems and peripherals. Gross margins narrowed sharply, but other expenses were well controlled. However, interest income fell substantially while interest expense increased, and pretax income dropped 0.2%. After taxes at 28.0%, versus 29.4%, net income was up 1.7%. Share earnings were $2.48 on 4.5% fewer shares, against $2.33.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.83	0.71	0.45	0.43
Apr.	0.86	0.82	0.63	0.49
Jul.	0.79	0.80	0.57	0.48
Oct.	E1.00	1.03	0.85	0.62
	E3.48	3.36	2.50	2.02

Important Developments

Oct. '89— HWP reduced prices on its HP 9000 model 855S computer by 29% and the HP 9000 model 850S computer by 20%. HWP said the action reflected its intention to be the leader in the UNIX system minicomputer market.

Sep. '89— HWP announced a four-page-per-minute LaserJet IIP printer priced at $1,495.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Oct. 31	1988	1987	1986	1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.35	19.52	17.08	15.50	13.82	11.33	9.37	7.83	6.42	5.22
Earnings	3.36	2.50	2.02	1.91	2.59	1.69	1.53	1.28	1.12	0.86
Dividends	0.28	0.23	0.22	0.22	0.19	0.15¾	0.12	0.11	0.10	0.08⅞
Payout Ratio	8%	9%	11%	12%	7%	9%	8%	9%	9%	10%
Prices—High[2]	65½	73⅝	49⅝	38⅞	45½	48¼	41⅜	26⅞	24⅜	15⅝
Low[2]	43¾	35¾	35¾	28¾	31⅛	34¼	18	19¼	12⅞	10½
P/E Ratio—	19-13	29-14	25-18	20-15	18-12	29-20	27-12	21-15	22-11	18-12

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1983, 100% Jul. 1981, 100% Jul. 1979. 1. Reflects accounting change. 2. Cal. yr. E-Estimated

October 16, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	9,831	1,592	16.2	648	373	77	[1]1,142	28.5%	816	8.3
1987	8,090	1,354	16.7	507	342	50	[1]962	33.1%	[2]644	8.0
1986	7,102	1,101	15.5	499	321	NA	[1]780	33.8%	[2]516	7.3
1985	6,505	1,057	16.2	632	299	NA	[1]758	35.5%	489	7.5
[2]1984	6,044	1,097	18.2	661	237	NA	[1]860	22.7%	665	11.0
1983	4,710	919	19.5	466	191	NA	728	40.7%	432	9.2
1982	4,254	834	19.6	362	158	NA	676	43.3%	383	9.0
1981	3,578	700	19.6	318	120	NA	580	46.2%	312	8.7
1980	3,099	616	19.9	297	93	NA	[1]523	48.6%	269	8.7
1979	2,361	470	19.9	191	72	NA	[1]398	49.0%	203	8.6

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	918	4,420	2,570	1.7	7,497	11.0%	61	4,533	4,770	1.3	17.9%
1987	2,645	5,490	2,735	2.0	8,133	8.9%	88	5,022	5,264	1.7	13.7%
1986	1,372	3,814	1,518	2.5	6,287	8.6%	110	4,374	4,635	2.4	12.4%
1985	1,020	3,342	1,376	2.4	5,680	9.0%	102	3,982	4,212	2.4	13.0%
1984	938	3,201	1,322	2.4	5,153	14.2%	81	3,545	3,738	2.2	20.6%
1983	880	2,632	920	2.9	4,161	11.2%	71	2,887	3,195	2.2	16.4%
1982	684	2,215	863	2.6	3,470	12.2%	39	2,349	2,565	1.5	17.8%
1981	290	1,705	704	2.4	2,758	12.1%	26	1,920	2,054	1.3	17.9%
1980	247	1,491	691	2.2	2,337	12.6%	29	1,547	1,646	1.8	19.2%
1979	248	1,269	599	2.1	1,900	12.0%	15	1,235	1,301	1.2	18.0%

Data as orig. reptd. 1. Incl equity in earns. of nonconsol subs. 2. Reflects accounting change NA-Not Available.

Business Summary

Hewlett-Packard produces a broad range of electronic instruments and systems for measurement, analysis and computation. Foreign operations provided 52% of revenues in fiscal 1988.

HWP's measurement, design, information and manufacturing (MDIM) equipment (39% of fiscal 1988 revenues) includes test and measurement instruments, small to medium-scale computers and handheld calculators. Computers include the HP 1000, designed for factory automation and high-speed data acquisition; the HP 3000, which runs the proprietary MPE operating system and is sold for business applications; and the 9000 line of UNIX-based technical computers, including workstations. Both the 3000 and 9000 families are based on HWP's Precision Architecture reduced instruction set computing (RISC) design. HWP also sells VECTRA IBM-compatible personal computers and a portable computer. In May, 1989 HWP acquired Apollo Computer, a vendor of UNIX workstations, for $470 million. Apollo had revenues of $554 million in 1988.

Peripherals and network products (29%) include video displays; a variety of line, desktop and workstation printers, including the Thinkjet and Laserjet; plotters; magnetic disc and tape drives and network products. HWP also services its equipment, systems, and peripherals (19%).

Medical electronic equipment and service (7%) products perform patient monitoring, diagnostic, therapeutic and data-management functions.

Analytical instrumentation and service (5%) includes gas and liquid chromatographs, mass spectrometers, and spectrophotometers.

Electronic components (3%) include microwave semiconductor and optoelectronic devices sold primarily to original equipment manufacturers.

Dividend Data

Dividends have been paid since 1965.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08½	Nov. 18	Dec. 15	Dec. 21	Jan. 11'89
0.08½	Jan. 20	Mar. 16	Mar. 22	Apr. 12'89
0.08½	May 19	Jun. 14	Jun. 20	Jul. 12'89
0.10½	Jul. 20	Sep. 14	Sep. 20	Oct. 11'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $469,000,000.

Common Stock: 236,167,000 shs. ($1 par).
Institutions hold about 48%; W.R. Hewlett & D. Packard families control some 29% (in part held by institutions).
Shareholders of record: 73,200.

Office—3000 Hanover St., Palo Alto, Calif 94304 **Tel**—(415) 857-1501 **Chrmn**—D. Packard. **Pres & CEO**—J. A. Young **Secy**—D. C. Nordlund **Treas & Investor Contact**—G. F. Newman **Dirs**—J. B. Fery, R. J. Glaser, H. J. Haynes, W. B. Hewlett, S. M. Hufstedler, G. A. Keyworth, P. F. Miller, Jr., D. O. Morton, D. Packard, D. W. Packard, D. E. Petersen, W. E. Terry, H. P. Waldron, T. A. Wilson, J. A. Young **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in California in 1947 **Empl**—93,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Hilton Hotels

NYSE Symbol HLT Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
98	115½-48⅜	40	1.00	1.0%	A-	0.75

Summary

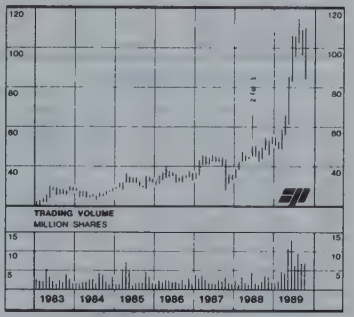
Hilton Hotels owns, manages and franchises more than 260 hotels in the U.S., and derives a sizable amount of revenues and earnings from its gaming business, which includes three casino/hotels in Nevada. HLT's board of directors recently authorized retention of financial advisors, which could lead to at least a portion of the company being sold.

Current Outlook

For the company as currently constituted, earnings for 1990 are estimated at $3.10 a share, up from the $2.45 expected for 1989.

A dividend of $0.25 quarterly is the minimum expected.

For the company as currently constituted, future revenue growth is expected to be fueled, in part, by a major investment HLT is making in Nevada gaming facilities, including a new casino/hotel expected to open in 1990; an increased international hotel presence; and development of two new hotel brands in the U.S. In recent years HLT has made a sizable investment in hotel restorations. A major restructuring of the company appears possible.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	225.1	214.2	201.2	162.4
Jun.	265.0	248.9	224.0	194.3
Sep.	248.5	236.1	198.2	186.6
Dec.	---	254.4	220.4	197.0
	---	953.6	843.8	740.4

Revenues for the nine months ended September 30, 1989 advanced 5.6%, year to year. Profits were restrained by a 18% decline for HLT's gaming business, which was affected by renovation and expansion activity. Net income declined 16%, to $1.72 a share from $1.99.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.27	0.57	0.48	0.35
Jun.	0.87	0.85	0.70	0.61
Sep.	0.58	0.57	0.45	0.48
Dec.	E0.73	0.73	1.18	0.53
	E2.45	2.72	2.80	1.96

Important Developments

Oct. '89— HLT's stock fell sharply on October 13, as takeover-related stocks were particularly hard hit in the stock market's plunge that day. However, HLT's shares subsequently recovered a portion of their lost value. The perception of HLT as a takeover or restructuring candidate has been reinforced by HLT's board of directors having authorized a committee to retain financial advisors, who would assist the board in evaluating strategies to maximize shareholder value. It appears that at least a portion of HLT may be sold. The board's authorization followed a distribution of 13.6 million HLT shares (see Finances), which resulted in HLT Chairman Barron Hilton now controlling about 25% of HLT's shares. Meanwhile, HLT is constructing a new casino/hotel in Laughlin, Nev.

Next earnings report expected mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.03	15.79	14.23	13.14	12.00	11.87	10.66	9.99	8.70	7.46
Earnings	2.72	2.80	1.96	2.02	2.17	2.10	1.56	2.11	2.00	1.88
Dividends	0.97½	0.90	0.90	0.90	0.90	0.90	0.90	0.82½	0.71	0.54½
Payout Ratio	36%	31%	46%	45%	39%	43%	58%	39%	35%	29%
Prices—High	55¼	45⅞	40⅛	36⅞	29	30⅛	26	26⅛	24⅜	17⅞
Low	34	27½	30⅜	27⅛	22⅞	20⅛	13⅞	16⅜	12⅞	11
P/E Ratio—	20-13	16-10	20-15	18-14	13-11	14-10	17-9	12-8	12-6	9-6

Data as orig reptd Adj for stk div(s), of 100% Jun 1988 E-Estimated

October 30, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	915	248	27.1	305	63.6	58.7	185	29.2%	131	14.3
1987	815	218	26.7	106	56.1	35.7	212	34.0%	140	17.2
1986	719	181	25.2	148	48.4	38.7	130	24.5%	²98	13.6
1985	684	170	24.9	219	46.3	32.3	143	30.1%	100	14.6
1984	647	170	26.2	197	42.0	26.7	191	40.5%	114	17.6
1983	649	166	25.5	119	40.1	24.9	189	40.3%	113	17.3
1982	600	139	23.2	157	37.8	12.8	141	41.1%	83	13.9
1981	571	157	27.6	125	29.6	12.9	197	42.7%	113	19.7
1980	554	170	30.7	65	26.5	11.2	195	45.7%	106	19.1
1979	484	124	25.6	47	25.0	12.2	181	45.0%	99	20.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	434	586	307	1.9	1,893	8.0%	569	814	1,562	36.4	16.7%
1987	241	358	151	2.4	1,424	10.3%	284	773	1,230	23.1	19.0%
1986	183	301	128	2.4	1,302	7.7%	281	707	1,147	24.5	14.4%
1985	267	371	111	3.3	1,226	8.4%	284	651	1,087	26.1	16.1%
1984	151	262	136	1.9	1,164	10.5%	276	593	1,001	27.5	19.3%
1983	196	267	102	2.6	1,099	11.0%	242	634	979	24.7	18.7%
1982	127	196	97	2.0	938	9.5%	180	569	821	21.9	15.1%
1981	146	213	104	2.0	816	14.8%	120	533	691	17.3	22.6%
1980	146	207	94	2.2	697	15.8%	121	459	600	20.1	24.9%
1979	134	190	103	1.8	637	15.7%	125	388	532	23.6	28.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change

Business Summary

Hilton Hotels owns and manages hotels throughout the U.S., and franchises the Hilton name to other hotel operators. HLT is expanding its international presence with its Conrad International unit, and has a sizable gaming segment.

As of February, 1989 HLT operated 14 hotels (including three gaming facilities) which it fully owned or leased, and managed 34 hotels which were partly or wholly owned by others. Another 222 hotels were operated under the Hilton name by franchisees. HLT's 270 properties, including two outside the U.S., had a total of about 95,000 rooms. Fully owned non-casino hotels included the Waldorf-Astoria in New York City and Palmer House in Chicago. In 1988, HLT's non-casino hotel business had operating profit of $115.1 million. HLT is developing two new hotel brands—Hilton Suites and CrestHil by Hilton.

HLT gaming properties include three wholly owned casino/hotels in Nevada and a partly owned facility which HLT manages in Australia. In 1988, HLT had operating profit of $128.6 million from its gaming segment. Expansion plans included a new casino/hotel in Laughlin, Nev., and expansion of the Flamingo Hilton (Las Vegas) and Reno Hilton. Also, HLT was refurbishing the Las Vegas Hilton.

Finances

In approximately May 1989, 13.6 million HLT shares previously held by the estate of Conrad N. Hilton were distributed to several entities. Of the total, 4.05 million were distributed to Chairman Barron Hilton, 5.51 million to the Conrad N. Hilton Foundation, and 6.0 million to Barron Hilton as trustee of a charitable remainder trust.

HLT was expecting to spend more than $300 million in 1989-90 on an expansion of its gaming segment, including construction of a new casino/hotel and expansion or refurbishment of several others. HLT has recently made sizable capital investments in its non-casino hotel business.

Dividend Data

Dividends have been paid since 1946.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 15	Dec. 12	Dec. 16	Jan. 3'89
0.25	Jan. 20	Feb. 27	Mar. 3	Mar. 17'89
0.25	May 11	May 26	Jun. 2	Jun. 16'89
0.25	Jun. 14	Aug. 28	Sep. 1	Sep. 15'89

Capitalization

Long Term Debt: About $548,000,000

Common Stock: 47,845,565 shs. ($2.50 par).
B. Hilton controls about 25%.
Institutions hold approximately 38%
Shareholders of record: About 5,500

Office—9336 Civic Center Drive, Beverly Hills, Calif. 90209-5567 **Tel**—(213) 278-4321 **Chrmn, CEO & Pres**—B Hilton **SVP-Fin**—M Scanlon **VP-Investor Contact**—L. A. Judge, Jr. **Dirs**—R. C Avansino, G. R Dillon, D. W Douglas, Jr., W. H Edwards, J V Giovenco, B Hilton, D R Knab, B V Lambert, C T Mottek, T R Wilcox, S. D Young, Jr **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Delaware in 1946 **Empl**—38,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Hitachi, Ltd.

NYSE Symbol HIT Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
103¾	133¾-100	23	¹0.54	¹0.5%	NR	0.30

Summary

This large Japanese company manufactures a wide range of products, including electrical and electronic equipment, industrial machinery and consumer appliances. Sales outside Japan accounted for 23% of sales in fiscal 1988-9. In response to pressures resulting from the strength of the yen, HIT has directed efforts toward reducing costs, raising productivity, and increasing overseas production of products that have a high dependency on exports.

Business Summary

Hitachi is Japan's largest diversified manufacturer of electronic and electrical products. Sales by product line in the past two fiscal years:

	1988-9	1987-8
Power systems & equipment	14%	15%
Consumer products	16%	17%
Information & communication systems, and electronic devices	32%	33%
Industrial machinery and plants	16%	17%
Wire & cable, metals, chemicals, and other	22%	18%

Sales outside Japan accounted for 23% of sales in fiscal 1988-9, versus 25% the year before.

Power systems and equipment include nuclear, hydroelectric, and thermal power plants; water, steam, and gas turbines; generators, boilers, transformers, circuit breakers, motors, control equipment, switchboards and automobile parts.

Consumer products include TV sets, hi-fi audio equipment, radios, cassette tape recorders, video tape recorders and cameras, room air conditioners, refrigerators, washing machines, microwave ovens, space heating and warming appliances, vacuum cleaners, kitchen appliances, lighting fixtures, dry batteries and audio and video tapes.

Information and communication systems and electronic devices include computers, related terminals and peripherals, magnetic disks, Japanese word processors, telephone exchanges, facsimile, broadcasting and medical electronics equipment, picture tubes, CRT and liquid crystal displays, test and measurement equipment, analytical instruments, integrated circuits, and semiconductors.

Industrial machinery and plants include compressors, pumps, blowers, rolling mill equipment, chemical plants, tonnage oxygen plants, construction machinery, cranes, elevators, escalators, industrial robots, refrigeration and environmental control equipment and locomotives.

Wire and cable, rolled copper products, optical fiber cable, special steels, ceramic materials and rollers for rolling mills are also produced.

Important Developments

Nov. '89— The company said that it expected net sales for fiscal 1989-90 to approximate 7.0 trillion yen (US$51.6 billion) and believed net income would be about 210.0 billion yen (US$1.6 billion).

Next earnings report expected mid-June.

Per ADS Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	57.28	55.27	46.31	36.57	23.36	22.87	19.28	17.48	17.60	14.87
Earnings	4.47	3.53	2.39	2.98	2.89	2.64	2.23	2.09	2.32	2.00
Dividends	0.57¾	0.58⅛	0.49	0.41¾	0.16	0.25¼	0.26⅛	0.24⅛	0.27⅛	0.11
Payout Ratio	13%	17%	21%	14%	5%	10%	12%	12%	12%	5%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	152¼	110½	74	38⅞	44⅛	41¼	35⅞	39⅜	16⅞	14⅜
Low	93⅛	59¼	35½	26½	31	31½	20½	15⅛	8⅞	9⅞
P/E Ratio—	34-21	31-17	31-15	13-9	15-11	16-12	16-9	19-7	7-4	7-5

Data as orig reptd. Adj for stk divs of 100% Feb 1982, 100% Mar 1981 **1.** Decl in past 12 mos.(approx.); net aft 15% Japanese withholding tax

December 28, 1989

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	48,496	6,057	12.5	3,901	2,775	541	3,720	55.5%	1,406	2.9
1988	39,801	4,358	10.9	2,333	2,351	459	2,649	52.1%	1,094	2.7
1987	34,633	3,876	11.2	2,553	2,342	466	1,845	54.4%	705	2.0
1986	29,473	3,579	12.1	2,632	1,776	461	2,183	53.3%	884	3.0
1985	20,053	2,893	14.4	1,821	1,105	320	2,035	53.1%	841	4.2
1984	19,410	2,590	13.3	1,696	988	367	1,810	52.3%	743	3.8
1983	16,432	2,117	12.9	1,386	698	349	1,573	52.7%	627	3.8
1982	15,411	1,976	12.8	1,026	581	368	1,426	52.3%	571	3.7
1981	15,996	1,899	11.9	1,022	554	446	1,448	50.3%	615	3.8
1980	13,388	1,665	12.4	668	452	319	1,237	50.9%	524	3.9

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	15,329	36,892	24,117	1.5	52,558	2.8%	3,946	17,284	24,794	15.9	8.3%
1988	12,129	30,059	19,193	1.6	44,969	2.6%	3,462	16,148	22,721	15.2	7.4%
1987	9,739	24,606	16,346	1.5	38,057	2.1%	3,492	13,043	19,195	18.2	6.0%
1986	6,789	19,271	14,079	1.4	30,378	3.5%	2,175	10,251	14,419	15.1	10.5%
1985	4,727	13,274	10,018	1.3	20,296	4.1%	1,292	6,549	9,134	14.1	13.0%
1984	4,510	13,463	10,198	1.3	20,494	3.9%	1,445	6,409	9,153	15.8	12.6%
1983	3,516	11,378	8,762	1.3	17,330	3.7%	1,089	5,402	7,595	14.3	12.2%
1982	3,644	11,180	8,578	1.3	16,358	3.4%	1,079	4,825	6,900	15.6	11.8%
1981	3,347	11,014	8,693	1.3	16,261	4.0%	1,122	4,693	6,657	16.8	14.2%
1980	2,767	9,646	7,660	1.3	14,117	3.8%	1,149	3,912	5,682	20.2	13.9%

Data as orig. reptd **1.** Incl equity in earns. of nonconsol subs

Net Sales (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
6 Mos. Sep.	24.90	24.94	16.5	15.22
12 Mos. Mar.	---	48.50	39.8	33.46

Sales (in yen) for the six months ended September 30, 1989 rose 12%, year to year, reflecting increases of 19% for industrial machinery and plants, 18% for power systems and equipment, 15% for information and communication systems and electronic devices, 11% for wire and cable, metals, chemicals & other products, all of which outweighed a 4.3% decline in consumer products. Overseas sales rose 9.7%. Margins widened, and the pretax profit advanced 14%. After taxes at 53.4% versus 55.3%, and minority interest, net income was up 19%. Earnings per ADS were $2.26, compared with $1.96, both translated at the September 30, 1989 exchange rate of Y140=$1.

ADS Earnings ($)

Period:	1989-90	1988-9	1987-8	1986-7
6 Mos. Sep.	2.26	2.19	1.25	0.98
12 Mos. Mar.	---	4.47	3.53	2.31

Dividend Data

Except for the five years following World War II, semiannual dividends have been paid regularly since 1920. ADS payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.27187	---	Mar. 23	Mar. 30	Jul. 18'89
†0.26775	---	Sep. 22	Sep. 28	Dec. 26'89

*Net aft. 15% Japanese tax.
†Approx.; net aft. 15% Japanese tax.

Finances

Research and development expenditures in fiscal 1988-9, focused mainly on electronics-related sectors, totaled about $2.8 billion, up approximately 13% from fiscal 1987-8.

Capitalization

Long Term Debt: $3,946,099,000. (3/31/89).

Minority Interests: $3,589,000,000.

Common Stock: 3,017,685,948 shs. (yen 50 par). Each ADS represents 10 common shares.
Shareholders of record: 297,292.

Office—6, Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo 101, Japan **U.S. Office**—50 Prospect Ave., Tarrytown, NY 10591 4698 **U.S. investor Contact**—Osamu Naito Tel—(914) 332-5800 **Pres**—K. Mita **Dirs**—T. Arai, R. Fukutomi, M. Hamada, S. Hata, N. Hatano, K. Ishida, A. Isobe, N. Kamachi, T. Kanai, T. Kano, T. Kashiwagi, S. Kawada, S. Kawate, K. Kimbara, Y. Kitagawa, T. Kitamura, H. Kuwahara, I. Matsuoka, K. Mita, T. Miura, K. Morita, M. Murai, M. Nishi, T. Nonouchi, T. Okita, T. Sasaki, T. Sato, T. Shinohara, Y. Sonoyama, H. Takano, Y. Takeda, T. Takemoto, Y. Takuma, T. Tanaka, Y. Tani **Depositary For ADRs**—Citibank, New York **Incorporated** in Japan in 1920 **Empl**—274,508

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Holiday Corp.

NYSE Symbol HIA Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
73	89-26⅜	22	None	None	B+	1.54

Summary

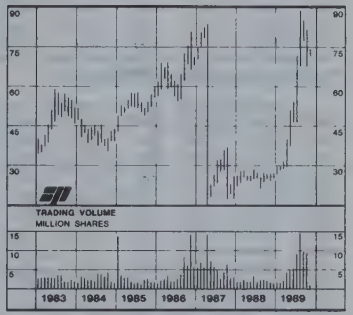
The sale of this major hotel and gaming company's Holiday Inn business to Bass plc for about $2 billion (net) is expected to be completed in January 1990. HIA shareholders are expected to receive a special dividend of about $35 a share, an equity interest in Bass, and an equity interest in HIA's remaining businesses, which are to be spun off under the name Promus Corp.

Current Outlook

Assuming completion of pending transactions, earnings for 1990 of a spun-off successor company to HIA are estimated at roughly $2.00 a share. Earnings for 1989, for HIA as currently constituted, may total about $3.60 a share.

A special dividend of about $35 a share is expected in connection with HIA's pending sale of its Holiday Inn business.

In 1990, a successor company to HIA is expected to derive the bulk of its profit from gaming. The company's three non-gaming lodging chains offer long-term growth opportunities, but represent a relatively small part of HIA's historic profit from lodging. Although the pending sale of the Holiday Inn unit will enable existing debt to be largely eliminated, the expected payment of a special dividend may result in the successor company having more than $900 million in debt.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	367	396	399	388
Jun.	408	410	423	421
Sep.	433	422	460	448
Dec.		368	380	392
		1,597	1,663	1,648

With a large decline in asset sale gains, net income for the nine months ended September 30, 1989, fell 25%, to $3.86 a share from $5.29, excluding special charges of $1.19 in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.36	Nil	1.64	0.77
Jun.	0.97	4.24	3.15	1.48
Sep.	1.53	1.03	0.63	1.44
Dec.		d0.60	d0.52	0.42
		4.70	4.82	4.15

Important Developments

Oct. '89— HIA said that British company Bass plc's acquisition of the Holiday Inn lodging chain was expected to be completed in January 1990. Essentially, Bass is buying HIA's Holiday Inn business for about $2 billion (net), and the remaining assets of HIA are to be spun off into a new, publicly traded company called Promus Corp., which will contain HIA's gaming operations, plus the Embassy Suites, Hampton Inn and Homewood Suites lodging businesses. HIA shareholders are expected to receive stock in Promus, plus a special dividend of about $35 a share and an equity interest in Bass which would be worth about $4.65 per HIA share. Meanwhile, in 1989's first three quarters, HIA's gaming profit was up 6.5%, year to year, while hotel profit (before asset sales) was down less than 1%, as the number of hotels owned by HIA has declined.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	[2]1984	[1]1983	1982	[1]1981	[2]1980	[2]1979
Tangible Bk. Val.	d27.84	d31.72	24.10	23.23	26.32	24.84	23.50	22.95	19.80	18.07
Earnings[3]	4.70	4.82	4.15	5.06	3.59	3.28	2.50	3.66	2.92	2.25
Dividends	Nil	[4]65.00	0.87	1.00	0.90	0.84	0.80	0.74	0.70	0.66
Payout Ratio	Nil	NM	20%	18%	24%	26%	31%	17%	21%	31%
Prices—High	28⅝	83⅞	81	60	51¾	59	38¾	33¼	32½	22⅞
Low	21¼	17	54¼	42⅝	35¼	34¼	22⅝	21⅛	13¾	15¼
P/E Ratio—	6-5	17-4	20-13	12-8	14-10	18-10	16-9	9-6	11-5	10-7

Data as orig reptd. 1. Reflects accounting change 2. Reflects merger or acquisition 3. Bef results of disc opers of -0.13 in 1987, -0.56 in 1982, -0.49 in 1979 and spec item(s) of -1.19 in 1988, -0.27 in 1987, +0.32 in 1985 4. Special dividend d-Deficit. NM-Not Meaningful

November 17, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc.of Revs.
[4]1988	1,750	529	30.2	173	96	268	183	36%	117	6.7
[4]1987	1,820	524	28.8	133	113	277	184	36%	118	6.5
1986	1,743	425	24.4	252	123	144	157	34%	103	5.9
1985	1,891	497	26.3	426	124	164	224	37%	141	7.5
[5]1984	1,791	427	23.9	456	111	102	230	43%	131	7.3
[6]1983	1,585	362	22.8	345	94	64	226	45%	124	7.8
[4]1982	1,425	295	20.7	210	85	59	159	39%	97	6.8
[6]1981	1,765	352	20.0	301	87	77	196	30%	137	7.8
[5]1980	1,534	289	18.9	520	75	[6]57	167	35%	108	7.1
[7]1979	1,113	216	19.4	175	56	27	125	43%	71	6.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	81	291	346	0.8	2,139	5.1%	2,103	d680	1,545	NM	NM
1987	331	550	572	1.0	2,399	4.8%	2,396	d770	1,758	NM	NM
1986	74	327	477	0.7	2,278	4.5%	993	639	1,752	56.6	16.5%
1985	72	319	475	0.7	2,448	6.8%	1,088	662	1,887	57.6	20.1%
1984	65	270	351	0.8	2,348	6.3%	790	1,024	1,945	40.6	13.2%
1983	54	207	292	0.7	1,937	6.8%	483	1,040	1,608	30.0	12.5%
1982	82	209	232	0.9	1,708	5.0%	436	943	1,442	30.3	10.4%
1981	72	221	289	0.8	1,815	8.1%	640	772	1,476	43.3	19.0%
1980	121	272	313	0.9	1,680	7.5%	565	708	1,308	43.2	16.2%
1979	161	311	227	1.4	1,227	5.7%	311	627	954	32.6	11.7%

Data as orig reptd. 1. Incl other income. 2. Incl. equity in earns of nonconsol subs. 3. Bef. results of disc. opers in 1987, 1982, 1979, and special item(s) in 1988, 1987, 1985 4. Excludes discontinued operations 5. Reflects merger or acquisition 6. Reflects accounting change 7. Excludes discontinued operations and reflects merger or acquisition d-Deficit NM-Not Meaningful

Business Summary

Holiday Corp. (formerly Holiday Inns) and its licensees constitute one of the world's largest lodging businesses. HIA's is also a major gaming company, with hotel/casinos in Atlantic City, Las Vegas, Lake Tahoe and Reno. Business segment contributions (excluding gains on property sales) in 1988:

	Revs.	Profits
Hotel	50%	48%
Gaming	49%	51%
Other	1%	1%

HIA's lodging concepts include Holiday Inns, of which there were 1,592 properties (mostly franchises) in operation at December 30, 1988. HIA sold a portion of its Holiday Inn business to Bass plc for about $450 million in May 1988, and, as of September 1989, was planning to sell the remainder to Bass for a net price of about $2 billion. Also, HIA's Embassy Suites lodging brand (94 properties open as of August 1989) is the leader in the all-suite hotel segment, and HIA's Hampton Inn brand (198 properties) is a fast-growing limited-service hotel chain. In 1988, the Embassy Suites and Hampton Inns chains had total systemwide revenue of about $663 million. Also, HIA is reentering the extended-stay lodging segment with the Homewood Suites brand, under which five hotels are expected to be open by year-end 1989. HIA's revenues from the Embassy Suites, Hampton Inns and Homewood Suites chains in 1988 totaled $80.6 million.

HIA is one of the largest U.S. gaming companies. Its Harrah's business has four casino/hotels and a fifth casino in Nevada and one casino/hotel in Atlantic City. HIA's newest gaming facility opened in Laughlin, Nev., in August 1988. Sizable expansions of this facility and HIA's Las Vegas casino/hotel have been undertaken. In 1990, HIA is expected to be facing competition from major new casino/hotels in Las Vegas and Atlantic City.

Dividend Data

As part of a recapitalization plan, HIA paid a special dividend of $65 a share on April 22, 1987 Under a plan announced in August 1989, a special dividend of $35 a share is expected in the near future. Regular quarterly dividends were discontinued in December 1986.

Capitalization

Long Term Debt: $2,099,397,000.

Common Stock: 26,698,096 shs. ($1.50 par). Institutions hold approximately 68%. Shareholders of record: 18,309

Office—1023 Cherry Rd., Memphis, Tenn 38117 **Tel**—(901) 762-8600 **Chmn, Pres & CEO**—M D Rose **VP-Secy**—E O Robinson, Jr **Sr VP & CFO**—S F Bollenbach **VP-Treas**—F W Burford **Investor Contact**—C Atwood (901) 762 8852 **Dirs**—S F Bollenbach W B Dunavant, Jr., N M Evans, J B Farley, W W Herenton, H E. Kates, D M Meeks, M D Rose, W J. Salmon, P G Satre, B. A. Sells, R Terry, S Young. **Transfer Agent & Registrar**—Bank of New York **Incorporated** in Tennessee in 1954, reincorporated in Delaware in 1985 **Empl**—44,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves CFA

Home Beneficial

NASDAQ Symbol HBENB (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
36¼	36¼-29	9	1.20	3.3%	A	NA

Summary

This holding company's principal subsidiary sells life insurance and accident and health insurance in six Middle Atlantic states and the District of Columbia. An aggressive stock buyback program continued in the first quarter of 1989, with the repurchase of 396,800 Class B common shares for $11.8 million.

Business Summary

Home Beneficial Corporation was incorporated in 1970 as the holding company for Home Beneficial Life Insurance Co., through which it sells life and accident and health insurance in six Middle Atlantic states and the District of Columbia.

Contributions to total revenues in recent years were:

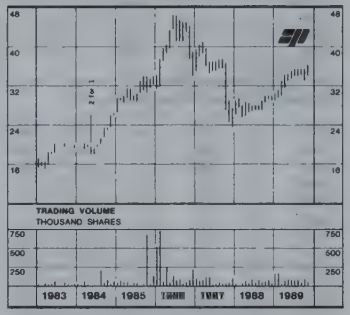
	1988	1987	1986
Premium income	55%	56%	55%
Net investment income	45%	44%	45%

The life company sells group life insurance and substantially all forms of ordinary insurance, including universal life, whole life, term, endowment, annuities and retirement income, together with accidental death and disability riders. Prior to 1980, the company also sold weekly premium industrial life insurance. Policies are sold through 1,350 full-time agents.

New insurance written in 1988 amounted to $779.8 million, down 22% from $994.1 million in 1987, and was divided: 95% ordinary individual (78% permanent and 17% term) and 5% group.

Of the $6.43 billion of life insurance in force at 1988 year-end, 54% was ordinary individual (45% permanent and 9% term), 7% was industrial individual and 39% was group. Life insurance and annuities accounted for 94% of premium income in 1988, while accident and health insurance contributed the remaining 6%.

The company's investment portfolio totaled $960 million as of December 31, 1988, and consisted of 43% fixed income, 44% mortgage loans, 5% policy loans, 6% short-term investments and 2% equity securities. The return on invested assets before income taxes was 9.18% in 1988 (9.12% in 1987).



The life company reinsures several group life programs and assumes reinsurance on a facultative basis from two other life companies.

Important Developments

Nov. '89— The company said that results for the first quarter of 1990 will be affected by adoption of FAS 96, which will result in a charge of $8.5 million ($0.82 a share), because of an increase in deferred income tax expense, and by the pending sale of its 50% interest in a Richmond, Va., shopping center, which will result in an after-tax gain of some $32 million ($3.09).

Nov. '89— The company adopted FAS 97, as required, which had the effect of decreasing income for the first nine months of 1989 and 1988 by $237,878 ($0.02 a share) and $510,010 ($0.05), respectively, and resulted in a cumulative reduction of $15,436,225 ($1.49) in retained earnings at December 31, 1988.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	36.94	33.99	31.90	29.45	26.51	23.24	20.97	18.68	16.74	15.27
Oper. Earnings	3.95	3.42	3.57	3.50	3.96	2.84	2.56	2.27	2.02	1.83
Earnings[1]	3.95	3.42	3.57	3.50	3.96	2.84	2.56	2.27	2.02	1.83
Dividends	1.11	1.04	0.96	0.88	0.79½	0.71½	0.65½	0.58½	0.53	0.45½
Payout Ratio	28%	30%	27%	25%	20%	25%	26%	26%	26%	25%
Prices—High	30	41	46½	34	26½	20⅜	17	12⅜	11⅝	13⅞
Low	25⅛	23½	31⅜	26½	18	15	9⅞	9⅜	8	8⅞
P/E Ratio—	8-6	12-7	13-9	10-8	7-5	7-5	7-4	5-4	6-4	8-5

Data as orig. reptd., on GAAP basis, adj. for stk. div. of 100% in 1984. 1. Aft. gains/losses on security trans. NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income: Life	Premium Income: A & H	Net Inv. Income	Total Revs.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On: Revs.	% Return On: Assets	% Return On: Equity
1988	6,426	97.3	6.58	83.9	188	62.0	42.5	42.5	22.7	4.1	11.2
1987	6,309	97.1	6.34	81.1	184	59.0	38.1	38.0	20.6	3.7	10.2
1986	6,035	96.7	6.13	84.9	188	64.6	43.5	43.5	23.2	4.4	11.7
1985	5,738	94.3	5.81	81.8	182	64.8	43.1	43.1	23.7	4.5	12.5
1984	5,319	92.8	6.16	76.0	175	60.3	48.8	48.7	27.9	5.4	15.9
1983	4,941	89.2	6.04	68.6	164	55.4	34.9	34.9	21.3	4.1	12.8
1982	4,720	86.6	6.07	63.4	156	50.4	31.7	31.7	20.3	4.0	12.9
1981	4,497	83.6	5.67	57.0	146	45.7	28.6	28.6	19.6	3.8	12.8
1980	4,240	81.7	5.58	50.4	138	40.1	25.8	25.8	18.7	3.6	12.6
1979	4,080	81.3	5.27	44.4	131	36.3	23.4	23.3	17.9	3.5	12.5

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: Bonds[1]	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	2% Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	14.6	2.74	470	23.3	469	965	8.9	77.9	1,069	Nil	397
1987	14.6	2.92	429	22.4	463	917	9.1	75.8	1,020	Nil	366
1986	14.9	2.80	461	23.0	427	913	9.8	73.3	1,015	Nil	379
1985	16.2	2.97	442	22.1	413	879	9.9	69.9	979	Nil	363
1984	14.7	2.76	449	18.1	359	827	9.8	69.0	921	Nil	326
1983	13.6	2.40	428	18.7	329	777	9.4	68.0	869	Nil	286
1982	12.5	2.22	423	15.8	290	731	9.2	65.8	820	Nil	258
1981	11.6	2.07	398	13.0	274	688	8.8	63.3	773	Nil	233
1980	11.7	2.00	375	14.0	254	647	8.2	59.7	728	Nil	214
1979	10.7	1.91	342	14.6	246	608	7.8	57.1	685	Nil	195

Data as orig. reptd. 1. Incl. S-T invest. 2. As reptd. by co.

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	46.7	46.8	46.8	47.4
Jun.	46.7	47.0	46.2	46.9
Sep.	47.0	46.8	46.2	46.5
Dec.		47.2	45.3	47.0
		187.8	184.5	187.8

Total revenues for the nine months ended September 30, 1989, rose 3.5%, year to year (as restated), reflecting a 6.1% gain in net investment income (due to growth in invested assets) and 1.3% higher premiums. Total benefits and expenses increased 0.2%, and pretax income expanded 10%. After taxes at 33.4%, against 29.9%, net income was up 4.9%, to $32,202,689 ($3.08 a share), from $30,701,946 ($2.85), as restated (see Important Developments).

Net Operating Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.94	0.89	0.84	0.81
Jun.	1.08	1.02	0.89	0.91
Sep.	1.06	0.99	0.85	0.90
Dec.		1.05	0.80	0.95
		3.95	3.42	3.57

Dividend Data

Dividends have been paid by the company and its predecessor in each year since 1906.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Jan. 17	Feb. 13	Feb. 20	Mar. 10'89
0.30	Apr. 18	May 15	May 19	Jun. 9'89
0.30	Jul. 18	Aug. 15	Aug. 21	Sep. 11'89
0.30	Oct. 19	Nov. 14	Nov. 20	Dec. 11'89

Finances

Continuing an aggressive buyback program, the company purchased 396,800 Class B shares for $11.8 million during the first quarter of 1989. In 1988, the company purchased 22,582 Class A shares for $609,714; in 1987, 604,018 Class A and 512,082 Class B shares, for $21.4 million and $17.7 million, respectively; and in 1986, 430,000 Class B shares for $16.7 million.

Capitalization

Long Term Debt: None (6/89).

Common Stock: 4,331,608 Cl. A ($0.625 par), voting (not publicly traded); 6,015,060 Cl. B ($0.625 par), nonvoting.

Institutions hold some 41% of Cl. B.

Shareholders (Cl. B): 1,775 of record (12/88).

Office—3901 West Broad St (P O Box 27572), Richmond, Va. 23261. **Tel**—(804) 358-8431 **Chrmn & CEO**—R W Wiltshire Sr. **Pres**—R W Wiltshire Jr **VP-Contr**—H D Garnett **VP-Secy**—W V Collins **Treas**—D. M Westerhouse **Dirs**—W V Collins, H D Garnett, C. M Glenn Jr., W G Hancock, G. T. Richardson, L W Richardson, J M Wiltshire Jr., R. W Wiltshire, R W Wiltshire Jr., W B Wiltshire **Transfer Agent**—Sovran Bank, Richmond **Registrar**—Jefferson National Bank, Richmond. **Incorporated** in Virginia in 1970. **Empl**—1,650

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

J Lang

Home Depot

NYSE Symbol HD Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
35¼	38⅛-19⅛	30	0.12	0.3%	B	1.44

Summary

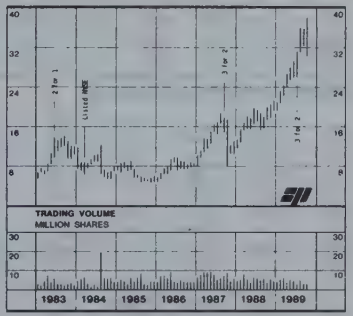
This company operates a chain of retail warehouse-type stores in the Sunbelt, selling a wide variety of building materials and home improvement products for the do-it-yourself and home remodeling markets. Earnings are expected to advance sharply through fiscal 1990-91, aided by a strong home improvement market, more stores in operation and wider margins. The stock was split 3-for-2 in June, 1989.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $1.70 a share, up from the $1.35 estimated for fiscal 1989-90.

Dividends should remain at $0.03 quarterly.

Aided by a strong do-it-yourself (DIY) home improvement market, revenues should continue to advance sharply through fiscal 1990-91, reflecting on-going store expansion and gains in comparable store sales. Margins are expected to widen as volume efficiencies and a more favorable product mix outweigh higher other operating costs. Profits will be penalized by increased interest expense. In the event of an economic downturn or housing slump, the DIY market, while not recession resistant, should be bolstered by certain counter-cyclical behavior by cost-conscious consumers who save money by maintaining and repairing their own homes.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	642	447	334	223
Jul.	704	518	381	263
Oct.	---	510	364	252
Jan.	---	525	375	274
	---	2,000	1,454	1,011

Sales for the six months ended July 30, 1989 rose 39%, year to year, reflecting a comparable store sales gain of 11% and more stores in operation. Gross margins widened, owing to a better product mix and the stabilizing of pricing related to HD's conversion to an everyday low pricing policy, but profits were penalized by higher selling and store operating costs, and larger interest expense. Pretax income was up 39%. After taxes at 39.1%, versus 39.0%, net income also rose 39%, to $0.72 a share from $0.53 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.33	0.25	0.19	0.09
Jul.	0.39	0.28	0.22	0.13
Oct.	E0.30	0.22	0.13	0.07
Jan.	E0.33	0.25	0.21	0.12
	E1.35	1.00	0.75	0.40

Important Developments

Aug. '89— In line with its goal of expanding the number of stores by approximately 25% per year, HD said that it had opened six units in the first half of fiscal 1989-90, bringing to 102 the number of stores in operation at July 31. The company expects to open about 18 new stores during the remainder of fiscal 1989-90 and plans to open some 30 stores during fiscal 1990-91.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981
Tangible Bk. Val.	4.78	4.01	2.18	1.14	1.01	1.17	0.36	0.11	d0.007
Earnings[2]	1.00	0.75	0.40	0.15	0.25	0.18	0.11	0.03	0.01
Dividends	0.07⅓	0.03⅓	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	7%	5%	Nil	Nil	Nil	NM	NM	NM	NM
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	21⅜	18¾	9⅝	9	12⅜	14⅛	6⅜	1⅛	NA
Low	11⅝	7⅛	4¾	4⅝	5⅜	5⅜	1⅛	⅝	NA
P/E Ratio—	21-12	25-11	24-12	62-32	50-21	77-30	60-10	44-28	NA

Data as orig reptd Adj for stk div(s) of 50% Jun 1989, 50% Sep 1987, 100% Jun 1983, 100% Dec 1982, 25% May 1982, 50% Jan 1982 1. Reflects merger or acquisition 2. Bef. spec item(s) of +0.01 in 1982, +0.01 in 1981 E-Estimated d-Deficit NM-Not Meaningful NA-Not Available

October 26, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	2,000	141	7.1	105	14.4	4.5	126	39.0%	76.8	3.8
1988	1,454	109	7.5	90	10.6	6.0	96	43.4%	54.1	3.7
1987	1,011	67	6.6	52	8.4	15.1	47	49.3%	23.9	2.4
1986	701	24	3.4	100	5.0	13.6	12	29.3%	8.2	1.2
[2]1985	433	27	6.3	51	2.3	5.6	26	46.2%	14.1	3.3
1984	256	18	6.9	16	0.9	0.1	19	46.0%	10.3	4.0
1983	118	10	8.5	3	0.4	0.3	10	46.2%	5.3	4.5
1982	52	2	4.8	2	0.2	0.3	2	38.3%	1.2	2.3
1981	22	1	6.1	Nil	0.1	0.4	1	47.1%	0.5	2.0

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	15.9	337	194	1.7	699	12.4%	108	383	504	21.3	21.7%
1988	25.6	257	147	1.8	528	11.0%	52	321	381	13.7	21.2%
1987	17.1	198	107	1.9	395	5.8%	117	163	287	40.7	18.1%
1986	9.7	190	84	2.3	380	2.6%	200	89	296	67.6	9.7%
1985	52.1	147	46	3.2	248	8.0%	118	80	201	58.8	19.4%
1984	22.2	84	34	2.4	105	14.5%	4	65	71	6.2	24.0%
1983	8.3	27	14	1.9	33	20.4%	Nil	18	19	1.2	43.9%
1982	1.6	13	8	1.7	17	11.5%	4	5	9	41.4	49.0%
1981	0.1	3	2	1.8	5	NA	1	Nil	3	38.2	NA

Data as orig reptd 1. Bef spec item(s) in 1982, 1981 2. Reflects merger or acquisition NA-Not Available.

Business Summary

Home Depot operates retail warehouse-type stores selling a wide assortment of building materials and home improvement products primarily to the do-it-yourself and home remodeling markets. As of January 29, 1989 HD was operating 96 stores in about 24 metropolitan areas in 11 Southeastern, Southwestern, West Coast and Northeastern states.

Sales by product group in fiscal 1988-9 were plumbing, heating, and electrical supplies 29%; building materials, lumber, floor, and wall coverings 31%; hardware and tools 12%; seasonal and specialty items 15%; and paint and furniture 13%.

Plumbing, heating, and electrical supplies includes rough plumbing supplies, sinks, vanities, kitchen cabinets, water heaters, basic electrical supplies, wiring, light fixtures, kitchen range hoods, bath fans, and decorative ceiling fans.

Building materials, lumber, and floor coverings include dimensional lumber, plywood, particle board, insulation, windows, doors, storm windows and doors, roofing, paneling, vinyl flooring, hardwood floors, shelving, and ceiling tile.

Hardware and tools includes hand tools, power tools, nuts and bolts, and other hardware.

Seasonal and specialty items includes garden supplies and tools, plants, lawn mowers, fireplaces, and fireplace equipment.

Paint and furniture includes paint, painting supplies, wallpaper, shutters, unfinished furniture, and storage shelving.

Dividend Data

Cash dividends were initiated in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Nov. 29	Dec. 7	Dec. 13	Dec. 27'88
0.03	Mar. 3	Mar. 10	Mar. 16	Mar. 30'89
3-for-2	May 31	Jul. 3	Jun. 14	Jun. 30'89
0.03	May 31	Jul. 11	Jul. 17	Jul. 31'89
0.03	Aug. 17	Aug. 25	Aug. 31	Sep. 14'89

Next dividend meeting: Nov. 15'89.

Finances

In May, 1989 HD sold through First Boston Co. and Invemed Associates Inc., $258,750,000 principal amount of 6.75% subordinated debentures, due 2014, convertible into HD common at $32.67 a share (adjusted). Proceeds would be used for store expansion and general corporate purposes.

Capitalization

Long Term Debt: $302,076,000, including $258.8 million of conv. sub. debs.

Common Stock: 76,253,784 shs. ($0.05 par).
Officers & directors control about 14%.
Institutions hold approximately 71%.
Shareholders of record: 4,900.

Office—2727 Paces Ferry Rd Atlanta, Ga 30339 **Tel**—(404) 433-8211 **Chrmn, CEO & Secy**—B Marcus. **Pres**—A M Blank **VP-Fin, Treas & Investor Contact**—R M Brill **Dirs**—A. M. Blank, F. Borman, R M. Brill, B. R. Cox, F. DeMatteis, M. A. Hart III, K. G. Langone, B Marcus, A. D. Schwartz. **Transfer Agent & Registrar**—Wachovia Bank & Trust Co., Winston-Salem, N.C. **Incorporated** in Delaware in 1978 **Empl**—13,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

HomeFed Corp.

NYSE Symbol HFD Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
32⅛	47½-24½	6	0.20	0.6%	NR	1.10

Summary

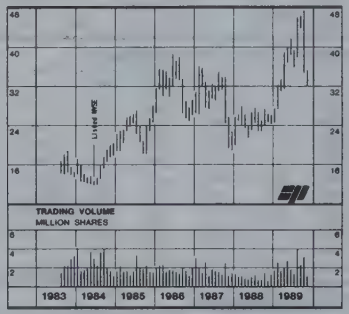
HomeFed Corp. is the holding company (formed December 30, 1988) for Home Federal Savings and Loan (San Diego), one of the largest S&Ls in the U.S., with total assets of almost $18 billion at September 30, 1989. HFD does business through a network of over 200 retail banking offices throughout California and lending offices in Florida, Georgia and Virginia. Profits for 1990 are expected to benefit from a wider spread, partially offset by a slightly reduced contribution from real estate development.

Current Outlook

Earnings for 1990 are estimated at $5.75 a share, up from the $5.10 expected for 1989.

Dividends at $0.05 quarterly are the minimum expectation.

Residential mortgage lending activity is expected to decline modestly in 1990, primarily reflecting HFD's goal of restraining asset growth to bolster its capital ratios and the thin margins available in mortgage lending. Spreads (2.67% at September 30, 1989) should widen through the third quarter, based on projections calling for interest rates to bottom just before mid-1990. Real estate profits, a consistent contributor in past years, may decline slightly with a weaker California real estate market. Credit quality is beneath peer group averages, but no major deterioration is anticipated. General and administrative expenses should increase in line with inflation. Gains on loan and securities sales will probably be lower, as HFD will probably retain its production to grow future interest income.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 1.6%, year to year, aided by growth in earning assets. The provision for loan losses was 30% higher, at $39 million. Fees were up 64% and other operating income rose 38%. General and administrative expenses rose 15%. Gains on loan and security sales fell sharply ($9.7 million, versus $22.2 million), while the contribution from real estate operations improved to $56.4 million from $29.7 million. Pretax income fell 7.7%. After taxes at 40.0%, versus 41.6%, net income increased 4.4%. Share earnings were $3.82, against $3.71.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.42	1.16	1.48	1.12
Jun.	1.30	1.25	1.35	1.21
Sep.	1.10	1.30	0.97	1.25
Dec.	E1.28	1.51	0.89	1.31
	E5.10	5.22	4.69	4.87

Important Developments

Oct. '89— The company announced that its principal subsidiary, Home Federal Savings and Loan, had converted from a federal S&L to a federal savings bank and changed its name to HomeFed Bank. The move was made in an attempt by HFD to distance itself in the eyes of consumers from the well-publicized problems of the savings and loan industry. HFD has a definitive agreement to buy Antelope Valley Savings and Loan (assets of $279 million) for about $7 million. Earlier, HFD said that it would purchase eight offices from another thrift.

Sep. '89— In HFD's internal newspaper, president Robert Adelizzi responded as follows to the question: Are we vulnerable to a takeover now that the thrift bailout legislation has become law?: "My point is that we should take speculation like this with a big grain of salt."

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	37.14	32.74	30.35	25.33	21.45	18.17
Earnings[1]	5.22	4.69	4.87	3.53	2.98	[2]1.59
Dividends	0.20	0.20	0.20	Nil	Nil	Nil
Payout Ratio	4%	4%	4%	Nil	Nil	Nil
Prices—High	28	36	38⅝	28⅛	20⅜	25¼
Low	19⅞	18⅞	24¾	18⅛	11¾	13⅜
P/E Ratio—	5-4	8-4	8-5	8-5	7-4	16-8

Data as orig. reptd. 1. Bef. spec. item(s) of +0.13 in 1987, +0.08 in 1984. 2. Nine mos. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	Invest. Inc.	Total Oper. Revs.	Int. Exp.	% Oper. Exp. to Revs	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	1,381	68.4	1,502	1,061	92.4	181	38.7%	111	7.4	0.7	12.4
1987	1,152	58.6	1,258	844	92.3	135	25.8%	100	8.0	0.8	12.6
1986	1,021	50.8	1,169	793	91.1	161	36.0%	103	8.8	0.9	13.8
1985	1,002	51.4	1,148	819	93.2	117	37.9%	73	6.3	0.8	11.0
1984	812	68.7	964	733	94.0	72	15.3%	61	6.3	0.8	10.3
1983	607	66.9	737	566	97.8	41	10.4%	37	5.0	0.6	9.7
1982	571	54.5	668	604	109.4	d55	NM	d29	NM	NM	NM
1981	487	41.3	567	492	103.8	d24	NM	d15	NM	NM	NM
1980	383	34.6	460	336	90.8	41	34.2%	27	5.8	0.7	11.2
1979	295	33.8	368	237	83.4	64	33.5%	42	11.5	1.2	20.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Deposits	Cash & Secs.	Loans	Loans/ Equity	[2]Debt	Capitalization Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	17,009	12,208	990	14,383	14.9-1	2,166	955	3,120	0.8-0.5	
1987	14,109	10,564	614	12,388	14.2-1	1,666	846	2,512	1.1-0.6	
1986	12,075	8,562	779	10,276	12.5-1	1,477	801	2,278	1.3-0.8	
1985	10,019	7,427	687	8,446	12.1-1	806	698	1,504	1.1-0.7	
1984	8,886	6,681	457	7,589	11-1	991	622	1,613	1.0-0.5	
1983	6,803	5,090	679	5,375	14.1-1	761	559	1,320	1.4-0.7	
1982	6,112	4,514	716	4,651	20.4-1	1,184	203	1,387	NA	
1981	5,063	3,326	294	4,343	16.3-1	1,194	237	1,431	NA	
1980	4,180	2,965	[3]160	3,775	14.9-1	786	252	1,038	NA	
1979	3,804	2,716	[3]244	3,332	14.7-1	604	225	829	NA	

Data as orig. reptd.; prior to 1983 from in prospectus dated 3-30-83. 1. Bef. spec. item(s) in 1987, 1984, 1983, 1982. 2. Incl. curr. portion of other borrowings. 3. Securities only. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

HomeFed Corp is the parent of Home Federal Savings and Loan Association, one of the largest savings and loan associations in the U.S., with assets of $17 billion at December 31, 1988. HFD operates through a network of 194 branch offices, including 56 offices in San Diego County and 138 additional offices throughout California and loan production offices in Virginia, Georgia and Florida. Through HomeCapital Corp. Inc., the company is significantly involved in real estate development activities.

Gross loans receivable amounted to $12.82 billion at year-end 1988, against $10.82 billion a year ago, and were divided as follows:

	1988	1987
Residential:		
One family	51%	48%
Two-to-four units	4%	3%
Over four units	18%	24%
Commercial & industrial	22%	20%
Land loans/developed lots	5%	5%

The one-year gap (excess of liabilities that would reprice before assets in one year) was -4.49% of assets at year-end 1988. Nonearning assets and real estate owned was 2.12% of total assets, down from 2.30% in 1987.

Deposits totaled $12.21 billion at 1988 year-end and were apportioned as follows: checking and limited access 22%, term accounts six months to a year 25%, term accounts one year to two years 13%, jumbo CD's 16%, and 24% other.

The yield on earning assets in 1988 was 10.58% (10.03% in 1987) and the cost of funds was 7.87% (7.42%), for a spread of 2.71% (2.61%).

Dividend Data

Dividends were initiated in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Dec. 29	Jan. 9	Jan. 13	Feb. 10'89
0.05	Mar. 15	Apr. 10	Apr. 14	May 16'89
0.05	Jun. 23	Jul. 10	Jul. 14	Aug. 15'89
0.05	Sep. 29	Oct. 16	Oct. 20	Nov. 15'89

Capitalization

FHLB Advances: $1,923,229,000.

Other Borrowings: $1,020,928,000, incl. $118 million of 8½% debs. due 2011, conv. into com. at $43.75 a sh.

Common Stock: 21,075,956 shs. ($0.01 par).
Institutions hold approximately 81%.
Shareholders of record: 6,288.

Office—625 Broadway, San Diego, Calif. 92101 **Tel**—(619) 699-8000 **Chrmn & CEO**—K. Fletcher **Pres**—R. F. Adelizzi **EVP-CFO**—W. Nichol **Secy**—D. E. Botticelli. **Investor Contact**—Sheree L. Zizzi. **Dirs**—R. F. Adelizzi, W. L. Coulson Jr., T. P. Daly, K. Fletcher, T. Lingenfelder, O. W. Strange, T. C. Young **Transfer Agent**—Manufacturers Hanover Trust Co. of California, Los Angeles. **Chartered** in 1934 **Empl**—4,780.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Homestake Mining

1152

NYSE Symbol HM Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
20⅜	20⅝-12	70	0.20	1.0%	B-	0.42

Summary

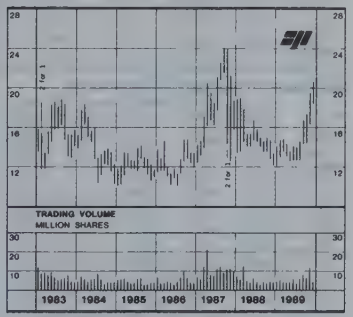
Homestake is a leading U.S.-based gold producer with interests in North America, Australia and Chile. HM also mines lead, zinc and copper in Missouri. Gold activities now provide most of operating profits, but base metals operations also have a significant impact on earnings. Based on expansion plans and acquisitions in Australia and Canada, HM may raise its annual gold output to 1.17 million ounces in 1990 from 1989's estimated 1.02 million.

Current Outlook

Assuming gold prices increase moderately, earnings for 1990 are projected at $0.45-$0.55 a share, up sharply from 1989's estimated $0.20 from operations.

Dividends should continue at $0.05 quarterly.

Revenues for 1990 may advance significantly, reflecting anticipated dramatically greater Australian gold production, a full year's gold output from Wood Gulch and Mineral Hill, initial production at Golden Bear, and expected higher gold prices (versus 1989's estimated average of $380 an ounce). Gold profits will probably rise sharply as a result of the greater gold receipts and a lower-cost mix of output. Depressed uranium activities are likely to sustain smaller losses on the December, 1989 suspension of conventional mining. However, earnings from base metals will probably decrease substantially on expected lower quotes.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	98.6	96.8	75.3	79.0
Jun.	114.2	106.6	104.2	89.0
Sep.	110.4	103.6	87.1	81.7
Dec.	---	125.7	249.7	97.9
	---	432.6	516.2	347.7

Revenues for the first nine months of 1989 rose 5.7%, year to year (1988 restated), mainly on increased gold output (716,400 ounces versus 575,100). However, gold profits fell sharply, reflecting lower quotes ($378 an ounce versus $445), and pretax income was down 69%, despite moderately higher base metals earnings. After taxes at 40.5% versus 26.6%, and lower minority interest ($100,000 against $954,000), income from continuing operations declined 74%, to $0.13 a share from $0.51, before income from discontinued lines of $0.18 versus a loss of $0.02, and a special credit of $0.03 in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.05	0.18	0.06	0.05
Jun.	0.07	0.19	0.19	0.02
Sep.	0.01	0.12	0.11	0.05
Dec.	E0.07	0.16	1.15	0.12
	E0.20	0.65	1.51	0.23

Important Developments

Oct. '89— HM's Felmont Oil unit agreed to sell substantially all of its oil and gas business for some $100 million. HM would retain a 25% interest in the Round Mountain mine, acquired in the acquisition of Felmont, and Felmont's 16.7% of a recently discovered 67 million ton sulphur deposit. In April Homestake Gold of Australia closed an agreement with Gold Mines of Kalgoorlie which would lead to development of Australia's largest open-pit gold mine (the Super Pit).

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	[2]1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	7.76	7.22	5.73	5.74	5.65	5.66	4.68	4.32	4.24	3.10
Earnings[3]	0.65	1.51	0.23	0.24	0.30	0.54	0.26	0.43	1.49	0.91
Dividends	0.20	0.12½	0.10	0.10	0.10	0.10	0.10	0.32½	0.35½	0.33½
Payout Ratio	31%	8%	43%	42%	34%	19%	41%	77%	24%	37%
Prices—High	19	24⅛	14⅞	14¼	18½	18⅞	13⅞	17⅞	22	8⅝
Low	12⅛	12⅜	10⅛	10⅛	10⅜	11⅞	4⅜	9⅛	5⅞	5
P/E Ratio—	29-19	16-8	64-44	60-43	62-35	35-22	55-17	42-21	15-4	10-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov 1987, 100% Mar. 1983, 50% Sep 1980 **1.** Reflects acctg change **2.** Reflects merger or acquisition **3.** Bef spec. item(s) of +0.03 in 1988 E-Estimated

December 20, 1989
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Income Data (Million $)

Year Ended Dec. 31	Sales	Oper. Inc.	% Oper. Inc. of Sales	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[1]1988	346	57	16.5	112	59.1	4.07	81	20.6%	63	18.3
1987	306	61	20.1	39	56.7	1.89	213	31.1%	146	47.9
1986	312	49	15.7	44	59.4	1.79	26	11.6%	23	7.2
1985	298	30	10.1	82	61.9	2.03	13	NM	[2]23	7.8
[1]1984	289	50	17.3	197	45.5	NA	35	16.6%	29	10.1
1983	223	30	13.5	46	20.8	1.87	48	17.2%	40	18.0
1982	172	13	7.7	27	25.4	0.07	14	NM	17	10.0
[2]1981	236	21	8.9	43	11.5	Nil	36	20.4%	29	12.2
1980	302	123	40.8	23	12.8	Nil	146	30.3%	102	33.6
1979	220	77	35.0	14	5.2	0.30	86	28.7%	61	27.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	222	307	64.4	4.8	984	6.7%	60.3	757	887	6.8	8.7%
1987	339	409	73.7	5.5	915	18.2%	35.0	703	810	4.3	23.2%
1986	104	174	39.4	4.4	693	3.3%	35.0	554	627	5.6	4.1%
1985	90	209	45.9	4.5	712	3.3%	35.0	567	636	5.5	4.1%
1984	63	193	42.6	4.5	693	4.3%	35.0	558	642	5.5	5.2%
1983	171	278	36.9	7.5	505	8.8%	18.0	421	462	3.9	10.4%
1982	57	171	23.6	7.2	382	4.6%	0.4	328	354	0.1	5.5%
1981	76	145	29.1	5.0	352	8.0%	2.3	294	323	0.7	9.9%
1980	152	224	61.9	3.6	367	32.6%	0.2	288	305	0.1	40.7%
1979	68	144	29.7	4.8	257	27.2%	0.6	211	227	0.3	32.3%

Data as orig. reptd. **1.** Reflects merger or acquisition. **2.** Reflects acctg. change. **3.** Incl. equity in earns. of nonconsol. subs. **4.** Bef spec. item(s) in 1988. NM-Not Meaningful. NA-Not Available

Business Summary

HM is a leading U.S.-based gold producer and also produces other natural resources. Business segment contributions (income in million $) in 1988:

1988	Revs.	Op. Inc.
Gold	79%	$90.2
Base metals	8%	29.8
Oil & gas	11%	1.3
Uranium	2%	-5.7

HM's share of 1988 gold output was 781,500 ozs., versus 1987's 677,700. Homestake mine (S.D.) produced 390,162 ozs. in 1988. Starting in 1989, a $25 million oxide circuit at McLaughlin mine (Cal.) should boost output 50,000 ozs. for at least five years; 1988's production was 203,827. HM's 25% share of output from Round Mountain mine (Nev.), which was 58,594 ozs. in 1988, should rise to 85,000 in 1989 on completion of expansion. In April, 1989 80%-owned Homestake Gold of Australia (HGA) became 50% owner of Kalgoorlie Consolidated Gold Mines, which combined various operations in the Kalgoorlie gold district. By the early 1990s, this deal may allow HM's share of HGA's output to increase to over 300,000 ozs., versus 1988's 94,227. In 1988 HM bought a 10-year lease on El Hueso mine (Chile), which produced 34,600 ozs. for HM's account, and was expected to contribute 72,000 in 1989. Construction of Wood Gulch mine (Nev.) was completed in late 1988 and 1989 output was estimated at 14,000 ozs. HM's 50%-owned Mineral Hill mine (Mont.) was completed in mid-1989 and was expected to contribute 21,000 ozs./year. In 1988 HM acquired 73% of North American Metals, owner of 50% of the Golden Bear mine (B.C.), which was expected to begin production at year-end 1989 at a rate of 65,000 ozs./year.

The Doe Run Co. (42.5% owned) is the largest integrated lead producer in North America. HM's share of 1988 output was 100,000 tons of refined lead products, and 20,000 tons of zinc and 36,000 tons of copper concentrates. In December, 1989 HM suspended conventional uranium mining and placed the mill at its Grants, N.M. site on standby.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Jan. 27	Feb. 1	Feb. 7	Feb. 21'89
0.05	May 9	May 17	May 23	Jun. 6'89
0.05	Jul. 28	Aug. 1	Aug. 7	Aug. 21'89
0.05	Sep. 22	Oct. 25	Oct. 31	Nov. 14'89

Capitalization

Long Term Debt: $78,843,000.

Common Stock: 97,878,655 shs. ($1 par).
Case, Pomeroy & Co. owns some 9%.
Institutions hold about 25%.

Office—650 California St., San Francisco, Calif. 94108-2788 **Tel**—(415) 981-8150 **Chrmn & CEO**—H. M. Conger **Pres**—D. K. Fagin **Secy & Treas**—J. J. Williams **VP-CFO & Investor Contact**—R. W. Stumbo, Jr. **Dirs**—H. Case, R. H. Clark, Jr., H. M. Conger, D. K. Fagin, D. W. Fuerstenau, W. A. Humphrey, R. K. Jaedicke, W. Macgregor, L. Marks, Jr., J. Neerhout Jr., S. T. Peeler, G. L. Ryland, B. A. Schepman **Transfer Agent & Registrar**—Bank of America, San Francisco **Incorporated** in California in 1877, reincorporated in Delaware in 1984 **Empl**—2,109

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A.M. Sorrentino CFA

Honda Motor

NYSE Symbol HMC Options on Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 7'89	1989					
25	35-24½	20	[1]0.167	[1]0.7%	NR	0.59

Summary

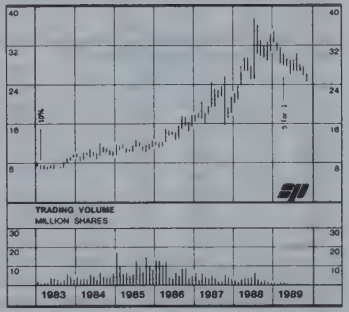
Honda Motor is the third largest Japanese automobile manufacturer and the world's largest producer of motorcycles. Honda is expanding its production of vehicles in the U.S. and reducing production costs in Japan to offset the effects of fluctuations in the value of the yen against the dollar and other currencies. Following a 5-for-1 split of the American Depositary Shares only, each ADS represents two Honda common shares instead of 10.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 may approximate $1.25 per ADS, versus the $1.49 (adjusted) of fiscal 1988-9.

Dividends declared in the past 12 months totaled approximately $0.167 (adjusted) per ADS.

Worldwide automobile sales should rise in fiscal 1989-90, reflecting higher cars sales in Japan following a reduction of the Japanese commodity tax on cars as of April, 1989. Sales of motorcycles and power products should continue to decline. Despite a more favorable product mix as demand for higher-margin luxury cars continues to increase in the U.S. and Japan, and cost reductions underway to offset the effect of the strong yen, higher interest expense should result in lower earnings.



[2]Oper. Revenues (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	6.39	6.48	[3]6.97	4.04
6 Mos. Sep.	12.93	12.49	[3]12.10	9.34
9 Mos. Dec.		19.93	---	12.96
12 Mos. Mar. ...		26.43	[3]27.24	18.75

Sales (in yen) for the six months ended September 30, 1989 were up 4.4%, year to year, reflecting increased automobile sales partially offset by lower motorcycle and power products sales. Following price increases in major overseas markets and cost cutting efforts, operating income rose 11%. Following sharply higher net interest expense, pretax income declined 26%. After taxes at 52.2%, against 47.6%, net income was down 33%. Earnings per ADS were $0.48, versus $0.70 (adjusted), both based on the September 29, 1989 exchange rate of ¥140 = $1.

[2]Earnings Per ADS ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	0.22	0.40	[3]0.38	0.33
6 Mos. Sep.	0.48	0.73	[3]0.69	0.61
9 Mos. Dec.		1.17	---	0.80
12 Mos. Mar. ...		1.49	[3]1.73	1.12

Important Developments

Nov. '89— In the first half of fiscal 1989-90 worldwide sales of automobiles rose 4.0% to 966,000 from 929,000 a year earlier, while motorcycle sales fell 2.7% to 1,490,000 from 1,532,000. Motorcycle sales were adversely affected by a new sales tax on scooters in Japan, while car sales were boosted by lower luxury car taxes.

Next earnings report expected in mid-February.

Per ADS Data ($)

Yr. End Mar. 31[4]	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	**14.41**	13.50	10.75	9.40	6.29	5.58	5.15	3.96	3.97	2.40
Earnings	**1.49**	1.73	1.12	1.65	1.07	0.89	0.71	0.68	1.10	0.30
Dividends	**0.16⅜**	0.17	0.13⅜	0.10⅞	0.07⅞	0.08⅜	0.06¼	0.06⅛	0.08	0.06¾
Payout Ratio	**11%**	10%	12%	7%	7%	9%	9%	10%	7%	23%
Calendar Years	**1988**	**1987**	**1986**	**1985**	**1984**	**1983**	**1982**	**1981**	**1980**	**1979**
Prices—High	**37½**	25⅜	17¾	12¾	12	9¾	8	10⅝	5⅛	4¾
Low	**20⅛**	15⅝	11	9⅝	8¼	6⅝	4⅜	4½	3½	3⅝
P/E Ratio—	**25-14**	15-9	16-10	8-6	11-8	11-7	11-6	15-7	5-3	16-12

Data as orig reptd Adj for stk div(s) of 400% Apr 1989, 10% Feb 1983, 10% Aug 1980 **1.** Decl in past 12 mos, (adj, approx.), net aft 15% Japanese tax to U.S residents **2.** Prior to 1987-8 periods ended 3 Mos May, 6 Mos. Aug., 9 Mos. Nov., 12 Mos. Feb. **3.** Four months Jun., seven mos. Sep., 13 Mos. Mar. 31 (as reptd, due to fiscal yr. end change) **4.** Years ended Feb 28 prior to 1988

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Income Data (Million $)

Year Ended Mar. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]**1989**	**26,434**	**2,333**	**8.8**	**2,113**	**992**	**186**	**1,347**	**45.3%**	**737**	**2.8**
[4]1988	27,240	2,380	8.7	1,514	1,072	187	1,556	44.0%	871	3.2
1987	18,747	1,830	9.8	1,326	722	160	1,111	50.8%	547	2.9
1986	16,115	2,252	14.0	1,480	560	172	1,691	52.0%	811	5.0
1985	10,222	1,490	14.6	529	338	163	1,046	52.6%	495	4.8
1984	10,166	1,380	13.6	530	372	192	874	53.2%	409	4.0
1983	9,376	1,094	11.7	718	285	220	633	52.0%	304	3.2
1982	7,945	875	11.0	495	220	191	536	48.3%	[3]277	3.5
1981	7,980	1,008	12.6	447	177	169	848	48.0%	441	5.5
1980	5,231	648	12.4	251	132	121	244	54.4%	111	2.1

Balance Sheet Data (Million $)

Mar. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**1,873**	**9,615**	**7,935**	**1.2**	**17,306**	**4.6%**	**2,285**	**6,829**	**9,372**	**24.4**	**11.1%**
1988	1,053	7,566	6,507	1.2	14,457	6.8%	1,373	6,315	7,927	17.3	15.4%
1987	881	5,636	4,631	1.2	11,075	5.3%	1,324	4,921	6,428	20.6	11.9%
1986	659	4,662	3,709	1.3	9,279	10.6%	1,180	4,218	5,556	21.2	23.1%
1985	539	3,154	2,385	1.3	5,974	8.1%	701	2,806	3,573	19.6	18.7%
1984	458	3,651	2,749	1.3	6,114	6.6%	849	2,452	3,351	25.3	17.4%
1983	334	3,296	2,815	1.2	5,558	5.9%	676	2,020	2,730	24.8	17.0%
1982	408	3,152	2,738	1.2	4,946	5.8%	565	1,609	2,198	25.7	17.2%
1981	467	2,934	2,614	1.1	4,648	10.4%	394	1,606	2,023	19.5	34.2%
1980	535	2,373	2,346	1.0	3,573	3.0%	317	901	1,220	26.0	11.8%

Data as orig. reptd.; reflects consol. of all majority-owned subs. aft. 1988. **1.** Years ended Feb. 28 prior to 1988. **2.** Incl. equity in earns. of nonconsol subs. **3.** Reflects acctg change. **4.** 13 mos. ended Mar. 31, 1988

Business Summary

Honda is the third largest Japanese manufacturer of automobiles and the world's leading producer of motorcycles. Sales contributions by product lines in recent years (1987-8 adjusted):

	1988-9	1987-8
Automobiles	71%	69%
Motorcycles	10%	11%
Parts and other revenues	16%	16%
Power products	3%	4%

Honda products are manufactured and assembled at plants in Japan, the U.S., Canada, and Belgium. In fiscal 1988-9 Honda sold 1,903,000 automobiles (628,000 domestic and 1,275,000 overseas); 3,032,000 motorcycles (924,000 domestic and 2,108,000 overseas); and 1,543,000 power products (116,000 domestic and 1,427,000 overseas).

Honda markets cars under the Honda and Acura names. Acura is a line of up-scale luxury sedans which carry higher margins. The Honda line consists of smmall cars, Minitrucks and vans also are produced. Honda is building a second U.S. car manufacturing facility in Ohio. The plant's capacity will be 150,000 vehicles per year, with 70,000 units initially slated for export to the Far East.

Honda is the world's leading motorcycle manufacturer, with a market share estimated at more than a quarter of the free world total. Honda produces a broad line of motorcycle and scooter models and continues to develop new models.

Nonautomotive products include portable generators, powered agricultural machines, general purpose engines, and outboard motors.

Dividend Data

Dividends have been paid since 1949. Declarations on the ADSs in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
†0.4246	---	Mar. 23	Mar. 30	Jul. 18'89
‡5-for-1	---	Apr. 3	Mar. 27	Mar. 31'89
*0.0821	---	Sep. 22	Sep. 28	Dec. 27'89

*Net after 15% Japanese tax.
†Net; payable on old shs. prior to split.
‡Each post-split ADS to represent 2 common shares.

Capitalization

Long Term Debt: $2,310,264,000.

Common Stock: 949,352,685 shs. (Y50 par). Each American Share represents 2 common shares.

Address—No 1-1, 2-chome, Minami-Aoyama, Minato-ku, Tokyo 107, Japan **Tel**—(03) 423-1111 **U.S. Financial Liaison Office**—1290 Ave of the Americas, NYC **U.S. Investor Contact**—F Ike (212) 765-3804 **Pres & CEO**—T Kume **Dirs**—S Okubo, (Chrmn), K. Amemiya, T Fukui, S Furuichi, T Hiramatsu, O Iida, K Kato, S Irimajiri, M Iwai, R Iwai, K Nakanishi, T Nakano, N Kawamoto, T Matsuda, S. Miyake, M Miyata, T Kume, Y Munekuni, K Nagata K Nakagawa, H Nakamura, T Okura, Y Okawara, S Okubo, N Otsuka, M Saida, H Shimojima, M Shino, T Shishido, K Suzuki, R Tsukamoto, H Yamada, T Yamada, H Yoshino, K Yoshizawa **Depositary**—Morgan Guaranty Trust Co., NYC **Incorporated** in 1948 in Japan **Empl**—71,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Joshua M Heran

Honeywell Inc.

NYSE Symbol HON Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
81⅛	91¾-59½	NM	2.75	3.4%	B	1.03

Summary

Honeywell is a major manufacturer of automation and control systems for homes, buildings, industry and aerospace, and supplies munitions and defense electronics to the U.S. Government. As part of a restructuring program begun in late 1989, it plans to reduce its weapons businesses and sell part of its interest in a Japanese affiliate, using proceeds to repurchase 10 million shares. To improve margins, significant cost-cutting moves are under way. The dividend was recently raised 31%.

Current Outlook

Earnings for 1990 are projected at $7.75 a share, versus 1989's estimated $6.75, which excludes capital gains.

Dividends were raised 31%, to $0.68¾ quarterly from $0.52½, with the October, 1989 declaration.

Moderate growth in sales from continuing operations is expected for 1990. The home and building controls group should improve on a probable modest pickup in construction activity. Slight gains are also likely for industrial automation as systems sales offset softness in components. Commercial avionics should continue to boom, while slow gains for military programs develop. The major cost reduction programs now underway should benefit overall corporate margins. Interest expense should be lower. Shares outstanding should be reduced substantially.

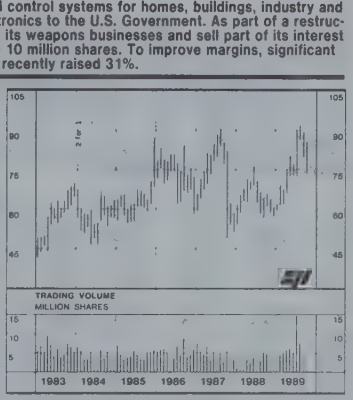
Sales[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar	1,663	1,738	1,483	1,151
Jun.	1,784	1,752	1,575	1,326
Sep	1,726	1,729	1,637	1,284
Dec	---	1,930	1,985	1,617
	---	7,148	6,679	5,378

Sales for the first nine months of 1989 declined 0.9%, year to year. Margins widened, and with interest expense smaller and the tax rate lower, net income rose to $212.1 million ($4.92 a share) from $47.9 million ($1.13).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.46	1.36	0.96	0.79
Jun.	1.73	0.75	1.21	0.97
Sep.	1.73	d0.98	1.59	0.69
Dec.	E1.83	d11.35	1.99	d2.17
	E6.75	d10.22	5.75	0.28



Important Developments

Oct. '89— HON completed the sale of 16% of the shares of Yamatake-Honeywell for about $280 million. Proceeds will be used for stock repurchases. A second sale of Yamatake-Honeywell stock was being negotiated.

Jul. '89— HON announced a program to enhance shareholder value and focus on the core controls business. Steps include: (1) reduction in dependence on the weapons business; (2) sale of a substantial portion of the 50% interest in Yamatake-Honeywell (see above), (3) open-market repurchase of up to 10 million shares; (4) improvement of $150 million in operating profit over 18 months through staff reductions of 4,000 and other measures; and (5) a 31% increase in the dividend (see Dividend Data).

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[3]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	40.14	52.80	48.67	52.73	47.50	46.62	44.55	43.07	39.76	34.97
Earnings[4]	d10.22	[5]5.75	0.28	[6]5.02	[7]7.14	[5]5.03	[6]6.05	[5]5.63	[6]6.29	[5]5.48
Dividends	2.10	2.02½	2.00	1.95	1.90	1.80	1.75	1.60	1.40	1.20
Payout Ratio	NM	34%	714%	32%	27%	36%	29%	29%	23%	22%
Prices—High	76¼	90½	84¼	86¾	67¾	69¾	52⅞	57⅜	57⅝	42¾
Low	54¼	49	58¼	54¼	46⅜	41½	29⅞	34½	32⅛	31⅝
P/E Ratio—	NM	16-9	NM	14-9	9-6	14-8	9-5	10-6	9-5	8-6

Data as orig reptd. Adj. for stk. div(s) of 100% Feb. 1984. 1. Revenues prior to 1988. 2. Reflects accounting change. 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of -9.11 in 1986, +0.14 in 1985, -2.04 in 1984; bef. spec. item(s) of +0.04 in 1982, +0.07 in 1981, +0.28 in 1980, +0.47 in 1979. 5. Ful. dil. 5.70 in 1987, 5.69 in 1985, 6.99 in 1984, 4.91 in 1983, 5.90 in 1982, 5.48 in 1981, 6.12 in 1980, 5.33 in 1979. NM-Not Meaningful. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	7,148	406	5.7	328	283	254	d201	NM	d435	NM
1987	6,679	766	11.5	304	262	125	412	38.4%	254	3.8
[4]1986	5,378	511	9.5	324	225	80	40	67.6%	13	0.2
1985	6,625	779	11.8	492	344	104	394	30.1%	275	4.2
[5]1984	6,074	750	12.4	487	314	88	431	22.3%	335	5.5
1983	5,753	660	11.5	499	331	92	315	26.5%	231	4.0
1982	5,490	634	11.6	602	300	118	384	29.4%	271	4.9
1981	5,351	714	13.3	645	300	123	363	29.5%	[3]256	4.8
1980	4,925	678	13.8	567	256	91	443	36.6%	281	5.7
1979	4,210	654	15.5	467	245	65	[6]416	42.3%	240	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	180	2,764	2,394	1.2	5,089	NM	801	1,731	2,569	31.2	NM
1987	405	2,607	2,096	1.2	5,285	5.0%	678	2,245	3,004	22.6	11.8%
1986	120	1,987	2,221	0.9	5,139	0.3%	585	2,221	2,873	20.4	0.5%
1985	497	2,671	1,549	1.7	5,034	5.7%	653	2,567	3,417	19.1	11.2%
1984	468	2,562	1,387	1.8	4,760	7.1%	678	2,381	3,251	20.9	14.3%
1983	518	2,534	1,350	1.9	4,675	5.0%	706	2,314	3,272	21.6	10.2%
1982	316	2,434	1,267	1.9	4,471	6.2%	688	2,143	3,138	21.9	12.9%
1981	291	2,152	1,149	1.9	4,331	6.2%	619	2,098	3,051	20.3	12.7%
1980	245	2,107	1,098	1.9	3,893	7.7%	485	1,904	2,668	18.2	15.7%
1979	176	1,780	937	1.9	3,340	7.7%	457	1,643	2,339	19.5	15.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1986, 1985, 1984, and spec. item(s) in 1982, 1981, 1980, 1979. 3. Reflects accounting change. 4. Excl. disc. opers. & reflects merger or acquisition. 5. Excl. disc. opers. d-Deficit. NM-Not Meaningful.

Business Summary

Honeywell is a major manufacturer of automation and control systems for the home, commercial building, industrial, aerospace, and defense markets. Contributions (profits in million $) in 1988:

	Revs.	Profits
Home & bldg automation/control	28%	$216
Industrial automation/control	20%	119
Space & aviation	26%	-142
Defense & marine	20%	84
Other	6%	-53

Foreign operations contributed 23% of revenues and 63% of operating profits in 1988. Government contracts and subcontracts represented 30% of total revenues.

The home and building automation and control segment makes and installs energy management systems, thermostats, fire and security controls, and other automatic environmental controls.

The industrial automation and control unit provides computerized-based systems and various products (instruments, programmable controllers, sensors) for industrial processing and manufacturing automation.

The space and aviation systems group provides control and guidance systems for commercial and military aircraft and space and satellite applications.

Defense and marine systems produce precision weapons, munitions and lightweight torpedos.

Other activities include marketing computers to the U.S. Government and design of integrated circuits.

Dividend Data

Dividends have been paid since 1928. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52½	Jan. 17	Feb. 27	Mar. 3	Mar. 20'89
0.52½	Apr. 18	May 22	May 26	Jun. 12'89
0.52½	Jul. 18	Aug. 21	Aug. 25	Sep. 11'89
0.68¾	Oct. 17	Nov. 27	Dec. 1	Dec. 18'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $780,700,000.

Common Stock: 43,177,806 shs. ($1.50 par).
Institutions hold about 63%.
Shareholders of record: 61,112.

Office—Honeywell Plaza, Minneapolis, Minn. 55408. Tel—(612) 870-5200. Chrmn & CEO—J. J. Renier. VP-Secy—S. Ueland, Jr. VP & CFO—C. J. Steffen. Investor Contact—L. W. Stranghoener. Dirs—A. J. Baciocco, Jr., E. E. Bailey, E. H. Clark, Jr., W. H. Donaldson, G. Green-wald, G. M. Joseph, A. J. MacIntosh, J. J. Renier, S. G. Rothmeier, V. A. Sarni, E. W. Spencer, M. Wright. Transfer Agents & Registrars—Norwest Trust Co., NYC; Norwest Bank Minneapolis. Incorporated in Delaware in 1927. Empl—78,383.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T. Canning, CFA

Household International

1160

NYSE Symbol HI Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
56⅛	65½-50⅜	11	2.14	3.8%	B+	1.02

Summary

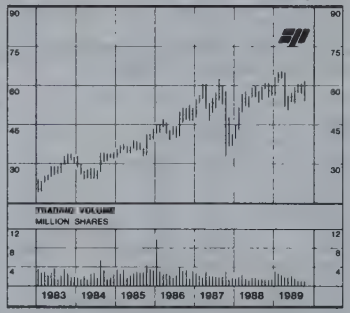
This holding company owns Household Finance, which makes personal and home equity loans to middle-income consumers for home improvement, education, debt consolidation, travel and leisure. It also provides insurance and commercial financial services. In April, 1989 HI shareholders received stock in three formerly wholly-owned manufacturing subsidiaries on the basis of one share of each subsidiary for every five HI shares held. Favorable earnings comparisons are expected for 1990.

Current Outlook

Earnings for 1990 are estimated at $6.60 a share, up from the $5.85 from continuing operations likely for 1989.

The $0.53½ quarterly dividend is the minimum expectation.

Revenues for 1990 are expected to rise strongly, reflecting an expanded range of consumer finance products, aggressive marketing, and acquisitions in the consumer banking area. Consumer finance receivables are expected to increase 12%-17%. Margins should narrow slightly with HI's emphasis on revolving real estate secured loans, which typically carry a lower yield, although credit quality should improve. Longer term, margins stand to benefit from HI's establishment of regional processing centers to automate the loan review and documentation process. Other income will be helped by the securitization of home equity loans. The divestiture of three manufacturing units may improve operating efficiencies.



Review of Operations

Net revenues for six months ended June 30, 1989 advanced 22%, year to year, reflecting gains in the consumer lending, commercial financial services, and life insurance segments. Margins narrowed somewhat, and the increase in pretax income was limited to 9.6%. After taxes at 37.8%, versus 38.5%, net income increased 11%. Share earnings were $2.59, compared with $2.35, before income from discontinued operations of $0.42, versus $0.91.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.19	1.08	1.18	0.80
Jun.	1.40	1.27	1.43	0.95
Sep.	E1.55	1.34	1.60	1.05
Dec.	E1.71	1.29	1.36	0.05
	E5.85	4.98	5.57	2.85

Important Developments

Oct. '89— HI said that it had filed a shelf registration with the SEC for $250 million of nonconvertible preferred stock. A registration statement relating to the offering has been filed with the SEC but has not yet become effective. Earlier, Donald Clark, chairman, reiterated that HI still expected earnings from continuing operations for 1989 to be 15% to 20% higher than those of 1988.

Aug. '89— As part of its strategy of broadening its funding sources and expanding its geographical presence, HI announced that it had acquired the following thrifts: Fedstar Savings Bank in Alexandria, Va., with assets of $360 million in August; Sharon Savings Bank in Maryland with assets of $260 million in July; and Land of Lincoln Savings and Loan in Illinois with assets of $950 million in June.

Next earnings report expected early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	32.59	27.42	27.40	26.85	24.66	24.24	22.47	19.00	23.35	22.90
Earnings[2]	4.98	5.57	2.85	2.81	4.18	3.68	2.06	2.66	2.88	3.33
Dividends	2.07	1.93	1.83½	1.78	1.72½	1.67½	1.65	1.62½	1.57½	1.50
Payout Ratio	42%	35%	64%	63%	41%	46%	80%	61%	55%	45%
Prices—High	61	62½	52½	43⅜	34⅜	34	26⅛	19¼	19¾	22
Low	39½	32½	39⅛	32¼	24	19	14¾	14¼	13⅝	16¾
P/E Ratio—	12-8	11-6	18-14	15-11	8-6	9-5	13-7	7-5	7-5	7-5

Data as orig. reptd. 1. Reflects acctg. change. 2. Bef. results of disc. opers. of +1.82 in 1988, +2.53 in 1986, +0.84 in 1985, bef. spec. item(s) of -0.90 in 1986. E-Estimated

October 26, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Financial Revs.	Merch. Sales	Mfg. Sales	Trans. Revs.	Total Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1988	2,105	Nil	Nil	Nil	2,637	292	37.2%	184	7.0	1.0	15.9
1987	2,517	Nil	924	Nil	3,441	341	35.1%	222	6.4	1.5	19.4
1986	2,026	Nil	714	Nil	2,741	162	14.8%	138	5.0	1.2	8.9
1985	1,673	Nil	900	810	3,383	232	27.5%	168	5.0	1.6	9.2
1984	1,325	5,400	898	698	8,322	383	38.8%	234	2.8	2.5	14.2
1983	1,161	5,306	808	638	7,912	369	44.1%	206	2.6	2.5	13.1
1982	1,050	5,310	760	648	7,766	174	27.9%	125	1.6	1.5	7.4
1981	995	5,080	573	632	7,280	222	35.9%	142	2.0	1.8	9.6
[3]1980	970	4,462	265	493	6,191	230	36.3%	146	2.4	NA	NA
[3]1979	850	3,919	245	311	5,325	257	39.7%	155	2.9	NA	NA

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Deposits	Cash & Secs.	[4]Loans	[4,2]Loans/ Equity	Capitalization [5]Debt	Capitalization [2]Equity	Capitalization Total	Price Times Book Value HI	Price Times Book Value LO
1988	21,032	3,891	3,359	16,123	13.5-1	6,560	1,174	7,734	1.9-1.2	
1987	16,986	2,617	2,243	13,096	10.4-1	6,265	1,008	7,356	2.3-1.2	
1986	13,207	2,105	2,542	9,400	5.8-1	4,872	1,159	6,115	1.9-1.4	
1985	11,929	1,376	1,662	7,115	4-1	4,176	1,627	5,979	1.4-1.0	
1984	10,041	842	921	5,345	3.4-1	4,010	1,521	5,710	1.4-1.0	
1983	8,446	419	699	4,542	3.3-1	3,610	1,421	5,213	1.4-0.8	
1982	8,235	310	613	4,400	3.4-1	3,574	1,321	5,079	1.2-0.7	
1981	8,397	261	557	4,672	3.4-1	3,494	1,319	4,998	0.9-0.6	
[3]1980	7,141	149	472	4,237	NA	3,078	1,279	4,371	0.7-0.5	

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1986, 1985; bef. spec. item(s) in 1986. 2. Common. 3. Reflects 1981 restatement. 4. Finance receivables. 5. Incl. current portion. NA-Not Available.

Business Summary

This company provides a broad range of financial services for individuals and businesses through consumer finance, consumer banking, commercial finance and insurance units. Manufacturing businesses were either spun off in early 1989 or accounted for as discontinued operations. Segment contributions in 1988:

	Revs.	Profits
Consumer finance & banking	77%	68%
Commercial finance	12%	24%
Life insurance	11%	8%

Household Finance Corp. makes cash loans, including home equity loans, to middle income consumers who require funding for home expansion, children's education, debt consolidation and other purposes. It is also engaged in retail installment sales finance. The company operates through 656 branch offices in the U.S., 118 in Canada and 75 in Australia. In 1988 the interest rate spread was 7.2%, down from 7.9% in 1987. Real estate secured loans amounted to about 55% of the total consumer finance portfolio of $12.8 billion at 1988 year-end. The company's three consumer banking units had assets of $7 billion at the end of 1988.

Commercial finance provides financing services including investments in leveraged leases, term preferred stocks, corporate finance, equipment loans and leases and real estate secured by loans on income-producing property.

The Alexander Hamilton Life Insurance Co., with $19.2 billion of life insurance in force (up 30% from 1987), provides credit life, credit accident and health, household contents and term insurance.

Dividend Data

Dividends have been paid since 1926. A dividend reinvestment plan is available. A "poison pill" stock purchase plan was adopted in 1984.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.53½	Nov. 9	Dec. 23	Dec. 30	Jan. 14'89
0.53½	Mar. 14	Mar. 27	Mar. 31	Apr. 15'89
Stk*	Mar. 28	Apr. 18	Apr. 7	Apr. 17'89
0.53½	May 10	Jun. 26	Jun. 30	Jul. 15'89
0.53½	Jul. 11	Sep. 25	Sep. 29	Oct. 14'89

*0.2 sh. each of Eljer Industries, Inc., Schwitzer, Inc., and Scotsman Industries, Inc.

Capitalization

Long Term Debt: $6,560,900,000.

Red. Conv. Preferred Stock: $75,900,000.

Common Stock: 35,257,902 shs. ($1 par). Institutions hold approximately 66%. Shareholders of record: 16,656.

Office—2700 Sanders Rd., Prospect Heights, Ill. 60070 **Tel**—(312) 564-3663 **Chrmn & CEO**—D. C. Clark **Pres**—E. P. Hoffmann **SVP-Secy**—J. D. Pinkerton **VP-Treas**—D. D. Wesselink **Investor Contact**—Michael H. Morgan **Dirs**—J. C. Biegler, D. C. Clark, R. J. Darnall, G. G. Dillon, M. J. Evans, D. C. Fitt, E. P. Hoffman, L. W. Lehr, J. D. Nichols, G. P. Osler, A. E. Rasmussen, G. W. Rauch, R. C. Tower **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Delaware in 1925 **Empl**—11,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Houston Industries

NYSE Symbol HOU Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
35¼	35⅞-26¾	13	2.96	8.4%	A-	0.49

Summary

This diversified utility holding company, serving the oil dependent region of the Texas Gulf Coast, derives its power requirements primarily from gas and to a lesser extent from coal. HOU is adding nuclear capacity through its 30.8% investment in the South Texas nuclear project. Near-term prospects will be impaired by rate proceedings associated with the South Texas nuclear project and the $1.3 billion acquisition of RCA Cablesystems Holding Co. (Rogers Communications U.S.A.) in March, 1989.

Current Outlook

Share earnings for 1990 are projected at $3.00, up from 1989's estimated $2.60, which includes a nonrecurring gain of about $0.42.

Rate proceedings for the South Texas project and dilution from the RCA Cablesystems acquisition are expected to preclude an increase in the $0.74 quarterly dividend in 1990.

Share earnings for 1990 are expected to benefit from higher rates, and increased kwh sales due to improved economic activity in the Houston area.

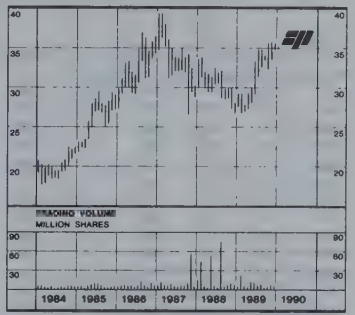
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	806	809	777	796
Jun.	950	863	899	861
Sep.	1,142	1,108	1,136	1,101
Dec.	---	870	816	779
	---	3,649	3,628	3,536

Revenues for the nine months ended September 30, 1989 rose 7.3%, year to year, mostly reflecting higher kwh sales, and the addition of cable television sales in the 1989 period. However, nonrecurring gains from the sale of the oil and gas business and from deferred accounting for the South Texas nuclear project were more than offset by lower AFUDC and increased interest charges, and pretax income fell 3.6%. After taxes at 38.1%, against 26.7%, net income declined 19%. Share earnings were $2.28 on 5.1% more shares, compared with $2.95.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.71	0.68	0.50	0.67
Jun.	0.45	0.75	0.86	0.70
Sep.	1.12	1.52	1.75	1.65
Dec.	E0.32	0.40	0.63	0.79
	E2.60	3.34	3.74	3.81



Important Developments

Nov. '89— HOU stated that until further regulatory action is taken, earnings will be adversely impacted by approximately $15 million per month due to costs associated with units 1 and 2 of the company's 31%-owned South Texas nuclear project (STP). HOU has requested approval of deferred accouting treatment for unit 2's costs and an extension of deferred accounting treatment for costs associated with unit 1. Separately, the Texas PUC staff recommended that with regard to HOU's pending rate case, the Commission disallowed $126 million in costs associated with STP units I and II. The Commission was expected to rule on the $432 million rate request by mid-1990. In anticipation of the rate ruling, HOU implemented approximately $227 million in increased electric rates, subject to refund pending the outcome of the rate request.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	28.04	27.70	26.70	26.65	24.89	23.72	22.85	23.76	23.51
Earnings	NA	3.34	3.74	3.81	4.42	3.85	3.54	1.62	3.14	3.14
Dividends	2.96	2.94	2.86	2.76	2.60	2.44	2.28	2.16	1.99⅜	1.78¾
Payout Ratio	NA	88%	76%	72%	59%	63%	64%	133%	63%	57%
Prices—High	35⅞	33⅞	39⅜	37	29½	22½	24¼	21⅝	21¾	21⅛
Low	26¾	26⅝	26½	27¼	21¾	17⅝	19	17½	16⅝	16½
P/E Ratio—	NA	10-8	11-7	10-7	7-5	6-5	7-5	13-11	7-5	7-5

Data as orig. reptd. Adj. for stk. div(s) of 50% Jun 1981 NA-Not Available E-Estimated.

January 10, 1990

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Oper./ Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	3,649	321	636	84.6%	2.88	211	24.7%	431	11.8	7.9	11.8
1987	3,628	286	613	85.7%	3.75	253	31.9%	466	12.9	8.3	13.6
1986	3,536	298	561	85.6%	3.59	280	32.3%	452	12.8	8.8	14.5
1985	4,062	257	591	86.8%	4.19	259	35.1%	491	12.1	9.9	17.4
1984	4,182	210	521	87.4%	3.49	142	38.2%	391	9.3	10.0	16.0
1983	3,993	199	486	87.5%	3.29	60	41.5%	324	8.1	10.2	15.5
1982	3,838	165	467	85.3%	---	80	39.3%	146	3.8	8.8	6.8
1981	3,095	156	370	87.8%	---	63	39.8%	236	7.6	9.3	13.5
1980	2,367	129	301	87.5%	---	51	39.7%	204	8.6	8.9	13.6
1979	1,854	109	257	85.9%	---	43	37.5%	182	9.8	8.9	14.4

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	11,466	582	9,383	6.1	8,822	3,411	47.2	440	6.1	3,407	46.7
1987	10,815	704	8,946	6.0	8,313	3,079	44.9	440	6.4	3,334	48.7
1986	9,960	771	8,332	6.4	7,972	3,155	47.8	341	5.2	3,103	47.0
1985	9,157	1,161	7,827	7.3	7,462	2,909	47.3	341	5.5	2,902	47.2
1984	8,076	1,089	6,886	8.2	6,505	2,604	48.4	292	5.4	2,481	46.2
1983	7,056	1,003	5,916	9.1	5,653	2,164	46.4	280	6.0	2,221	47.6
1982	6,038	882	5,063	11.5	4,921	2,016	48.9	281	6.8	1,827	44.3
1981	5,630	781	4,774	8.5	4,616	1,881	48.1	281	7.2	1,751	44.7
1980	4,867	732	4,131	7.8	3,972	1,644	48.5	244	7.2	1,499	44.3
1979	4,112	563	3,489	8.1	3,488	1,537	50.8	244	8.1	1,244	41.1

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. stk. divs. of subs. 3. Based on income before interest charges. 4. As reptd. by co. 5. Incl. non-utility property.

Business Summary

Houston Industries is the holding company for Houston Lighting & Power Co., which supplies electricity along the Texas Gulf Coast. Electric operations accounted for 84% of revenues in 1988 and fuel sales and oil and gas activities 16%. Electric revenues by customer class:

Revenues	1988	1987	1986	1985
Residential	37%	36%	37%	35%
Commercial	24%	23%	24%	23%
Industrial	35%	33%	35%	38%
Other	4%	8%	4%	4%

Power requirements in 1988 were derived from gas 44%, coal and lignite 37%, nuclear 2% and cogeneration and purchases 17%. Peak load in 1988 was 10,422 mw and capability totaled 13,675 mw for a capacity margin of 24%.

In March, 1989 HOU's KBLCOM Inc. cable television unit purchased for about $1.3 billion (adjusted post-closing) RCA Cablesystems Holding Co. (Rogers Communications U.S.A.), which provides cable television service to some 558,000 subscribers in Texas, Minnesota, Oregon and California. KBLCOM has a 50% interest in Paragon Communications which serves some 735,000 subscribers in Texas, Arizona, Florida, New Hampshire, New York, Maine and California. The Cablesystems' purchase was financed with about 60% debt and 40% equity. Approximately half the equity was derived from HOU's sale of its oil and gas properties. HOU said that it expects the purchase to be cash positive in 1991 and earnings positive in 1993, and that the debt used in the acquisition will have been paid off by 1999.

Dividend Data

Dividends have been paid since 1922. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.74	Apr. 5	May 10	May 16	Jun. 10'89
0.74	Jul. 7	Aug. 10	Aug. 16	Sep. 9'89
0.74	Oct. 4	Nov. 10	Nov. 16	Dec. 9'89
0.74	Jan. 3	Feb. 12	Feb. 16	Mar. 10'90

Next dividend meeting: early Apr.'90.

Capitalization

Long Term Debt: $4,691,763,000.

Subsidiary Preferred Stock: $568,197,000.

Common Stock: 126,247,869 shs. (no par).
Institutions hold about 65%.
Shareholders of record: 86,978.

Office—Five Post Oak Park, 4300 Post Oak Parkway, P O Box 4567, Houston, Texas 77210 **Tel**—(713) 629-3000 **Pres & CEO**—D D Jordan **VP-Secy**—H. R. Kelly **EVP-CFO**—H. R. Dean. **Investor Contact**—D. N. Bulla **Dirs**—C. E. Bishop, J. T. Cater, F. L. Culler, Jr., H. R. Dean, J. M. Hendrie, H. W. Horne, D. D. Jordan, J. R. Lesch, J. S. Lindsay, T. B. McDade, R. Meyer, K. L. Schnitzer, Sr., D. D. Sykora, J. T. Trotter **Transfer Agent & Registrar**—Company office. **Incorporated** in Texas in 1906; reincorporated in Texas in 1976 **Empl**—11,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Humana Inc.

NYSE Symbol HUM Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
41	41-24⅜	16	1.04	2.5%	A-	0.98

Summary

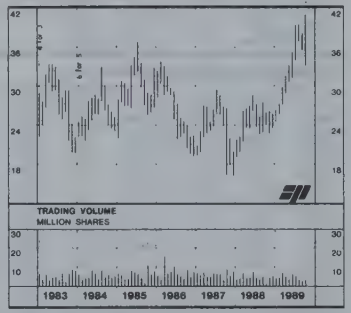
Humana is a leading investor-owned hospital management chain, with 84 hospitals located throughout the U.S. and abroad. The company also offers prepaid health care and indemnity insurance plans through its Group Health division. Recent earnings have benefited from a turnaround at the Group Health division, sharply higher outpatient revenues, and improved inpatient occupancy.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 are projected at about $2.90 a share, up from the $2.56 reported for fiscal 1989.

An increase in the $0.26 quarterly dividend is likely in the fourth quarter of fiscal 1990.

Revenues for fiscal 1990 should show another good gain, aided by continued strength in outpatient revenues, acquisitions, rate increases, and further improvement expected in inpatient utilization. Bolstered by a larger membership and cost control measures, much improved results are forecast for the Group Health division. Margins should be well maintained on the better volume.



Net Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	938	794	674	607
Feb.	1,006	846	686	652
May	1,065	891	704	682
Aug.	1,079	904	768	660
	4,088	3,435	2,832	2,601

Revenues for the fiscal year ended August 31, 1989 (preliminary) advanced 19%, year to year, reflecting gains in hospital admissions, acquisitions and rate increases. Pretax income rose 13%. After taxes at 35.8% in each year, net income was also up 13%. Share earnings were $2.56, versus $2.30.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov	0.55	0.51	0.41	0.57
Feb	0.63	0.56	0.44	0.54
May	0.72	0.64	0.53	0.53
Aug	0.66	0.59	0.48	d1.08
	2.56	2.30	1.86	0.56

Important Developments

Aug. '89— Revenues from Humana hospitals increased 12%, to $3.15 billion in fiscal 1989, reflecting an 8.1% rise in inpatient revenues (accounting for about 78% of hospital revenues) and a 27% increase in outpatient revenues. Modest gains were scored in patient days and admissions and occupancy at Humana hospitals edged up to 47.1% in 1988-9 from 46.5% in fiscal 1988. Group health revenues climbed 51%, to $1.09 billion (hospital revenues paid by Group Health eliminated in the consolidation were $153.7 million, versus $98.9 million). Pretax profits from Group Health unit totaled $12.9 million, versus a loss of $796,000 in fiscal 1988.

Aug. '89— The company filed with the SEC a shelf registration covering up to $400 million of unsecured debt.

Next earnings report expected mid-December.

Per Share Data ($)

Yr. End Aug. 31	[1]1989	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	11.80	10.36	9.20	9.28	7.67	6.35	4.25	3.34	1.82
Earnings	2.56	2.30	1.86	0.56	2.19	1.96	1.63	1.34	0.97	0.64
Dividends	0.95	0.83	0.77	0.74	0.66	0.57½	0.46⅞	0.34½	0.22¾	0.14¾
Payout Ratio	37%	36%	41%	132%	30%	29%	29%	26%	24%	22%
Prices—High[2]	41	28⅝	29½	33⅞	36¾	33	33⅜	28⅞	19⅜	15¼
Low[2]	24⅜	19	16⅛	19⅛	21⅞	21½	19⅝	12⅝	12⅛	5⅞
P/E Ratio—	16-10	12-8	16-9	60-34	17-10	17-11	20-12	21-9	20-12	24-9

Data as orig reptd Adj. for stk. div(s) of 20% Feb. 1984, 33 Feb. 1983, 50% Feb. 1982, 100% Feb. 1981, 33⅓% Feb. 1980. 1. Reflects acctg change. 2. Cal. yr. d-Deficit. NA-Not available.

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Income Data (Million $)

Year Ended Aug. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	3,435	636	18.5	222	183	148	354	35.8%	227	6.6
1987	2,832	626	22.1	213	173	160	330	44.6%	183	6.5
1986	2,601	611	23.5	277	165	165	91	39.9%	54	2.1
1985	2,188	634	29.0	401	139	183	376	42.5%	216	9.9
1984	1,961	536	27.3	446	116	157	332	41.8%	193	9.9
1983	1,765	452	25.6	515	92	126	289	44.4%	161	9.1
1982	1,516	359	23.7	320	75	107	228	44.2%	127	8.4
1981	1,343	306	22.8	166	69	92	177	47.3%	93	6.9
1980	1,117	255	22.8	173	57	90	120	46.1%	65	5.8
1979	927	200	21.6	148	49	81	81	49.7%	41	4.4

Balance Sheet Data (Million $)

Aug. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	247	928	634	1.5	3,422	6.8%	1,211	1,155	2,625	46.1	20.9%
1987	212	857	585	1.5	3,209	6.0%	1,237	1,012	2,494	49.6	19.1%
1986	171	673	529	1.3	2,916	1.9%	1,216	896	2,245	54.1	6.0%
1985	82	539	365	1.5	2,720	8.1%	1,206	903	2,250	53.6	26.2%
1984	261	605	352	1.7	2,578	8.0%	1,287	743	2,132	60.3	27.8%
1983	250	522	304	1.7	2,218	7.9%	1,068	609	1,833	58.3	30.4%
1982	210	427	274	1.6	1,745	7.8%	864	385	1,385	62.4	35.0%
1981	197	388	275	1.4	1,502	6.5%	733	297	1,154	63.5	33.0%
1980	116	283	204	1.4	1,327	5.1%	722	216	1,055	68.4	29.4%
1979	102	248	167	1.5	1,190	3.6%	700	170	971	72.1	23.1%

Data as orig reptd. 1. Reflects accounting change.

Business Summary

Humana is a leading hospital management chain operating medical care facilities and group health insurance businesses. Contributions by business segment (income in million $) in fiscal 1988 were:

	Rev.	Income
Medical care facilities	80%	$559
Group health insurance	20%	-37

As of August 31, 1989 HUM owned and operated 84 hospitals with 17,576 beds, located in 20 states, London, England and Geneva, Switzerland. All hospitals, except for one psychiatric unit, provide general medical and surgical care.

During fiscal 1988 room and board accounted for about 21% of hospital revenues, inpatient ancillary services (laboratory, medication, etc.) 60%, and outpatient 19%. Patient days of care in fiscal 1988 totaled 2,987,900 (versus 2,995,300 in fiscal 1987) and occupancy was at a 46.5% rate (46.6% in fiscal 1987). Medicare accounted for about 39% of domestic hospital gross revenues in fiscal 1988; HUM's Group Health plans 7%; Medicaid and cost-based Blue Cross plans 6%; and charge-based Blue Cross, private insurance and other 48%.

The Group Health unit offers a variety of health benefit insurance plans for employee groups and Medicare beneficiaries, integrating those services with HUM's acute care hospitals. As of August 31, 1989 Group Health had about 926,900 members, versus 790,700 a year earlier.

Dividend Data

Dividends were initiated in 1976. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Nov 3	Dec 23	Jan. 2	Feb 1'89
0.23	Mar. 2	Mar 28	Apr. 3	May 1'89
0.26	May 11	Jun. 27	Jul. 3	Aug. 1'89
0.26	Sep. 14	Sep 27	Oct. 3	Nov. 1'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $1,140,366,000.

Common Stock: 98,439,000 shs. ($0.16⅔ par). Institutions hold approximately 72%. Shareholders of record: 36,900.

Office—Humana Bldg., 500 West Main St., Louisville, Ky. 40201-1438 **Tel**—(502) 580-1000 **Chrmn & CEO**—D. A. Jones **Pres**—W. Cherry **Secy**—A. F. Newton **Treas**—D. G. Anderson **Investor Contact**—C. E. Teeple **Dirs**—W. C. Ballard, Jr., H. J. Boone, Jr., W. Cherry, M. E. Gellert, J. D. Grissom, D. A. Jones, J. W. Landrum, C. F. Pollard, D. C. Scott, C. L. Weisberg, W. T. Young **Transfer Agents & Registrars**—Bank of Louisville, Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1964 **Empl**—49,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saftlas

ITT Corp.

NYSE Symbol ITT Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
58½	64½-49¾	9	1.48	2.5%	B	0.90

Summary

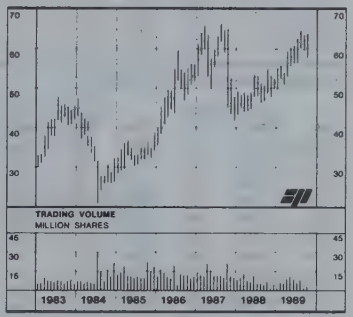
ITT is a widely diversified conglomerate. The company produces industrial goods, which include automative products and electronic components, while diversified services include hotel operations and insurance and finance subsidiaries. ITT also owns 37% of Alcatel N.V., a joint venture formed when ITT combined most of its worldwide telecommunications operations with those of Compagnie Generale d'Electricite of France.

Current Outlook

Including estimated "fresh start" tax benefits of $0.25 a share, earnings for 1989 are estimate at $6.35 a share, versus 1988's $5.99. Share earnings for 1990 could reach $7.10.

The $0.37 quarterly dividend is the minimum expectation.

Revenues are expected to advance moderately in 1989, led by higher sales of pulp and timber and automotive products. Further margin gains, as well as continuing profit improvements at Alcatel, N.V., are projected to be partially offset by a softening of the property-casualty insurance business.



Sales & Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	4.83	4.54	1.91	1.67
Jun.	5.22	4.96	2.19	1.91
Sep.	---	4.69	2.05	1.89
Dec.	---	5.16	2.40	2.13
	---	19.36	8.55	7.60

Revenues for the six months ended June 30, 1989 rose 5.7%, year to year, reflecting growth in all segments. Margins widened, and pretax earnings were up 14%. After taxes at 23.0% versus 19.8%, and minority interests, net income advanced 9.1%. Earnings were equal to $3.10 a share, up from $2.84 in the first half of 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.40	1.25	1.07	0.63
Jun.	1.70	1.59	1.73	1.19
Sep.	E1.60	1.60	1.39	0.83
Dec.	E1.65	1.55	3.01	0.80
	E6.35	5.99	7.20	3.45

Important Developments

Aug. '89— ITT said insurance operating income declined substantially in 1989's first half, reflecting the p-c market downturn and higher storm-related claims. Defense profits were aided by higher volume and wider margins, while electronic components showed modest gains. Fluid technology profits were much better due to growth in volume and an acquisition. Automotive profits, while on target, seemed to be softening. Pulp and timber profits were up on favorable pricing and higher volume, while hotel profits were hurt by foreign exchange losses. Alcatel profits rose despite a stronger U.S. dollar. An $18 million ($0.12 a share) gain on the sale of European real estate also aided earnings. Partially offsetting these gains was a $28 million ($0.19) writedown of The Hartford's interest in Thomson McKinnon when it agreed to sell its interest in that securities firm.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	[2]1984	[1]1983	[2]1982	[2]1981	[2]1980	[2]1979
Tangible Bk. Val.	56.33	53.83	45.92	40.91	38.09	38.62	38.48	38.17	38.43	33.15
Earnings[3]	5.99	7.20	3.45	1.84	2.00	4.50	4.75	4.70	6.12	2.65
Dividends	1.30¾	1.06¼	1.00	1.00	1.88	2.76	2.70	2.62	2.45	2.25
Payout Ratio	21%	14%	28%	54%	95%	59%	54%	53%	36%	84%
Prices—High	54⅞	66⅜	59½	38⅞	47⅜	47¾	34⅜	35⅝	34⅜	30⅞
Low	43¼	41¾	35⅜	28⅜	21¾	30	22⅜	25⅛	22⅞	24¼
P/E Ratio—	9-7	9-6	17-10	21-15	24-11	11-7	7-5	8-5	6-4	12-9

Data as orig. reptd. 1. Reflects merger or acquisition and acctg. change 2. Reflects merger or acquisition 3. Bef. results of disc. opers. of 0.29 in 1988, +0.08 in 1986, +0.05 in 1985, +0.97 in 1984, and spec. item(s) of -0.44 in 1987, -0.30 in 1986, -0.12 in 1981 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	19,355	2,369	12.2	524	500	[4]949	1,117	19.2%	858	4.4
1987	8,551	936	10.9	461	364	[4]343	1,371	18.2%	1,085	12.7
[5]1986	7,596	617	8.1	389	335	379	1,145	49.7%	[6]528	7.0
[7]1985	11,871	1,023	8.6	643	460	541	468	33.7%	286	2.4
[7]1984	12,701	1,111	8.7	690	451	606	315	0.7%	303	2.4
[3]1983	14,155	1,473	10.4	739	516	618	979	28.9%	[6]675	4.8
[8]1982	15,958	1,419	8.9	853	515	705	999	27.2%	703	4.4
[8]1981	17,306	1,696	9.8	985	512	803	990	27.2%	[6]695	4.0
[8]1980	18,530	1,907	10.3	1,091	503	699	1,248	24.6%	894	4.8
[8]1979	17,197	1,689	9.6	1,027	454	530	576	27.9%	381	2.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3,443	NA	NA	NA	41,941	3.1%	4,638	7,527	12,673	36.6	11.4%
1987	802	3,644	2,259	1.6	13,354	8.4%	2,478	7,312	10,403	23.8	15.6%
1986	759	3,629	2,450	1.5	12,920	3.9%	2,527	6,526	9,762	25.9	8.1%
1985	200	5,010	3,847	1.3	14,272	2.1%	2,577	5,849	9,226	27.9	4.6%
1984	131	4,850	3,579	1.4	13,277	2.2%	2,589	5,412	8,788	29.5	5.0%
1983	119	4,878	3,892	1.3	13,967	4.7%	2,783	5,417	9,196	30.3	11.9%
1982	141	5,158	3,853	1.3	14,132	4.8%	2,890	5,223	9,356	30.9	12.7%
1981	143	6,110	4,129	1.5	15,052	4.4%	3,336	5,088	10,041	33.2	12.6%
1980	175	6,796	4,731	1.4	15,417	5.7%	2,847	4,827	9,724	29.3	18.3%
1979	171	7,026	5,018	1.4	15,091	2.6%	2,964	3,970	9,200	32.2	7.8%

Data as orig. reptd., Finance subs. consol. aft. 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1986, 1984, and spec. item(s) in 1987, 1986, 1981. 3. Reflects merger or acquisition and acctg. change 4. Net of int. income. 5. Excludes disc. opers 6. Reflects acctg. change. 7. Excl. disc. opers. and reflects merger or acquisition. 8. Reflects merger or acquisition NA-Not Available

Business Summary

ITT is a widely diversified conglomerate. Segment contributions to revenues and profits in 1988:

	Revs.	Profits
Products:		
Automotive	14%	14%
Electronic components	6%	5%
Fluid technology	4%	6%
Defense technology	7%	6%
Pulp and timber	6%	14%
Services:		
Insurance	45%	29%
Finance	8%	14%
Communications	6%	4%
Hotels	4%	8%

ITT supplies components to automotive manufacturers; makes electronic products; produces fluid control systems; builds defense technology products; and owns pulp and timber operations through ITT Rayonier.

The Hartford Group offers group health and property-casualty insurance, while ITT Financial operates consumer and commercial lending operations. Other units offer long-distance telephone service and operate Sheraton Hotels.

ITT's worldwide telecommunications equipment operations were spun off into a 37%-stake in Alcatel N.V. in 1986.

Dividend Data

Cash dividends have been paid since 1951. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Nov. 7	Nov. 14	Nov. 18	Jan. '89
0.37	Jan. 10	Feb. 2	Feb. 8	Apr. '89
0.37	Apr. 11	May 8	May 12	Jul. '89
0.37	Aug. 1	Aug. 7	Aug. 11	Oct. '89

Next dividend meeting: early Nov. '89.

Capitalization

Total Debt: $12,286,000,000.

Cum. Preferred Stock: $977,000,000.

Common Stock: 129,500,000 shs. ($1 par).
Institutions hold approximately 64%.
Shareholders of record: 78,000.

Office—320 Park Ave., NYC 10022. **Tel**—(212) 752-6000. **Chrmn & CEO**—R. V. Araskog. **Pres**—DeR. C. Thomas. **VP-Secy**—J. J. Navin. **VP-Treas**—G. P. Scuria, Jr. **Investor Contact**—R. D. Allen. **Dirs**—B. B. Anderson, R. V. Araskog, R. A. Burnett, M. David-Weill, T. W. Keesee, Jr., P. G. Kirk, Jr., E. C. Meyer, B. F. Payton, C. R. Powell, R. A. Schoellhorn, DeR. C. Thomas, M. E. White, M. C. Woodward, Jr. **Transfer Agent**—Company's office **Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Maryland in 1920, reincorporated in Delaware in 1968 **Empl**—117,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Idaho Power

NYSE Symbol IDA

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
29⅜	29⅜-22	13	1.86	6.3%	B+	0.40

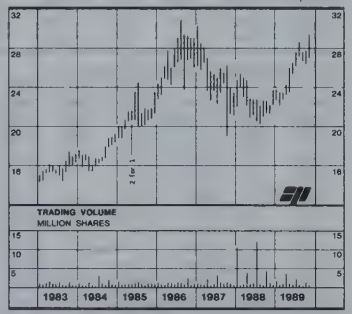
Summary

This utility provides electric service in Idaho and, to a much lesser extent, in eastern Oregon and northern Nevada. In a normal year about 66% of power generation is hydroelectric; most of the remainder is coal. Profits for the first nine months of 1989 rebounded sharply from 1988's abnormally low level, principally reflecting a return to near-normal streamflow conditions. Assuming normal weather conditions in 1990, a small earnings gain is expected.

Current Outlook

Earnings for 1990 could approximate $2.40 a share, up from the $2.30 projected for 1989.
Dividends are expected to continue at $0.46½ quarterly.

Assuming a continuation of normal streamflow conditions, slightly favorable earnings comparisons are expected for 1990 on the basis of modest rate relief granted in mid-1989, a stronger regional economy, growth in the customer base, improved operating efficiencies, and IDA's efforts to increase wholesale electric power sales. No additional rate relief will be needed in 1990. Pending legislation governing acid rain emissions should have a minimal effect on the company's operations.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	132.4	102.9	96.3	117.1
Jun.	119.1	98.4	98.4	98.3
Sep.	128.2	111.6	103.6	103.1
Dec.	---	99.4	96.3	90.3
	---	412.3	394.6	408.9

Operating revenues for the nine months ended September 30, 1989 advanced 21%, year to year, reflecting strong sales to all customer classes and growth in the number of customers. Helped by improved streamflows, rate relief, and greater operating efficiencies, operating income was up 54%. After significantly higher other income and interest charges, net income rose to $61.2 million from $26.5 million. Earnings per share were $1.80, versus $0.78.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.69	0.27	0.41	0.61
Jun.	0.56	0.14	0.27	0.36
Sep.	0.55	0.37	0.41	0.58
Dec.	E0.50	0.54	0.20	0.45
	E2.30	1.32	1.30	2.00

Important Developments

Nov. '89— Idaho Power said that through September nearly 60% of its energy produced came from water, a significant increase in hydroelectric generation over last year that allowed the company to reduce production at its coal fired facilities. IDA added that it was also benefiting from the continued strengthening of the economy within its service territory and brisk business activity.

Nov. '89— The company announced that it had formed Ida-West Energy Company, a wholly-owned subsidiary, to develop independent energy projects and sell energy from such projects in the bulk power market. IDA said that it was optimistic about Ida-West's future and believed that it signaled its ability to adapt to the changes occurring within the electric utility industry.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.20	16.50	17.31	17.18	16.64	15.68	14.94	14.19	14.01	14.18
Earnings[1]	1.32	1.30	2.00	2.16	2.83	2.25	2.36	1.53	1.52	1.21
Dividends	1.80	1.80	1.76	1.68	1.59	1.49	1.38	1.29	1.23	1.17
Payout Ratio	136%	138%	88%	78%	60%	66%	59%	85%	81%	97%
Prices—High	25⅜	30¼	30⅞	24½	19⅜	17½	14⅝	11⅜	11⅞	13¼
Low	20¼	19	22¾	18¾	15½	14⅜	10⅜	9½	9⅛	10⅛
P/E Ratio—	19-15	23-15	15-11	11-9	7-6	8-6	6-4	7-6	8-6	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1985. 1. Bef. spec. item(s) of +0.33 in 1987. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	412	51.7	34.7	76.5%	1.99	4.7	21.7%	49	11.9	6.8	7.7
1987	395	50.9	29.0	76.9%	2.15	5.2	33.8%	48	12.2	6.9	7.4
1986	409	49.3	31.9	71.9%	2.81	7.4	37.4%	78	19.2	8.6	11.5
1985	451	45.6	37.1	74.0%	2.94	13.9	35.2%	85	18.8	8.7	12.7
1984	428	41.0	35.6	69.1%	3.54	20.5	38.1%	100	23.4	9.9	16.2
1983	376	39.0	34.5	68.6%	3.07	12.6	39.5%	88	23.4	9.5	14.6
1982	368	35.4	32.2	65.1%	---	5.6	41.9%	80	21.8	10.3	15.4
1981	300	28.8	29.2	69.1%	---	11.6	30.9%	48	16.0	8.7	10.8
1980	263	25.5	22.4	69.8%	---	12.1	33.0%	43	16.2	8.0	10.5
1979	208	19.4	19.0	73.3%	---	16.7	20.2%	31	15.0	6.7	8.3

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,920	64	1,421	6.8	1,459	556	46.9	59	5.0	571	48.1
1987	1,865	39	1,413	6.4	1,483	567	46.7	59	4.9	587	48.4
1986	1,836	50	1,427	8.0	1,493	586	47.3	59	4.8	593	47.9
1985	1,794	74	1,429	8.3	1,566	616	46.5	124	9.3	586	44.2
1984	1,728	99	1,398	9.6	1,514	605	47.1	124	9.6	556	43.3
1983	1,634	104	1,341	9.0	1,450	579	46.6	150	12.0	513	41.4
1982	1,544	98	1,284	10.2	1,364	559	47.3	150	12.6	474	40.1
1981	1,465	127	1,236	7.8	1,228	581	53.2	117	10.7	394	36.1
1980	1,343	124	1,140	7.3	1,122	556	55.5	62	6.1	384	38.4
1979	1,224	141	1,043	5.6	1,046	538	57.1	62	6.5	344	36.4

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. Electric plant.

Business Summary

Idaho Power supplies electricity in an area of 20,000 square miles (Snake River Valley) in southern Idaho, eastern Oregon and northern Nevada with a population of about 626,000 people. The principal cities served are Boise, Pocatello, Twin Falls, Nampa, and Caldwell. About 91% of revenues are derived from Idaho. Contributions by class of customers in recent years:

Revenues	1988	1987	1986	1985
Commercial-industrial	38%	39%	37%	33%
Residential	36%	35%	34%	31%
Irrigation/other	18%	17%	15%	14%
Other utilities	8%	9%	14%	22%

The fuel mix in 1988 was 43% hydro, 45% coal and 12% purchased power. Peak load in 1988 was 2,161 mw, and system capacity was 2,838 mw, for a capacity margin of 23.9%; electricity sales were 11,892,900 mw, down 0.7% from 1987.

Because of its reliance on hydroelectric generation, IDA's generating system tends to be energy constrained rather than capacity limited. With completion of Valmy Unit 2 in 1985, the need for new generating capacity is not anticipated until near the year 2000.

Dividend Data

Dividends have been paid since 1917. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Jan. 9	Jan. 19	Jan. 25	Feb. 21'89
0.45	Mar. 9	Apr. 19	Apr. 25	May 20'89
0.46½	Jul. 13	Jul. 19	Jul. 25	Aug. 21'89
0.46½	Sep. 14	Oct. 19	Oct. 25	Nov. 20'89

Next dividend meeting: early Jan.'90.

Finances

Total cash construction expenditures for the 1989-1994 period have been estimated at about $520.3 million.

Capitalization

Long Term Debt: $556,441,000.

Cum. Preferred Stock: $58,942,000.

Common Stock: 33,977,000 shs. ($2.50 par).
Institutions hold about 28%.
Shareholders of record: 32,225.

Office—1220 W Idaho St. (P.O. Box 70), Boise, Idaho 83707. **Tel**—(208) 383-2200. **Chrmn & CEO**—J. W. Marshall **Pres & COO**—W. W. Anderson. **VP & Treas**—D. K. Bowers **VP, CFO & Investor Contact**—D. D. Hammond, Jr (208) 383-2655. **Dirs**—W. W. Anderson, R. D. Bolinder, J. E. Bruce, G. L. Coiner, A. D. Dunn, J. A. Elorriaga, R. V. Hansberger, E. Loveless, J. W. Marshall, J. H. Miller, R. T. Norman, G. C. Rose, P. Soulen **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Maine in 1915; reincorporated in Idaho in 1989 **Empl**—1,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Illinois Power

NYSE Symbol IPC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
18⅞	21¾-13⅜	NM	¹---	¹---	B+	0.49

Summary

This electric and gas utility serves a 15,000-square-mile area composed of parts of northern, central and southern Illinois. Auditors noted in their report on IPC's 1988 financial statements that there were significant uncertainties with respect to various matters related to the Clinton nuclear station. IPC reported a large loss for the first nine months of 1989 due to a $346 million write-off of disallowed Clinton costs. Another large write-off is possible in 1990. The common dividend was omitted in early 1989.

Current Outlook

Earnings of $1.20 a share are expected for 1990 (excluding any possible write-offs), versus a loss of $4.00 anticipated for 1989, which includes disallowed Clinton costs of some $4.62.

In April, 1989 directors omitted the $0.66 quarterly dividend on the common stock.

A return to modest profitability is seen for 1990, reflecting the likelihood of rate relief being granted after mid-year, lower financing costs tied to a projected drop in interest rates, and a major cost-cutting campaign. Besides the amount of rate relief eventually obtained, another uncertainty is whether additional write-offs will be required. If the Illinois PSC determines that all or a part of Clinton's generating capacity is not "used and useful," another substantial write-off could result.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	327	334	326	356
Jun.	280	271	254	245
Sep.	392	392	348	304
Dec.	---	288	292	279
	---	1,285	1,220	1,184

Operating revenues for the nine months ended September 30, 1989 edged up 0.3%, year to year. Hurt by both scheduled and unscheduled plant outages, operating income fell 7.4%. After a write-off of $346 million (net) for disallowed Clinton plant costs, there was a net loss of $287.3 million, versus net income of $149.6 million. The loss per share was $4.21 (on 6.7% more shares), versus earnings of $1.73 (before a special credit of $0.49).

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.25	d4.83	0.27	0.94
Jun.	E0.30	d0.14	0.23	0.81
Sep.	E0.50	0.70	1.21	1.54
Dec.	E0.15	E0.27	d0.05	0.46
	E1.20	Ed4.00	1.66	3.75

Important Developments

Nov. '89— The company reported that since returning to service on August 8 the Clinton nuclear unit had operated continuously. Of the four forced outages occurring earlier in the year following start-up for the second operating cycle, all were nonnuclear in nature and unrelated.

Oct. '89— Illinois Power said that the Illinois PSC had set the following revised schedule for rebuttal and cross-examination regarding the company's July filing for a one-time retail rate increase of $264.5 million (28.2%): December 27 IPC to file rebuttal testimony, February 5, 1990 cross examinaton of all parties, and June 11 deadline for rate order. Illinois Power believes that such a rate increase is necessary to move it toward an adequate level of financial integrity and to protect the interests of shareholders.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	24.98	25.95	24.99	24.15	23.34	22.60	21.35	21.17	21.59	21.90
Earnings²	1.66	3.75	3.98	3.48	4.02	3.80	3.04	2.84	2.87	2.70
Dividends	2.64	2.64	2.64	2.64	2.64	2.48	2.48	2.38	2.33	2.28
Payout Ratio	159%	70%	66%	76%	66%	65%	82%	84%	81%	84%
Prices—High	25⅛	31½	32	27½	23⅞	24⅛	23⅞	21⅜	22½	23¾
Low	16½	21¼	23⅛	21⅜	17⅝	19⅜	18⅝	16⅝	15¾	17½
P/E Ratio—	15-10	8-6	8-6	8-6	6-4	6-5	8-6	8-6	8-5	9-6

Data as orig reptd 1. Dirs omitted dwd Apr 28, 1989 2. Bef spec item(s) of +0.48 in 1988 NM-Not Meaningful d-Deficit E-Estimated

December 22, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	¹Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	²Net Inc.	% Return On Revs.	% Return On ³Invest. Capital	% Return On Com. Equity
1988	1,285	184	85.0	80.9%	2.18	3	29.4%	155	12.1	5.6	6.3
1987	1,220	147	80.3	80.9%	3.06	110	19.1%	290	23.7	8.2	14.3
1986	1,184	72	58.6	82.5%	3.25	219	20.5%	293	24.7	9.2	15.9
1985	1,167	70	50.7	82.5%	3.08	162	26.2%	240	20.6	9.2	14.4
1984	1,281	69	47.8	82.5%	3.59	119	34.4%	235	18.4	10.2	17.0
1983	1,278	67	45.3	83.5%	3.89	86	38.3%	208	16.3	10.0	17.1
1982	1,107	62	45.0	85.6%	---	78	34.2%	156	14.1	9.1	14.6
1981	964	60	44.7	85.8%	---	61	34.4%	127	13.2	8.4	13.4
1980	883	58	40.2	85.9%	---	51	36.2%	114	12.9	8.2	13.4
1979	752	56	37.8	85.9%	---	39	35.1%	91	12.1	7.6	12.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	⁴Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	6,408	115	5,154	4.7	5,588	2,341	49.7	475	10.1	1,896	40.2
1987	6,325	264	5,246	4.5	5,387	2,279	49.6	475	10.3	1,841	40.1
1986	5,905	710	4,960	4.5	4,986	2,080	48.6	511	11.9	1,692	39.5
1985	5,209	871	4,325	5.2	4,372	1,837	48.6	401	10.6	1,539	40.8
1984	4,407	553	3,583	6.7	3,699	1,502	47.1	351	11.0	1,337	41.9
1983	3,868	360	3,104	7.1	3,175	1,292	47.3	301	11.0	1,138	41.7
1982	3,544	413	2,835	6.0	2,823	1,167	48.0	251	10.3	1,013	41.7
1981	3,148	350	2,487	5.8	2,430	972	46.7	251	12.1	859	41.2
1980	2,851	316	2,244	5.9	2,300	991	49.7	251	12.6	751	37.7
1979	2,546	292	1,989	5.7	2,001	867	49.9	215	12.4	655	37.7

Data as orig reptd 1. Times int exp & pfd. divs. covered (pretax basis) 2. Bef. spec. item(s) in 1988 3. Based on income before interest charges 4. Excl nuclear fuel afr. 1987

Business Summary

Illinois Power supplies electricity and natural gas to a population of about 1,595,000 in Illinois. Electric operations provided 74% of revenues and 91% of operating income in 1988, and gas activities provided 26% and 9%, respectively. Revenues by type of customer in 1988:

	Electric	Gas
Residential	39%	62%
Commercial	23%	21%
Industrial	33%	14%
Other	5%	3%

The fuel mix in 1988 was 74% coal and 26% nuclear, with negligible contributions from oil and gas. Peak demand in 1988 was 3,775 mw, and system capacity was 4,286 mw, for a capacity margin of 11.9%. Gas sales in 1988 were 678 million therms, up 19% from 570 million therms in 1987.

The cost of the company's construction program for 1989-1993 period was estimated at $715 million. With operation of the 950,000 kilowatt Clinton nuclear unit on November 24, 1987, the company expected that additional generating capacity would not be required until after the year 2000.

Dividend Data

Common dividends were omitted on April 28, 1989 after having been paid since 1947. Dividends on the preferred and preference stock have been maintained. Common dividends in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.66	Dec. 6	Jan. 4	Jan. 10	Feb. 1'89
0.66	Feb. 8	Apr. 4	Apr. 10	May 1'89

Finances

Auditors noted in their report on IPC's 1988 financial statements that there were significant uncertainties with regard to various matters related to the Clinton nuclear power station.

Capitalization

Long Term Debt: $2,523,129,000.

Red. Cum. Preferred Stock: $160,000,000.

Cum. Pfd. & Pref. Stock: $315,171,000

Common Stock: 75,526,927 shs. (no par).
Institutions hold about 35%.
Shareholders of record: 95,887.

Office - 500 South 27th St., Decatur, Ill. 62525 **Tel** (217) 424-6600 **Chrmn**—W. J. Kelley **Pres**—L. D. Haab **Treas & Investor Contact** R. A. Schultz **VP-Secy**—L. M. Stetzner **Dirs**—R. R. Berry, F. W. Considine, D. P. Hall, L. D. Haab, G. J. Hansen, W. J. Kelley, D. E. Lasater, E. J. Milligan, D. S. Perkins, R. M. Powers, B. F. Schenk, C. W. Wells, G. R. Worley, V. K. Zimmerman **Transfer Agent & Registrar**—Continental Bank N. A., Chicago **Incorporated** in Illinois in 1923 **Empl**—4,663

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Illinois Tool Works

1186M

NYSE Symbol ITW Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
40¼	47½-33	14	0.60	1.5%	A-	1.42

Summary

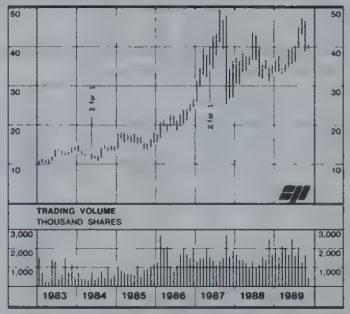
Illinois Tool Works makes industrial components and other specialty products and equipment for high-volume manufacturing. Primary markets include the automotive, food, and construction industries. Higher revenues, some expansion in margins and a probable decrease in interest expense should lead to higher earnings for 1990. In April, 1989 ITW completed the acquisition of Ransburg Corp. for $180.8 million.

Current Outlook

Earnings for 1990 are projected at $3.50 a share, versus the $3.05 estimated for 1989.

Dividends were raised 25%, to $0.15 quarterly from $0.12, with the September, 1989 payment.

Revenues for 1990 are expected to rise less rapidly, reflecting the diminished impact of the Ransburg acquisition and slower growth in core businesses. Revenue growth in existing units will probably be restricted by slower activity in the U. S. auto and construction markets. Margins should improve as a result of lower raw material costs and decreased expense for integrating acquisitions. Assuming no major acquisitions, interest expense should decline and earnings should rise.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	494	454	401	177
Jun.	573	503	425	203
Sep.	547	483	420	192
Dec.	---	490	452	389
	---	1,930	1,698	961

Revenues for the nine months ended September 30, 1989 rose 12%, year to year, reflecting gains in both business segments. Margins narrowed slightly, and the gain in operating income was pared to 11%. Aided by lower nonoperating expense, pretax income advanced 15%. After taxes at 39.9%, versus 40.1%, net income rose 16%. Share earnings were $2.29, versus $2.01.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.60	0.47	0.30
Jun.	0.83	0.74	0.56	0.38
Sep	0.76	0.67	0.51	0.35
Dec.	E0.76	0.65	0.52	0.53
	E3.05	2.66	2.06	1.56

Important Developments

Apr. '89— The company completed the acquisition of Ransburg Corp. for $21 a share or a total of approximately $181 million. Ransburg is primarily a manufacturer and distributor of electrostatic finishing systems for liquid and powder coatings, equipment for detecting and neutralizing static in manufacturing devices, and industrial balancing equipment and systems. Ransburg reported a net loss of $7.5 million on revenues of $236.7 million for 1988.

Feb. '89— ITW acquired Lakeville Corp., a manufacturer of injection molded parts for the automotive and business machine industries, for 118,679 shares of common stock.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[1]1984	[1]1983	1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	10.04	7.47	4.59	7.71	7.28	13.06	6.13	5.85	5.37	4.72
Earnings	2.66	2.06	1.56	0.63	1.20	1.00	0.82	0.91	0.91	0.85
Dividends	0.44	0.39	0.36	0.34	0.31⅜	0.29	0.27½	0.27	0.25½	0.23⅞
Payout Ratio	17%	19%	23%	54%	26%	29%	34%	30%	28%	28%
Prices—High	43¾	49½	26⅞	18⅛	14⅞	14½	10¾	8⅜	7⅜	7½
Low	30¼	25¼	15½	13⅝	10⅝	9½	6¼	6⅜	5⅛	5⅝
P/E Ratio—	16-11	24-12	17-10	29-22	12-9	15-10	13-8	9-7	8-6	9-7

Data as orig reptd. Adj. for stk div(s) of 100% May 1987, 100% May 1984 1. Reflects merger or acquisition E-Estimated

November 16, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,930	335	17.3	84	74.5	26.1	233	39.9%	140	7.3
1987	1,698	297	17.5	61	73.0	33.4	200	46.9%	106	6.3
[2]1986	961	162	16.9	221	44.8	14.5	148	46.3%	[3]80	8.3
1985	596	109	18.3	47	27.3	1.9	70	54.9%	32	5.3
[2]1984	592	120	20.2	45	25.7	1.9	99	39.2%	60	10.1
[2]1983	498	92	18.5	29	24.0	2.4	83	40.2%	50	10.0
1982	447	85	19.0	24	22.7	2.0	70	42.5%	40	9.0
[2]1981	456	90	19.8	44	22.1	2.3	77	42.4%	[3]44	9.7
[2]1980	402	82	20.5	29	18.8	1.0	78	43.2%	44	11.0
1979	398	84	21.1	30	17.9	1.2	74	44.3%	41	10.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26.7	714	321	2.2	1,380	10.4%	226	745	1,038	21.8	20.5%
1987	32.1	674	342	2.0	1,285	8.2%	310	609	925	33.5	19.5%
1986	27.1	598	304	2.0	1,276	8.8%	468	477	961	48.7	17.9%
1985	53.8	262	90	2.9	522	6.3%	10	403	423	2.4	8.1%
1984	66.4	262	79	3.3	484	12.8%	11	378	399	2.8	16.7%
1983	81.9	244	81	3.0	450	11.7%	12	340	364	3.2	15.4%
1982	44.9	189	63	3.0	395	10.3%	10	302	327	3.1	13.6%
1981	32.7	183	69	2.6	382	12.2%	14	286	306	4.4	16.2%
1980	74.1	198	69	2.9	344	13.5%	3	262	270	1.1	17.9%
1979	64.9	186	73	2.6	315	14.1%	2	231	238	0.7	19.2%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol subs 2. Reflects merger or acquisition. 3. Reflects acctg. change

Business Summary

Illinois Tool Works primarily manufactures engineered industrial components for a variety of industries in markets worldwide. The company also manufactures machines to produce or apply products and components which it has developed. In September, 1986 ITW doubled its size with the acquisition of Signode Industries, a maker of steel and plastic strapping, packaging and fastening systems. Industry segment contributions in 1988:

	Sales	Profits
Engineered components	50%	45%
Industrial systems & consumables	50%	55%

Foreign operations accounted for 38% of total revenues and 43% of operating profits in 1988.

Engineered components consist of automotive, electronic, medical, plastic and metal components; specialty gearing and components; and thermoplastic profile extrusions. Markets include aerospace, appliance, automotive, truck, computer, electrical equipment and electronics, furniture, and health care equipment.

Industrial systems and consumables include data entry products; multipackaging products and systems; perishable cutting tools; and precision instruments and systems. Markets include aerospace, agricultural, automotive and truck, aviation, brewery, canned goods, and electronics.

Dividend Data

Dividends have been paid since 1933.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Dec. 9	Jan. 30	Feb. 3	Mar. '89
0.12	Feb. 17	May 2	May 8	Jun. '89
0.15	Jun. 16	Aug. 1	Aug. 7	Sep. '89
0.15	Oct. 20	Oct. 31	Nov. 6	Dec. '89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $340,314,000.

Common Stock: 53,262,299 shs. (no par).
The Smith family has a controlling interest.
Institutions hold about 67% (incl. some Smith family stock).
Shareholders of record: 3,620.

Office—8501 West Higgins Rd., Chicago, Ill 60631 **Tel**—(312) 693-3040 **Chrmn & CEO**—J. D Nichols **VP-Secy**—A. M Wright **VP-Treas**—D B Smith **Investor Contact**—S. J. Kaye. **Dirs**—S. S. Cathcart, R. M. Jones, G. D. Kennedy, R. H. Lee, J. D Nichols, J. T. Schanck, E. B. Smith, H. B Smith, Jr., E. F. Swift, J. W. Vesey, O. J. Wade. **Transfer Agent & Registrar**—Continental Bank, Chicago. **Incorporated** in Delaware in 1961 **Empl**—14,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Imperial Chemical Industries 1186W

NYSE Symbol ICI Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
71	87¼-68⅝	7	[1]3.98	[1]5.6%	A	1.16

Summary

One of the world's largest chemical companies, this British firm's product line includes pharmaceuticals, agricultural chemicals, synthetic fibers, paints, petrochemicals, and inorganic chemicals. ICI has reduced its breakeven level through aggressive cost cutting and productivity improvements and has shifted its product mix to specialty chemicals and products while increasing its geographic diversity. Earnings in sterling for 1989 are expected to rise, but slow economic growth will hurt the 1990 performance.

Current Outlook

Earnings for 1990 and 1989 are both projected at $8.50 per ADS (translated at £1$1.60).

The interim dividend from 1989 earnings of about $1.54 per ADS (after 15% British tax) was paid in October, 1989. Total dividends of $3.82 per ADS were paid from 1988 earnings.

Profits (in £ sterling) for 1990 are expected to be virtually unchanged from 1989 due to slower economic growth in the UK and U.S. and lower selling prices for plastics and petrochemicals. New product marketing and research costs will limit gains in the pharmaceuticals and specialty businesses. The pesticide unit should advanced with stronger demand in the U.S., but difficult conditions are expected to continue for the fertilizer business despite benefits of a restructuring program.

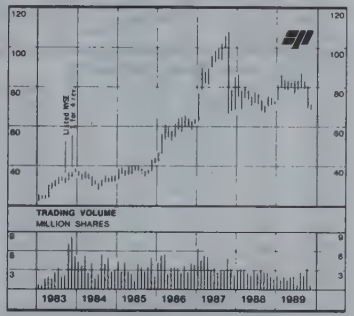
Net Sales (Billion $)

Period:	1989	1988	1987	1986
3 Mos. Mar.	5.42	5.52	4.42	3.72
6 Mos. Jun.	10.30	10.09	8.97	7.70
9 Mos. Sep.	16.06	14.71	13.51	10.72
12 Mos. Dec. ...		21.06	20.80	15.00

Sales (in British pounds) for the first nine months of 1989 rose 13%, year to year, reflecting higher prices and volumes and favorable currency exchange rates. With profit gains in drugs, pesticides and industrial products, net income advanced 10%. Earnings per ADS were $7.06, versus $6.50 (before a $0.42 special charge), both translated at £1=$1.63.

ADS Earnings ($)

Period:	1989	1988	1987	1986
3 Mos. Mar.	2.65	2.37	1.82	1.08
6 Mos. Jun.	5.08	4.77	3.81	2.64
9 Mos. Sep.	7.06	6.74	5.67	3.85
12 Mos. Dec. ...		9.34	8.50	5.45



Important Developments

Oct. '89— ICI said that the decline in third quarter earnings from 1988 levels ($1.71 per ADS versus $1.98) reflected some softening of demand and margins in a number of markets, and specific problems in fertilizers, films and paints. The third quarter was also affected by production problems and reorganization costs. ICI announced the further restructuring of the UK fertilizer business, including the closing of four plants due to reduced demand. ICI agreed to sell its U.S. OTC drug business (annual sales of $125 million) to a joint venture between Johnson & Johnson and Merck & Co. in return for the antidepressant Elavil from Merck and a substantial cash payment. ICI valued the exchange at $450 million. ICI expected to soon introduce in the U.S. its prostate cancer drug Zoladex and its new anaesthetic Diprivan.

Next earnings report expected in late February.

Per ADS Data ($)

Yr. End Dec. 31	1988	[2]1987	[2]1986	[2]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	41.32	38.12	33.07	30.99	28.58	31.63	32.96	38.00	44.00	42.60
Earnings[3]	9.34	8.50	5.45	4.98	4.56	3.79	1.56	2.48	2.12	6.64
Dividends[4]	3.82	3.39¼	2.64	2.31½	1.77⅞	1.66⅜	1.39⅝	1.60⅜	1.60⅞	1.88⅞
Payout Ratio	41%	40%	48%	46%	39%	44%	90%	65%	76%	28%
Prices—High	86½	108⅛	65⅝	44⅛	37⅛	38½	26½	30½	37½	34½
Low	67	62¾	42⅛	33	27¾	22	18½	18	29	27
P/E Ratio—	9-7	13-7	12-8	9-7	8-6	10-6	17-12	12-7	18-14	5-4

Data as orig. reptd., translated to U.S. $ at yr.-end exchange rates. Adj. for 1-for-4 reverse split of ADRs in Nov. 1983. 1. Paid in the past 12 mos. (approx.); net aft. 15% British tax to U.S. residents. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of -0.47 in 1988, -0.39 in 1986, -0.37 in 1985, -0.15 in 1984, -0.18 in 1983, -0.06 in 1981, -2.44 in 1980, -0.24 in 1979. 4. Paid from yr.'s earns.; incl. final divd. paid after yr.-end.

November 16, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	21,058	3,188	15.1	1,460	871	405	2,646	36.7%	1,586	7.5
[3]1987	20,800	2,966	14.3	1,636	868	393	2,453	38.4%	1,421	6.8
[3]1986	15,001	2,122	14.1	1,314	784	299	1,504	37.6%	888	5.9
[3]1985	15,444	1,856	12.0	1,221	693	305	1,313	33.7%	795	5.1
1984	11,475	1,594	13.9	529	510	217	1,197	36.1%	701	6.1
1983	11,988	1,414	11.8	524	633	282	899	32.5%	576	4.8
1982	11,905	1,039	8.7	473	647	367	419	35.5%	235	2.0
1981	12,603	1,279	10.2	787	666	406	642	33.1%	368	2.9
1980	13,653	1,400	10.3	1,730	791	344	679	43.3%	311	2.3
1979	11,912	1,802	15.1	1,686	550	266	1,243	18.6%	956	8.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	821	8,611	5,418	1.6	16,920	9.5%	2,929	7,065	10,440	28.1	23.4%
1987	1,209	8,561	5,554	1.5	16,432	9.6%	2,826	6,442	9,916	28.5	23.6%
1986	1,024	6,517	3,755	1.7	12,855	7.1%	2,276	5,424	8,360	27.2	16.9%
1985	1,148	6,427	3,748	1.7	11,976	7.0%	1,739	5,020	7,505	23.2	16.5%
1984	1,171	5,587	3,097	1.8	10,334	6.5%	1,518	4,424	6,675	22.7	15.0%
1983	1,124	5,618	3,020	1.9	11,066	5.0%	1,841	4,839	7,359	25.0	11.7%
1982	963	5,616	3,294	1.7	11,805	1.8%	2,293	4,928	7,978	28.7	4.4%
1981	1,377	6,440	3,790	1.7	13,669	2.6%	2,767	5,642	9,259	29.9	6.0%
1980	1,051	6,293	3,466	1.8	14,535	2.2%	2,967	6,524	10,356	28.7	4.8%
1979	854	5,929	2,989	2.0	12,813	8.1%	2,483	6,189	9,271	26.8	17.0%

Data as orig. reptd.; translated to U.S. $ at yr.-end exchange rates. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1986, 1985, 1984, 1983, 1981, 1980, 1979. 3. Reflects merger or acquisition.

Business Summary

ICI is one of the world's largest chemical companies with a broad line of consumer, specialty, industrial and agricultural products. Pharmaceuticals (9% of 1988 sales and 22% of trading profits, before intergroup eliminations) include cardiovascular and cancer drugs, antiseptics, antibiotics and anaesthetics. ICI Paints (11% and 7%) is the world's largest paint producer. Specialty businesses (17% and 10%) consists of polyurethane chemicals, dyes and pigments, polyester and polypropylene films, specialty chemicals, and advanced materials. General Chemicals (16% and 19%) includes salts, chlorine and derivatives, caustic soda, soda ash, and PVC. Petrochemicals and plastics (22% and 29%) include ethylene, aromatics, ethylene oxides and derivatives, and polypropylene, acrylic and polyester polymers. Fibers (5% and 3%) are used for apparel, carpet and industrial uses. Explosives (3% and 3%) include commercial explosives and accessories. Agriculture consists of pesticides and seeds (10% and 8%) and nitrogen and compound fertilizers (7% and -1%).

The United Kingdom accounted for 41% of 1988 sales (19% domestic sales and 22% exports, before elimination of intergroup sales) and 43% of trading profits. Contributions to sales and trading profits by overseas markets were: Continental Europe 20% and 19%, the Americas 23% and 22%, Asia Pacific 13% and 13%, and others including India 3% and 3%.

Dividend Data

The company normally pays an interim dividend from a year's earnings in October and a final dividend in April or May of the following year. Payments on the ADS in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2.4414*	Feb. 23	Mar. 17	Mar. 23	May 5'89
1.5398*	Jul. 27	Aug. 18	Aug. 24	Oct. 10'89

*Net aft. 15% British tax.

Finances

Capital spending in 1988 was £811 million, versus £708 million in 1987. Acquisitions totaled £265 million, against £544, including Stauffer Chemical Co. R&D spending totaled £565 million, up 23% from £461 million in 1987.

Capitalization

Long Term Debt: £1,651,000,000.

Minority Interest: £337,000,000.

Ordinary Stock: 692,307,398 shs. (£1 par).
Each American Depositary Share represents 4 ordinary shares.
Shareholders of record: 357,176.

Office—Imperial Chemical House, Millbank, London SW1P3JF, England (U.S. 645 Fifth Ave., NYC 10022) **Tel**—(212) 644 9292) **Chrmn**—D. H. Henderson **Secy**—D. J. Allen **CFO**—J. T. Harrison **U.S. Investor Contact**—V. Lehney **Dirs**—J. D. F. Barnes, A. W. Clements, P. Doyle, R. C. Hampel, C. Hampson, D. H. Henderson, T. O. Hutchinson, Sir Alex Jarratt, W. G. L. L. Kiep, Sir Patrick Meaney, Sir Jeremy Morse, S. Saba, Lord Thomson, P. A. Volcker, T. H. Wyman **Depositaries for ADRs**—Citibank, NYC, Morgan Guaranty Trust Co., NYC **Registered** in England in 1926 **Empl**—130,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Inco Ltd.

NYSE Symbol N Options on Toronto (Feb-May-Aug-Nov) & ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
29½	37⅝-25⅝	4	[1]1.00	[1]3.4%	B-	1.06

Summary

This Canadian company is the largest in the nickel industry, with about 34% of the non-Communist world market; it also produces copper. Costs were cut in the mid-1980s through application of more mechanized mining techniques. After a strong recovery by the nickel market in 1987-89, earnings for 1990 may fall substantially, reflecting sluggish economic growth. Dividends were recently raised 25%.

Current Outlook

Earnings for 1990 are projected at $4.75 a share, off sharply from 1989's estimated $6.60.

Regular dividends were increased 25%, to $0.25 quarterly from $0.20, with the October, 1989 payment; a $10.00 special dividend was distributed in December, 1988.

Sales for 1990 may decline moderately, reflecting expected lower average nickel and copper realizations. Nickel demand should be little changed on a plateauing of stainless steel output; copper use is also likely to be flat. Alloy products income may decrease slightly. With the lower prices, share earnings should fall substantially despite anticipated fewer shares.

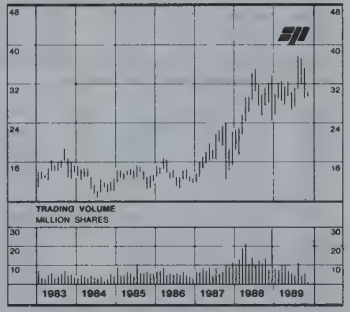
Net Sales (Million U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	1,117	676	381	375
Jun.	1,066	831	422	387
Sep.	849	784	415	306
Dec.	---	972	571	384
	---	3,263	1,790	1,452

Sales for the first nine months of 1989 rose 32%, year to year. On higher production costs, and in the absence of a $28 million net unusual gain, net income was up 14%, to $5.24 a share from $4.60. Results exclude special credits of $0.43 and $0.26 a share, respectively.

Common Share Earnings (U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	2.44	1.12	d0.08	d0.06
Jun.	1.68	1.72	0.11	0.01
Sep.	1.12	1.76	0.36	d0.01
Dec.	E1.36	1.90	0.70	d0.10
	E6.60	6.50	1.09	d0.16



Important Developments

Oct. '89— Inco (N) planned a new program to buy back an additional five million shares (4.8%) of common stock. This program would supercede the previous two million-share repurchase program, under which 1,728,800 shares were acquired.

Jan. '89— N said that it would spend some C$494 million in the next five years to reduce sulphur dioxide (SO_2) emissions from its Sudbury, Ontario smelter complex.

Jan. '89— N paid a $10 a share special dividend as part of a recapitalization plan, which included shareholder confirmation of a "poison pill" stock purchase right to ensure that all stockholders would be treated fairly in the event of a takeover attempt. The $1.07 billion dividend was financed by cash and some $500 million of added debt.

Next earnings report expected in early February.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.51	10.33	9.56	9.68	9.32	10.54	12.98	16.80	23.57	21.67
Earnings[2]	6.50	1.09	d0.16	0.28	d1.02	d2.69	d2.82	d0.10	2.56	1.58
Dividends	[3]10.70	0.20	0.20	0.20	0.20	0.20	0.20	0.59	0.69	0.50
Payout Ratio	165%	18%	NM	73%	NM	NM	NM	NM	27%	32%
Prices—High	35⅛	24	16⅞	15⅜	15¼	18¾	14¾	23⅝	33¼	24
Low	17⅜	11¾	10½	10⅜	8⅝	10¾	7⅞	12½	17¾	15¾
P/E Ratio—	5-3	22-11	NM	55-37	NM	NM	NM	NM	13-7	15-10

Data as orig. reptd. 1. In U.S. funds, bef. 15% nonresident Canadian tax, excl. 10.00 spec. dvd. in Dec. 1988 2. Bef. results of disc. opers. of -0.33 in 1981, and spec. item(s) of +0.42 in 1988, -6.08 in 1981 3. Incl. 10.00 spec. dvd. NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[5]Net Inc.	% Net Inc. of Revs.
1988	3,263	1,473	45.1	229	177	92	1,268	45.5%	691	21.2
1987	1,789	426	23.8	138	153	101	199	37.0%	125	7.0
1986	1,452	228	15.7	139	144	94	27	99.3%	Nil	Nil
1985	1,491	299	20.1	93	143	102	102	48.6%	52	3.5
1984	1,468	152	10.3	104	140	122	d55	NM	d77	NM
1983	1,173	d110	NM	71	126	[3]111	d326	NM	[1]d235	NM
1982	1,236	d96	NM	95	110	[3]148	d311	NM	d204	NM
[4]1981	1,886	357	18.9	152	140	[3]147	102	79.9%	20	1.1
1980	3,036	744	24.5	197	168	157	457	52.0%	219	7.2
1979	2,489	526	21.1	129	135	135	280	49.4%	142	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	657	1,921	2,052	0.9	4,079	19.5%	674	689	1,507	44.7	76.8%
1987	34	996	524	1.9	2,994	4.2%	811	1,084	2,204	36.8	10.9%
1986	25	905	470	1.9	2,976	Nil	941	996	2,257	41.7	NM
1985	21	1,001	496	2.0	3,083	1.7%	859	987	2,330	36.9	2.9%
1984	15	965	471	2.1	3,110	NM	1,050	914	2,572	40.8	NM
1983	16	985	456	2.2	3,183	NM	1,056	1,027	2,665	39.6	NM
1982	19	1,123	376	3.0	3,406	NM	1,129	1,173	2,993	37.7	NM
1981	35	1,568	586	2.7	3,774	0.5%	1,102	1,291	3,153	34.9	NM
1980	53	1,952	912	2.1	4,631	4.9%	1,045	1,817	3,667	28.5	11.1%
1979	74	1,685	742	2.3	4,335	3.3%	1,072	1,658	3,544	30.3	7.3%

Data as orig. reptd. 1. Reflects accounting change. 2. Incl. equity in earns. of nonconsol. subs. 3. Net of interest income. 4. Excludes discontinued operations. 5. Bef. results of disc. opers. in 1981, and spec. item(s) in 1988, 1981. NM-Not Meaningful. d-Deficit.

Business Summary

Inco (N) produces about 34% of the non-Communist world's nickel, as well as copper and other metals and metals products. Segment contributions:

1988	Sales	Op. Inc.
Primary metals	82%	97%
Alloy products	17%	3%
Other business	1%	Nil

N mined some 17 million short tons of ore in 1988. Nickel production was 434 million pounds. At year-end 1988 N had proven and probable reserves in Canada of 434 million short tons containing 6.2 million tons of nickel. Primary nickel accounted for 82% of 1988 group sales, refined copper 11%, precious metals 5%, and other metals 2%.

Inco Gold (IG), engaged in exploration, development and operation of precious metals properties, should produce 42,000 ounces of gold for its account in 1989 from its 60%-owned Casa Berardi Est (Que.) mine (started-up in September, 1988 at a rate of 60,000 ounces a year); 50%-owned Mineral Hill (Mont.) mine (opened in September, 1989 at a designed rate of 42,000 ounces a year); and 50%-owned Crixas (Brazil) mine (to open in the 1989 fourth quarter at a designed rate of 120,000 ounces a year).

Products businesses, serving aerospace, marine, energy and other markets, include Inco Alloys International, the world's largest supplier of wrought nickel alloys; and Inco Engineered Products, which makes forged and precision-machined components.

Dividend Data

Dividends have been paid since 1934. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*10.00 Spl	Nov. 8	Dec. 16	Dec. 22	Jan. 9'89
*0.20	Feb. 15	Feb. 17	Feb. 24	Mar. 20'89
*0.20	Apr. 18	Apr. 25	May 1	Jun. 1'89
*0.20	Jul. 24	Jul. 31	Aug. 4	Sep. 1'89
*0.25	Oct. 23	Oct. 30	Nov. 3	Dec. 1'89

*In U.S. funds; bef. 15% Canadian tax.

Capitalization

Long Term Debt: $1,276,575,000.

$1.96¼ Pfd. Stock: 3,235,000 shs. ($25 par).

Common Stock: 104,748,613 shs. (no par).
Institutions hold about 52%.
Shareholders of record: 26,036.

Offices—Royal Trust Tower, Toronto-Dominion Centre, Toronto, Canada M5K 1N4; One New York Plaza, NYC 10004. **Tel**—(416) 361-7511; NYC-(212) 612-5500 **Chrmn & Pres**—D. J. Phillips. **VP-Secy**—S. M. Hand **VP-Treas**—A. J. Sabatino. **Investor Contact**—N. K. Barnes **Dirs**—J. B. Aird, C. F. Baird, M. Belanger, P. Crawford, W. Gurlook, J. A. Erola, J. P. Gordon, C. H. Hantho, W. F. Light, I. McDougall, D. J. Phillips, G. T. Richardson, R. J. Richardson, R. M. Thomson. **U.S. Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in Canada in 1916. **Empl**—18,658.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A. M. Sorrentino, CFA

Ingersoll-Rand

NYSE Symbol IR Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
52 1/4	52 3/4-33 5/8	14	1.20	2.3%	B+	1.33

Summary

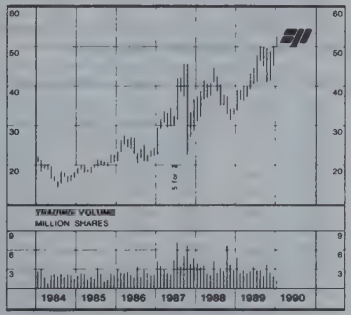
This diversified manufacturer is a major producer of air compressors and has an important stake in other nonelectrical machinery, including equipment for the mining, construction and auto industries. IR is also the largest broad-line bearings manufacturer in the U.S. Earnings for the first nine months of 1989 benefited from higher sales, wider margins and a profit turnaround at Dresser-Rand. Forecasted higher sales together with continued improvement in margins and increased profit contributions from Dresser-Rand should lead to an earnings gain in 1990.

Current Outlook

Earnings for 1990 are projected at $4.10 a share, versus the $3.70 estimated for 1989.

The $0.30 quarterly dividend may be increased in 1990.

Sales for 1990 are expected to rise less rapidly than in 1989, mostly reflecting the impact of forecasted lower auto production on the bearings, locks and tools unit. Margins should continue to improve. Benefiting further from stable interest costs and increased profit contributions from Dresser-Rand, earnings should rise.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	802	711	609	660
Jun.	907	780	664	726
Sep.	845	715	631	645
Dec.	---	815	743	768
	---	3,021	2,648	2,800

Sales for the nine months ended September 30, 1989 rose 16%, year to year, reflecting gains in all units. Aided by wider margins in all but the standard machinery unit, and a $14.3 million profit at Dresser-Rand versus a $300,000 loss, pretax income increased 37%. After taxes at 34.8%, versus 33.0%, net income rose 33%. Share earnings were $2.56, versus $1.91, before a special credit of $0.17 in the 1989 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.76	0.62	0.35	0.35
Jun.	0.98	0.75	0.40	0.39
Sep.	0.82	0.54	0.41	0.39
Dec.	E1.14	1.09	0.82	0.80
	E3.70	3.00	1.98	1.92

Important Developments

Oct. '89— IR reported a 52% increase in share earnings on an 18% rise in sales for 1989's third quarter. IR attributed the increased earnings for the third quarter and nine months of 1989 to increased demand for its products principally in the Construction Equipment, Air Compressor, Production Equipment, Bearnings and Components and Industrial Process and Machinery groups. IR also benefited from a profit turnaround the Dresser-Rand joint venture. Incoming orders for 1989's third quarter were up 8.0% over the same period in 1988. IR stated while it expected business improvement in the early 1990s, some sluggishness might occur in the near term and that the company would continue a conservative approach in day-to-day operations.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	1987	1986	[1]1985	1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	24.22	21.92	20.81	20.01	19.28	19.80	23.55	25.02	23.50
Earnings[2]	NA	3.00	1.98	1.92	1.51	1.06	d2.38	0.94	3.88	3.23
Dividends	1.16	1.04	1.04	1.04	1.04	1.04	1.04	1.32 7/8	1.36	1.32 7/8
Payout Ratio	NA	34%	53%	54%	69%	96%	NM	141%	36%	41%
Prices—High	50 1/4	44 5/8	45 3/4	27 1/2	22 3/4	22 3/8	23 1/8	23 3/8	32	32
Low	33 5/8	31	22 1/2	20 3/8	17 3/4	14 1/4	15 1/2	14 1/4	21 1/8	18 3/8
P/E Ratio—	NA	15-10	23-11	14-11	15-12	21-13	NM	25-15	8-5	10-6

Data as orig. reptd. Adj. for stk. div(s) of 150% Jul. 1987 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.19 in 1987, -0.13 in 1986 E-Estimated d-Deficit NM-Not Meaningful NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,021	362	12.0	109	76.8	36	231	30.0%	162	5.3
1987	2,648	341	12.9	89	72.6	42	161	33.0%	108	4.1
1986	2,799	313	11.2	105	74.2	64	154	34.8%	[4]101	3.6
[3]1985	2,637	275	10.4	61	71.9	64	133	40.0%	80	3.0
1984	2,478	256	10.3	56	78.8	77	98	40.0%	59	2.4
1983	2,274	128	5.6	42	81.8	83	d180	NM	d112	NM
1982	2,775	246	8.8	104	80.5	99	65	20.0%	52	1.9
1981	3,378	481	14.2	150	74.9	113	317	39.0%	193	5.7
[3]1980	2,971	446	15.0	177	76.2	88	274	41.5%	160	5.4
1979	2,542	412	16.2	105	69.8	[4]67	262	43.0%	149	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	256	1,662	685	2.4	2,483	6.9%	301	1,243	1,764	17.0	13.1%
1987	176	1,359	562	2.4	2,248	4.6%	313	1,134	1,666	18.8	9.1%
1986	231	1,441	711	2.0	2,355	4.4%	316	1,043	1,601	19.7	9.4%
1985	77	1,424	653	2.2	2,243	3.6%	420	995	1,545	27.2	7.7%
1984	179	1,441	678	2.1	2,203	2.6%	441	957	1,507	29.3	5.5%
1983	221	1,503	603	2.5	2,311	NM	599	982	1,685	35.6	NM
1982	84	1,543	529	2.9	2,403	2.1%	590	1,167	1,873	31.5	3.9%
1981	46	1,853	774	2.4	2,678	7.3%	565	1,233	1,904	29.6	15.6%
1980	50	1,773	717	2.5	2,527	6.9%	590	1,120	1,810	32.6	14.3%
1979	82	1,557	632	2.5	2,128	7.2%	378	1,026	1,496	25.3	14.5%

Data as orig. reptd.; finance subs. consol. after 1987 1. Incl. equity in earns. of nonconsol. subs 2. Bef. spec. item(s) in 1987, 1986 3. Reflects merger or acquisition 4. Reflects accounting change. d-Deficit NM-Not Meaningful

Business Summary

Ingersoll-Rand is a diversified producer of capital goods. Its primary business involves the design and manufacture of compressed air systems. Sales and operating profits in 1988:

	Sales	Profits
Standard machinery	38%	46%
Engineered equipment	13%	5%
Bearings, locks & tools	49%	49%

Foreign operations accounted for 31% of sales and 38% of operating profits in 1988.

Standard machinery includes air compressors, vacuum pumps, air drying and filtering systems, portable and packaged air compressors, pavement millers, rock drills, blasthole drills, water-well drills, continuous and long wall mining machines, crushers, coal haulers and mine service vehicles.

Engineered equipment consists of centrifical and reciprocating pumps, waterjet cutting systems, pulp and paper processing equipment, pelletizing equipment, filters, aerators and dewatering systems.

Bearings, locks and tools include needle bearings, heavy bearings, precision components, air hoists and winches, air, electric and hand tools, engine starting systems, automated production systems, door locks, electronic access systems, door closers and exit devices.

Dividend Data

Dividends have been paid since 1910. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Feb. 1	Feb. 10	Feb. 16	Mar. 1'89
0.30	May 3	May 15	May 19	Jun. 1'89
0.30	Aug. 2	Aug. 16	Aug. 22	Sep. 1'89
0.30	Nov. 1	Nov. 14	Nov. 20	Dec. 1'89

Next dividend meeting: Feb. 7'90.

Capitalization

Long Term Debt: $304,517,000.

Common Stock: 51,500,701 shs. ($2 par).
Institutions hold about 70%.
Shareholders of record: 20,440.

Office—200 Chestnut Ridge Rd., Woodcliff Lake, N.J. 07675 **Tel**—(201) 573-0123 **Chrmn, Pres & CEO**—T. H. Black **Secy**—Patricia Nachtigal **SVP-Fin**—C. H. Folley **Dirs**—T. H. Black, B. T. Byrne, J. P. Flannery, C. H. Folley, W. G. Kuhns, A. H. Massad, J. E. Phipps, D. E. Procknow, C. E. Ritchie, W. A. Strauss **Transfer Agent & Registrar**—The Bank of New York, NYC **Incorporated** in New Jersey in 1905 **Empl**—30,284

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Inland Steel Industries

NYSE Symbol IAD Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
33¼	48½–33¼	7	1.40	4.2%	B–	1.24

Summary

The nation's fourth largest integrated steelmaker, IAD produces sheet, strip and bar products for the auto, appliance and machinery industries. It also owns two leading steel service centers. IAD reported record sales and earnings for 1988, reflecting higher product prices, increased shipments and wider margins. A projected decline in sales and some narrowing of margins will probably result in lower earnings for 1989. In July, 1989 directors authorized the creation of an ESOP.

Current Outlook

Earnings for 1990 are projected at $2.90 a share, versus the $3.50 estimated for 1989.

Dividends should remain at $0.35 quarterly.

Sales for 1990 are expected to decline, reflecting the impact of forecasted lower demand from automotive, service centers and construction markets. Operating rates may decrease from those of 1989, offseting the benefit of lower raw material costs and lead to narrower margins. Despite the probable absence of nonrecurring charges in 1990, earnings will likely decline.

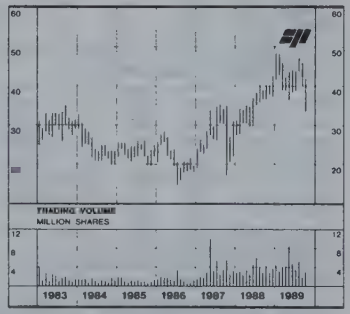
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,101	967	843	754
Jun.	1,111	1,048	845	816
Sep.	981	1,017	845	786
Dec.	---	1,037	921	818
	---	4,068	3,453	3,173

Sales for the nine months ended September 30, 1989 rose 5.4%, year to year, reflecting gains in both units. Margins narrowed, and operating profits fell 31%. Hurt further by a $17 million ($0.30 a share) nonrecurring charge, pretax income declined 37%. After taxes at 36.6%, versus 32.4%, net income fell 41%. After preferred dividends, earnings were $3.04 a share on 6.9% more shares, versus $5.36.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.38	1.39	1.96	d0.94
Jun.	1.25	2.27	0.30	0.48
Sep.	0.43	1.70	d0.04	d0.02
Dec.	E0.46	1.63	0.95	1.27
	E3.50	6.99	3.09	0.95



Important Developments

Jul. '89— IAD's directors authorized the establishment of an employee stock ownership plan (ESOP) for salaried employees. IAD sold $150 million of 7.25% convertible preferred stock to the ESOP to implement the plan. The preferred stock is convertible into common on a share-for-share basis and represents about a 10% interest in the company. Directors also authorized the repurchase of up to 3.5 million common shares in connection with the ESOP.

May '89— IAD announced that Harold C. Simmons had filed for permission from the Federal Trade Commission and the Justice Department to acquire up to 14.9% of IAD's common shares.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	42.50	36.15	32.85	34.20	42.14	44.41	51.59	60.79	60.10	61.61
Earnings[1]	6.99	3.09	0.95	d6.14	d1.93	d4.51	d6.27	2.69	1.38	6.27
Dividends	0.75	Nil	Nil	0.37½	0.50	0.50	1.12½	2.00	2.40	2.80
Payout Ratio	11%	Nil	Nil	NM	NM	NM	NM	74%	175%	45%
Prices—High	42⅝	35¼	28⅜	26	32¾	35	26¾	36	33¾	40⅜
Low	27½	17	14½	19½	19⅞	24¾	18⅛	22¼	25⅝	29¼
P/E Ratio—	6-4	11-6	30-15	NM	NM	NM	NM	13-8	24-19	6-5

Data as orig reptd 1. Bef results of disc opers of -0.55 in 1986, -1.23 in 1985, -0.22 in 1984, -0.25 in 1983, bef spec item(s) of +0.40 in 1988, +1.05 in 1987, +0.18 in 1984, +0.67 in 1982 d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,068	562	13.8	137	135	56.4	365	31.8%	249	6.1
1987	3,453	271	7.8	128	123	66.9	98	NM	112	3.2
1986	3,173	234	7.4	173	125	78.2	37	5.3%	[3]35	1.1
[4]1985	2,999	141	4.7	175	120	75.3	d148	NM	d147	NM
[4]1984	3,325	246	7.4	185	126	70.5	d34	NM	d40	NM
[4]1983	3,046	52	1.7	103	125	67.5	d177	NM	d111	NM
1982	2,808	d87	NM	94	[3]125	67.9	d241	NM	d133	NM
1981	3,755	228	6.1	135	161	68.2	69	16.8%	57	1.5
1980	3,256	171	5.2	289	145	[3]65.1	3	NM	30	0.9
1979	3,635	319	8.8	285	129	52.6	159	17.9%	131	3.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	305	1,231	511	2.4	2,925	8.8%	596	1,447	2,261	26.3	17.6%
1987	181	1,068	443	2.4	2,651	4.1%	639	1,204	2,039	31.3	8.6%
1986	109	895	467	1.9	2,527	1.2%	800	980	1,876	42.6	2.7%
1985	13	799	531	1.5	2,632	NM	922	870	1,893	48.7	NM
1984	22	781	442	1.8	2,608	NM	834	1,059	1,995	41.8	NM
1983	15	789	556	1.4	2,626	NM	788	1,118	1,929	40.8	NM
1982	55	726	461	1.6	2,629	NM	759	1,185	2,056	36.9	NM
1981	91	949	538	1.8	2,891	2.0%	778	1,295	2,268	34.3	4.4%
1980	104	957	610	1.6	2,958	1.0%	805	1,285	2,268	35.5	2.2%
1979	29	814	567	1.4	2,725	4.9%	633	1,297	2,106	30.1	10.3%

Data as orig reptd 1. Incl equity in earns of nonconsol. subs. 2. Bef results of disc. opers. in 1986, 1985, 1984, 1983 and spec item(s) in 1987, 1984, 1982 3. Reflects acctg change 4. Excl discontinued operations. NM-Not Meaningful d-Deficit

Business Summary

Inland Steel is a major integrated steel producer, and has other related operations. Contributions by business segment in 1988:

	Sales	Profits
Integrated steel	56%	72%
Steel service center	44%	28%

Raw steel production in 1988 was 6,126,000 net tons (5,519,000 in 1987); shipments totaled 5,020,000 tons (4,889,000). IAD used 94.3% of capacity in 1988, versus 84.9% in 1987. Steel shipments by market were steel service centers 29%, transportation 25%, steel converters 13%, industrial, electrical and farm machinery 11%, construction and contractors' products 10%, and other 12%.

General Motors accounted for about 8% of sales in 1988, 10% in 1987 and 13 % in 1986.

Wholly-owned Joseph T. Ryerson & Son, Inc. is the largest steel service center organization in the U.S., with 26 locations nationwide. J.M. Tull Industries, Inc., one of the 10 largest service centers in the U. S., operates a chain of metals service centers in the southeastern U.S.

Dividend Data

Common dividends were resumed in early 1988 after omission since late 1985. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Jan. 25	Feb. 3	Feb. 9	Mar. '1'89
0.35	Apr. 26	May 3	May 9	Jun. '1'89
0.35	Jul. 26	Aug. 2	Aug. 8	Sep. '1'89
0.35	Oct. 26	Nov. 6	Nov. 10	Dec. '1'90

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $588,600,000.

$2.40 Conv. Preferred Stock: 141,253 shs. (no par); red. at $44; ea. sh. conv. into 1 com. sh.

$3.625 Conv. Pfd. Stk.: 1,644,100 shs. ($1 par value); ea sh. conv. into 1.667 com. shs.

7¼% Series E Conv. Pfd. Stk.: 3,086,800 shs. ($48.594 stated value); conv. sh.-for-sh. into com.

Common Stock: 36,381,712 shs. ($1 par).
Institutions hold about 85%.
Shareholders of record: 24,300.

Office—30 W Monroe St., Chicago, Ill 60603 **Tel**—(312) 346-0300 **Chmn & CEO**—F W Luerssen **Pres**—R J Darnall **Secy**—C L Wagner **Treas**—J E Dittus **Investor Contact**—S H Saran **Dirs**—A R Abboud, C Cooper, R J Darnall, J A Henderson, F G Jacks, E Kampen, G L Keith, Jr, C W Lake, Jr, F W Luerssen, T L Martin, Jr, D S Perkins, R C Tower, A R Weber **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Delaware in 1917 **Empl**—20,639

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Intel Corp.

4249H

NASDAQ Symbol INTC (Incl. in Nat'l Market) Options on ASE, CBOE & Pacific In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
32¼	35-22⅞	17	None	None	B-	1.67

Summary

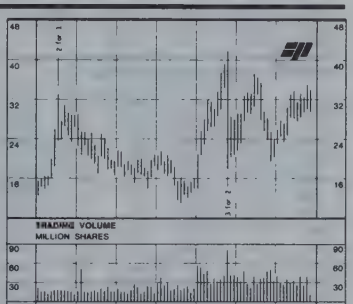
Intel is a leading manufacturer of semiconductors, microprocessors and microcomputers. Its business is closely tied to the computer industry. Following sharply higher sales and earnings in 1988, significantly lower earnings are likely in 1989, due to slowing growth in the semiconductor industry and pressure on prices. Cost reductions and the absence of nonrecurring charges should allow for a meaningful earnings increase in 1990 despite only minimal industry growth.

Current Outlook

Earnings for 1990 are expected to reach $2.50 a share, up from the $2.10 projected for 1989.

No cash dividends have been paid.

Sales are expected to increase modestly in 1990, aided by new product introductions. However, minimal industry growth will restrict the increase. The gain will also be restrained by a somewhat less favorable product mix and some pressure on prices, especially for EPROMs, although the company's decision not to license others to produce its leading 386 microprocessors should limit pricing pressures on that highly profitable line. However, any renewed weakness in the personal computer market could have a substantial impact on results. Margins are likely to widen, due to recent cost reductions and the absence of $52 million of nonrecurring charges. Long-term prospects are clouded by a resumption of intense foreign competition and the capital intensive nature of the semiconductor industry.



Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	713	636	395	280
Jun.	747	727	439	305
Sep.	771	785	501	324
Dec.	---	727	572	356
	---	2,875	1,907	1,265

Revenues for the 39 weeks ended September 30, 1989, increased 3.9%, year to year, reflecting a substantial slowing of industry growth. Operating margins narrowed and, after $52 million of nonrecurring charges, pretax income declined 23%. Following taxes at 33.0%, versus 29.7%, net income declined 27%, to $1.43 a share, from $2.05.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.52	0.54	0.11	d0.17
Jun.	0.53	0.73	0.17	d0.13
Sep.	0.38	0.78	0.29	d0.65
Dec.	E0.67	0.46	0.41	d0.09
	E2.10	2.51	0.98	d1.05

Important Developments

Oct. '89— The company said that its third-quarter earnings were reduced by a $35 million ($0.12 a share) pretax charge related to costs to terminate a computer joint venture with Siemens AG. The company added that its bookings improved as the quarter progressed and that September was especially good.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.52	7.76	7.22	8.17	7.97	6.69	4.08	3.72	3.38	2.45
Earnings[2]	2.51	0.98	d1.05	0.01	1.13	0.70	0.22	0.21	0.74	0.60
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	37¼	41⅞	21½	21¾	29	33	13⅞	13⅞	16½	11⅞
Low	19⅜	13⅞	10⅞	13⅞	16½	12⅜	6⅞	7½	9¼	5½
P/E Ratio—	15-8	43-14	NM	NM	26-15	47-18	63-32	68-37	22-12	20-9

Data as orig. reptd. Adj. for stk. divs. of 50% Oct. 1987, 100% Jul. 1983, 100% Sep. 1980, 50% Apr. 1979. 1. Refl. acctg. change 2. Bef. spec. items of +0.40 in 1987, +0.06 in 1986. d-Deficit. E-Estimated. NM-Not Meaningful.

November 17, 1989
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,875	805	28.0	477	211	78.1	629	28.0%	453	15.8
1987	1,907	417	21.9	302	171	63.0	288	39.0%	176	9.2
1986	[3]1,265	38	3.0	155	174	38.8	d175	NM	d183	NM
1985	[3]1,365	99	7.2	236	159	25.7	d5	NM	2	0.1
1984	[3]1,629	359	22.0	388	109	15.0	298	33.5%	198	12.2
1983	[3]1,122	224	20.0	145	85	16.8	178	34.9%	116	10.3
1982	[3]900	103	11.4	138	75	17.3	30	1.0%	30	3.3
1981	[3]789	93	11.7	160	63	15.1	40	32.0%	27	3.5
1980	[3]855	232	27.2	156	49	[4]7.5	185	47.8%	97	11.3
1979	[3]663	192	29.0	98	40	2.8	149	47.8%	78	11.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	971	1,970	934	2.1	3,550	14.3	479	2,080	2,616	18.3	26.0
1987	619	1,431	882	1.6	2,597	7.5	298	1,306	1,715	17.4	13.6
1986	373	1,024	374	2.7	2,080	NM	287	1,275	1,706	16.8	NM
1985	361	1,024	307	3.3	2,152	0.1	271	1,421	1,845	14.7	0.1
1984	231	958	390	2.5	2,029	10.6	146	1,360	1,639	8.9	15.8
1983	389	933	326	2.9	1,680	7.8	128	1,122	1,354	9.4	12.9
1982	85	528	223	2.4	1,056	3.1	197	552	834	23.6	5.7
1981	115	460	172	2.7	872	3.3	150	488	700	21.4	5.9
1980	128	447	147	3.0	767	15.1	150	433	620	24.2	25.9
1979	34	283	168	1.7	500	17.9	Nil	303	332	Nil	30.1

Data as orig. reptd. 1. Bef. spec. items. 2. Incl. equity in earns. of nonconsol. subs. 3. Incl. other inc. 4. Ref. acctg. change d-Deficit. NM-Not Meaningful.

Business Summary

Intel designs and manufactures semiconductor components and related single-board computers, microcomputer systems and software for original equipment manufacturers.

The company introduced the first microprocessor in 1971 and remains the world's largest manufacturer of such devices. A microprocessor is the central processing unit in a microcomputer-based system. Microprocessor peripherals, microcontrollers, microcomputer modules and systems and microcommunications products are also manufactured.

Intel is the largest supplier of EPROMs—erasable, programmable, read-only memories. Memory components store computer programs and data entered during system operation.

Software, which is a set of programming instructions that directs a microcomputer-based system to perform specific tasks, is provided for microcomputer operating systems and high-level networking.

In 1986, Intel entered the application-specific integrated circuit (ASIC) market. An ASIC is a chip designed by a customer for one application.

Foreign business accounted for 43% of sales and 37% of operating income in 1988.

Dividend Data

No cash dividends have been paid.

Finances

During 1987, Intel raised $90.4 million through the sale of warrants and also sold $110 million of 8⅛%, 10-year notes.

In June 1987, Intel purchased 13,350,000 of its common shares from IBM for $361,562,000 in cash.

Capitalization

Long Term Debt: $445,995,000 (9/89).

Capital Stock: 182,399,000 shs. (no par).
Officers & directors own more than 11%.
Institutions hold about 72%.
Shareholders: 20,239 (12/88)

Warrants: To buy 5,250,000 shs. at $30 ea. until 2/15/92 and 8,868,000 shs. at $26.67 ea. until 5/15/95.

Office—3065 Bowers Ave., Santa Clara, Calif. 95051 **Tel**—(408) 987-8080 **Chrmn**—G. E. Moore **Pres & CEO**—A. S. Grove **Investor Contact**—Gordon Casey **Treas**—H. E. Hughes Jr. **Secy**—F. T. Dunlap Jr. **Dirs**—A. S. Grove, D. J. Guzy, R. Hodgson, S. Kaplan, G. E. Moore, R. N. Noyce (Vice Chrmn), M. Palevsky, A. Rock, L. L. Vadasz, C. E. Young **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in California in 1968. **Empl**—20,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine, CFA

INTERCO, INC.

NYSE Symbol ISS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
3/4	37/8-1/2	NM	[1]---	[1]---	NR	0.85

Summary

In late 1988 INTERCO began a recapitalization and restructuring plan, following a tender offer attempt by City Capital Associates. As part of the plan, ISS paid out to shareholders special dividends it valued at about $71 a share, including $38.60 in cash and $32.43 of fixed income securities. As part of the restructuring, ISS offered for sale its Apparel Manufacturing Group, Ethan Allen Furniture, and its General Retail Merchandising Group.

Current Outlook

A net loss from continuing operations of $3.00 a share is estimated for the fiscal year ending February 28, 1990, versus fiscal 1988-9's loss of $0.42.

The common dividend was omitted with the recapitalization completed in December, 1988.

Revenues should decline sharply in fiscal 1989-90, reflecting divestiture of the Apparel Manufacturing Group, Ethan Allen, and the General Retailing Group. While margins will benefit from costs savings programs, there should be a net loss per share due to higher interest charges and preferred dividend payments as a result of the December, 1988 recapitalization.

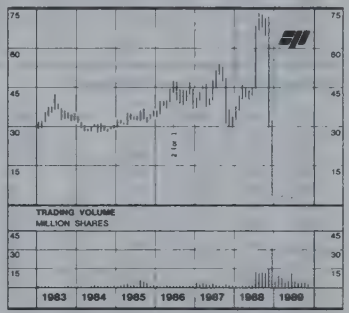
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	469	490	781	579
Aug.	430	491	843	626
Nov.	---	547	924	757
Feb.	---	483	793	652
	---	2,012	3,341	2,614

Sales from continuing operations for the six months ended August 31, 1989 fell 8.4%, year to year. Substantially higher interest expense more than offset a $109.3 million gain on the disposal of assets, and results from continuing operations were breakeven, versus net income of $42.4 million. After preferred dividends in the fiscal 1989-90 interim only, the per-share loss was $1.02, versus income of $1.12, before income from discontinued operations of $2.16, versus $0.61.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	d1.54	0.62	0.62	0.45
Aug	0.52	0.50	0.90	0.75
Nov.	Ed0.99	d0.11	1.05	0.94
Feb.	Ed0.99	d1.43	0.93	0.99
	Ed3.00	d0.42	3.50	3.13



Important Developments

Oct. '89— During the fiscal 1989-90 first half ISS sold a number of its divisions in accordance with its 1988 recapitalization and restructuring program. ISS realized a $70.1 million net gain from the sale of Ethan Allen and Senack Shoes. ISS also realized a $74.3 million net gain that was included in discontinued operations from the sale of The Biltwell Co., International Hat Co., Big Yank Corp., Cowden Manufacturing Co., Central Hardware Co. and Golde's Department Stores. ISS also announced that it had sold Fine's Men's Shops and United Shirt Distributors in October, and had agreed to sell Stuffed Shirt Separately, ISS said that cash flow from operations was sufficient and that at October 2, 1989 the balance of the asset sale bridge loan (originally at $1.15 billion) was $270 million.

Next earnings report expected in early January.

Per Share Data ($)

Yr. End Feb. 28	1989	[2]1988	[2]1987	1986	1985	1984	1983	[2]1982	[2]1981	1980
Tangible Bk. Val.	d26.70	33.01	38.06	36.52	35.22	34.41	32.32	31.18	28.99	26.11
Earnings[3]	d0.42	3.50	3.13	2.92	2.23	3.51	2.61	3.62	3.82	3.68
Dividends	[1]39.48 1/2	1.60	1.57	1.54	1.51 1/2	1.44	1.44	1.44	1.32	1.17 1/2
Payout Ratio	NM	46%	50%	53%	68%	39%	53%	37%	32%	31%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	73 1/8	54	47 5/8	36 1/8	34	42 1/2	30 7/8	28 5/8	26 7/8	21 1/2
Low	31/8	29 1/2	33 1/8	29 5/8	27 1/2	29	17 7/8	22 7/8	18 1/8	17 7/8
P/E Ratio—	NM	15-8	15-11	13-10	15-12	12-8	12-7	8-6	7-5	6-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1988. 1. See Dividend Data. 2. Reflects merger or acquisition. 3. Bef. disc. opers. of +1.95 in 1989. NM-Not Meaningful. d-Deficit.

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	2,012	227	11.3	51	74.2	[3]142.1	16	NM	d4	NM
[4]1988	3,341	321	9.6	66	62.8	33.5	253	42.8%	[5]145	4.3
[4]1987	2,614	235	9.0	96	47.8	28.1	188	47.6%	99	3.8
[1]986	2,511	217	8.6	45	44.9	25.5	179	48.4%	92	3.7
1985	2,626	218	8.3	62	44.6	26.4	144	49.9%	72	2.7
1984	2,679	251	9.4	51	42.5	31.7	221	47.4%	116	4.3
1983	2,567	213	8.3	40	41.5	35.2	166	48.3%	86	3.3
1982	2,674	271	10.1	52	39.4	37.8	223	46.9%	119	4.4
[4]1981	2,368	264	11.1	69	32.8	[5]21.1	238	47.8%	124	5.2
[4]1980	2,024	215	10.6	47	24.4	9.3	206	48.1%	107	5.3

Balance Sheet Data (Million $)

Feb. 28	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	78	1,188	736	1.6	1,775	NM	1,987	d1,011	981	NM	NM
1988	32	1,359	373	3.6	1,986	7.0%	299	1,194	1,550	19.3	10.9%
1987	27	1,123	333	3.4	1,721	8.0%	186	1,087	1,335	13.9	8.8%
1986	110	1,074	227	4.7	1,564	5.9%	184	1,045	1,317	14.0	8.5%
1985	45	1,027	245	4.2	1,535	4.7%	195	991	1,273	15.3	6.8%
1984	127	1,120	267	4.2	1,608	7.2%	209	1,021	1,325	15.8	11.1%
1983	116	1,067	238	4.5	1,555	5.5%	267	932	1,301	20.5	8.5%
1982	27	1,044	258	4.0	1,539	7.8%	275	886	1,267	21.7	13.0%
1981	18	981	266	3.7	1,469	9.2%	267	813	1,185	22.5	15.1%
1980	60	853	246	3.5	1,239	9.6%	141	739	977	14.4	15.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1989. 2. Excludes discontinued operations. 3. Net of interest income. 4. Reflects merger or acquisition. 5. Reflects accounting change. NM-Not Meaningful. d-Deficit.

Business Summary

INTERCO is a manufacturer and retailer of consumer products including footwear and furniture. In late 1988 the company embarked on a recapitalization and restructuring plan which included divesting its apparel manufacturing group, general retail merchandising group, and Ethan Allen.

The footwear manufacturing and retailing group produces and distributes primarily men's footwear, and a broad range of athletic footwear, principally in the United States, Australia, Canada and Mexico. Major brand names include Florsheim, Florsheim Thayer, McNeil, Thomson, Boland & Lee, and Converse. There are nine manufacturing plants and five major distribution centers in operation. The group operates 743 retail shoe stores and leased shoe departments in 40 states in the U.S. and in Australia, Canada, and Mexico. Footwear products are also distributed in more than 85 foreign countries. The furniture and home furnishings group manufactures and distributes quality furniture and home furnishings under the Lane and Broyhill names. There are 64 factories and 17 major distribution centers and warehouses located throughout the U.S. The company also owns and operates 34 galleries.

Dividend Data

After paying dividends since 1913, common dividends were eliminated with the recapitalization plan begun in late 1988. As part of the plan special dividends were paid, which included $14.221 per share cash payable Nov. 29, 1988 to holders of record Oct. 13, and $24.379 cash payable Nov. 29, 1988 to holders of record Nov. 22. Special dividends also included $11 per share principal amount of 13.75% senior subordinated debentures payable Dec. 22, 1988 to holders of record Oct. 13; $10.47 face value (estimated $6.55 net of original issue discount) of subordinated discount debentures due 2003 payable Dec. 22, 1988 to holders of record Nov. 22; and $5.60 principal amount of 14.5% 5 year pay-in-kind subordinated debentures and $9.00 worth of $100.00 stated value of 17.5% 6 year pay-in-kind exchangeable preferred stock with warrants to buy common stock, payable Dec. 22, 1988 to holders of record Dec. 12. The liquidation preference of this preferred stock was increased to $104.375 on March 15, 1989 to holders of record March 15.

Capitalization

Long Term Debt: $1,352,202,000.

$7.75 Conv. Pfd. Stk: 12,264 shs. ($100 stated value); conv. into 91.0028 com.

17.5% Payment-In-Kind Pfd. Stk.: 3,320,702 shs.

Common Stock: 38,644,431 shs. (no par).
Institutions hold approximately 49%.
Shareholders of record: 8,000.

Office—101 South Hanley Rd., St. Louis, Mo. 63105 **Tel**—(314) 863-1100 **Chrmn & CEO**—H. Saligman **Pres & COO**—R.B. Loynd **Secy**—D.A. Patterson **Treas**—R.T. Hensley, Jr. **Dirs**—R.L. Aylward, Z.E. Barnes, W.E. Cornelius, D.E. Lasater, M.S. Lewis, L.M. Liberman, R.B. Loynd, T.H. O'Leary, R.S. Moore, R.H. Quenon, C.J. Rothschild, Jr., H. Saligman. **Transfer Agents**—Morgan Shareholder Services Co., NYC; Ameritrust Company, N.A., St. Louis. **Registrars**—Morgan Shareholder Services Co., NYC; Ameritrust Company, N.A., St. Louis. **Incorporated** in Delaware in 1921. **Empl**—30,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Elizabeth Vandeventer

Intergraph Corp. 4250

NASDAQ Symbol INGR (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
15	22⅜-13¾	10	None	None	B+	1.58

Summary

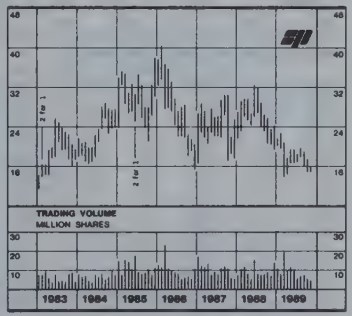
Intergraph manufactures interactive computer graphics systems and related products for computer-aided engineering, design and manufacturing (CAE/CAD/CAM). The Advanced Processor Division manufactures the Clipper microprocessor chipset, which is at the heart of Intergraph's workstations. Revenues and earnings growth in 1990 is expected to be under continued pressure, reflecting customers' delayed purchase decisions due to rapidly changing product cycles, coupled with intense price competition.

Current Outlook

Earnings for 1990 are projected to rise to $1.50 a share, versus the $1.35 estimated for 1989.

Initiation of cash dividends is not anticipated.

Modest revenue growth is projected for 1990, as customers are delaying purchase decisions due to confusion in the marketplace over new product announcements by several workstation vendors promising higher levels of price/performance. Gross margins may stabilize if a larger portion of the sales mix consists of software; however, other elements expected to pressure gross margins include intense price competition in both the U.S. and international markets and strength of the U.S. dollar. INGR added significantly to its sales and marketing staff in 1989 in an attempt to gain market share; continued worldwide build-up in this area is likely, but at a slower pace. Share earnings should benefit from a stock buyback program.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	185.7	174.7	128.5	147.0
Jun.	219.2	203.5	160.2	150.4
Sep.	211.5	207.2	157.1	151.0
Dec.	---	214.8	195.3	157.4
	---	800.2	641.1	605.7

Revenues for nine months ended September 30, 1989 rose 5.3% year to year; systems sales were up 3.8% while service revenues grew 9.5%. Gross margins narrowed, reflecting price competition, a stronger U.S. dollar, and lower than planned production volume. A 32% rise in marketing expenses and a 13% increase in product development costs led to a 33% decline in operating income. Following a $12 million ($0.15 a share after taxes) gain on the sale of a subsidiary in the first quarter, pretax income was down 14%. After taxes at 34.1%, versus 36.5%, net income fell 11%, to $1.03 a share from $1.11.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.35	0.30	0.18	0.32
Jun.	0.37	0.41	0.29	0.31
Sep.	0.31	0.40	0.32	0.28
Dec.	E0.32	0.44	0.44	0.35
	E1.35	1.55	1.23	1.26

Important Developments

Oct. '89— INGR said that systems orders for the first nine months of 1989 were $476.6 million, up 12% from the prior year period. European orders remained on plan for the year. U.S. orders were well below plan but were up slightly from the prior year period with most of the growth in the federal systems area. International orders made up 46% of total system orders for the year to date.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.72	10.06	8.80	7.28	4.52	3.17	1.41	1.10	0.37	0.19
Earnings	1.55	1.23	1.26	1.25	1.22	0.58	0.28	0.19	0.13	0.08
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	32⅛	30½	40½	38	28⅞	25⅜	12⅜	8¼	NA	NA
Low	19¼	16½	15¼	21	16½	11⅜	3⅞	4½	NA	NA
P/E Ratio—	21-12	25-13	32-12	30-17	24-13	44-19	45-14	44-24	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Jun. 1985, 100% Feb. 1983, 500% Feb. 1981. NA-Not Available E-Estimated

December 1, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	800	167	20.9	66.5	34.5	0.56	139	36.6%	88.0	11.0
1987	641	131	20.5	46.7	27.5	1.36	116	39.6%	69.9	10.9
1986	606	135	22.3	78.4	21.1	1.81	123	43.0%	70.4	11.6
1985	526	121	23.0	48.7	11.8	1.04	119	42.8%	67.8	12.9
1984	404	116	28.8	26.7	7.7	3.58	110	42.6%	62.9	15.6
1983	252	59	23.4	26.5	5.8	0.36	58	49.2%	29.3	11.6
1982	156	29	18.8	13.0	4.0	0.96	25	48.5%	13.0	8.4
1981	91	16	17.6	7.7	2.1	²0.76	16	49.0%	8.3	9.1
1980	57	10	17.8	8.3	1.4	²0.76	8	45.2%	4.6	8.1
1979	30	5	17.6	1.9	0.7	0.41	4	43.9%	2.5	8.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	180	638	157	4.1	831	11.4	2.8	667	674	0.4	14.2
1987	157	531	129	4.1	704	10.6	4.3	567	575	0.7	13.1
1986	124	450	103	4.4	613	12.4	13.2	496	510	2.6	15.5
1985	111	412	94	4.4	511	15.2	10.6	403	417	2.5	20.8
1984	72	287	109	2.6	352	20.8	10.2	233	243	4.2	31.8
1983	44	187	77	2.4	251	15.3	10.6	162	174	6.1	25.1
1982	5	92	52	1.8	121	12.5	2.1	65	69	3.1	22.5
1981	11	68	30	2.3	87	11.9	5.9	50	57	10.4	24.4
1980	2	32	22	1.5	43	14.9	6.2	14	21	29.8	43.4
1979	Nil	14	10	1.4	17	18.3	0.8	8	7	11.3	49.3

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Incl. capitalized int.

Business Summary

Intergraph Corp. manufactures interactive graphics and database management systems for computer-aided design, manufacturing and engineering (CAD/CAM/CAE). Foreign operations accounted for 38% of revenues in 1988, and 16% of operating income, and revenues from the U.S. government accounted for 14% of revenues.

Intergraph systems support the creation, analysis, display, and maintenance of almost any type of design, drawing, map or other graphic representation while simultaneously managing a database of nongraphic descriptive attributes associated with the graphics. The operator is able to execute a software operation and immediately see the results displayed on the screen.

The systems are networked configurations of DEC VAX 32-bit computers and Intergraph workstations and servers which run under INGR's UNIX-based operating system and and special purpose scanners and plotters as well as other industry standard peripheral devices.

The Interactive Graphics Design Software (IGDS) is the basic proprietary software that provides the fundamental graphics element manipulation for VAX-based systems while the Data Management and Retrieval System (DMRS) manages the attribute data. MicroStation is IGDS-compatible software for MS DOS-compatible personal computers and INGR UNIX-based workstations. INGR offers more than 350 interactive graphics software applications.

The advanced processor division supplies the Clipper 32-t microprocessor for use in INGR workstations and for sale to other OEM's.

Dividend Data

No cash has been paid.

Finances

INGR authorized the repurchase of up to 10 million of its shares. As of September 30, 1989, INGR had purchased about 5.4 million shares.Since September 30, an additional 1,487,000 shares had been purchased at a cost of about $23 million.

Capitalization

Long Term Debt: $6,726,000 (9/89); primarily lease obligs.

Common Stock: 52,819,228 shs. ($0.10 par).
Employees Stock Bonus Trust holds some 12%.
Officers and directores control about 11%.
Institutions hold some 58%.
Shareholders of record: About 6,473.

Office—One Madison Industrial Park, Huntsville, Ala 35807-4201 Tel—(205) 772-2000. Chrmn & CEO—J. W. Meadlock. Pres—E. James Secy—J. R. Wynn VP-CFO—L. J. Laster. Investor Contact—James Dorton. Dirs—R. E. Brown, L. J. Laster, J. W. Meadlock, N. B. Meadlock, K. H. Schonrock Jr., J. F. Taylor Jr., R. E. Thurber. Transfer Agent & Registrar—Citizens & Southern National Bank, Atlanta. Incorporated in Alabama in 1969, reincorporated in Delaware in 1984. Empl—7,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Interlake Corp.

NYSE Symbol IK In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
13⅞	61¾-13	11	[1]---	[1]---	B+	1.32

Summary

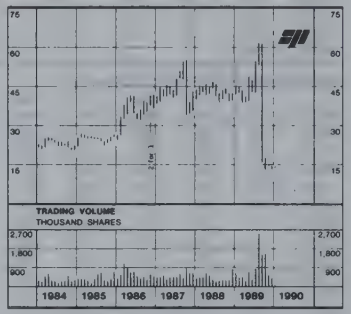
Interlake is a manufacturer of special materials, including metal powders, aerospace components, and precision investment castings. IK also makes handling and packaging systems and automated storage/retrieval systems. In 1989's third quarter IK adopted a restructuring program which included the payment of a $45 special dividend, the creation of an ESOP, the expenditure of up to $20 million to repurchase common shares to implement the ESOP, and a substantial rise in long-term debt.

Current Outlook

Earnings for 1990 are estimated at $1.00 a share, versus a loss of $0.10 estimated for 1989.

Following payment of the $45 special dividend, IK will discontinue quarterly dividends.

Sales for 1990 are expected to rise at a less rapid rate than in 1989, reflecting the impact of a probable decrease in total automotive vehicle production on the engineered materials segment and a lower backlog in the handling/packaging unit. Margins will likely remain unchanged as improvement in aerospace is offset by lingering price weakness in Canadian steel strapping and pressure in powered metals. While interest expense will be sharply higher, the absence of restructuring costs, a lower tax rate and gains on asset sales should permit a return to profitability in 1990.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	212	193	177
Jun.	[5]465	220	206	188
Sep.	226	214	202	188
Dec.	---	245	222	183
	---	892	823	736

Sales for the nine months ended October 1, 1989 rose 6.7%, year to year, with handling/packaging unit sales up 11% and sales of engineered materials up 2.0%. Profits were hurt by a $23.6 million restructuring charge, and with nonoperating income lower, pretax income fell 58%. After taxes at 83.1%, versus 39.6%, and minority interest, net income was down 98%. Share earnings were $0.05, versus $2.53.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.81	0.76	0.84	0.48
Jun.	0.98	0.98	1.02	0.69
Sep.	d1.74	0.79	0.79	0.61
Dec.	Ed.15	1.22	2.04	0.91
	Ed0.10	3.75	4.69	2.69

Important Developments

Oct. '89— IK reported a per-share loss of $1.74 in 1989's third quarter on a 5.2% rise in sales, versus earnings of $0.79 a year-earlier. IK attributed the loss to unusual charges totaling $23.6 million and a sharply higher income tax rate stemming from its restructuring program. IK's restructuring program provided for the payment of a $45 special dividend, formation of an Employee Stock Ownership Plan (ESOP), the expenditure of up to $20 million to buyback common shares to offset issuances to the ESOP, and an increase in the company's long-term debt to $550.6 million at September 31, 1989 from $76.7 million a year-earlier. IK noted that if the impact of the restructuring program had been excluded, net income for the third quarter and nine months of 1989 would have been $6.1 million ($0.60 a share) and $24.2 million ($2.39), respectively.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	[2]1984	1983	1982	[2]1981	1980
Tangible Bk. Val.	NA	24.17	23.41	18.54	28.74	27.00	26.98	27.14	27.90	26.99
Earnings[3]	NA	3.75	4.69	2.69	2.54	3.34	1.97	0.46	3.80	1.15
Dividends	[4]45.75	1.45	1.35	1.30	1.30	1.30	1.30	1.30	1.20	1.10
Payout Ratio	NA	37%	27%	49%	52%	39%	66%	258%	32%	97%
Prices—High	61¾	46¾	55	41¾	26⅞	25⅝	22½	17⅞	22½	16⅞
Low	13	38⅝	34	24⅜	21⅞	20½	15⅞	11⅜	13⅞	11⅜
P/E Ratio—	NA	12-10	12-7	16-9	11-9	8-6	11-8	39-24	6-4	15-10

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov. 1986 **1.** See Dividend Data **2.** Reflects merger or acquisition **3.** Bef. results of disc. opers. of +0.16 in 1986 **4.** Incl. $45.00 special divd. **5.** Six mos. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	892	98	10.9	52.2	24.1	10.8	73	39.4%	39.6	4.4
1987	823	85	10.3	25.9	21.6	8.8	128	54.7%	[2]54.4	6.6
[3]1986	736	88	11.9	27.3	18.9	11.9	[4]61	45.0%	30.7	4.2
1985	850	72	8.5	45.3	24.9	11.7	[4]50	39.2%	28.2	3.3
[5]1984	845	95	11.3	45.2	21.9	9.9	[4]72	44.4%	36.6	4.3
1983	835	69	8.3	16.5	23.6	12.3	[4]38	34.4%	22.8	2.7
1982	767	31	4.0	27.9	23.0	13.1	[4]7	3.8%	5.8	0.7
[6]1981	1,017	102	10.0	37.4	26.0	13.4	[4]79	39.1%	46.6	4.6
1980	1,056	92	8.7	31.3	26.9	[2]16.0	[4]21	29.2%	13.8	1.3
1979	1,105	77	7.0	69.6	25.0	15.0	[4]45	6.9%	39.7	3.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	50.5	383	230	1.7	660	6.1%	77	270	402	19.1	15.0%
1987	56.6	442	251	1.8	694	8.6%	82	281	415	19.8	20.9%
1986	72.9	331	185	1.8	597	4.6%	90	250	359	25.0	10.0%
1985	83.3	371	191	1.9	729	3.9%	104	352	478	21.8	8.3%
1984	47.1	332	168	2.0	683	5.6%	113	323	460	24.5	11.6%
1983	52.3	378	175	2.2	674	3.4%	116	327	458	25.3	6.9%
1982	32.2	331	155	2.1	656	0.9%	122	323	474	25.8	1.8%
1981	35.0	372	172	2.2	710	6.5%	127	359	513	24.7	13.3%
1980	20.8	370	188	2.0	704	1.9%	133	337	490	27.1	4.1%
1979	10.8	383	221	1.7	734	5.7%	136	334	498	27.2	12.4%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1986 **2.** Reflects acctg. change **3.** Excl. disc. opers. **4.** Incl. equity in earns. of nonconsol. subs. **5.** Excl. disc. opers. and reflects merger or acquisition. **6.** Reflects merger or acquisition.

Business Summary

Interlake makes special materials and finished components for the auto and aerospace industries and automated storage/retrieval and handling and packaging systems. It spun off its iron, steel and domestic steel strapping business in June, 1986. Segment contributions in 1988:

	Sales	Profits
Engineered materials	34%	58%
Handling/packaging	66%	42%

Foreign operations provided 43% of sales in 1988 and 33% of operating profits.

Special materials includes ferrous metal powders for forming complex metal parts, and investment castings and jet engine casings and rings. Markets are primarily the automotive and commercial/military aerospace industries.

Packaging & handling comprises nonmetallic strapping and stitching wire and tools for their application. It also includes light- and heavy-duty storage racks and shelving and manual and automated retrieval or conveyor installations.

In December, 1986 IK acquired the remaining 40% minority interest in Conco-Tellus, Inc., a maker of automated guided vehicle systems.

Dividend Data

Dividends had been paid since 1941. Following payment of a $45 special dividend in September, 1989, quarterly cash dividends were omitted. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05 *	Jan. 26	Feb. 14	Feb. 6	Feb. 14'89
0.37½	Feb. 23	Mar. 7	Mar. 13	Mar. 31'89
0.37½	May 25	Jun. 13	Jun. 19	Jun. 30'89
45.00 Spl	Aug. 11	Sep. 29	Aug. 21	Sep. 28'89

*Redemption of stk. purchase right.

Finances

In a report to the SEC dated October 20, 1989 IK disclosed that it was expecting to report net income of $17.0 million ($1.67 a share), $20.2 million ($1.98), $27.9 million ($2.73), $33.9 million ($3.33) and $40.3 million ($3.95) for the years 1990 through 1994. Long-term debt was projected to decline from $529.5 million in 1990 to $406.9 million in 1994.

Capitalization

Long Term Debt: $550,562,000.

Common Stock: 10,192,871 shs. ($1 par).
Institutions hold some 52%.
Shareholders of record: 10,100.

Office—701 Harger Rd., Oak Brook, Ill. 60521 1488 **Tel**—(312) 572-6600 **Chrmn**—F. C. Langenberg **Pres**—W. R. Reum **Secy**—I. R. MacLeod **Treas**—R. T. Anderson **VP-Fin & Investor Contact**—R. I. Polanek **Dirs**—J. C. Colting, A. G. Hansen, H. D. Hosbach, J. E. Jones, F. C. Langenberg, E. A. Loeser, Q. C. McKenna, W. G. Mitchell, W. R. Reum, E. E. Schulze, E. J. Williams **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in New York in 1905; reincorporated in Del. in 1969 **Empl**—7,834

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Int'l Business Machines

NYSE Symbol IBM Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
94 3/4	130 7/8-93 3/8	10	4.84	5.1%	A+	0.84

Summary

IBM is the world's dominant manufacturer of mainframe computers and is also a major supplier of minicomputers, computer peripheral equipment, personal computers, networking products, and system software. An earnings recovery is foreseen for 1990, reflecting the absence of restructuring costs, increased global capital expenditures in the second half, and translation gains from a weaker dollar.

Current Outlook

Earnings for 1990 are expected to increase to $10.20 a share from 1989's estimated $6.90, which includes a $2.25 restructuring charge.

The $1.21 quarterly dividend is the minimum expectation.

Gross income should rise over 5% in 1990, benefiting from healthy demand overseas and a modest resurgence in domestic demand for IBM's main hardware products, plus translation gains from a weaker dollar. Profit margins should be stable, with gains from the domestic cost containment program offsetting pricing pressures in the mainframe and minicomputer markets.

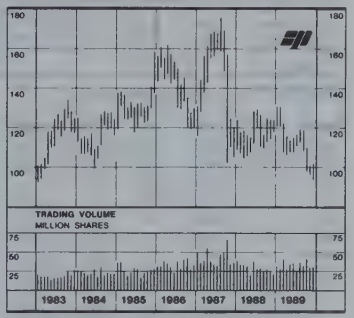
Revenues (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	12.73	12.06	10.68
Jun.	---	15.21	13.91	12.80
Sep.	---	14.31	13.71	12.73
Dec.	---	---	20.00	18.01
	---	---	59.68	54.22

Revenues for the first nine months of 1989 advanced 6.5%, year to year, reflecting increased hardware and software sales, both in the U.S. and major international markets, despite the negative impact the stronger dollar had on the reporting of foreign revenues. Despite the absence of onetime manufacturing restructuring charges, net income edged up just 0.7%. Earnings per share were $5.43, compared with $5.30, which was before a $0.53 special credit from an accounting change.

Capital Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar	E1.60	1.61	1.57	1.30
Jun.	E2.35	2.31	1.63	1.95
Sep	E2.00	1.51	2.10	2.00
Dec.	E4.25	E1.47	3.97	3.47
	E10.20	E6.90	9.27	8.72



Important Developments

Dec. '89— The company said it would restructure its domestic operations, resulting in a $2.3 billion pretax charge in the fourth quarter, equal to about $2.25 a share after taxes. Some 10,000 positions would be eliminated. Nonetheless, management expected modest growth in the U.S. in 1990 and continued double digit revenue growth overseas in local currencies. Savings from the restructuring, which would include consolidations, capacity reductions, and technology investment writedowns, could add $1.00 to share earnings by 1991.

Dec. '89— Directors approved the repurchase of $4 billion of IBM stock in addition to the $1 billion previously authorized in October.

Aug. '89— During July and August IBM announced the actual or planned acquisition of minority stakes in a number of computer software concerns as part of an effort to speed development of applications software for IBM computers.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	65.78	62.81	55.40	50.60	41.79	38.02	33.13	30.66	28.18	25.64
Earnings[2]	9.27	8.72	7.81	10.67	10.77	9.04	7.39	5.63	6.10	5.16
Dividends	4.40	4.40	4.40	4.40	4.10	3.71	3.44	3.44	3.44	3.44
Payout Ratio	47%	50%	56%	41%	38%	41%	47%	62%	56%	67%
Prices—High	129 1/2	175 7/8	161 7/8	158 3/4	128 1/2	134 1/4	98	71 1/2	72 3/4	80 1/2
Low	104 1/4	102	119 1/4	117 3/8	99	92 1/4	55 5/8	48 3/8	50 3/8	61 1/8
P/E Ratio—	14-11	20-12	21-15	15-11	12-9	15-10	13-8	13-9	12-8	16-12

Data as orig. reptd. Adj. for stk. div(s). of 300% Jun. 1979 1. Reflects acctg. change 2. Bef. spec. item(s) of +0.53 in 1988 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	59,681	12,617	21.1	5,390	3,871	802	9,033	39.2%	5,491	9.2
1987	54,217	11,269	20.8	4,304	3,527	619	8,609	38.9%	5,258	9.7
1986	51,250	11,175	21.8	4,620	3,316	604	8,389	42.9%	4,789	9.3
1985	50,056	14,281	28.5	6,430	3,051	443	11,619	43.6%	6,555	13.1
1984	45,937	14,446	31.4	5,473	3,215	408	11,623	43.4%	6,582	14.3
1983	40,180	13,216	32.9	4,930	3,627	390	9,940	44.8%	5,485	13.7
1982	34,364	11,618	33.8	6,685	3,562	514	7,930	44.4%	[4]4,409	12.8
1981	29,070	9,356	32.2	6,845	3,329	480	5,988	44.8%	3,308	11.4
1980	26,213	8,499	32.4	6,592	2,759	[3]325	5,897	39.6%	3,562	13.6
1979	22,863	7,566	33.1	5,991	2,321	140	5,553	45.8%	3,011	13.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	6,123	35,343	17,387	2.0	73,037	8.1%	8,518	39,509	52,650	16.2	14.2%
1987	6,967	31,020	13,377	2.3	63,688	8.7%	3,858	38,263	47,271	8.2	14.6%
1986	7,257	27,749	12,743	2.2	57,814	8.7%	4,169	34,374	43,067	9.7	14.5%
1985	5,622	26,070	11,433	2.3	52,634	13.7%	3,955	31,990	39,595	10.0	22.4%
1984	4,362	20,375	9,640	2.1	42,808	16.4%	3,269	26,489	31,815	10.3	26.4%
1983	5,536	17,270	9,507	1.8	37,243	15.6%	2,674	23,219	26,606	10.1	25.2%
1982	3,300	13,014	8,209	1.6	32,541	14.1%	2,851	19,960	23,134	12.3	22.9%
1981	2,029	10,303	7,320	1.4	29,586	11.7%	2,669	18,161	21,082	12.7	19.0%
1980	2,112	9,925	6,526	1.5	26,703	13.9%	2,099	16,453	18,734	11.2	22.7%
1979	3,771	10,851	6,445	1.7	24,530	13.3%	1,589	14,961	16,690	9.5	21.2%

Data as orig. reptd.; finance subs. consol. aft. 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item in 1988 3. Reflects acctg. change

Business Summary

IBM is the largest manufacturer of data processing equipment and systems. Industry segment contributions in recent years:

Gross Revenues	1988	1987
Processors/peripherals	44%	46%
Workstations	19%	19%
Programs/maint./other	34%	31%
Federal systems	3%	4%

Hardware sales provided 67% of revenues in 1988, software and services 29%, and rentals 4%. Foreign operations contributed 58% of revenues in 1988 and 71% of profits.

Processors manipulate data through the operation of a stored program. Peripherals include printers, storage and telecommunication devices. Workstations include small business computers, intelligent workstations and typewriters. Program products include applications and systems software. Maintenance represents separately billed maintenance services. Other revenues are derived from financing revenue, supplies and miscellaneous support services. The Federal systems group serves the U.S. government's defense, space and other agencies.

Dividend Data

Dividends have been paid since 1916. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.10	Jan. 31	Feb. 2	Feb. 8	Mar. 10'89
1.21	Apr. 24	May 4	May 10	Jun. 10'89
1.21	Jul. 25	Aug. 3	Aug. 9	Sep. 9'89
1.21	Oct. 31	Nov. 2	Nov. 8	Dec. 9'89

Next dividend meeting: late Jan.'90.

Finances

Research, development and engineering expense totaled $5.9 billion (9.0% of gross income) in 1988, versus $5.4 billion (9.8%; restated) in 1987.

Capitalization

Long Term Debt: $10,864,000,000, incl. $1.25 billion of 7 7/8% debs. conv. into com. at $153.66 a sh.

Capital Stock: 578,846,802 shs. ($1.25 par). Institutions hold approximately 49%. Shareholders of record: 833,785.

Office—Armonk, New York 10504 **Tel**—(914) 765-1900 **Stockholder Relations Dept**—590 Madison Ave., NYC 10022 **Tel**—(212) 735-7000 **Chrmn**—J. F. Akers **Secy**—W. W. K. Rich. **Treas**—D. A. Finley. **Investor Contact**—J. C. Clippard. **Dirs**—J. F. Akers, S. D. Bechtel, Jr., H. Brown, J. E. Burke, F. T. Cary, W. T. Coleman, Jr., T. F. Frist, Jr., F. Gerber, N. deB. Katzenbach, N. O. Keohane, J. D. Kuehler, R. W. Lyman, J. R. Munro, T. S. Murphy, J. R. Opel, H. Sihler, J. B. Slaughter, E. S. Woolard, Jr. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New York in 1911. **Empl**—387,112.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Robert S. Natale, CFA

Int'l Flavors & Fragrances

1211

NYSE Symbol IFF Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
67⅞	77½-48½	19	2.16	3.2%	A	1.21

Summary

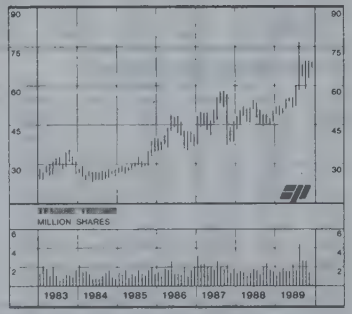
This well-regarded company, which derives two-thirds of sales and earnings from foreign operations, is a leading producer of products used by other manufacturers to impart or improve flavor or fragrance in a wide variety of consumer goods. Earnings in the first half of the 1980s were restricted by the strong U.S. dollar and adverse economic conditions in foreign markets, but profits in recent years advanced with the weaker U.S. dollar and improving worldwide sales.

Current Outlook

Share earnings for 1990 are projected at about $4.20, versus the $3.75 expected for 1989.

The quarterly dividend was raised 13%, to $0.54 from $0.48, with the December, 1989 declaration.

Sales and earnings for 1990 are expected to advance moderately. Growth should reflect continued rising sales volumes of flavors, fragrances and aromas in most parts of the world stemming from stronger consumer demand for personal care, household, cleaning, food and beverage products, and a continued resurgence of the domestic fine fragrance market for perfumes. However, the stronger U.S. dollar will limit gains. Continued growth in new product introductions by customers should also be beneficial in 1990.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar	227.2	224.0	179.0	148.0
Jun	236.8	234.2	199.9	162.1
Sep	216.9	200.1	187.7	164.9
Dec	---	181.3	179.3	145.7
	---	839.5	745.9	620.7

Sales for the nine months of 1989 rose 3.4%, year to year, as increased sales worldwide were partly offset by the effects of the stronger U.S. dollar. Margins widened, and pretax income gained 7.2%. After taxes at 38.0%, against 38.7%, net income advanced 8.3%, to $3.01 a share from $2.78.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.01	0.95	0.73	0.59
Jun	1.10	1.02	0.82	0.65
Sep	0.90	0.81	0.72	0.60
Dec	E0.74	0.62	0.56	0.45
	E3.75	3.40	2.83	2.29

Important Developments

Nov. '89— IFF said that both the third quarter and nine month 1989 results were affected by comparison with an exceptional strong performance in 1988 and by the decline of the European currencies against the U.S. dollar.

Mar. '89— IFF said that it expected strong sales and earnings growth in 1989. Its U.S. flavor business was expected to improve as product planning and new launches in the food industry return to normal levels following disruptions from merger and acquisition activities. The company also expected to continue to obtain a high rate of new business in fine fragrances and perfumes. Capital expenditures for 1989 were budgeted at $50 million, versus the $41 million of 1988, and R&D spending was expected to approximate $52 million, up about 5% from the year before.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.34	17.45	13.87	11.52	9.56	9.39	9.19	9.02	8.62	7.79
Earnings	3.40	2.83	2.29	1.89	1.89	1.87	1.73	1.81	1.73	1.68
Dividends	1.68	1.33	1.18	1.13	1.09	1.05	1.02	0.96	0.89	0.77
Payout Ratio	50%	47%	52%	60%	58%	56%	59%	53%	52%	46%
Prices—High	54½	58	48⅞	40	29¼	35¾	30	23	27½	25⅝
Low	43⅛	37¼	34½	26	22⅞	23¾	17⅜	17⅛	16⅝	18¼
P/E Ratio—	16-13	20-13	21-15	21-14	15-12	19-13	17-10	13-10	16-10	15-11

Data as orig reptd 1. Reflects merger or acquisition E-Estimated.

December 20, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	840	234	27.8	[1]40.2	22.7	8.24	209	38.5%	129	15.3
1987	746	200	26.8	36.9	20.7	9.57	175	39.0%	107	14.3
1986	621	158	25.5	26.8	18.4	3.67	139	38.5%	86	13.8
[2]1985	501	129	25.8	22.1	14.6	6.75	113	38.1%	70	13.9
1984	477	127	26.7	20.9	13.2	6.08	114	39.2%	69	14.5
1983	461	119	25.9	26.9	11.7	5.67	111	38.2%	68	14.8
1982	448	114	25.4	28.4	11.4	4.68	101	37.6%	63	14.1
1981	451	112	24.8	16.6	11.5	3.44	105	37.0%	[3]66	14.7
1980	448	115	25.7	17.5	10.5	3.06	109	41.8%	63	14.1
1979	409	112	27.3	15.2	9.6	3.02	106	42.2%	62	15.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	236	646	126	5.1	882	14.6%	Nil	695	714	Nil	19.0%
1987	253	646	151	4.3	875	13.8%	Nil	660	678	Nil	18.1%
1986	165	477	102	4.7	673	13.8%	Nil	521	536	Nil	18.0%
1985	123	387	91	4.2	560	13.7%	Nil	427	440	Nil	17.8%
1984	78	298	67	4.4	452	15.2%	Nil	351	363	Nil	19.9%
1983	82	302	85	3.5	458	15.4%	Nil	344	353	Nil	20.1%
1982	76	281	68	4.2	432	14.6%	Nil	336	347	Nil	19.0%
1981	78	291	74	3.9	431	15.6%	Nil	330	342	Nil	20.5%
1980	71	281	73	3.9	415	15.8%	Nil	315	328	Nil	21.1%
1979	65	263	73	3.6	388	16.8%	Nil	285	299	Nil	22.9%

Data as orig reptd 1. Net of curr. yr. retirement and disposals. 2. Reflects merger or acquisition 3. Reflects accounting change

Business Summary

International Flavors & Fragrances is a leading producer of products used by other manufacturers to impart or improve flavor or fragrance in a wide variety of consumer products. Contributions in 1988 by geographic area were:

	Sales	Profits
United States	30%	21%
Western Europe	45%	55%
Other areas	25%	24%

Fragrance products (64% of 1988 sales) are used in the manufacture of soaps, detergents, cosmetic creams, lotions and powders, lipsticks, aftershave lotions, deodorants, hair preparations, air fresheners, perfumes and colognes, and other consumer products. The cosmetics (including perfumes and toiletries) and household products (soaps and detergents) are the company's two largest customer groups.

Flavor products (36% of 1988 sales) are sold principally to the food, beverage and other industries for use in such consumer products as soft drinks, candies, cake mixes, desserts, prepared foods, dietary foods, dairy products, drink powders, pharmaceuticals, oral care products, alcoholic beverages and tobacco.

The company uses both synthetic and natural ingredients in its compounds. A substantial portion of the company's synthetic production is sold to others, including such chemicals as phenyl ethyl alcohol, ionones, alpha amyl cinnamic aldehyde, and various synthetic musks.

Dividend Data

Dividends have been paid since 1956.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.48	Feb. 14	Mar. 20	Mar. 27	Apr. 11'89
0.48	May 11	Jun. 21	Jun. 27	Jul. 11'89
0.48	Sep. 12	Sep. 21	Sep. 27	Oct. 11'89
0.54	Dec. 7	Dec. 20	Dec. 27	Jan. 11'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: None.

Common Stock: 38,053,733 shs. ($0.125 par). About 40% is closely held; institutions hold about 50% (including some closely held shares). Shareholders of record: 4,030.

Office 521 W 57th St NYC 10019 **Tel**—(212) 765-5500 **Chrmn & Pres**—E P Grisanti **VP-Secy**—W G Dempsey **VP-Treas**—J P Winandy **Dirs**—R D Anderson, R. C. Duke, H Duncombe, H Fields, E P Grisanti, J F. Lord, H G Reid, S M Rumbough, Jr., H P van Ameringen, W. D Van Dyke III **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in New York in 1909 **Empl**—4,177

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Int'l Minerals & Chemical

1214

NYSE Symbol IGL Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
48⅝	55½-38	14	1.00	2.1%	B	0.91

Summary

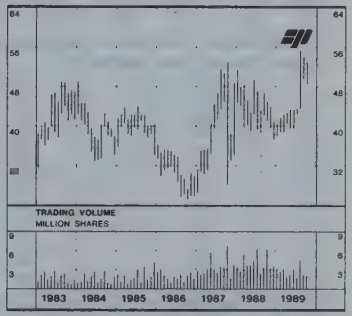
This company is a major producer of medical products, specialty chemicals, flavors, and animal health and nutrition products. A 38% interest is also held in IMC Fertilizer Group (IFL), one of the world's largest fertilizer producers. IGL intends to greatly expand its specialty and animal health businesses through acquisitions and internal development, while also repurchasing 4.8 million more shares of its common stock. A major acquisition of an unrelated business is also possible.

Current Outlook

Share earnings for the fiscal year ending June 30, 1990 are estimated at about $3.00, versus the $4.20 of fiscal 1989.

Dividends should continue at $0.25 quarterly.

Earnings from operations for fiscal 1990 should begin to benefit from new product introductions and plant start-ups and cost savings resulting from the integration of recent acquisitions, but product development costs will remain relatively high for some time. Lower fertilizer prices will likely greatly reduce earnings for IMC Fertilizer. Continued stock repurchases and/or possible major acquisitions will have an impact on reported earnings.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	311	218	425	340
Dec.		241	460	381
Mar.		258	323	456
Jun.		266	263	461
		983	1,471	1,638

Sales for the three months ended September 30, 1989 rose 43%, year to year, reflecting the acquisition of Coopers Animal Health. With lower fertilizer profits, the absence a $0.72 a share nonrecurring gain, and higher interest expense, net income fell 74%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.27	1.03	0.66	d0.02
Dec.		0.48	1.59	d0.43
Mar		0.91	0.27	0.58
Jun		1.88	0.78	d0.05
		4.20	3.30	0.08

Next earnings report expected in mid-January.

Important Developments

Oct '89— IGL said that while first quarter operating profits more than doubled, year to year, lower IMC Fertilizer earnings reduced after-tax earnings by $0.21 a share. IGL repurchased 1 million common shares from Curtiss Wright Corp. for $51.7 million. IGL has repurchased 9.2 million shares since October, 1987 with an additional 4.8 million shares authorized for repurchase.

Jul. '89— Earnings for fiscal 1989 included nonrecurring income of $1.76 a share, including a $0.89 a share gain from IMC Fertilizer's July, 1988 public stock offering. IGL said that while net income for 1989 rose slightly, earnings per share increased a substantial 34% as a result of the stock repurchase program. IGL acquired the Coopers Animal Health Group (annual sales of $300 million) for a total cost of $255 million.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	1980
Tangible Bk. Val.	33.69	24.93	24.16	23.51	39.98	38.47	38.12	37.76	35.52	32.27
Earnings[2]	4.20	3.30	0.08	d2.96	4.39	4.17	3.02	4.56	5.63	5.38
Dividends	1.00	1.00	1.00	1.80	2.60	2.60	2.60	2.60	2.46	2.16
Payout Ratio	21%	29%	NM	NM	59%	62%	86%	57%	44%	40%
Prices—High[3]	55½	51½	53	36¼	44	49	49	36⅞	66½	66½
Low[3]	38	37¼	26½	25	34⅛	32⅞	31⅜	23½	30⅜	30
P/E Ratio—	13-9	16-11	NM	NM	10-8	12-8	16-10	8-5	12-6	12-6

Data as orig reptd Adj for stk div(s) of 50% Apr 1980 1. Reflects merger or acquisition 2. Bef results of disc opers of +0.29 in 1989, +1.19 in 1988, +0.41 in 1987, 5.08 in 1986, -1.13 in 1984, +0.57 in 1982, and spec item(s) of +0.55 in 1988 and -0.18 in 1987 3. Cal yr d-Deficit NM-Not Meaningful

November 2, 1989

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
1989	**983**	**107**	**10.8**	**82**	**62**	**42.3**	**132**	**16.3%**	**110**	**11.2**
[3]1988	1,471	263	17.9	81	107	63.0	168	38.3%	104	7.1
1987	1,638	205	12.5	151	115	86.3	31	52.9%	[4]15	0.9
[4]1986	1,178	149	12.7	94	180	65.6	d166	NM	d80	NM
1985	1,627	279	17.2	116	125	40.1	152	21.2%	120	7.3
[4]1984	1,533	291	19.0	105	125	43.9	173	35.1%	112	7.3
1983	1,462	259	17.7	119	112	50.7	123	34.3%	81	5.5
[4]1982	1,560	288	18.4	162	113	58.7	196	37.7%	122	7.8
1981	1,985	404	20.3	337	115	52.1	254	39.5%	154	7.7
1980	1,790	380	21.2	262	104	[3]42.3	255	42.8%	146	8.2

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**444**	**853**	**258**	**3.3**	**1,972**	**6.5%**	**712**	**682**	**1,643**	**43.3**	**14.4%**
1988	215	828	298	2.8	1,794	5.1%	358	821	1,415	25.3	11.0%
1987	96	666	460	1.4	2,434	0.6%	732	828	1,826	40.1	0.3%
1986	114	768	337	2.3	2,427	NM	923	841	1,955	47.2	NM
1985	141	603	302	2.0	1,957	6.1%	342	1,082	1,551	22.1	11.2%
1984	149	614	326	1.9	1,966	5.7%	388	1,029	1,540	25.2	10.9%
1983	146	585	307	1.9	1,944	4.1%	425	1,014	1,573	27.0	7.9%
1982	94	621	316	2.0	1,942	6.3%	442	1,000	1,577	28.0	12.6%
1981	46	618	358	1.7	1,975	8.0%	486	965	1,568	31.0	16.7%
1980	146	690	345	2.0	1,849	8.6%	488	871	1,463	33.4	17.6%

Data as orig reptd 1. Incl equity in earns of nonconsol subs 2. Bef results of disc. opers. in 1989, 1988, 1987, 1986, 1984, 1982, and spec item(s) in 1988, 1987 3. Reflects accounting change. 4. Reflects merger or acquisition and excludes discontinued operations. d-Deficit NM-Not Meaningful

Business Summary

Following the February, 1988 public offering of IMC Fertilizer Group, IGL has two major businesses. Mallinckrodt is a producer of medical products and specialty chemicals. Pitman-Moore is a leading supplier of animal health and nutrition products. Contributions by product segment in fiscal 1989.

	Sales	Profits
Medical products	35%	45%
Specialty chemicals	38%	38%
Animal products	27%	17%

Foreign operations accounted for 24% of sales and contributed 22% of profits in fiscal 1989.

Medical products include X-ray contrast media, catheters and other disposable medical devices, radiopharmaceuticals, and temperature, blood gas, and vital sign monitoring systems and products.

Specialty chemicals include cosmetic, drug, fine, laboratory and electronic chemicals, catalysts, and flavors for food, beverage and pharmaceutical products.

Animal products include mineral feed ingredients, growth promotants, pharmaceuticals, biologicals, anesthetics, antibiotics and diagnostic and surgical products.

IMC Fertilizer Group Inc. (38% owned) is the world's largest private enterprise producer of phosphate rock and potash. Anydrous ammonia, phosphate chemicals, mixed fertilizers and uranium oxide are also produced. Equity income in IMC Fertilizer was $52.9 million in fiscal 1989

Dividend Data

Dividends were resumed in 1971. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 15	Mar. 13	Mar. 17	Mar. 31'89
0.25	Apr. 19	Jun. 12	Jun. 16	Jun 30'89
0.25	Aug. 16	Sep. 11	Sep 15	Sep. 30'89
0.25	Oct. 18	Dec. 11	Dec. 15	Dec. 30'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $711,800,000.

$4 Cum. Pfd. Stock: 98,330 shs. ($100 par).

$3.25 Conv. Exch. Pfd. Stk.: 1,398,000 shs. ($1 par); conv. into 1.8 million com. shs.

Common Stock: 20,883,016 shs. ($5 par).
Institutions hold approximately 64%.
Shareholders of record: 11,362

Office—2315 Sanders Road Northbrook, Ill. 60062 **Tel**—(708) 564-8600 **Chrmn & CEO**—G D Kennedy **VP-Secy**—K J Burns Jr. **VP-Treas**—D. L Peaker. **Investor Contact**—Elizabeth Higashi **Dirs**—K D Bunnell, L Fernandez, A. Fiamm, J. W Glanville, P R Judy, R S Karmel, G D Kennedy, J. Mibank, M. Moskin, H M Pinet, D R Toll **Transfer Agent & Registrar**—First Chicago Trust Co., Chicago **Incorporated** in New York in 1909 **Empl**—6,900

Information has been obtained from sources believed to be reliable but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

International Multifoods

NYSE Symbol IMC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
29¼	33⅜-27¼	13	1.18	4.0%	A-	0.93

Summary

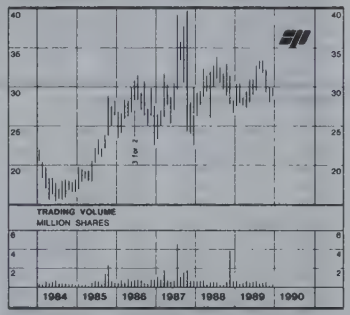
Through a restructuring program begun in 1985, this international food company has become a major foodservice distributor and producer of frozen foods and bakery ingredients. Swings in Venezuelan currency exchange rates can lead to volatile earnings. Favorable comparisons in U.S. and Canadian operations should allow a meaningful earnings turnaround in fiscal 1990-91.

Current Outlook

Earnings for the fiscal year ending February 28, 1991 may improve to $2.45 a share from the depressed $1.90 estimated for fiscal 1989-90.

The dividend may remain at $0.29½ quarterly.

Net profits for fiscal 1990-91 should trend significantly higher on continued progress on assimilation of acquired businesses, higher unit volume and growing operating efficiencies in the U.S. Better comparisons are expectecd for U.S. agribusiness as well. In Canada, 1989 divestitures should also aid comparisons, while improvment in Venezuelan currency translations will be important to overall earnings progress. Sale of Mister Donut franchises would enhance expected earnings.



Net Sales (Million $)

Quarter:	1990-1	1989-90	1988-9	1987-8
May	---	503	447	379
Aug.	---	493	439	404
Nov.	---	550	508	462
Feb.	---	---	480	452
	---	---	1,874	1,698

Sales for nine months ended November 30, 1989 rose 7.0%, year to year, led by an 11% increase in the U.S. Profitability improved on gains in domestic unit volume and efficiencies, but after sharply higher interest expense and losses on Venezuelan currency exchange and grain subsidy claims, net income fell 24%. Share earnings were $1.64 (on 11% fewer shares), versus $1.93.

Common Share Earnings ($)

Quarter:	1990-1	1989-90	1988-9	1987-8
May	E0.40	0.35	0.58	0.40
Aug.	E0.65	0.59	0.57	0.60
Nov	E0.85	0.70	0.78	0.73
Feb.	E0.55	E0.26	0.56	0.53
	E2.45	E1.90	2.49	2.26

Important Developments

Dec. '89— For the first nine months of fiscal 1989-90 IMC reported a foreign currency exchange loss of $1.3 million (which included a $2.1 million loss in the third quarter alone), versus a gain of $3.3 million a year earlier. It also reported a $4.7 million loss on grain subsidy claims in Venezuela in the fiscal 1989-90 third quarter.

Dec. '89— IMC attributed an 11% increase in sales and 15% higher earnings in the U.S. for the fiscal 1989-90 nine months to higher foodservice unit volume and operating efficiencies.

Oct. '89— IMC said that it was discussing the possible sale of its Mister Donut franchising business in the U.S. and Canada. The second largest franchised donut chain in North America, Mister Donut had 486 franchised shops in the U.S. and 87 in Canada. Sales for fiscal 1989 were estimated at $156 million. IMC expected to reach a decision by the end of fiscal 1989-90.

Next earnings report expected in late March.

Per Share Data ($)

Yr. End Feb. 28	1990	[1]1989	[1]1988	[1]1987	[1]1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	NA	14.32	17.99	17.86	12.94	16.38	16.69	16.49	16.03	15.42
Earnings[2]	NA	2.49	2.26	1.28	2.03	1.77	2.69	2.88	2.71	2.26
Dividends	1.18	1.18	1.18	1.17⅝	1.17⅜	1.17⅜	1.15½	1.05½	0.96	0.86
Payout Ratio	NA	43%	52%	95%	58%	66%	43%	36%	36%	38%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	33⅜	33⅞	39¾	31⅜	28⅞	22	24½	22⅞	15½	13⅞
Low	27¼	26	22½	22½	16⅞	15⅜	19⅜	12¾	11¾	8⅞
P/E Ratio—	NA	14-10	18-10	25-18	14-8	12-9	9-7	8-4	6-4	6-4

Data as orig reptd. Adj. for stk. div(s). of 50% Jul 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +2.36 in 1987. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc of Revs.
[3]1989	1,874	89.5	4.8	36.0	29.6	23.7	64.1	45.2%	[4]35.1	1.9
[3]1988	1,698	90.4	5.3	52.1	23.8	17.5	58.0	43.0%	[4]33.1	1.9
[5]1987	1,403	72.0	5.1	35.3	17.8	14.1	37.1	50.9%	18.2	1.3
[3]1986	1,355	67.6	5.0	43.0	14.3	14.6	44.9	44.4%	24.9	1.8
1985	1,211	57.3	4.7	30.5	14.1	15.1	35.6	39.0%	21.7	1.8
1984	1,067	61.1	5.7	25.4	12.4	11.9	53.4	38.3%	32.9	3.1
1983	1,118	74.5	6.7	28.4	12.5	13.0	60.2	41.0%	35.5	3.2
1982	1,148	69.4	6.0	27.3	11.9	17.5	51.2	35.2%	[4]33.2	2.9
1981	1,088	66.7	6.1	24.3	11.4	17.6	44.8	38.4%	27.6	2.5
1980	1,012	63.1	6.2	28.9	10.0	14.7	43.5	41.1%	25.6	2.5

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	33.7	396	236	1.7	716	5.0%	136	297	466	29.3	11.6%
1988	32.8	459	282	1.6	788	4.6%	101	350	490	20.6	9.7%
1987	50.9	380	224	1.7	645	2.6%	42	330	406	10.3	6.0%
1986	12.4	348	269	1.3	626	4.4%	85	228	345	24.6	10.9%
1985	13.3	284	146	1.9	505	4.5%	94	224	344	27.2	9.7%
1984	8.1	259	109	2.4	460	7.1%	95	218	338	28.0	15.1%
1983	30.1	263	110	2.4	464	7.5%	101	217	340	29.6	16.4%
1982	33.8	283	130	2.2	481	6.9%	101	213	332	30.3	15.7%
1981	13.1	282	118	2.4	466	6.1%	113	203	335	33.7	14.0%
1980	4.3	263	142	1.8	432	6.2%	77	186	280	27.7	13.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1980. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excl. disc. opers. and reflects merger or acquisition.

Business Summary

IMC is a diversified international food company. Contributions by market in fiscal 1988-9:

	Sales	Profits
United States	71%	47%
Canada	19%	25%
Venezuela	10%	28%

U.S. operations include the manufacture and supply of specialty products to vending operators (VSA) and pizza restaurants (Pueringer); processing frozen and refrigerated appetizers and ethnic foods (Fred's Frozen Foods, Centre Brands, Rotanelli), surimi-based seafood (SeaFest) and specialty meats (Reuben Meats and Prepared Foods); bakery mixes and supplies to the baking industry. The company also distributes bakery ingredients to in-store bakeries in Southern California, is a Mister Donut franchisor, makes animal feeds and health products, and is a grain merchandiser.

Canadian operations make industrial flours, oat products and bakery ingredients; consumer products including family flour and baking mixes (Robin Hood brands); oat cereals; pickles, relishes and condiments; horseradish and sauces; specialty meats and livestock and poultry feeds. The company is a Mister Donut franchisor in Canada as well. In Venezuela IMC makes consumer products including precooked corn flour, family flour, oats, cachapa mix, spices, rice products, industrial flour and livestock and poultry formula feeds.

Dividend Data

Dividends have been paid since 1923. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29½	Mar. 3	Mar. 21	Mar. 28	Apr. 15'8
0.29½	May 5	Jun. 22	Jun. 28	Jul. 15'8
0.29½	Aug. 18	Sep. 22	Sep. 15	Oct. 16'8
0.29½	Nov. 17	Dec. 21	Dec. 28	Jan. 15'9

Next dividend meeting: early Mar.'90.

Capitalization

Long Term Debt: $135,900,000.

Red. Preferred Stock: $4,093,000.

Common Stock: 12,838,152 shs. ($0.10 par).
Hotchkiss & Wiley own 8.4%, State Inv. Board of Wisconsin, 8.2%; Pioneering Management Corp. 5.8%.
Institutions hold approximately 62%.
Shareholders: 5,611.

Office—Multifoods Tower, Box 2942, Minneapolis, Minn 55402. **Tel**—(612) 340-3300. **Chrmn, CEO & Pres**—A Luiso. **VP-Secy**—T P Brennan. **Treas**—K L Eppich. **Dirs**—W A Andres, G H Dixon, A Gillet, E P Hoffman, A Luiso, O E Powers, R M Price, N L Reding, P S Willmott. **Transfer Agent & Registrar**—First Chicago Trust Co., NYC. **Incorporated** in Delaware in 1969; business established in 1892. **Emp**—9,015.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Col

International Paper

NYSE Symbol IP Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
48⅞	58¾-45⅛	6	1.48	3.0%	B+	1.16

Summary

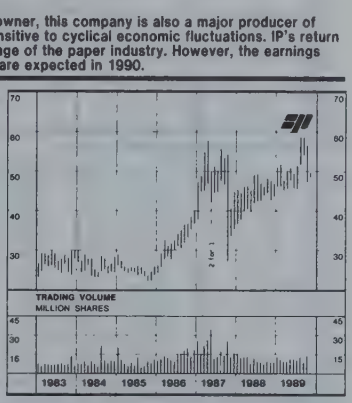
The world's largest paper producer and private landowner, this company is also a major producer of lumber and plywood. Sales and earnings are very sensitive to cyclical economic fluctuations. IP's return on equity in recent years has ranked below the average of the paper industry. However, the earnings outlook for 1989 is positive, and near-record profits are expected in 1990.

Current Outlook

Earnings for 1990 are projected at $7.20 a share, compared with the $7.80 estimated for 1989.

The $0.37 quarterly dividend will likely be raised in late 1989.

Sales for 1990 should grow modestly, unless the general economy begins to decline. Selling prices for most pulp and paper prices are near cyclical highs, and some price erosion may occur as the year progresses. Pulp prices will be especially vulnerable as new industry capacity comes on stream late in the year. Earnings should remain near historically high levels.



Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	2,619	2,280	1,828
Jun.	---	2,960	2,382	1,910
Sep.	---	[2]2,900	2,373	2,012
Dec.	---	---	2,498	2,013
	---	---	9,533	7,763

Sales for the nine months ended September 30, 1989 rose 20%, year to year, reflecting acquisitions and gains in most product segments. Margins widened on higher selling prices for most pulp and paper products, and net income increased 22%. Following preferred dividends, share earnings were $5.91 on 2.0% fewer shares outstanding, compared with $4.76.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.85	1.96	1.38	0.82
Jun.	E1.85	2.04	1.64	0.80
Sep.	E1.75	1.91	1.74	0.92
Dec.	E1.75	E1.89	1.81	1.14
	E7.20	E7.80	6.57	3.68

Important Developments

Sep. '89— IP's Arizona Chemical Co. subsidiary completed the acquisition of the Newport division of Reichhold Chemicals, Inc. Terms were not disclosed. Following the acquisition, Arizona Chemical will have worldwide revenues of $250 million.

Apr. '89— IP completed the acquisition of Aussedat Rey, the second largest paper producer in France for approximately $320 million. Aussedat Ray had 1988 sales in excess of $710 million.

Apr. '89— The company completed the acquisition of the ILFORD Group from Ciba-Geigy. ILFORD is a European manufacturer of professional black-and-white and color photographic papers and films.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	38.40	34.83	33.54	33.34	33.02	33.39	32.47	32.20	28.33	26.48
Earnings[3]	6.57	3.68	2.90	1.07	0.94	2.31	1.36	5.04	2.99	3.63
Dividends	1.27½	1.22½	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.10
Payout Ratio	19%	33%	41%	110%	128%	52%	88%	24%	41%	31%
Prices—High	49⅜	57⅛	40⅛	28⅞	29⅞	30	25⅞	25⅞	23⅞	23⅞
Low	36½	27	24¼	22⅛	23	23	16½	18⅝	15⅜	17⅞
P/E Ratio—	8-6	16-7	14-8	27-21	32-24	13-10	19-12	5-4	8-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987. 1. Approx. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of +0.02 in 1985, 0.11 in 1982, bef. results of disc. opers. of +1.86 in 1979. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	9,533	1,824	19.1	645	485	[3]171	1,222	36.3%	754	7.9
1987	7,763	1,219	15.7	603	429	195	703	39.0%	407	5.2
[4]1986	5,500	819	14.9	576	362	143	474	31.4%	[5]305	5.5
1985	4,502	446	9.9	794	310	105	166	16.9%	131	2.9
1984	4,716	549	11.7	628	295	100	144	16.5%	120	2.5
1983	4,357	377	8.7	738	273	95	252	NM	255	5.9
1982	4,015	227	5.7	654	235	86	181	11.1%	161	4.0
[6]1981	4,983	445	8.9	716	262	85	778	32.5%	525	10.5
1980	5,043	605	12.0	883	264	[5]92	399	21.3%	314	6.2
[6]1979	4,533	621	13.7	1,117	250	80	516	32.5%	348	7.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	122	2,343	1,562	1.5	9,462	8.3%	1,853	4,557	7,624	24.3	17.1%
1987	233	2,163	1,506	1.4	8,710	4.8%	1,937	4,052	6,995	27.7	9.7%
1986	200	1,628	1,332	1.2	7,848	4.2%	1,764	3,664	6,349	27.8	7.9%
1985	271	1,105	755	1.5	6,039	2.3%	1,191	3,195	5,127	23.2	3.3%
1984	300	1,231	657	1.9	5,795	2.1%	1,015	3,298	4,995	20.3	2.8%
1983	226	1,201	549	2.2	5,617	4.5%	940	3,321	4,961	18.9	7.0%
1982	677	1,502	604	2.5	5,566	2.9%	1,003	3,205	4,852	20.7	4.2%
1981	479	1,813	739	2.5	5,544	9.8%	831	3,194	4,710	17.6	16.6%
1980	222	1,390	752	1.8	5,197	6.2%	929	2,814	4,334	21.4	10.7%
1979	620	1,600	851	1.9	4,843	7.7%	1,001	2,586	3,941	25.4	14.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1979, and spec. item(s) in 1985, 1982. 3. Net of interest income. 4. Reflects merger or acquisition. 5. Reflects accounting change. 6. Excludes discontinued operations. NM-Not Meaningful.

Business Summary

IP is the world's largest paper producer and a major factor in building materials. Contributions by industry segment in 1988 were:

	Sales	Profits
Pulp and paper	31%	43%
Paperboard and packaging	33%	39%
Wood products and timber	8%	8%
Specialty products	8%	8%
Distribution	19%	2%

Foreign sales accounted for about 10% of total sales in 1988.

The November, 1986 acquisition of Hammermill Paper Co. greatly increased IP's sales and improved the company's position in the fine writing and printing paper markets. IP also produces lumber, plywood and veneer. The company consumes about 60% of its containerboard production at its own box plants and about one-half of its bleached board at its own converting facilities. IP controls some 6.5 million acres of timberland.

Other activities include the production of formed (non-woven) fabrics, consumer tissue products, and agricultural and other products. IP is also engaged in mineral development and financial operations.

In December, 1987 IP purchased the nonwovens division of Kendall Corp. and Anitec Image Technology Corp. Anitec manufactures photographic film, papers and processing chemicals.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32½	Nov. 8	Nov. 14	Nov. 18	Dec. 15'88
0.37	Dec. 13	Feb. 17	Feb. 24	Mar. 15'89
0.37	Apr. 11	May 15	May 19	Jun. 15'89
0.37	Jul. 11	Aug. 14	Aug 18	Sep. 15'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $2,181,000,000

$4-$8.75 Cum. Preferred Stock: 3,870,394 shs.

Common Stock: 108,700,000 shs. ($1 par).
Institutions hold about 66%.
Shareholders of record: 38,112.

Office—2 Manhattanville Rd., Purchase, N.Y. 10577 **Tel**—(914) 397 1500 **Chrmn**—J. A. Georges **Secy**—A. Wallace **Treas**—E. W. Boehmler **Investor Contact**—Carol Tutundgy **Dirs**—R. T. Baker, W. S. Brewster, W. C. Butcher, F. B. Dent, W. M. Ellinghaus, S. C. Gault, J. A. Georges, T. C. Graham, A. G. Hansen, W. G. Kuhns, D. F. McHenry, S. R. Pierce, Jr., J. C. Pfeiffer, E. T. Pratt, Jr., D. I. J. Wang **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in New York in 1941 **Empl**—55,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

International Rectifier

1226K

NYSE Symbol IRF

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
5	6¼–3⅜	NM	None	None	C	1.06

Summary

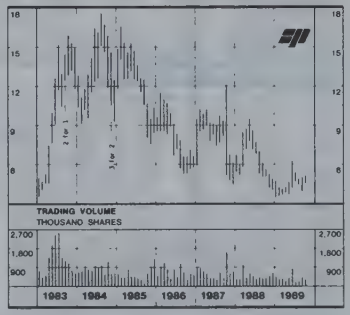
This company a broad range of power semiconductor products used to control electricity. It is the largest producer of power MOSFETs sold under its HEXFET tradename. Despite higher sales, the company incurred its fourth consecutive loss in fiscal 1989 due to low utilization of a major plant opened in April, 1987. Modest profitability may be restored in fiscal 1990 due greater utilization of its major plant and the impact of a planned restructuring and consolidation. Finances are weak.

Current Outlook

Modest profitability is likely for the fiscal year ending June 30, 1990, in contrast to fiscal 1989's loss of $1.13 a share.

Early resumption of dividends is not anticipated.

Sales should rise in fiscal 1990 due to rapid growth in MOSFETs. Higher sales of other products are also likely. However, the gain will be restrained by industry growth that is likely to be only minimal and continuing pressure on prices. Margins will be aided the higher volume and greater utilization of the company's $100 million HEXMET America plant that was opened in 1987. In addition, the pending restructuring, including the formation of two indepentent operating divisions, and a consolidation of manufacturing facilities should allow margins to widen significantly. Interest expense could decline if a possible equity offering is made to bolster the company's weak finances. Modest profitability is likely to be restored.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	49.6	46.9	37.8	37.9
Dec.		45.3	37.9	38.6
Mar.		48.2	48.3	40.2
Jun.		54.8	54.7	35.1
		195.2	178.6	151.8

Sales for the three months ended September 30, 1989 advanced 5.8%, year to year. The pretax loss narrowed to $622,000 from $1,716,000. After income taxes in each quarter, the net loss was $658,000 ($0.06 a share), against a net loss of $1,937,000 ($0.17).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.06	d0.18	d0.26	d0.13
Dec.		d0.59	d0.59	d0.17
Mar.		d0.31	d0.17	d0.03
Jun.		d0.06	d0.07	d1.25
		d1.13	d1.09	d1.58

Important Developments

Sep. '89— IRF said that its improved results in the first quarter of fiscal 1989-90 reflected higher production rates and improved gross margins at its HEXFET America plant opened in 1987. Utilization of wafer fabrication capacity at the plant averaged 45% in the quarter, up from 40% in the previous quarter and 22% in the year-earlier period.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	¹1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	1.47	2.63	3.71	5.11	4.94	4.99	2.87	4.78	5.53	5.24
Earnings²	d1.13	d1.09	d1.57	d0.16	0.64	0.59	d1.85	d0.28	0.39	1.07
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.10⅜	0.10⅜	0.10⅜
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NM	28%	10%
Prices—High³	6¼	9½	12⅛	11½	16⅝	17¾	15⅞	4½	6⅞	10⅜
Low³	3⅜	4	4⅜	5¼	7½	9⅛	3½	2⅛	3¼	5½
P/E Ratio—	NM	NM	NM	NM	26-12	30-15	NM	NM	18-8	10-5

Data as orig. reptd. Adj. for stk. divs. of 50% Dec. 1984, 100% Oct. 1983. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of +0.03 in 1988, +0.11 in 1986, -0.69 in 1985, +0.03 in 1981, and spec. item(s) of +0.03 in 1986, +0.07 in 1985, +0.31 in 1984, -0.41 in 1980. **3.** Cal. yr. NA-Not Available NM-Not Meaningful d-Deficit

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1989	195	14.2	7.3	5.8	11.0	16.4	d12.1	NM	d12.7	NM
²1988	179	9.4	5.2	13.8	12.0	15.6	d11.9	NM	d12.1	NM
1987	152	d7.5	NM	40.8	7.45	11.7	d16.6	NM	d17.2	NM
1986	145	6.0	4.1	54.5	6.62	9.0	d1.1	NM	d1.8	NM
³1985	136	11.2	8.2	25.9	4.39	3.9	⁴8.2	15.9%	6.9	5.1
1984	123	15.5	12.7	8.1	3.62	4.0	⁴8.8	39.9%	5.3	4.3
1983	127	7.0	5.5	4.1	5.12	7.2	⁴d15.7	NM	d15.5	NM
1982	119	6.4	5.4	7.2	4.81	8.8	⁴d5.4	NM	⁵d2.3	NM
³1981	126	12.4	9.8	14.5	3.94	⁵7.9	⁴3.8	15.7%	3.2	2.6
1980	151	20.6	13.6	15.9	3.48	4.8	⁴13.6	35.1%	8.8	5.8

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	2.1	83	60.0	1.4	212	NM	127	16.6	145	87.6	NM
1988	2.4	95	52.9	1.8	230	NM	139	29.2	170	82.2	NM
1987	3.3	77	37.0	2.1	213	NM	132	40.7	173	76.3	NM
1986	3.9	88	35.7	2.5	189	NM	95	55.7	152	62.5	NM
1985	35.5	108	31.1	3.5	161	5.3%	73	53.1	128	57.6	12.9%
1984	2.3	60	24.4	2.5	97	4.7%	15	53.4	70	21.4	12.6%
1983	2.4	69	34.5	2.0	103	NM	34	24.5	64	53.7	NM
1982	2.5	77	38.3	2.0	119	NM	35	39.9	80	43.3	NM
1981	2.9	83	36.6	2.3	126	2.6%	38	46.1	88	42.7	7.2%
1980	4.5	85	44.5	1.9	121	8.2%	29	43.3	76	38.4	21.8%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1988, 1986, 1985, 1981, and spec. item(s) in 1986, 1985, 1984, 1980. **2.** Reflects merger or acquisition. **3.** Excludes discontinued operations. **4.** Incl. equity in earns. of nonconsol. subs. **5.** Reflects accounting change. d-Deficit NM-Not Meaningful

Business Summary

International Rectifier manufactures a broad range of power semiconductor products use to control electricity in a variety of applications.

IRF adapted metal oxide silicon (MOS) process technology to introduce in 1979 an innovative power MOSFET (metal oxide silicon field effect transistor), marketed under the tradename HEXFET. Sales of HEXFETs have made IRF the world's largest supplier in the power MOSFET market. IRF has also extended its expertise in MOS and other technologies to develop power integrated circuit devi ces.

The company also manufacturers and sells a broad line of high power semiconductor products including thyristors, rectifiers and Schottky diodes.

A $100 million, highly-automated 285,000 sq. ft. plant to produce HEXFETs began production on April 1, 1987. The facility features an innovative production line with linear flow of silicon wafers, similar to that in an automobile factory.

Foreign operations accounted for 45% of sales and a $3.5 million operating profit in fiscal 1989.

Dividend Data

Annual dividends were omitted in 1982 after having been paid since 1973. The shares were split 3-for-2 in December, 1984, and 2-for-1 in October, 1983.

Finances

In 1987 the company entered into a three-year credit facility of $60 million with Chrysler Capital Corporation. During fiscal 1989 the company used nearly 100% of this facility. In its fiscal 1989 Annual Report, the company said it had agreed with Chrysler Capital Corporation in September, 1989 to an amendment to provide an additional $3 million on its term loan and to extend the agreement for one year.

In the fiscal 1989 Annual Report, the company said that it expected capital equipment outlays in fiscal 1990 to be minimal.

Capitalization

Long Term Debt: $126,849,000, incl. $57.5 million of debs. conv. into com. at $16.35 a sh.

Common Stock: 11,295,257 shs. ($1 par).
The Lidow family owns some 34%.
Institutions hold about 16%.
Shareholders of record: 2,746.

Office—233 Kansas Street, El Segundo, Calif. 90245. **Tel**—(213) 772-2000. **Chrmn & Pres**—E. Lidow. **EVP-Fin & Treas**—J.W. Buddle. **Secy**—G. Nassif. **Investor Contact**—Shelley Baunsten. **Dirs**—G. Krsek, E. Lidow, A. E. Lidow, J. O. Vance, R. E. Vogt. **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles. **Incorporated** in California in 1947; reincorporated in Delaware in 1979. **Empl**—2,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Interpublic Group

NYSE Symbol IPG Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 28'89	1989					
32⅜	37⅞-24⅜	16	0.68	2.1%	A	1.15

Summary

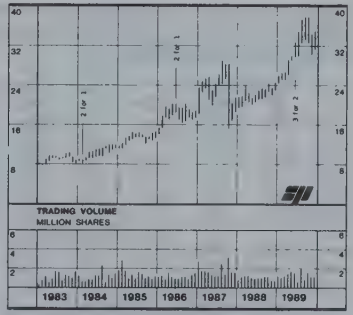
Interpublic is one of the largest advertising agency systems in the world. The level of billings reflects worldwide economic conditions and success in expanding the agency network and in adding clients. Long-term growth patterns for the industry appear favorable, particularly overseas, and Interpublic's large size provides a greater cushion to account shifts than is the case for many smaller agencies. The stock was split 3-for-2 in June, 1989.

Current Outlook

Earnings for 1990 are projected at $2.35 a share, versus the $2.10 estimated for 1989.

The $0.17 quarterly dividend is expected to be raised to $0.19 or $0.20 in 1990.

Gross income for 1990 is expected to rise about 9%, reflecting sluggishness in U.S. advertising but strong international gains, aided particularly by contributions from new business and improving advertising conditions in European markets. Margins will benefit from ongoing cost controls. Equity earnings will increase, and net income should receive an additional boost from a weaker U.S. dollar against foreign currencies.



Gross Income (Million $)

Quarter:	1989	1988	1987	1986
Mar.	276.5	242.8	202.5	167.9
Jun.	317.1	282.6	249.6	215.3
Sep.	283.3	268.6	217.6	190.7
Dec.	---	397.9	301.0	240.4
	---	1,191.9	970.7	814.4

Gross income for the first nine months of 1989 rose 10%, year to year, reflecting a 15% gain in international revenues and 1.9% higher domestic revenues. Total costs and expenses increased at a lesser rate, and net income advanced 17%. Earnings per share were $1.29, compared with $1.12 (adjusted).

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.25	0.24	0.21	0.17
Jun.	E0.95	0.84	0.73	0.61
Sep.	E0.25	0.21	0.18	0.15
Dec.	E0.90	E0.81	0.69	0.57
	E2.35	E2.10	1.81	1.50

Important Developments

Oct. '89— IPG said that its agency systems' net new business in the nine months through September, 1989 was $403 million.

Jun. '89— IPG announced a restructuring of its relationship with Lowe Group. IPG increased its equity interestp in Lowe in exchange for IPG's 70% interest in New York-based Lowe Marschalk, Inc. (LM). IPG now holds 35.75% of Lowe Group (up from 24.95% previously), while LM has become a wholly-owned subsidiary of Lowe. Separately, IPG agreed to acquire a 49% minority interest in Fremantle International, Inc. and its wholly-owned British subsidiary, Talbot Television Ltd., which over the past decade have become Europe's largest suppliers of game shows, with 43 different series of production in nine countries.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	9.90	6.56	5.49	5.13	4.15	3.67	3.11	3.57	3.29	2.82
Earnings	1.81	1.50	1.25	1.12	1.01	0.81	0.71	0.55	0.73	0.82
Dividends	0.51⅜	0.44	0.40	0.36	0.33⅜	0.30	0.27⅝	0.26⅜	0.26⅜	0.24½
Payout Ratio	30%	30%	32%	32%	33%	38%	39%	49%	37%	30%
Prices—High	24⅝	29	20⅜	14⅝	12	10⅜	8⅜	6⅜	6⅜	5⅞
Low	19⅜	15⅛	14	11⅛	8⅛	7⅝	4⅜	4¾	4½	4⅜
P/E Ratio—	14-11	19-10	16-11	13-10	12-8	13-9	12-6	11-9	9-6	7-5

Data as orig. reptd Adj. for stk div(s) of 50% in Jun 1989, 100% Jun. 1986, 100% Feb 1984, 20% Aug. 1979. **1.** Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,153	124	10.8	44.1	24.9	10.2	133	51.1%	60.1	5.2
1987	943	103	10.9	[2]22.3	21.0	8.7	104	49.5%	49.3	5.2
1986	793	89	11.2	[2]18.8	16.9	6.9	89	50.8%	41.1	5.2
1985	667	75	11.2	[2]16.3	13.4	6.6	80	53.5%	36.6	5.5
1984	623	69	11.1	[2]11.4	12.6	5.3	74	54.6%	32.8	5.3
[3]1983	586	65	11.1	[2]8.0	11.9	4.3	66	60.8%	25.4	4.3
[4]1982	532	54	10.1	[2]13.2	10.3	6.3	51	60.4%	19.8	3.7
1981	433	42	9.8	[2]8.1	7.6	4.2	40	61.3%	15.2	3.5
1980	417	49	11.7	10.1	7.3	5.5	44	53.1%	19.7	4.7
[3]1979	367	49	13.4	10.2	6.3	4.2	47	52.2%	21.6	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	180	1,297	1,117	1.2	1,600	4.0%	42.6	333	390	10.9	19.1%
1987	181	1,130	946	1.2	1,347	4.1%	21.3	280	313	6.8	18.9%
1986	147	887	740	1.2	1,079	4.3%	21.0	243	271	7.8	18.1%
1985	113	660	527	1.3	802	4.8%	8.6	208	221	3.9	19.0%
1984	101	585	478	1.2	714	4.7%	11.8	176	191	6.2	19.6%
1983	101	565	463	1.2	683	3.6%	14.8	157	175	8.4	16.7%
1982	86	510	431	1.2	624	3.6%	17.3	129	149	11.6	15.7%
1981	51	387	320	1.2	481	3.2%	11.6	122	137	8.5	12.9%
1980	39	379	312	1.2	471	4.3%	20.2	111	134	15.1	19.0%
1979	36	346	287	1.2	435	5.4%	25.0	96	124	20.2	24.5%

Data as orig. reptd **1.** Incl. equity in earns. of nonconsol. subs. **2.** Net of curr. yr. retirement and disposals. **3.** Reflects merger or acquisition **4.** Reflects accounting change

Business Summary

The Interpublic Group of Companies is one of the world's largest advertising agency systems. The advertising agency functions of the company are carried on in 65 countries through IPG's five agency systems including McCann-Erickson Worldwide; Lintas: Worldwide; Dailey & Associates; Campbell-Ewald Co.; and interests in Lowe Group. The company also offers advertising agency services in 23 other countries through association arrangements with local agencies. During 1989, 15 acquisitions were completed around the world, compared with 25 acquisitions in 1988.

The principal functions of the company's advertising agencies are to plan and create advertising programs for clients and to place the advertising in various media, such as radio, television, magazines and newspapers. The usual advertising agency commission is 15% of the gross charge (billings) for advertising space or time. During 1988 IPG's two largest clients accounted for 19% of income from commissions, fees and publications, compared with 22% in 1987.

Operations outside the U.S. accounted for 61% of income from commissions, fees and publications, and 60% of income before taxes and unallocated expenses in 1988.

In addition to advertising agency activities, IPG is engaged in publishing, market research, sales promotion, public relations, product development and other related services.

Dividend Data

Dividends have been paid since 1971. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 21	Feb. 23	Mar. 1	Mar. 15'89
0.25½	May 16	May 23	May 30	Jun. 15'89
3-for-2	May 16	Jun. 16	May 30	Jun. 15'89
0.17	Jul. 18	Aug. 24	Aug. 30	Sep. 15'89
0.17	Sep. 25	Nov. 22	Nov. 29	Dec. 15'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $35,156,000.

Minority Interest: $9,989,000.

Common Stock: 34,505,689 shs. ($0.10 par). Institutions hold about 75%; some 12% owned by Berkshire Hathaway Inc. and related parties. Shareholders of record: 3,650.

Office—127.1 Avenue of the Americas, NYC 10020 **Tel**—(212) 399 8000 **Chrmn & Pres**—P. H. Geier, Jr. **VP-Secy**—C. Rudge **EVP-CFO & Investor Contact**—Eugene P. Beard **Dirs**—E. P. Beard, P. H. Geier, Jr., R. L. James, R. D. O'Connor, L. H. Olsen, M. G. R. Sandberg, J. J. Sisco, F. Stanton, W. V. Werthas, J. G. Wexler **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1930. **Empl**—14,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

IPALCO Enterprises

NYSE Symbol IPL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
26¼	26⅝-21¾	10	1.72	6.6%	A-	0.36

Summary

This well-managed utility holding company serves the diversified regional economy of Indianapolis and surrounding communities. Benefiting from the growth of the local service territory in addition to excellent cash flow, the company's near-term prospects are quite favorable. The longer-term outlook is enhanced by supportive Indiana regulation and completion of the construction program.

Current Outlook

Share earnings for 1990 are projected at $2.65, up from the $2.60 estimated for 1989.

Dividends are expected to continue at $0.43 quarterly.

Share earnings for 1990 should benefit from slightly higher kwh sales. The longer-term outlook is enhanced by supportive regulation and completion of the construction program.

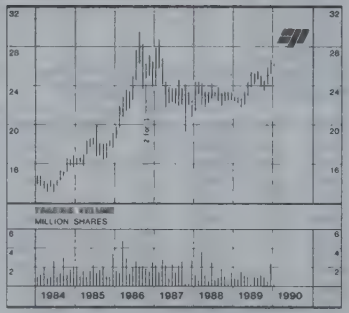
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar	151.8	157.7	140.9	128.6
Jun	137.5	140.1	128.1	112.4
Sep	159.3	165.7	148.1	137.8
Dec	---	146.0	136.7	133.6
	---	609.4	553.7	512.4

Revenues for the nine months ended September 30, 1989 fell 3.2%, year to year, due primarily to the absence of a $9.8 million onetime sale for resale to a neighboring utility made in the 1988 period. After a nominal decline in production costs, operating income dropped 8.9%. Following substantially higher net other income on a gain from the redemption of a limited partnership investment, and lower fixed charges, net income was down 4.6%. Share earnings were $2.02, versus $2.12.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.68	0.67	0.61	0.59
Jun	0.45	0.57	0.51	0.37
Sep	0.89	0.87	0.83	0.59
Dec	E0.58	0.52	0.43	1.72
	E2.60	2.64	2.38	3.27



Important Developments

Nov. '89— IPL reported that for the 1989 third quarter electric operating revenues were $6.6 million lower, year to year, due primarily to a nonrecurring sale for resale during 1988, a 2.5% decrease in retail sales, and decreased fuel cost recoveries. Share earnings, however, benefited from decreased operating expenses, and an after-tax gain realized on the redemption of a nonutility limited partnership investment in September, 1989. Separately, IPL and Ebara Environmental Corp. filed an application on August 29, 1989 with the U.S. Department of Energy as an initial step in construction and operation on a commercial-scale demonstration project using new clean coal technology. The proposed project is estimated to cost $46.4 million, and the Department of Energy is being asked to support 50% of that cost.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.81	16.80	16.24	14.04	13.47	13.43	12.64	12.30	12.40
Earnings	NA	2.64	2.38	3.27	1.91	2.11	2.09	1.71	1.41	1.84
Dividends	1.72	1.64	1.81	1.52	1.52	1.46	1.38	1.30	1.20	1.12
Payout Ratio	NA	62%	76%	46%	80%	69%	66%	76%	86%	61%
Prices—High	26⅝	24⅜	28¾	29½	20	18⅞	15⅜	13⅞	11⅞	11⅝
Low	21¾	21¼	19¼	18½	15¾	13	12⅞	10⅜	9	8½
P/E Ratio—	NA	9-8	12-8	9-6	10-8	8-6	7-6	8-6	8-6	6-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov. 1986. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	609	70.6	60.8	74.8%	3.71	1.6	31.6%	106	17.4	9.7	15.0
1987	554	64.7	51.8	77.3%	3.59	2.9	34.7%	96	17.3	9.3	14.2
1986	512	52.6	47.2	82.0%	4.88	34.9	34.7%	129	25.3	11.2	20.9
1985	471	45.6	41.7	83.1%	3.47	54.6	33.3%	78	16.5	8.1	13.4
1984	459	44.1	42.7	82.0%	4.25	41.2	34.1%	80	17.5	8.5	15.2
1983	428	42.6	36.4	79.7%	4.24	28.3	37.6%	74	17.4	9.1	15.4
1982	398	39.8	33.7	80.2%	---	19.8	38.1%	59	14.7	8.5	13.5
1981	337	35.5	30.8	79.1%	---	16.0	38.0%	46	13.7	8.1	11.4
1980	334	34.5	27.5	76.0%	---	11.0	41.0%	56	16.6	9.4	15.1
1979	343	33.7	24.3	77.8%	---	5.8	42.3%	52	15.3	9.0	15.1

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,004	61	1,408	10.9	1,629	552	42.4	72	5.5	678	52.1
1987	1,952	62	1,408	8.9	1,609	555	43.1	92	7.1	641	49.8
1986	1,907	73	1,406	6.6	1,583	563	44.2	92	7.2	619	48.6
1985	1,832	92	1,370	6.0	1,523	603	48.3	92	7.4	554	44.3
1984	1,695	106	1,268	6.8	1,363	534	47.4	92	8.1	502	44.5
1983	1,557	116	1,164	7.7	1,234	468	45.6	92	8.9	467	45.5
1982	1,420	75	1,061	7.6	1,075	393	44.0	94	10.6	406	45.4
1981	1,331	72	1,006	7.2	1,041	426	48.5	95	10.8	359	40.7
1980	1,249	80	953	8.7	933	362	45.8	96	12.2	332	42.0
1979	1,163	54	896	8.6	909	376	48.0	97	12.4	310	39.6

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis) 2. Based on income before interest charges.

Business Summary

IPALCO Enterprises is the holding company for Indianapolis Power & Light. In 1988 some 96% of revenues were derived from electricity and 4% from steam. IPL also owns Mid-America Capital Resources, Inc., a holding company created to participate in nonutility ventures. The unit currently engages in investment management and has an equity interest in a broadcast property. The company is considering investments independent power production. Electric revenue contributions in recent years:

	1988	1987	1986	1985
Residential	36%	36%	36%	31%
Small comm'l & ind'l	24%	25%	26%	23%
Large comm'l & ind'l	35%	36%	36%	45%
Other	5%	3%	2%	1%

Nearly all of 1988's generation requirements were derived from coal. Peak load in 1988 was 2,475 mw, and system capability totaled 2,845 mw for a capacity margin of 13%. IPL's generating capacity is sufficient for well into the 1990's.

IPL projects total system sales will grow about 3.3% annually for the next five years. All of its current financing needs are projected to be met with internal capital. If Congress passes stringent acid rain legislation, the company would be expected to access the capital markets to finance construction of environmental protection equipment. Construction work-in-progress for environmental equipment can be included in rates in Indiana.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Feb. 28	Mar. 8	Mar. 14	Apr. 15'89
0.43	May 30	Jun. 8	Jun. 14	Jul. 15'89
0.43	Aug. 29	Sep. 7	Sep. 13	Oct. 15'89
0.43	Nov. 28	Dec. 7	Dec. 13	Jan. 15'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $547,828,000.

Subsid. Cum. Pfd. Stock: $71,898,000.

Common Stock: 37,548,966 shs. (no par).
Institutions hold about 40%.
Shareholders of record: 26,578.

Office—25 Monument Circle P. O. Box 1595, Indianapolis, Ind. 46206 1595. **Tel**—(317) 261 8261. **Chrmn & Pres**—J. R. Hodowal. **Secy**—M. E. Woods. **VP-Treas & Investor Contact**—J. R. Brehm. **Dir**—R. A. Borns, O. N. Frenzel III, E. J. Goss, E. B. Herr, Jr., R. W. Hill, J. R. Hodowal, S. H. Jones, A. B. Lacy, F. E. McKinney, Jr., S. W. Rowland, T. H. Sams, Z. G. Todd. **Transfer Agents**—Manufacturers Hanover Trust Co., NYC; Merchants National Bank & Trust Co., Indianapolis. **Registrar**—Bank One, Indianapolis. **Incorporated** in Indiana in 1926. **Empl**—2,278.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Itel Corp.

NYSE Symbol ITL Options on Pac (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
21¼	28⅞-18	59	None	None	C	1.68

Summary

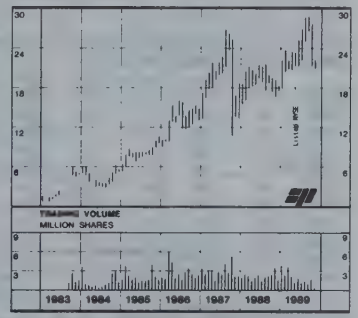
The firm is the leading lessor of containers and railcars, a major provider of marine construction services, and a distributor of wiring systems. While profits should continue to advance in 1990, share earnings will be limited by the dilutive effects of the late 1988 purchase from Henley Group of Pullman Leasing and equity stakes in Santa Fe Pacific and American President Cos. for $827 million and 18,700,000 common shares. Trading in ITL's common and $3.375 convertible preferred stock shifted to the NYSE from the NASDAQ system in May, 1989.

Current Outlook

Earnings for 1990 are estimated at $1.00 a share, versus the $0.60 anticipated for 1989.

Payment of common dividends is unlikely over the next 12 months.

Profits for container leasing should continue to advance in 1990, as cargo rates remain firm and fleet utilization holds steady at high levels. Railcar lease profits may be flat, reflecting soft demand for boxcars and the dilutive effect of ITL's stake in Quadrum S.A. Profit growth for warehousing will be fueled by recent acquisitions. Anixter should continue to post solid gains, reflecting strong domestic demand and expansion into European markets. While tax rates and interest costs should ease, comparisons will continue to be limited by heavy costs for carrying Itel's investments in Santa Fe Pacific Corp. and American President Cos.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	490	371	261	65
Jun.	538	393	322	72
Sep.	543	420	341	81
Dec.	---	460	350	71
	---	1,644	1,274	289

Revenues for 1989's first nine months rose 33%, year to year. Net income was down 4.5%. After preferred dividends, per-share earnings were $0.37 (on 84% more shares), versus $0.58.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.06	d0.02	d0.56	d0.39
Jun.	0.15	0.18	0.20	d0.12
Sep.	0.18	0.39	0.07	0.14
Dec.	E0.23	d0.03	0.10	d0.12
	E0.60	0.44	d0.09	d0.44

Important Developments

Nov. '89— ITL filed notice with regulatory authorities seeking clearance to purchase at least $15 million of Ryder System's common stock. Ryder, which earned $31.1 million during 1989's first nine months on revenues of $3.8 billion, is a leading lessor of trucks.

Sep. '89— Itel bought a 35% stake in Quadrum, S.A. a Mexican railcar lessor, for $46.3 million. In August, ITL sold the equipment financing unit of its Signal Capital Corp. subsidiary for $675 million. ITL expects to close the sale of Signal's real estate operations by 1989 year-end. Signal was acquired from Henley Group in 1988 in a package that included minority stakes in Santa Fe Pacific Corp. and American President Cos.

May '89— ITL's common and $3.375 preferred shares were listed on the NYSE on May 4.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	7.31	d1.66	d10.49	3.63	3.67	2.75	d18.73	d22.09	d28.32	d23.29
Earnings[2]	0.44	d0.09	d0.44	d0.42	d0.60	NA	NA	NA	d6.75	d4.68
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.36
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NM
Prices—High	21⅝	26⅞	16⅛	10⅝	6¼	5⅞	1⅞	1¼	5⅜	28⅛
Low	15½	10⅝	9	5¼	2¾	⅝	⅝	⅜	¼	3⅛
P/E Ratio—	49-35	NM	NM	NM	NM	NA	NA	NA	NM	NM

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.18 in 1985, +0.07 in 1984, +1.06 in 1980, -4.45 in 1979 and spec. item(s) of -0.32 in 1987, +3.21 in 1986, -0.14 in 1985, +0.31 in 1984, +0.78 in 1979. d-Deficit. E-Estimated. NA-Not Available NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,644	371	22.6	1,098	115	201	52.3	52.6%	24.8	1.5
1987	1,274	233	18.3	465	87	118	36.5	40.5%	15.6	1.2
[3]1986	289	107	37.1	84	55	63	d0.5	NM	d2.1	NM
[3]1985	108	48	44.7	208	27	38	d2.5	NM	d1.7	NM
1984	195	93	47.9	30	44	68	9.5	NM	d4.3	NM
1983	173	63	36.6	60	47	39	10.2	55.9%	4.5	2.6
1982	177	64	35.9	29	48	44	26.3	47.9%	13.7	7.7
1981	191	63	33.1	28	49	53	20.9	52.2%	10.0	5.2
1980	207	101	48.9	41	41	155	d72.1	NM	d74.7	NM
[4]1979	224	92	41.3	251	34	123	d49.8	NM	d49.0	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	**50**	**648**	**514**	**1.3**	**4,001**	**0.7**	**2,571**	**702**	**3,368**	**76.3**	**2.4**
1987	35	513	316	1.6	1,945	0.8	1,141	276	1,591	71.7	NM
1986	144	483	670	0.7	1,480	NM	465	138	785	59.3	NM
1985	12	112	66	1.7	564	NM	319	54	493	64.8	NM
1984	61	NA	NA	NA	742	NM	[5]513	54	667	76.9	NM
1983	46	NA	NA	NA	758	0.4	[5]322	40	462	69.7	NM
1982	381	NA	NA	NA	1,242	1.1	[5]1,073	d225	933	NM	NM
1981	311	NA	NA	NA	1,252	0.8	[5]1,096	d265	910	NM	NM
1980	195	NA	NA	NA	1,410	NM	[5]1,110	d340	843	NM	NM
1979	80	151	217	0.7	1,543	NM	1,043	d275	848	NM	NM

Data as orig. reptd. 1. Bef. results of disc. opers. in 1985, 1984, 1980, 1979, and spec item(s) in 1987, 1986, 1985, 19844, 1979. 2. Reflects merger or acquisition. 3. Excl. disc. opers. and reflects merger or acquisition. 4. Excl. disc. opers. 5. Incl. current portion. d-Deficit. NM-Not Meaningful. NA-Not Available

Business Summary

Contributions (in $ millions) to operating profits by business segment in recent years:

	1988	1987	1986
Container	$89.2	$51.1	$21.7
Rail	111.4	43.1	27.5
Dredging	18.8	20.0	8.6
Wire distribution	54.0	46.0	---

Following a series of acquisitions in recent years, Itel has emerged as the world's largest lessor of marine containers. ITL's fleet at 1988 year-end of 528,000 20-foot equivalent units represents some 20% of worldwide lease capacity. The fleet utilization rate in 1988 was 88%, versus 81% in 1987 and 67% in 1986.

The acquisition of Pullman Leasing from Henley Group in September, 1988 expanded Itel's railcar fleet to 72,000 units, making the firm the largest railcar lessor in the U.S. Itel also operates seven short-line railroads and eight railcar repair facilities, and provides nationwide warehouse and distribution serves through a network of 19 facilities.

Great Lakes International is a leading marine dredging firm, active primarily in deepening and maintaining shipping channels and ports in the U.S. Its fleet consists of 27 dredges, 48 barges, 12 tugboats and over 150 support vessels.

Anixter Bros. is a leading distributor of wiring and cable used for the transmission of power, voice, video and data communications. Anixter stocks more than 75,000 products at facilities numbering over 120 worldwide.

Itel also owns 17% of Santa Fe Pacific Corp., a rail and natural resources firm and 16% of American President Cos., a container shipping line. ITL is selling its Signal Capital unit (acquired in 1988), which engages in equipment financing, leveraged leasing and commercial finance.

Dividend Data

Common dividends were last paid in 1979.

Capitalization

Long Term Debt: $2,670,300,000.

Minority Interests: $12,800,000.

$3.375 Conv. Preferred Stock: 1,702,525 shs. ($50 designated val.); conv. into com. at $22.50 a sh.

Common Stock: 48,960,802 shs. ($1 par). Henley Group holds 38%; Flexi-Van Corp. owns 6%. Officers & directors own some 26%. Institutions hold about 24%. Shareholders of record: 7,115.

Warrants: To purchase 4,998,050 com. shs.

Office—Two North Riverside Plaza, Suite 1950, Chicago, Ill 60606 **Tel**—(312) 902-1515 **Chrmn**—S Zell **Pres**—R F Dammeyer Sr **VP-Secy**—J E Knox **VP-Fin**—Gary M. Hill. **VP & Investor Contact**—T.Crossdaile **Dirs**—B. F. Brennan, W. A. Buzick Jr., R. F. Dammeyer Sr., J. P. Edwards, F. P. Handy, H. Haynes, J. Hsieh, J. Jacobson, M. N. Klein, R. H. Lurie, J. R. Petty, J. A. Pigott, J. D. Woods, S. Zell **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., San Francisco. **Incorporated** in Delaware in 1967. **Empl**—6,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

James River

NYSE Symbol JR Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
29¾	34⅜-27½	10	0.60	2.0%	A-	1.11

Summary

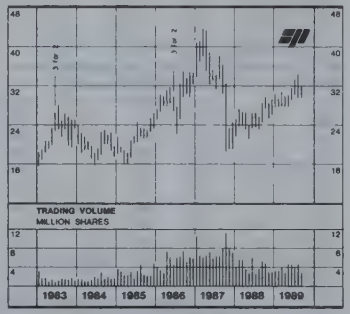
James River is a major integrated manufacturer of pulp, paper and converted paper and plastic products, including towel and tissue paper, communication paper, folding cartons and flexible packaging materials and food and beverage service items. The company has expanded rapidly through acquisitions in recent years.

Current Outlook

Earnings for the fiscal year ending April 30, 1990 are estimated at $3.00 a share, compared with the $2.87 of fiscal 1988-9.

The quarterly dividend was raised 25%, to $0.15 from $0.12, with the July, 1989 payment.

Sales for fiscal 1989-90 should show moderate improvement because of acquisitions and some volume gains. Prices should remain firm as long as the general economy avoids recession. Earnings should be helped by only moderate increases in raw materials costs.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	1,470	1,388	1,179	1,070
Oct.	---	1,455	1,286	1,160
Jan.	---	1,386	1,238	1,058
Apr.	---	1,643	1,395	1,191
	---	5,872	5,098	4,479

Sales for the 13 weeks ended July 30, 1989 rose 6.0%, year to year, reflecting acquisitions and some pricing gains. Margins narrowed, and pretax earnings declined 8.5%. After taxes at 35.7%, versus 42.2%, net income was up 1.8%. Per-share earnings were $0.64, compared with $0.63.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.64	0.63	0.55	0.58
Oct.	E0.81	0.74	0.61	0.43
Jan.	E0.70	0.66	0.54	0.49
Apr	E0.85	0.84	0.66	0.53
	E3.00	2.87	2.36	2.03

Important Developments

Aug. '89— The company announced plans for a $280 million expansion of its Marathon pulp mill in Ontario, Canada, where JR has cutting rights on 2.4 million acres of timberland. The expansion will increase Marathon's capacity to 1,000 tons per day and minimize the impact of market pulp price swings on earnings.

Apr. '89— JR purchased substantially all of the assets of the Wyomissing Paper division of Paper Corp. of America. Wyomissing has annual sales of approximately $36 million.

Feb. '89— The company adopted a "poison pill" preferred stock purchase rights plan as an anti-takeover move.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Apr. 30	[1]1989	1988	[1]1987	1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	1980
Tangible Bk. Val.	22.46	20.36	18.29	14.40	13.35	11.63	9.33	5.79	5.08	4.26
Earnings[2]	2.87	2.36	2.03	1.77	2.12	2.27	1.79	0.87	1.02	0.96
Dividends	0.48	0.40	0.40	0.37⅜	0.37⅜	0.26¾	0.17⅝	0.17⅞	0.14¼	0.13
Payout Ratio	17%	17%	20%	22%	18%	12%	13%	20%	15%	12%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	29¾	43¾	35	26⅜	23⅞	28⅛	16⅞	10⅜	7½	7⅞
Low	21⅛	18½	22	15⅞	15¾	15½	5⅞	6½	4⅜	4¼
P/E Ratio—	10-7	19-8	17-11	15-9	11-7	12-7	9-3	12-8	7-4	8-4

Data as orig. reptd. Adj. for stk. div. of 50% Jul. 1986, 50% Jul. 1983, 50% Jun. 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.19 in 1981.

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James River Corporation of Virginia

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[3]1989	5,872	826	14.1	685	246	190	[2]441	41.3%	255	4.3
1988	5,098	639	12.5	623	202	138	[2]378	44.6%	209	4.1
[3]1987	4,479	570	12.7	[4]504	163	129	356	52.3%	170	3.8
1986	2,607	267	10.2	[4]275	82	62	150	36.5%	95	3.7
1985	2,492	277	11.1	222	66	63	171	40.7%	101	4.1
[3]1984	2,301	270	11.7	133	53	61	173	41.9%	98	4.3
[3]1983	1,656	170	10.3	354	32	55	95	37.4%	55	3.3
1982	773	62	8.1	42	14	19	34	34.8%	22	2.9
[3]1981	561	49	8.7	21	9	12	32	33.3%	21	3.8
1980	374	37	10.0	11	4	[5]5	31	46.0%	17	4.5

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	24	1,456	735	2.0	5,558	4.8%	1,918	2,046	4,739	40.5	11.9%
1988	43	1,444	730	2.0	5,006	4.6%	1,623	1,877	4,180	38.8	10.8%
1987	117	1,343	631	2.1	4,210	4.6%	1,280	1,747	3,407	37.6	11.3%
1986	36	744	303	2.5	1,972	4.7%	646	744	1,600	40.4	12.2%
1985	32	742	293	2.5	1,741	6.1%	563	582	1,391	40.5	16.9%
1984	25	635	284	2.2	1,460	7.3%	443	462	1,106	40.0	21.7%
1983	97	567	205	2.8	1,152	5.3%	427	344	866	49.3	18.4%
1982	26	221	102	2.2	478	4.9%	147	110	337	43.7	16.5%
1981	6	197	89	2.2	439	6.5%	138	96	306	45.0	20.4%
1980	6	95	33	2.8	169	9.8%	50	62	135	37.1	27.9%

Data as orig. reptd. 1. Bef. spec. item(s) in 1981. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition. 4. Net of curr. yr. retirement and disposals. 5. Reflects acctg. change.

Business Summary

James River is the nation's largest producer of towel and tissue paper, food and beverage packaging products, and specialty papers. JR is also the second largest maker of food and beverage service products and is a major factor in communications papers. The distribution of sales in recent fiscal years:

	1988-9	1987-8
Hygenic paper products	27%	27%
Specialty papers	14%	14%
Food service products	15%	16%
Food & consumer packaging	16%	16%
Communication papers	23%	23%
Market pulp & other	5%	4%

Specialty and communication papers include special purpose papers used in the manufacture of industrial and consumer products and cast coated papers, blotting papers, textured text and cover papers, and other related items. Towel and tissue products are sold to institutions and consumers. Dixie brand food-service products include paper and plastic disposable plates, cups and related items. Packaging products are designed to meet the needs of customers. Other sales include coated products and market pulp.

Dividend Data

Dividends have been paid since 1973. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Oct. 6	Oct. 11	Oct. 17	Oct. 31'88
0.12	Jan. 5	Jan. 10	Jan. 17	Jan. 31'89
0.12	Feb. 9	Apr. 10	Apr. 14	Apr. 28'89
0.15	Jun. 8	Jul. 11	Jul. 17	Jul. 31'89

Next dividend meeting: Oct. 12'89.

Capitalization

Long Term Debt: $1,920,976,000.

Minority Interest: $13,422,000.

$3.375 Conv. Exch. Preferred Stock: 2,000,000 shs.; conv. into com. at $40.75 a sh.

$14 Conv. Exch. Preferred Stock: 1,000,000 shs. conv. into com. at $40 a sh.

$8.75 Pfd. Stk.: 24,400 shs.

Common Stock: 81,094,317 shs. ($0.10 par). Institutions hold approximately 74%. Shareholders of record: 24,000.

Office—Tredegar St., Richmond, Va. 23217. Tel—(804) 644-5411. Chrmn & CEO—B. S. Halsey. Pres—R. C. Williams. Secy—R. H. Catlett, Jr. VP-Treas—W. L. Flaherty. Investor Contact—Karen Whelan. Dirs—F. Bemiss, W. J. Bowen, W. T. Burgin, R. H. Catlett, Jr., W. T. Comfort, Jr., W. V. Daniel, B. C. Gottwald, B. S. Halsey, R. M. O'Neil, J. T. Piemont, R. C. Williams, W. S. Woodside. Transfer Agent & Registrar—Sovran Bank, Richmond. Incorporated in Virginia in 1969. Empl—42,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetra

Jefferson-Pilot

NYSE Symbol JP In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
42	42 1/8-29 3/4	14	1.36	3.2%	B+	0.77

Summary

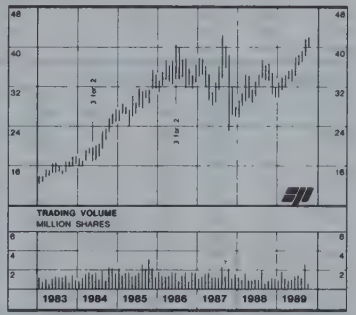
Jefferson-Pilot is a holding company whose subsidiaries provide a wide-range of insurance, financial and communications products and services. JP derives a substantial portion of its income from life insurance operations. It also owns a fire and casualty and title insurance company, and has interests in radio and TV broadcasting. Earnings are expected to improve in 1989 and 1990.

Current Outlook

Excluding realized capital gains or losses, net earnings for 1989 are expected to rise to $3.00 a share from 1988's $2.50. Share earnings for 1990 could reach $3.25.

The $0.34 quarterly dividend, increased 6.3% from $0.32 in the second quarter of 1989, is the minimum expectation.

An expected improvement in the depressed group health area, together with moderate advances in life profits, should propel earnings upward in 1989. Rate hikes have been implemented in the group health line to combat rising medical care costs. A large loss was incurred in this line in 1988, largely due to an $8 million addition to reserves. Barring further reserving action, improvements are likely in 1989. Individual life operations should benefit from rising investment income and lower operating expenses. P-C profits are likely to come under pressure throughout 1989, but may begin to improve in 1990 as an upturn in the underwriting cycle approaches. Communications profit growth may slow due to softening demand. Share repurchases will aid share earnings comparisons.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.90	0.61	0.60	0.69
Jun.	0.84	0.70	0.65	0.77
Sep.		0.43	0.54	0.74
Dec.		0.76	0.51	0.67
		2.50	2.30	2.87

Review of Operations

Revenues for the six months ended June 30, 1989 rose 4.4%, year to year (1988 restated), mainly reflecting sharply increased pretax realized investment gains of $13.1 million, versus $953,000. Life and annuity premiums declined 12%, while accident and health premiums increased 6.1%. Total benefits and expenses edged up 1.2%, resulting in a 25% rise in pretax earnings. After taxes at 33.3%, versus 29.2%, net income was up 23%. Share earnings were $1.74 (including $0.23 in net realized investment gains), versus $1.37 ($0.02).

By segment, individual life profits advanced 6.8%; group life and health posted a $2.2 million profit versus a $1.0 million loss; p-c and title earnings fell 14%; and communication profits were down 1%.

Important Developments

Aug. '89— JP said first half 1989 individual life earnings benefited from continued cost controls and improved agent productivity. Profitability in group life lines was satisfactory. While group health remained unprofitable, recent premium increases were beginning to outpace claims growth. P-C profits remained under pressure from competitive pricing. A softening of the broadcast media market impeded the communications segment's growth.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	33.76	31.60	31.41	28.25	24.70	21.19	19.07	17.33	15.91	14.59
Oper. Earnings[2]	2.50	2.30	2.87	2.91	2.61	2.05	1.79	2.05	1.87	1.97
Earnings[2,3]	2.59	3.72	3.02	2.92	2.65	2.05	1.79	2.05	1.87	1.99
Dividends	1.26	1.18	1.09 3/8	1.01 3/8	0.85 1/2	0.77 3/8	0.72 1/8	0.66 1/4	0.60	0.51 1/2
Payout Ratio	49%	32%	36%	35%	32%	38%	41%	32%	32%	26%
Prices—High	37 1/2	42 1/2	40 1/2	35 1/2	27 1/2	18	15 1/2	13 3/8	14	16 7/8
Low	25 3/4	23	30 7/8	24	15 7/8	12 1/4	9 7/8	9 7/8	9 7/8	12 3/4
P-E Ratio—	15-10	18-10	14-11	12-8	11-6	9-6	9-6	7-5	8-5	9-6

A as orig. reptd Adj. for stk div(s) of 50% Jun 1986, 50% Jun. 1984. 1. Oper earns prior to 1989 2. Bef results of disc opers of +1.57 1984. 3. Aft gains/losses on securities trans.

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income-[1]Life	Premium Income-A & H	Net Invest. Inc.	Total Revs.	Net Bef. Taxes	[2]Net Oper. Inc.	[3]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	36,291	352	367	314	1,223	139	98	101	8.0	2.4	7.6
1987	40,078	353	345	298	1,052	130	91	148	8.7	2.4	7.3
1986	40,554	354	351	290	1,040	162	117	123	11.2	3.2	9.6
1985	37,055	339	355	283	1,016	177	128	128	12.6	3.6	11.0
1984	34,418	325	342	264	961	160	125	127	13.0	3.7	11.6
1983	28,933	315	337	239	921	140	99	99	10.7	3.1	10.2
1982	27,179	309	355	230	923	125	86	86	9.3	2.8	9.8
1981	26,623	311	327	227	887	138	100	100	11.3	3.4	12.3
1980	24,180	292	288	206	803	134	92	93	11.4	3.2	12.2
1979	21,928	280	262	193	753	140	99	100	13.2	3.7	14.2

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[4]Premiums Due	Investment Assets-[5]Bonds	Investment Assets-Stocks	Investment Assets-Loans	Investment Assets-Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	211	38.5	2,025	695	747	3,518	9.2	215	4,174	Nil	1,336
1987	83	16.1	1,959	615	774	3,396	8.9	206	3,890	Nil	1,243
1986	91	13.1	1,692	779	808	3,318	9.0	202	3,805	Nil	1,263
1985	82	19.7	1,551	708	870	3,161	9.1	204	3,616	Nil	1,181
1984	83	8.0	1,509	590	928	3,060	9.0	211	3,498	Nil	1,136
1983	64	11.8	1,246	573	968	2,816	8.7	225	3,277	Nil	1,014
1982	53	7.6	1,117	515	1,021	2,679	8.8	241	3,130	Nil	920
1981	54	4.6	1,065	447	1,037	2,572	8.9	251	3,028	Nil	839
1980	46	4.2	1,026	441	1,016	2,507	8.4	248	2,935	Nil	783
1979	44	3.2	980	425	958	2,387	8.3	241	2,790	Nil	720

Data as orig. reptd 1. Incl annuity 2. Incl. equity in income of subs. 3. Bef. disc opers. in 1984. 4. Incl. accts. rec. 5. Incl. temporary invest

Business Summary

Jefferson-Pilot Corp. is a holding company, whose principal insurance subsidiaries are Jefferson-Pilot Life Insurance Co., Jefferson-Pilot Fire & Casualty Co., and Jefferson-Pilot Title Insurance Co. JP also owns and operates radio and television stations, and is engaged in televised sports program production and electronic data services. Contributions to revenues and pretax operating income in 1988:

	Revs.	Profits
Life insurance	85%	78%
Other insurance	4%	7%
Communications (nonconsol.)	10%	11%
Other	1%	3%

Life insurance subsidiaries provide a complete line of life, accident and health, annuity, and pension policies. Life insurance in force at year-end 1988 was $36.3 billion, of which individual life insurance represented 40% and group 60%.

Jefferson-Pilot Fire & Casualty offers a full line of fire, property and casualty insurance. Jefferson-Pilot Title Insurance is licensed to operate in 7 states and the District of Columbia. Other units provide management services and mutual fund sales.

Jefferson-Pilot Communication Co. owns and operates two television and 10 radio stations in North Carolina, Virginia, Georgia, Florida, and Colorado and California. Other operations include a sports production and syndication business and a regional college sports promotion business.

Dividend Data

Dividends have been paid since 1913. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Nov. 7	Nov. 14	Nov. 18	Dec. 2'88
0.32	Nov. 7	Feb. 6	Feb. 10	Mar. 3'89
0.34	May 1	May 8	May 12	Jun. 2'89
0.34	Aug. 7	Aug. 14	Aug. 18	Sep. 1'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: None.

Common Stock: 37,601,055 shs. ($1.25 par). Institutions hold approximately 56%. Shareholders of record: 11,038.

Office— 101 North Elm St (P O Box 21008), Greensboro, N C 27420 **Tel**—(919) 378-2417 **Pres**—W R Soles **VP-Secy**—J L Eagle **VP-Treas**—T Fee **VP-Investor Contact**—W E Blackwell **Dirs**—N G Albanese, J B Babb, W E Blackwell, J M. Bryan, W H Cunningham, T Fee, R G Greer, C.E. Hayworth, A L. Holton, Jr., R H Koonts, C W McCoy, E S Melvin, A G Myers, Jr., D S Russell, Jr., W R Soles, C D Spangler, Jr., R. H. Spilman, L. C. Stephens, Jr., J. T. Warmath, Jr **Transfer Agent & Registrar**—First Union National Bank, Charlotte **Incorporated** in North Carolina in 1968. **Empl**—5,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A Seifert

Johnson Controls

NYSE Symbol JCI Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
28 3/4	46 3/4-28 3/8	11	1.16	4.0%	A-	1.00

Summary

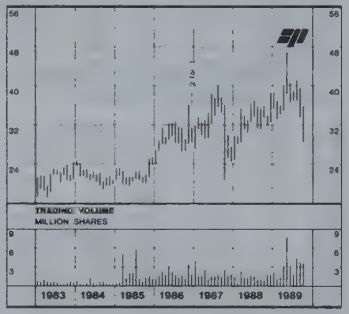
This diversified company supplies building controls and energy/fluid management systems for nonresidential buildings and the process industries. It also manufactures complete seats, seating components and lead batteries for the auto industry and is a leading producer of plastic soft drink bottles and plastic containers. A projected rise in sales and a modest improvement in margins should permit a small earnings gain for fiscal 1990.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are projected at $2.65 a share, versus the $2.55 recorded for fiscal 1989.

Dividends should remain at $0.29 quarterly.

Sales for fiscal 1990 are expected to rise, with gains in all units. Projected lower auto output will restrict sales and earnings growth in the auto unit, but the inclusion of PAW in the controls unit together with increases in other segments should lead to a sales gain in excess of that in fiscal 1989. Margins should improve, but high interest costs, share dilution, and preferred dividend requirements will limit the earnings gain.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	860	733	603	707
Mar.	864	745	603	626
Jun.	911	793	653	603
Sep.	1,049	829	818	704
	3,684	3,100	2,677	2,639

Sales for the fiscal year ended September 30, 1989 (preliminary) rose 19% from those of fiscal 1988, reflecting gains in the automotive, controls and plastics segments. Start-up costs along with production inefficiencies in the automotive unit and severe pricing pressure in the battery unit cut the gain in gross profits to 1.6%. After higher SG&A expenses and increased interest costs, pretax income fell 4.1%. After taxes at 45.5%, versus 44.5%, net income declined 5.8%. Following initial preferred dividends in 1989, share earnings were $2.55, versus $2.83.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.84	0.81	0.55	0.90
Mar.	0.53	0.52	0.28	0.25
Jun.	0.62	0.67	0.42	0.36
Sep.	0.57	0.83	0.95	0.86
	2.55	2.83	2.20	2.36

Important Developments

May '89— JCI acquired Pan Am World Services, Inc. (PAW) for $165 million in cash plus expenses. The acquisition was financed with proceeds from the sale of preferred stock to a newly established ESOP. PAW, based in Cape Canaveral, Fla., provides facility management services for military bases, space centers and airports. PAW had revenues of about $600 million in 1988.

May '89— JCI established an Employee Stock Ownership Plan (ESOP) as part of its 401K savings and investment plan for employees. JCI said that it would issue $175 million of convertible preferred stock to the ESOP. The new preferred stock would pay a guaranteed annual dividend of 7.75% and when converted would be equivalent (initially) to about 8% of JCI's outstanding common shares.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	[1]1989	[1]1988	1987	1986	[1]1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	NA	18.25	15.60	14.64	12.88	14.33	12.13	11.16	10.16	8.87
Earnings[2]	[3]2.55	[3]2.83	2.20	2.36	2.40	2.36	2.09	1.92	1.72	1.22
Dividends	1.16	1.10	1.06	1.00	0.93	0.83	0.75	0.70	0.65	0.60
Payout Ratio	45%	39%	47%	42%	45%	35%	34%	35%	37%	48%
Prices[4]—High	46 3/4	38 1/2	40	36	25 3/8	24 3/4	24 1/2	19 1/2	17 1/8	16 1/2
Low	28 3/8	24 3/4	20 1/2	23 7/8	19 1/2	18 7/8	17	8 7/8	11 1/8	9
P/E Ratio—	18-11	14-9	18-9	15-10	11-8	10-8	12-8	10-5	10-6	14-7

Data as orig reptd Adj for stk div(s) of 100% Jan 1987 **1.** Reflects merger or acquisition **2.** Bef results of disc opers of -0.01 in 1980 **3.** Ful dil 2.42 in 1989, 2.71 in 1988 **4.** Cal yr E-Estimated NA-Not Available

November 10, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	3,100	326	10.5	[3]193	116	33.3	187	44.5%	104	3.3
1987	2,677	276	10.3	[3]139	98	17.7	171	47.6%	90	3.3
1986	2,639	274	10.4	123	90	23.9	174	45.0%	[4]96	3.6
[5]1985	1,787	194	10.9	342	62	13.8	142	44.9%	78	4.4
1984	1,425	157	11.0	62	44	9.9	120	44.4%	67	4.7
1983	1,323	147	11.1	62	40	11.4	107	44.8%	59	4.5
[5]1982	1,252	138	11.0	59	34	11.5	98	45.1%	[4]54	4.3
1981	1,128	108	9.6	56	25	12.3	85	43.1%	48	4.3
[6]1980	965	89	9.2	47	22	[4]13.4	61	44.3%	34	3.5
1979	1,024	116	11.3	[3]46	21	14.8	87	42.6%	50	4.9

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	20	959	696	1.4	2,013	5.6%	342	853	1,267	27.0	12.8%
1987	20	790	651	1.2	1,739	5.3%	198	770	1,038	19.1	11.0%
1986	19	739	592	1.2	1,675	5.5%	133	754	1,031	12.9	12.3%
1985	40	916	793	1.2	1,789	5.0%	139	690	954	14.6	12.0%
1984	86	600	391	1.5	992	6.8%	109	460	602	18.2	15.2%
1983	115	554	373	1.5	926	6.6%	105	393	553	19.0	15.4%
1982	73	527	350	1.5	861	6.5%	105	353	511	20.5	15.4%
1981	58	471	316	1.5	792	6.5%	104	327	476	21.9	14.9%
1980	26	387	231	1.7	675	4.9%	108	295	444	24.3	10.7%
1979	19	413	271	1.5	703	7.5%	117	309	431	27.1	16.0%

Data as orig reptd **1.** Incl. equity in earns. of nonconsol subs. **2.** Bef. results of disc. opers. in 1980. **3.** Net of curr. yr. retirement and disposals **4.** Reflects accounting change **5.** Reflects merger or acquisition. **6.** Excludes discontinued operations

Business Summary

JCI is a leading manufacturer of automated building controls, batteries, automotive seating and plastics. Contributions in fiscal 1988:

	Sales	Income
Controls	35%	29%
Battery	21%	21%
Automotive	28%	27%
Plastics	16%	23%

The controls segment manufactures, installs and services controls and control systems, principally for nonresidential buildings. JCI's control systems are used for temperature and energy management, firesafety and security maintenance. The segment also includes custom engineering, installation and servicing of process control systems.

The battery segment makes lead-acid batteries primarily for the automotive replacement market and for original equipment manufacturers.

The automotive segment manufactures complete seats and seating components for U.S. manufacturers of cars and light trucks.

The plastics segment is the leading U.S. producer of plastic soft drink bottles. This unit also manufactures plastic blowmolding machinery for consumer and industrial packaging.

Dividend Data

Dividends have been paid since 1901. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1984.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Nov. 16	Dec. 5	Dec. 9	Jan. 2'89
0.29	Jan. 25	Mar. 6	Mar. 10	Mar. 31'89
0.29	May 24	Jun. 5	Jun. 9	Jun. 30'89
0.29	Jul. 26	Sep. 1	Sep. 8	Sep. 29'89

Next dividend meeting: Nov. 15'89.

Finances

In August, 1989 JCI called some $65 million principal amount of 8.5% convertible debentures. Substantially all of the debentures were converted into about 2.6 million shares of common stock.

Capitalization

Long Term Debt: $445,000,000.

7 3/4% Conv. Preferred Stk: $175,000,000. Held by ESOP.

Common Stock: 39,373,043 shs. ($0.16 2/3 par). Institutions hold approximately 46%.
Shareholders of record: 21,099.

Office—5757 North Green Bay Ave. (P.O. Box 591), Milwaukee, Wisc. 53201 **Tel**—(414) 228-1200. **Chrmn**—F. L. Brengel **Pres & CEO**—J. H. Keyes **Secy**—J. P. Kennedy **VP & CFO**—J. M. Wade **Investor Contact**—Denise M. Zutz **Dirs**—E. Barbatelli, R. L. Barnett, F. L. Brengel, P. A. Brunner, J. F. Daly, W. N. Hubbard, Jr., J. H. Keyes, J. L. Krum, J. S. Randall, W. L. Rootham, D. Taylor, G. R. Whitaker, Jr., R. D. Ziegler **Transfer Agent & Registrar**—First Wisconsin Trust Co., Milwaukee. **Incorporated** in Wisconsin in 1900 **Empl**—31,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Johnson & Johnson

NYSE Symbol JNJ Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
56	56⅝–41½	18	1.16	2.1%	A	0.91

Summary

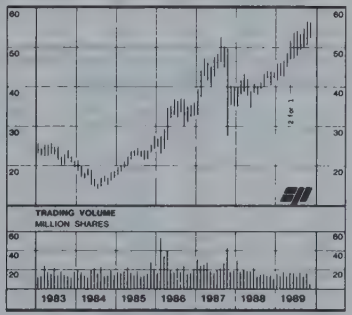
This well-known health care firm has one of the broadest product lines in the industry, offering consumer products, ethical and over-the-counter pharmaceuticals, and various other medical and dental items. Above-average growth prospects for major markets coupled with new product contributions should support good sales and earnings growth in the years ahead.

Current Outlook

Earnings for 1990 are estimated at $3.75 a share, up from the $3.25 likely for 1989.

An increase in the $0.29 quarterly dividend is likely in early 1990.

Sales for 1990 should post show further progress. Despite persisting softness in U.S. health and beauty aid markets and intensified competition in the sanitary protection line, volume should be lifted by continued strong gains in pharmaceutical sales and further growth in professional lines. New products, including Hismanal antihistamine, Eprex anti-anemia treatment and Acuvue disposable contact lenses, will be an added plus. Margins should be well maintained on the better volume and cost efficiencies.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,445	2,311	1,981	1,743
Jun.	2,390	2,290	2,010	1,732
Sep.	2,451	2,199	1,993	1,782
Dec.	---	2,200	2,028	1,746
	---	9,000	8,012	7,003

Sales for the nine months ended September 30, 1989 rose 7.1%, year to year, reflecting higher sales in all three major business segments. Net income advanced 11%, to $2.64 a share from $2.31, as adjusted for the May, 1989 2-for-1 split.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.95	0.81	0.68	d0.375
Jun.	0.89	0.79	0.65	0.520
Sep.	0.80	0.71	0.61	0.510
Dec.	E0.61	0.56	0.48	0.280
	E3.25	2.86	2.42	0.930

Important Developments

Oct. '89— The company's over-the-counter pharmaceuticals (OTC) joint venture with Merck announced plans to acquire the U.S. OTC drug business of ICI Americas, Inc. for $450 million. That business includes the Mylanta line of antacid products and the Mylicon line of anti-gas products. JNJ also recently announced a joint agreement with Abbott Laboratories and Chiron Corp. for the development of diagnostic tests. Management noted that four recent product introductions recorded substantial sales growth during the third quarter. These include Acuvue, the world's first disposable contact lens; Hismanal, a once-a-day, less-sedating antihistamine; Eprex, an anti-anemia agent used by dialysis patients; and Prepulsid, a gastro-intestinal prokinetic.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	¹1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.69	8.32	7.03	9.17	8.02	7.91	7.40	6.76	6.12	5.41
Earnings²	2.86	2.42	0.93	1.68	1.38	1.29	1.40	1.26	1.09	0.96
Dividends	0.96	0.80½	0.68¾	0.63¾	0.58¾	0.53¾	0.48½	0.42⅝	0.37⅛	0.33⅜
Payout Ratio	33%	33%	72%	38%	42%	42%	35%	34%	34%	35%
Prices—High	44⅛	52¾	37⅛	27⅝	21½	25¾	25⅝	19¾	17	13½
Low	34⅝	27½	23⅝	17⅝	14	19½	16¼	14⅛	11	10⅞
P/E Ratio—	15–12	22–11	40–26	16–10	16–10	20–15	18–12	16–11	16–10	14–11

Data as orig. reptd. Adj. for stk. div(s). of 100% in May 1989, 200% May 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.14 in 1982. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1988	9,000	1,795	19.9	664	391	135	1,396	30.2%	974	10.8
1987	8,012	1,565	19.5	515	356	140	1,193	30.2%	833	10.4
1986	7,003	1,259	18.0	446	275	87	391	15.7%	330	4.7
²1985	6,421	1,090	17.0	366	251	75	899	31.8%	³614	9.6
1984	6,124	972	15.9	366	226	86	755	31.9%	515	8.4
1983	5,973	953	16.0	401	210	88	724	32.5%	489	8.2
1982	5,761	874	15.2	470	176	74	787	33.5%	523	9.1
1981	5,399	869	16.1	389	152	61	784	40.3%	³468	8.7
1980	4,837	755	15.6	364	139	³37	675	40.7%	401	8.3
1979	4,212	685	16.3	273	121	22	592	40.5%	352	8.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	660	3,503	1,868	1.9	7,119	14.5%	1,166	3,503	4,669	25.0	28.3%
1987	741	3,272	1,763	1.9	6,546	13.4%	733	3,485	4,238	17.3	26.5%
1986	953	3,202	2,293	1.4	5,877	6.2%	242	2,824	3,096	7.8	11.0%
1985	736	2,897	1,172	2.5	5,095	12.7%	185	3,351	3,698	5.0	19.5%
1984	443	2,514	1,042	2.4	4,541	11.7%	225	2,932	3,291	6.8	17.7%
1983	427	2,457	924	2.7	4,462	11.2%	196	3,027	3,268	6.0	16.7%
1982	366	2,253	900	2.5	4,210	13.0%	142	2,800	2,987	4.8	19.5%
1981	427	2,202	881	2.5	3,820	13.0%	92	2,528	2,661	3.4	19.4%
1980	359	1,971	774	2.5	3,343	12.8%	70	2,269	2,372	3.0	18.7%
1979	311	1,718	629	2.7	2,874	13.3%	70	1,987	2,085	3.3	18.9%

Data as orig. reptd. 1. Bef. spec. item(s) in 1982. 2. Reflects merger or acquisition. 3. Reflects acctg. change.

Business Summary

This company is one of the world's leading manufacturers of health care products. Sales and operating profits were divided as follows in 1988:

	Sales	Profits
Consumer	41%	26%
Pharmaceutical	26%	49%
Professional	33%	25%

Foreign operations accounted for about 49% of sales and 61% of operating profits in 1988.

Consumer products encompass baby toiletries, first aid products, and nonprescription drugs. Some of the better known products include Johnson's baby powder, shampoo, oil and lotion; Tylenol analgesic; Stayfree, Carefree, and Sure & Natural feminine hygiene products; Band-Aid adhesive bandages, and Reach toothbrushes.

Pharmaceuticals consist of prescription drugs, contraceptives, therapeutics and veterinary products. Some items are Ortho-Novum oral contraceptives, Haldol tranquilizer, Tolectin antiarthritic, Nizoral and Miconazole antifungals, Eprex anti-anemia agent, Imodium antidiarrheal, Retin-A for acne, and Hismanal antihistamine.Professional items include ligatures and sutures, mechanical wound closure products, diagnostic products, dental products, medical equipment and devices, surgical dressings, surgical apparel and accessories, surgical instruments, intraocular lenses and hyaluronic acid.

Dividend Data

Dividends have been paid since 1905.

Amt. of Divd. $ ⁴	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 9	Feb. 14	Feb. 21	Mar. 7'89
2-for-1	Feb. 13	---	Apr. 26	May 10'89
0.29	Feb. 13	May 22	May 26	Jun. 6'89
0.29	Jul. 24	Aug. 16	Aug. 22	Sep. 5'89
0.29	Oct. 23	Nov. 15	Nov. 21	Dec. 5'89

Next dividend meeting: early Jan.'90.

Capitalization

Long Term Debt: $1,069,000,000.

Common Stock: 333,134,851 shs. ($1 par).
The Robert Wood Johnson Foundation owns about 8.4%.
Institutions hold some 62%.
Shareholders of record: 54,500.

Office—One Johnson & Johnson Plaza, New Brunswick, N.J. 08933 **Tel**—(201) 524-0400 **Chrmn & CEO**—R. E. Larsen **Secy**—J. T. Woodward III **Treas**—A. J. Markey **Investor Contact**—Jo Ann H. Heisen (201) 524-3376 **Dirs**—J. E. Burke, R. E. Campbell, D. R. Clare, J. G. Cooney, C. C. Garvin, Jr., P. M. Hawley, J. J. Heldrich, C. H. Johnson, A. D. Jordan, R. S. Larsen, R. O. Marston, J. S. Mayo, T. S. Murphy, P. J. Rizzo, R. B. Smith, R. N. Wilson. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New Jersey in 1887 **Empl**—81,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saftlas

Jorgensen (Earle M.)

NYSE Symbol JOR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
28¾	31⅛-27¾	12	1.00	3.5%	B	0.45

Summary

This company processes and distributes from service centers throughout the U.S. a wide range of steel and aluminum products. Major markets include machinery, transportation, aerospace, construction, and energy related industries. Earnings rose rapidly in 1988 and into 1989's first half, reflecting continued strong demand for the company's products. During 1989's second quarter, JOR recorded a nonrecurring gain of $4.6 million ($0.72 a share) from the sale of its Honolulu service center land and buildings.

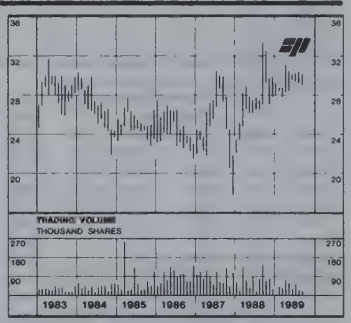
Business Summary

Jorgensen (Earle M.) is a nationwide distributor and preproduction processor of steel and aluminum products. Products include complete ranges of grades and sizes in alloy, carbon, stainless, tool, and specialty steels, as well as aluminum. These metals are carried in the form of bars, sheets, strip, plates, structurals, tubing, pipe and billets. The metals are held in the company's plants for sale and immediate delivery in their original condition, or are processed in accordance with a customer's request. Approximately 80% of all orders received by the company require some processing. Contributions to sales by classes of products sold in recent years:

	1988	1987
Steel sheets, plates, coils	11.5%	20.3%
Cold finished bars, tubing	25.4%	24.0%
Stainless steel & aluminum	30.2%	26.6%
Hot rolled steel bars, structurals & forgings	24.8%	21.3%
Other	8.1%	7.8%

JOR's customers represent virtually all industries. Included among them are machinery, transportation, fabricated metal products, aerospace, oil tool, construction, shipbuilding, plastics, petrochemical, farm implement, food processing, energy and environmental control. An estimated 40,000 metal users purchase metal from both steel producers and service centers while an additional 160,000 companies buy exclusively from service centers.

Operations are conducted at the company's 26 plants throughout the U.S. Processing consists of saw cutting to lengths, flame cutting into pattern shapes, surface grinding, slitting, roller leveling, roll forming, shearing, forging, trepanning, machining, heat treating, and galvanizing.



Important Developments

Aug. '89— The company reported that a slight softening in demand together with high levels of distributor inventories, produced intensified price competition and downward pressure on profit margins during its second quarter; JOR expected these conditions to improve later in the year, however. Separately, included in the second quarter and six months earnings for 1989 was a nonrecurring net gain of $4,562,000 ($0.72 a share) on the sale of its Honolulu service center land and buildings made excess by the upcoming consolidation of service center operations into the Campbell Industrial Park plant site already housing JOR's galvenizing, culvert pipe, and building, roofing, and siding production. JOR noted that construction of buildings for the service center operations at the Campbell Park location was nearing completion, and the move into such facilities west of the city should soon be under way.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.19	22.67	22.81	26.11	26.02	25.56	25.45	24.41	20.84	18.39
Earnings	1.42	0.78	d2.35	1.48	1.46	1.12	2.02	4.47	3.15	3.03
Dividends	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.76⅜	0.67½
Payout Ratio	70%	129%	NM	68%	68%	89%	49%	20%	24%	22%
Prices—High	33⅜	30½	27½	27¾	30⅜	31¾	26½	28¼	22⅛	17½
Low	22	17¾	21½	22¾	21⅞	24⅝	18½	19⅜	13⅞	14
P/E Ratio—	24-15	39-23	NM	19-15	21-15	28-22	13-9	6-4	7-4	6-5

Data as orig. reptd. Adj. for stk div(s) of 100% Aug 1981. d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	474	28.1	5.9	18.4	11.2	3.79	14.8	39.3%	9.0	1.9
1987	341	18.5	5.4	12.0	10.3	2.06	8.7	43.8%	4.9	1.4
1986	285	6.6	2.3	17.7	12.8	2.05	d28.2	NM	d14.8	NM
1985	297	25.9	8.7	19.9	11.7	1.86	15.1	38.0%	9.4	3.1
1984	291	27.9	9.6	11.4	11.7	2.16	17.1	45.9%	9.3	3.2
1983	229	23.2	10.2	5.5	11.6	2.28	12.9	44.5%	7.2	3.1
1982	280	31.4	11.2	19.8	10.6	2.70	21.3	39.2%	13.0	4.6
1981	401	62.1	15.5	22.5	9.1	3.12	53.8	46.0%	29.1	7.3
1980	356	49.0	13.8	15.9	8.1	2.82	38.3	46.5%	20.5	5.8
1979	345	46.6	13.5	12.9	7.1	2.89	36.9	45.3%	20.2	5.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	0.2	152	74.5	2.0	247	3.9%	17.1	146	172	10.0	6.2%
1987	7.6	121	38.3	3.2	211	2.4%	21.9	143	172	12.7	3.4%
1986	12.3	108	23.5	4.6	197	NM	25.4	144	174	14.6	NM
1985	20.0	117	25.6	4.6	231	4.2%	27.0	165	205	13.2	5.7%
1984	14.4	116	18.1	6.4	220	4.3%	25.8	165	201	12.8	5.7%
1983	25.6	117	20.5	5.7	216	3.3%	23.7	163	196	12.1	4.4%
1982	23.4	110	21.2	5.2	217	5.9%	25.9	163	196	13.2	8.1%
1981	15.7	125	36.6	3.4	228	13.5%	27.8	159	192	14.5	19.8%
1980	16.7	118	39.5	3.0	203	10.6%	23.9	136	164	14.6	16.0%
1979	2.7	106	39.1	2.7	183	12.0%	20.0	120	144	13.9	17.9%

Data as orig. reptd. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	138.9	114.8	79.4	75.7
Jun.	135.4	118.7	81.0	70.9
Sep.		119.2	85.6	69.9
Dec.		121.4	95.4	68.7
		474.0	341.5	285.2

Sales for the six months ended June 30, 1989 advanced 18%, year to year, reflecting continued strong demand for the company's products. Costs and expenses were well controlled, and pretax profits surged to $19.9 million from $9.1 million. After taxes at 37.9%, versus 38.8%, net income rose to $12.3 million ($1.94 a share) from $5.5 million ($0.88). Results include a gain of $4.6 million ($0.72 a share) from the sale of certain land and property in 1989, and a net loss of $1.6 million ($0.25 a share) from discontinued operations in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.45	0.40	0.13
Jun.	1.12	0.42	0.12	0.11
Sep.		0.21	d0.16	d0.08
Dec.		0.33	0.42	d2.51
		1.42	0.78	d2.35

Dividend Data

Dividends have been paid since 1952. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Oct. 17	Oct. 25	Oct. 31	Nov. 11'88
0.25	Jan. 16	Jan. 25	Jan. 31	Feb. 10'89
0.25	Apr. 18	Apr. 24	Apr. 28	May 12'89
0.25	Jul. 17	Jul. 25	Jul. 31	Aug. 11'89

Next dividend meeting: Oct. 16'89.

Finances

At June 30, 1989 the company had a line of credit of $45 million, of which $37 million had been used in order to meet additional inventory and accounts receivable financing resulting from sharply higher sales.

Capitalization

Long Term Debt: $15,714,000.

Common Stock: 6,327,455 shs. ($1 par).
Officers and directors own 35.5%, 5.4% is held by a pension plan.
Institutions hold approximately 35%.
Shareholders of record: 2,234.

Office—10700 Alameda St., Lynwood, Calif. 90262 **Tel**—(213) 567-1122 **Chrmn**—E. M. Jorgensen **Pres & CEO**—J. W. Jorgensen **Secy**—R. J. Haas **VP-Fin & Investor Contact**—S. M. Robinson **Dirs**—E. V. Brown, J. T. Bunt, J. E. Cross, L. N. Hand, E. M. Jorgensen, J. W. Jorgensen, S. M. Robinson, G. T. Scharffenberger, W. F. Smith, J. R. Tams, L. R. Terry, J. F. Watkins, T. L. Wilson, W. A. Wilson **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in California in 1924, reincorporated in Delaware in 1975 **Empl**—2,126

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Jostens, Inc.

1271K

NYSE Symbol JOS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
29¼	29¼-18⅛	21	0.72	2.5%	A+	1.04

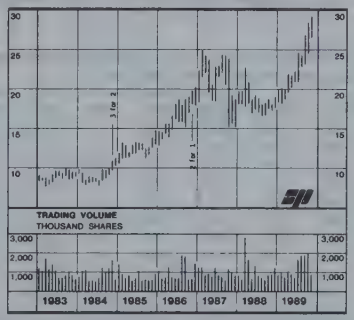
Summary

Jostens is a leading producer of class rings, yearbooks and recognition items for schools, universities and businesses. Reflecting acquisitions made in fiscal 1989, Jostens has entered the school photography market and formed a computer-based instructional technology company. Earnings in fiscal 1990 are expected to increase on higher sales and wider margins. The dividend was raised 13% in October, 1989.

Earnings for the fiscal year ending June 30, 1990 are estimated at $1.55 a share, up from fiscal 1989's $1.39.

Dividends were raised 12.5%, to $0.18 from $0.16, with the December, 1989 payment.

Sales in fiscal 1990 are expected to rise about 13%, reflecting contributions from recent acquisitions and the steady, highly predictable growth of the company's core businesses. Margins are expected to widen on volume efficiencies and acquisition related synergies. Profits will be restrained by higher interest expense.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	129.5	102.6	92.0	95.3
Dec.	---	182.6	131.1	143.1
Mar.	---	151.3	125.4	130.6
Jun.	---	259.8	211.6	218.2
	---	696.4	560.0	587.3

Sales for the three months ended September 30, 1989 advanced 26%, year to year (1988 restated), reflecting both internal growth and acquisitions. Margins widened in this seasonally weak first quarter, and operating profits advanced 38%. Following heavier interest expense (net), the gain in pretax income was limited to 19%. After taxes at 36.3%, versus 36.9%, net income increased 20%, to $0.06 a share from $0.05.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.06	0.05	0.05	0.08
Dec.	E0.33	0.29	0.22	0.21
Mar.	E0.28	0.25	0.25	0.20
Jun.	E0.88	0.80	0.72	0.56
	E1.55	1.39	1.24	1.05

Important Developments

Aug. '89— JOS said that it planned capital expenditures of about $22 million for fiscal 1990.

May '89— JOS acquired Education Systems Corp. (ESC) for 3.2 million common shares. ESC, based in San Diego and with sales of $22 million, develops and markets computer-based education systems providing instruction in reading, writing, mathematics, and science. Subsequently, ESC was combined with JOS' Prescription Learning unit to form a new subsidiary called Josten's Learning Corp., which has total sales of approximately $80 million. Also in fiscal 1989, JOS acquired School Pictures, Inc., Portrait World, Inc. and Edwards Photography (total annual sales of $32 million); Hunter Publishing (annual sales of $26 million) and about a one-fourth interest in Broderlund Software, Inc. (total annual sales of $40 million).

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Jun. 30	[1]1989	1988	1987	1986	[1]1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	4.29	4.24	2.63	4.00	4.40	4.14	3.85	3.46	3.04	2.69
Earnings[2]	1.39	1.24	1.05	0.96	0.88	0.84	0.75	0.71	0.63	0.58
Dividends	0.62	0.54	0.47	0.43	0.39⅜	0.34½	0.31½	0.28¾	0.26¼	0.22½
Payout Ratio	45%	44%	45%	45%	45%	41%	42%	41%	42%	39%
Prices—High[3]	29¼	22¾	25	20¼	14⅞	11⅜	10	9¾	6⅞	6½
Low[3]	18⅛	16½	15⅛	12¾	10½	7¾	7⅝	5½	4¾	3⅞
P/E Ratio—	21-13	18-13	24-14	21-13	17-12	13-9	13-10	13-8	11-7	11-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Dec. 1986, 50% Nov. 1984, 25% Jun. 1981, 25% Jun. 1980. 1. Reflects merger or acquisition 2. Bef. results of disc. opers. of +1.18 in 1988, +0.17 in 1987, bef. spec. item(s) of +0.06 in 1988. 3. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[4]1989	696	113	16.3	17.8	19.6	10.0	[6]86.9	37.4%	54.4	7.8
[2]1988	560	89	15.9	12.8	12.6	10.8	71.5	38.0%	44.4	7.9
[2]1987	587	95	16.2	15.5	12.2	10.1	74.4	48.1%	[3]38.6	6.6
1986	582	92	15.8	13.9	14.6	1.8	77.7	48.1%	40.3	6.9
[4]1985	530	83	15.7	12.6	10.7	2.3	72.9	47.9%	38.0	7.2
[4]1984	440	70	16.0	8.4	7.5	1.2	64.5	47.6%	33.8	7.7
1983	391	59	15.2	7.5	5.5	1.7	54.2	47.2%	[3]28.6	7.3
1982	384	57	14.9	7.7	5.2	[5]1.2	50.9	47.3%	26.8	7.0
1981	343	51	15.0	11.6	4.3	[5]1.8	45.3	47.6%	23.7	6.9
1980	295	46	15.5	7.7	3.7	[5]0.8	41.1	47.3%	21.7	7.3

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	68	290	154	1.9	453	12.0%	75	222	299	25.1	26.1%
1988	141	311	139	2.2	407	11.6%	92	176	268	34.4	30.8%
1987	79	255	129	2.0	361	12.1%	112	113	231	48.3	27.6%
1986	43	215	106	2.0	322	12.9%	14	193	216	6.7	21.0%
1985	77	237	92	2.6	315	12.6%	16	199	223	7.0	19.9%
1984	71	211	81	2.6	270	13.2%	12	171	188	6.2	20.7%
1983	51	175	64	2.8	227	12.8%	12	148	163	7.2	20.4%
1982	42	170	75	2.3	219	12.8%	10	131	144	6.9	21.7%
1981	27	153	71	2.1	199	12.5%	10	115	128	8.2	21.9%
1980	40	140	65	2.2	178	12.9%	10	101	113	9.0	22.9%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1988. 2. Excludes discontinued operations. 3. Reflects acctg. change. 4. Reflects merger or acquisition. 5. Net of interest income. 6. Incl. equity in earns. of nonconsol. subs

Business Summary

Jostens is the leading producer of class rings, yearbooks, graduation announcements and diplomas. It also makes custom-made recognition products; provides educational services; and, reflecting acquisitions made in fiscal 1989, is in the school photography and computer-based instructional businesses. Sales in recent fiscal years:

	1989	1988	1987
Scholastic	35%	40%	41%
Printing & publishing	22%	22%	24%
Jostens Learning	12%	9%	7%
Artex	10%	12%	12%
Recognition	9%	11%	11%
Canada	6%	6%	5%
School pictures	4%	---	---
Wayneco	2%	---	---

The Scholastic division, JOS's longest established segment, manufactures class rings, graduation announcements, diplomas, and caps and gowns. The Printing & Publishing unit publishes student yearbooks and specialized publications.

Jostens Learning Corp. markets software and hardware for computer assisted instruction in the classroom and provides staff training, consulting and testing and computer maintenance services. Artex produces custom-imprinted activewear which is sold to college bookstores, retail stores, military outlets and theme parks.

The Recognition segment makes motivation and recognition products, including specialized jewelry, rings, watches, plaques and engraved certificates. Canada offers selected photography packages, publishes yearbooks and makes class rings and recognition jewelry for Canadian customers.

School Pictures provides student pictures and senior portraits to students. Wayenco is a direct marketer of customized products to university alumni and members of sororities, fraternities and other affinity groups.

Dividend Data

Dividends have been paid since 1960. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in fiscal 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Jan. 24	Feb. 9	Feb. 15	Mar. 1'89
0.16	Apr. 27	May 9	May 15	Jun. 1'89
0.16	Jul. 21	Aug. 9	Aug. 15	Sep. 1'89
0.18	Oct. 26	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $56,255,000.

Common Stock: 39,797,793 shs. ($0.33⅓ par).
Institutions hold approximately 50%.
Shareholders of record: 8,000.

Office—5501 Norman Center Dr., Minneapolis, Minn. 55437. **Tel**—(612) 830-3300. **Chrmn & CEO**—H. W. Lurton. **Pres**—D. C. Lein. **VP-Treas & Investor Contact**—R. L. Prince. **Dirs**—L. H. Affinito; A. A. Andres, R. P. Jensen, D. C. Lein, H. W. Lurton, J. M. Pribilado, J. W. Stodder. **Transfer Agents & Registrars**—Norwest Bank, Minneapolis; Norwest Trust Co., NYC. **Incorporated** in Minnesota in 1906. **Empl**—8,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

P.C. Wood

KLM Royal Dutch Airlines

NYSE Symbol KLM

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
24¼	26½-19⅞	7	¹0.8127	¹3.4%	NR	0.88

Summary

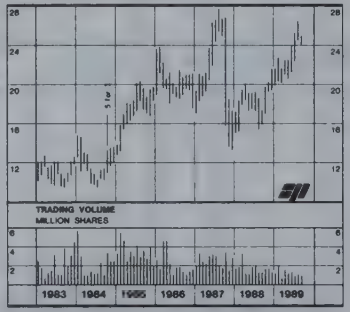
This company, which is 38%-owned by the Dutch Government, is one of the world's largest airlines, serving 141 cities in 77 countries. It derives substantial revenues from international traffic to and from European cities through Amsterdam. Improved earnings are likely for fiscal 1989-90, aided by gains on equipment sales. KLM recently obtained a minority equity interest in the buyout of Northwest Airlines, which could lead to some joint marketing arrangements between the carriers.

Current Outlook

Earnings for the fiscal year to end March 31, 1990 are estimated at $3.50 a share (before extraordinary gains), up from $3.31 in fiscal 1988-9.

The dividend for fiscal 1989-90 could be slightly above the $0.8127 (pretax) paid for 1988-9.

Moderate growth in revenues appears likely for the 1989-90 fiscal year. Economic conditions generated good traffic growth during the summer season, although some softening could be seen later in the fiscal year. Fare yield could improve slightly and good control of unit operating costs should continue. The contribution of gains on sale of aircraft could be slightly larger than in fiscal 1988-9.



Oper. Revenues (Million $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	744	720	672	550
6 Mos. Sep.		1,480	1,389	1,273
9 Mos. Dec.		2,301	2,396	1,896
12 Mos. Mar. ...		2,787	3,002	2,641

Revenues (in guilders) for the three months ended June 30, 1989 increased 11.0%, year to year. Operating expenses rose 10.2%, gain on sale of assets increased substantially through sale of aircraft, and pretax income was up 40.4%. After taxes at 29.0%, against none a year earlier, net income was unchanged. Results exclude an extraordinary gain in the 1989-90 period.

Common Share Earnings ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	0.91	0.98	1.17	0.64
6 Mos. Sep.		2.55	2.51	2.20
9 Mos. Dec.		3.27	3.57	2.60
12 Mos. Mar. ...		3.31	3.20	2.91

Important Developments

Sep. '89— Because of Department of Transportation demands, KLM's portion of the equity in the recent buyout of NWA Inc. will be reduced from $400 million to $175 million, or 25% of the total. KLM will retain a 5% voting and a seat on the Northwest Airlines board.

Jun. '89— KLM ordered five additional 747-400 aircraft as replacements for the five DC-10s in the fleet. Delivery would be in 1991-92. It also ordered 10 737s for delivery in 1990-92, which would standardize its European fleet with this aircraft model.

Next earnings report expected early November.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	26.35	28.82	25.35	17.98	11.90	11.16	13.74	13.33	14.51	15.97
Earnings	3.31	3.20	2.91	2.32	2.15	0.92	0.74	0.60	0.24	0.36
Dividends	0.74⅛	0.75⅛	0.68⅞	0.51⅜	Nil	Nil	Nil	Nil	Nil	0.69⅞
Payout Ratio	23%	23%	24%	17%	Nil	Nil	Nil	Nil	Nil	191%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	21⅝	27¾	23⅞	20⅜	14¾	12¾	11½	11⅛	8	12⅝
Low	15	13¼	17½	12¾	9⅜	9½	5⅞	5¼	4⅞	7⅜
P/E Ratio—	7-5	9-4	8-6	7-4	7-4	14-10	15-8	19-9	34-21	32-20

Data as orig. reptd., conv. to U.S.$ at yr.-end exch. rates. Adj. for stk. div(s) of 400% Oct. 1984. 1. Annual divd. (approx.) paid in Sep. 1989. bef. 15% Netherlands tax to U.S. residents.

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	2,787	401	14.4	313	219	112	203	13.8	175	6.3
1988	3,002	411	13.7	140	249	127	169	Nil	169	5.6
1987	2,641	357	13.5	446	210	112	148	Nil	148	5.6
1986	2,215	259	11.7	249	158	76	118	Nil	118	5.3
1985	1,629	179	11.0	362	99	25	83	Nil	84	5.1
1984	1,692	128	7.6	515	89	43	35	Nil	35	2.1
1983	1,748	99	5.7	132	84	38	11	Nil	15	0.9
1982	1,702	84	4.9	149	73	41	12	Nil	12	0.7
1981	1,602	101	6.3	202	77	42	5	Nil	5	0.3
1980	1,543	88	5.7	307	80	33	7	Nil	7	0.5

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	920	1,648	1,026	1.6	4,891	3.5%	1,929	1,392	3,414	56.5	11.7%
1988	1,329	2,002	1,186	1.7	5,221	3.3%	1,842	1,522	3,472	53.0	11.4%
1987	1,204	1,828	963	1.9	4,729	3.7%	1,811	1,289	3,198	56.6	13.0%
1986	471	1,273	781	1.6	3,379	3.7%	1,138	914	2,129	53.5	15.6%
1985	451	848	619	1.4	2,221	3.9%	845	456	1,359	62.2	18.9%
1984	315	745	537	1.4	2,088	1.3%	797	441	1,306	61.0	7.2%
1983	227	595	508	1.2	1,644	0.9%	578	278	965	59.8	5.5%
1982	174	531	514	1.0	1,557	0.7%	511	266	889	57.5	4.3%
1981	184	595	520	1.1	1,704	0.3%	579	289	1,039	55.8	1.6%
1980	151	582	502	1.2	1,695	0.5%	555	318	1,064	52.2	2.2%

Data as orig. reptd.; conv. to U.S.$ at yr.-end exch. rates. 1. Incl. equity in earns. of nonconsol. subs.

Business Summary

KLM, one of the world's leading airlines, operates over some 265,000 route-miles reaching 141 cities in 77 countries, primarily from its home base at Amsterdam. In addition to scheduled and charter passenger service, it conducts maintenance, aircraft handling, aerial photography, leasing, and hotel operations. Contributions to revenues in recent fiscal years:

Revenues	1988-9	1987-8	1986-7
Passengers	64%	62%	61%
Freight	18%	17%	18%
Mail	1%	2%	2%
Charters	1%	1%	2%
Other	16%	18%	17%

In fiscal 1988-9 North America accounted for 44% of total traffic, the Far East 30%, Central and South America 9%, Europe 7%, Africa 6% and the Near East 4%.

At March 31, 1989 the fleet consisted of 19 747s, five DC-10s, 10 A310s, 16 737s, and two F-100s. The NML and NetherLines subsidiaries operated four F-28s, nine F-27s, two Saab 340s and four Jetstream 31s. On order were four F-100s, eight 747-406s, three 737-406s, seven F-50s and six Saab 340Bs.

Dividend Data

The most recent annual dividend:

Amt. of Divd.$	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
¹0.8127	---	Aug. 29	Sep. 5	Sep. 12'89

¹Bef. 15% Netherlands tax. Net after tax: 0.6908.

Finances

In December 1988, KLM raised $400 million through a subordinated perpetual loan.

Capitalization

Long Term Debt: $1,931,129,900 (3/31/89).

5% Preference Stock: 10,000,000 shs. (20 guilders par); 100% owned by the state of the Netherlands; conv. into 0.8275 com.

Common Stock: 52,818,442 shs. (20 guilders par). About 28% owned by the state of The Netherlands.

Institutions hold some 16%.

Office—Amsterdamseweg 55, Amstelveen, The Netherlands. **Tel**—(020)649 91 23. **NY Office**—565 Taxter Rd., Elmsford, N.Y. 10523. **Tel**—(914) 784-2000. **Pres**—J. F. A. de Soet. **Man Dir**—P. Bouw. **General Secretary**—R. A. Matzinger. **NYC Investor Contact**—P. L. Hayden (212-968-1400). **Dirs**—M. Albrecht (Chrmn), W. Albeda, B. W. Biesheuvel, J. H. Franssen, B. Geersing, A. M. Goudsmit, C. Maas, C. J. Oort, S. Oriandini, H. N. J. Smits, P. A. J. M. Steenkamp. **Transfer Agent in the U.S.**—Citibank, NYC. **Registrar in the U.S.**—Chase Manhattan Bank NYC. **Incorporated** in The Netherlands in 1919. **Empl**—23,599.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M. Canning, CFA

K mart Corp.

1273J

NYSE Symbol KM Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
39¼	44⅞-34	10	1.64	4.2%	A-	1.32

Summary

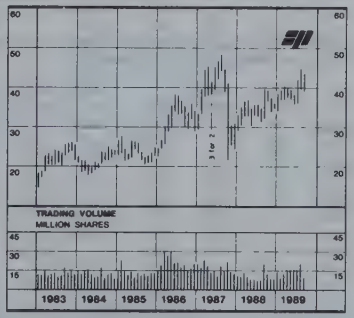
K mart, the second largest general merchandise retailer, grew rapidly in the 1970s through aggressive expansion, but emphasis in the 1980s has been on revitalizing discount department stores through remodelings and new merchandising strategies, and diversification into specialty retailing. Slower sales growth and higher expenses have temporarily put a damper on earnings but growth should resume in the second half of fiscal 1989-90, benefiting from an emphasis on higher-margin merchandise, greater efficiencies through automation, and increasing contributions from specialty businesses.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 are estimated at $3.95 a share, down slightly from the $4.00 of fiscal 1988-9. Earnings for fiscal 1990-1 should approximate $4.00 a share.

The quarterly dividend was increased 24%, to $0.41 from $0.33, with the June, 1989 payment.

Sales for fiscal 1989-90 should increase modestly, picking up in the second half. Margins should benefit in the second half from the higher volume and from an improved product mix, tight expense and inventory controls. Lower advertising costs and improved computer systems will also begin to benefit margins. Interest expense will be higher. Share earnings will benefit from fewer shares outstanding.



Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	6.07	5.84	5.59	5.12
Jul.	7.01	6.68	6.30	5.88
Oct.	---	6.36	5.97	5.58
Jan.	---	8.42	7.75	7.23
	---	27.30	25.63	23.81

Sales for the 26 weeks ended July 26, 1989 rose 4.4%, year to year. Gross margins narrowed, and expense ratios increased; pretax income declined 17%. After taxes at 35.6%, versus 36.5%, net income fell 16%, to $1.19 a share from $1.41.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.47	0.60	0.57	0.47
Jul.	0.72	0.81	0.71	0.59
Oct.	E0.66	0.63	0.54	0.44
Jan.	E2.10	1.96	1.58	1.34
	E3.95	4.00	3.40	2.84

Important Developments

Sep. '89— Sales on a comparable store basis were up 1.5% in the second quarter of fiscal 1989-90. Weak sales in May resulted in below plan sales for the second quarter. This sales shortfall combined with lower gross margins, caused a decline in earnings in the second quarter. Reduced margins reflected KM's strategy of everyday low prices and greater sales contribution from lower-margined Makro. Management predicted an improving trend in sales and earnings for the second half of fiscal 1989-90, due to stronger merchandising programs, continued emphasis on everyday low prices and increased use of retail automation to improve the management of hours and productivity. Separately, the company announced that it was offering to repurchase common shares from holders who owned fewer than 100 shares.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	25.12	22.08	19.66	17.32	16.49	15.57	13.93	13.21	12.66	11.86
Earnings[2]	4.00	3.40	2.84	2.42	2.56	2.53	1.37	1.17	1.38	1.89
Dividends	1.28	1.11⅝	0.97⅜	0.90¾	0.80	0.70¾	0.66	0.63⅜	0.60	0.54
Payout Ratio	32%	32%	34%	37%	31%	27%	47%	54%	43%	28%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	39¾	48⅜	38¼	27¾	25⅛	26⅛	18⅛	15⅞	17¾	19⅛
Low	29	21⅝	22½	20½	17⅛	14½	10⅜	10¼	10⅛	15
P/E Ratio—	10-7	14-6	13-8	11-8	10-7	10-6	13-8	14-9	13-7	10-8

Data as orig reptd Adj for stk div(s) of 50% Jun 1987 1. Reflects merger or acquisition 2. Bef results of disc opers of -0.14 in 1987, -1.27 in 1985, and spec item(s) of -0.06 in 1987 E-Estimated

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	27,550	1,889	6.9	570	437	[3]346	1,244	35.5%	803	2.9
1988	25,864	1,788	6.9	542	401	330	1,171	40.9%	692	2.7
[4]1987	24,046	1,648	6.9	583	377	349	1,028	44.6%	570	2.4
[5]1986	22,645	1,412	6.2	717	360	398	756	37.7%	471	2.1
1985	21,303	1,364	6.4	740	303	344	826	39.6%	499	2.3
1984	18,789	1,302	6.9	425	264	279	859	42.7%	492	2.6
1983	16,942	890	5.3	391	251	281	424	38.2%	262	1.5
1982	16,679	738	4.4	540	230	[3]276	328	32.8%	220	1.3
1981	14,343	797	5.6	583	198	[3]227	441	41.0%	261	1.8
1980	12,859	902	7.0	470	166	[3]171	628	43.0%	358	2.8

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	948	7,146	3,492	2.0	12,126	6.9%	2,946	5,009	8,175	36.0	17.1%
1988	449	6,373	3,370	1.9	11,106	6.4%	2,748	4,409	7,357	37.4	16.6%
1987	521	6,064	3,531	1.7	10,578	5.4%	2,611	3,939	6,732	38.8	15.4%
1986	627	5,527	3,090	1.8	9,991	4.9%	3,169	3,273	6,556	48.3	14.4%
1985	492	5,311	2,889	1.8	9,262	5.7%	2,887	3,234	6,209	46.5	16.2%
1984	1,028	4,789	2,521	1.9	8,183	6.3%	2,534	2,940	5,534	45.8	17.7%
1983	554	4,004	2,176	1.8	7,344	3.7%	2,420	2,601	5,073	47.7	10.3%
1982	115	3,414	1,983	1.7	6,673	3.4%	2,167	2,456	4,690	46.2	9.2%
1981	213	3,197	1,671	1.9	6,102	4.4%	2,037	2,343	4,432	46.0	11.5%
1980	300	3,171	1,783	1.8	5,642	6.8%	1,632	2,185	3,860	42.3	17.4%

Data as orig reptd 1. Incl equity in earns of nonconsol subs. 2. Bef. results of disc opers in 1987, 1986 & spec item(s) in 1987 3. Net of interest income. 4. Excludes discontinued operations. 5. Reflects merger or acquisition.

Business Summary

K mart is the nation's second largest general merchandise retailer, operating 4,082 retail outlets (as of January 25, 1989) in 50 states, Canada and Puerto Rico. This included 2,307 K mart discount department stores, and 1,775 specialty retail stores. In fiscal 1984-5 KM acquired the Waldenbooks retail book chain (1,218 units at 1988 year-end) and Builders Square do-it-yourself home improvement centers (133). In fiscal 1985-6 KM acquired Oregon-based Pay Less Drug Stores Northwest, with 269 super drug stores at 1988-9 year-end, and Canadian-based Bargain Harold's discount outlets (153).

K mart stores accounted for more than 84% of fiscal 1988-9 sales. The stores produced sales of $188 per sq. ft. of selling space, versus $183 in 1987-8, reflecting increased emphasis on lower everyday shelf price, merchandise enhancement and store refurnishing programs.

A 21.5% equity interest is held in Coles Myer Ltd., the major food and general merchandise retailer in Australia, and equity income of this operation was $61 million in fiscal 1988-9. Equity income from 49%-owned Meldisco footwear departments was $43 million.

In March, 1988 K mart purchased a 51% ownership interest in Makro Inc. Makro operates six warehouse clubs. In 1987 KM formed a partnership with Bruno's, Inc., a leading food retailer, to develop hypermarket stores. The first American Fare hypermarket opened January, 1989 in Atlanta, Ga. K mart has a 51% ownership in the partnership.

In 1988 KM introduced two new specialty concepts, Office Square, carrying mainly office supplies, and Sports Giant, selling sporting goods, footwear and apparel merchandise.

Dividend Data

Dividends have been paid since 1913. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Oct. 18	Nov. 10	Nov. 17	Dec. 5'88
0.33	Jan. 17	Feb. 10	Feb. 16	Mar. 6'89
0.41	Apr. 18	May 12	May 18	Jun. 5'89
0.41	Jul. 18	Aug. 11	Aug. 17	Sep. 4'89

Next dividend meeting: Oct. 17'89.

Capitalization

Long Term Debt: $2,923,000,000, incl. $1.6 billion of capitalized lease obligations.

Common Stock: 199,686,980 shs. ($1 par).
Institutions hold about 71%.
Shareholders of record: 84,595.

Office—3100 West Big Beaver Rd., Troy, Mich 48084 **Tel**—(313) 643-1000 **Chrmn & Pres**—J E. Antonini **VP-Secy**—R E Davis **VP-Treas**—J P Churilla **Investor Contact**—O F Knauer **Dirs**—J E Antonini, J F Bere, W D Davis, B M Fauber, J P Flannery, C A Gerstacker, D B Harper, E R Marram, P W McCracken, J M McDonald, L M Parkin, D S Perkins, G M Shatto, J R Thomas **Transfer Agent & Registrar**—National Bank of Detroit. **Incorporated** in Michigan in 1916 **Empl**—350,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J Sack

KN Energy

NYSE Symbol KNE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
24	25 3/8-17 5/8	NM	1.00	4.2%	NR	1.01

Summary

KN Energy is an integrated natural gas company serving customers in Kansas, Nebraska, Colorado, and Wyoming. Nonpipeline operations consist of exploration, development and production of mineral resources. Earnings for the first nine months of 1989 declined sharply, reflecting the absence of a gain on an 1988 asset sale and higher losses at the mineral resources segment.

Business Summary

KN Energy (formerly Kansas-Nebraska Natural Gas) is engaged in the sale of natural gas at wholesale and retail and in exploration, development and production of mineral resources including oil, gas, natural gas liquids, and coal. Revenues by business segment in recent years:

	1988	1987	1986
Gas Service	94.6%	98.4%	97.1%
Mineral Resources	4.8%	1.5%	2.7%
Other	0.6%	0.1%	0.2%

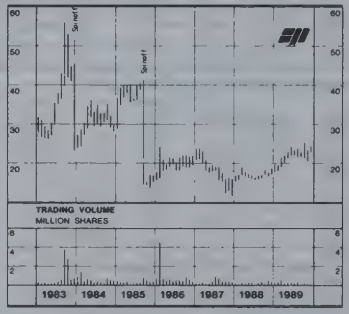
KNE's integrated interstate pipeline system provides natural gas service primarily in Kansas, Nebraska, Colorado and Wyoming, to 153,000 retail customers. As of December 31, 1988 the interstate system provided gas service in six states to 290 communities. Sales for resale are also made to other gas utilities which serve approximately 68,000 gas customers. Intrastate systems operate in Colorado and Wyoming. Total gas sales revenues for 1988 was 62% residential, commercial and agricultural, 34% sale for resale, and 4% industrial.

Oil and gas development subsidiaries are involved in lease acquisition and development projects in the Rocky Mountain area and south central U.S.

Oil and gas exploration development is conducted primarily through Western Oil Corp. and Wytex Exploration Co. in northern Louisiana, southwestern Wyoming and west Texas.

Wyoming Fuel Co. (100% owned) is involved in exploration, development and production of coal. Principal coal properties in southern Colorado have estimated coal reserves of 244 million tons.

Other operations involve maintaining and operating a microwave and two-way radio communications system.



Important Developments

Oct. '89— KNE began selling natural gas to the City of Colorado Springs; the company expected to deliver 1.9 Bcf of gas in 1989 and between 5.0 and 5.5 Bcf of gas in 1990. The company said that its mineral resources segment recorded for the first nine months of 1989 a operating loss of almost $1.5 million higher than in the year-earlier period, reflecting a reduction in the level of mine development costs being capitalized and higher than expected expenses to prepare the Golden Eagle Mine for installation of longwall equipment; the longwall mining equipment began operating in late August. Separately, the Nebraska Supreme Court made a ruling in a KNE rate case which the company expected would have a positive revenue impact of $1.3 million per year.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.17	14.66	14.40	15.16	14.40	15.59	18.25	16.75	15.20	14.00
Earnings[1]	d0.89	0.90	0.72	0.93	2.22	2.37	2.85	2.78	2.44	2.23
Dividends	1.00	[2]0.99	1.48	1.48	1.48	1.48	1.41 1/4	1.34 1/2	1.28 1/2	1.22 3/8
Payout Ratio	NM	110%	206%	159%	67%	62%	50%	48%	53%	55%
Prices—High	19 1/8	23 3/4	24 1/4	40 3/8	36 1/8	56	32	36 1/2	36 1/8	19 3/8
Low	15 1/8	11 1/2	15 5/8	13 1/2	23 3/4	23	17 3/4	21	15 1/8	14 5/8
P/E Ratio—	NM	26-13	34-22	43-15	16-11	24-10	11-6	13-8	15-6	9-7

Data as orig. reptd. Adj. for stk. div(s) of 10% Jun. 1982, 10% Jun. 1980. 1. Bef. spec. item(s) of +2.39 in 1988, +0.35 in 1987, +2.13 in 1985, -2.23 in 1984. 2. Three dividend payments. NM-Not Meaningful. d-Deficit.

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1273P

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	335	22.1	8.7	104.6%	0.31	NA	30.8%	d6.2	NM	0.2	NM
1987	308	21.5	8.4	90.8%	1.62	NA	30.7%	10.2	3.3	9.1	6.2
1986	313	19.2	8.6	92.5%	1.62	NA	36.0%	8.6	2.8	8.0	4.9
1985	420	21.7	9.0	94.4%	2.00	NA	42.4%	10.6	2.5	7.8	6.6
1984	465	18.3	8.4	92.5%	3.07	NA	49.3%	22.0	4.7	11.2	14.8
1983	466	16.9	8.7	94.1%	---	NA	50.4%	22.8	4.9	9.8	14.2
1982	488	27.6	9.9	92.2%	---	NA	47.6%	26.5	5.4	10.0	16.2
1981	453	26.8	10.9	91.0%	---	NA	47.5%	25.6	5.6	12.3	17.6
1980	372	24.5	10.6	91.1%	---	NA	48.9%	21.9	5.9	11.0	16.6
1979	328	19.2	8.4	91.1%	---	NA	48.5%	19.7	6.0	10.8	16.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	[4]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	650	27.6	389	NM	352	146	47.7	22.6	7.4	138	44.9
1987	692	19.4	432	6.5	321	119	43.0	24.1	8.7	133	48.3
1986	668	38.0	422	6.0	309	99	38.9	25.7	10.0	131	51.1
1985	585	40.3	369	6.6	312	108	39.7	27.3	10.0	137	50.3
1984	591	44.2	370	9.6	340	116	42.4	28.4	10.3	129	47.2
1983	567	27.8	354	8.3	361	124	42.6	29.4	10.1	137	47.3
1982	671	57.3	419	9.4	436	159	46.1	30.5	8.8	155	45.1
1981	623	72.0	394	11.0	391	140	45.0	31.0	9.9	141	45.1
1980	558	64.5	350	10.0	347	116	43.0	31.5	11.6	123	45.4
1979	495	55.6	309	10.0	308	107	42.8	31.5	12.7	111	44.5

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1988, 1987, 1985, 1984. 3. Based on income before interest charges. 4. Excl. capital expen. from acquired cos. NA-Not Available. d-Deficit. NM-Not Meaningful.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	115.4	108.9	92.5	98.4
Jun.	61.0	66.2	61.9	65.5
Sep.	73.3	72.9	67.9	68.4
Dec.		87.1	85.6	81.0
		335.2	308.0	313.3

Operating revenues for nine months ended September 30, 1989 rose 0.6%, year to year. Penalized by higher operating costs at the Golden Eagle coal mine and the absence of an after-tax gain of $9.4 million ($1.03 a share) from the sale of East Texas natural gas subsidiaries, net income declined 63%, to $0.48 a share from $1.54.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.71	0.64	0.67	0.71
Jun.	d0.30	0.82	d0.38	0.07
Sep	0.07	0.08	d0.17	d0.21
Dec.		d2.43	0.78	0.15
		d0.89	0.90	0.72

d Deficit

Dividend Data

Dividends have been paid since 1937; one quarterly payment was omitted in 1987. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 21	Mar. 9	Mar. 15	Mar. 31'89
0.25	May 23	Jun. 9	Jun. 15	Jun. 30'89
0.25	Aug. 10	Sep. 11	Sep. 15	Sep. 30'89
0.25	Nov. 21	Dec. 11	Dec.15	Dec.31'89

Next dividend meeting: late Feb.'90.

Finances

As of September 30, 1989 KNE had $67.2 million available for borrowing under bank credit arrangements.

Capitalization

Long Term Debt: $138,449,000.

Red. Cum. Preferred Stk.: $15,000,000.

Cum. Preferred Stk.: $7,000,000

Common Stock: 9,375,742 shs. ($5 par). Institutions hold about 45%.
Shareholders of record: 9,577.

Office—12055 West Second Place, P O Box 15265, Lakewood, Colo 80215. **Tel**—(303) 989-1740. **Chrmn & CEO**—C W Battey. **Pres**—L D Hall. **VP-Secy**—R C McHugh. **Treas**—J A Aden. **Investor Contact**—Richard Buxton. **Dirs**—C W Battey, W H Brown, D W Burkholder, H P Coghlan, T Creigh, Jr., R B Daugherty, J L Hames, L D Hall, W J Hybl, R C McHugh, J R Wilson. **Transfer Agent & Registrar**—Manufacturer's Hanover Trust Co., NYC. **Incorporated** in Kansas in 1927.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Kansas City Power & Light

NYSE Symbol KLT

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
32 3/4	35 3/4-28 1/8	11	2.56	7.8%	A-	0.47

Summary

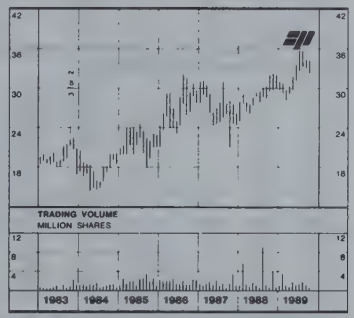
This medium-size electric utility derives about 95% of its business from metropolitan Kansas City, which has experienced steady economic growth due to its diverse economy. The Wolf Creek nuclear generating station, which was completed in 1985, supplies approximately 30% of KLT's electric requirements. Barring unusual weather conditions, flat earnings are expected for 1989, as growth in the customer base is offset by certain accounting changes.

Current Outlook

Share earnings for 1989 are estimated at the $3.20 reported for 1988. Share earnings for 1990 are projected at $3.30.

Directors boosted the quarterly dividend 4.9%, to $0.64 from $0.61, with the September, 1989 payment.

Flat earnings per share are anticipated for 1989, as the positive effects of gains in customer levels, higher rates and the redemption of preferred and preference stock issues should be offset by the cooler summer weather and the start of amortization of certain deferred costs and the ceasing of accruals of certain revenues as stipulated under a rate phase-in plan.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	163.2	165.3	150.8	142.5
Jun.	176.8	183.6	179.0	167.6
Sep.	---	228.0	218.4	203.8
Dec.	---	159.6	156.7	151.0
	---	736.5	704.8	664.9

Operating revenues for the six months ended June 30, 1989 fell 2.6%, year to year, reflecting mild Spring weather, partially offset by an increase in customers. Operating income declined 9.7%. After lower other income and interest charges, net income was down 21%. Share earnings were $1.17, versus $1.50.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.52	0.53	0.42	0.80
Jun.	0.65	0.97	0.84	0.82
Sep.	E1.55	1.54	1.36	1.17
Dec.	E0.48	0.15	0.39	Nil
	E3.20	3.20	3.01	2.80

Important Developments

Aug. '89— For the three months ended June 30 electric revenues from residential customers decreased 15%, while revenues from commercial, industrial, other, and resale sources increased 2.4%, 1.2%, 3.9% and 3.7%, respectively.

Jun. '89— The company said that the Nuclear Regulatory Commission (NRC) had issued its third assessment of nuclear plant performance, on Wolf Creek. For the April 1, 1988 through March 31, 1989 period, the report showed that Wolf Creek's performance had improved. Wolf Creek's performance received either Category 1 or Category 2 rankings in each of the seven functional areas evaluated. Category 1 indicates that reduced NRC attention in the functional area may be appropriate, while Category 2 rankings indicate that NRC attention may be maintained at normal levels.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**26.16**	28.40	27.73	27.05	25.23	23.46	21.89	22.16	21.24	21.41
Earnings[1]	**3.20**	3.01	2.80	4.41	4.48	4.15	2.79	3.22	2.91	1.57
Dividends	**2.34**	2.12	2.09	2.36	2.33	2.17 3/8	2.00 5/8	1.88 3/8	1.79 3/8	1.75 5/8
Payout Ratio	**73%**	70%	75%	54%	52%	52%	72%	58%	62%	112%
Prices—High	**32 1/4**	31 1/8	32 1/4	24 1/2	20 1/2	22 1/2	18 3/4	16 1/2	15 5/8	18 1/8
Low	**24 7/8**	21	21 1/8	18	14 1/4	16 3/4	14 1/2	13	12 1/8	14 5/8
P/E Ratio—	**10-8**	10-7	12-8	6-4	5-3	5-4	7-5	5-4	5-4	11-9

Data as orig. reptd. Adj. for stk. div(s). of 50% Nov. 1983. 1. Bef. spec. item(s) of +0.43 in 1979. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	**737**	**85.2**	**85.2**	**75.5%**	**2.67**	**1**	**34.8%**	**106**	**14.3**	**8.1**	**12.4**
1987	705	83.4	75.1	75.2%	2.52	NM	39.5%	104	14.8	8.0	10.7
1986	665	84.2	73.5	77.0%	2.26	d2	38.4%	106	16.0	8.2	10.2
1985	597	62.4	70.8	82.2%	3.52	111	28.7%	155	26.0	8.7	16.8
1984	583	47.6	57.1	80.7%	4.48	134	31.5%	151	26.0	8.8	18.3
1983	563	46.3	53.4	81.4%	4.12	98	32.9%	126	22.5	8.8	17.5
1982	486	45.2	62.5	84.0%	---	76	33.0%	81	16.7	7.3	12.6
1981	472	45.0	54.3	80.0%	---	54	36.5%	79	16.8	8.2	14.8
1980	446	41.7	52.7	80.5%	---	43	37.8%	69	15.4	8.4	14.1
1979	371	34.9	54.3	88.1%	---	39	21.2%	37	9.9	5.6	9.5

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	**2,918**	**95**	**2,213**	**8.1**	**2,416**	**943**	**51.0**	**9.5**	**5.1**	**811**	**43.9**
1987	2,986	79	2,357	7.4	2,476	1,020	51.0	99.0	5.0	880	44.0
1986	2,931	71	2,379	6.4	2,499	1,078	52.1	133.0	6.4	860	41.5
1985	2,888	261	2,415	4.6	2,539	1,129	51.8	211.0	9.7	838	38.5
1984	2,648	403	2,224	5.5	2,312	1,032	51.5	220.0	11.0	752	37.5
1983	2,322	305	1,870	6.0	1,944	806	47.8	214.0	12.7	666	39.5
1982	2,031	207	1,613	5.1	1,670	733	49.3	218.0	14.7	535	36.0
1981	1,845	173	1,453	6.7	1,455	662	51.4	166.0	12.9	459	35.7
1980	1,713	157	1,361	6.7	1,321	587	49.9	166.0	14.1	425	36.0
1979	1,558	235	1,250	3.8	1,209	577	52.9	141.0	12.9	373	34.2

Data as orig. reptd. 1. Times int. exp & pfd divs. covered (pretax basis) 2. Bef. spec. item(s) in 1979 3. Based on income before interest charges. 4. As reptd. by co. in 1979. 5. Utility plant. NM-Not Meaningful d-Deficit

Business Summary

Kansas City Power & Light supplies electricity to a population of about 850,000 in Kansas City, Mo. and neighboring communities in Missouri and Kansas. About 70% of electric sales are made in Missouri. Contributions in recent years:

Revenues	1988	1987	1986	1985
Residential	37%	36%	36%	34%
Commercial	45%	45%	44%	44%
Industrial	15%	16%	17%	18%
Other	3%	3%	3%	4%

The fuel mix in 1988 was 76% coal, 23.6% nuclear, and 0.3% oil, and 0.1% natural gas. Peak load in 1988 was 2,656 mw and system capacity was 2,992 mw, for a capacity margin of 11.2%.

The company has estimated construction expenditures (excluding AFUDC) for the 1989-1993 period at $593.2 million. The largest items were for upgrading distribution and general facilities ($321.8 million) and for nuclear fuel ($85.9 million). Management believed KLT will be able to meet construction outlays with internally-generated funds.

Dividend Data

Dividends have been paid since 1921.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.61	Nov. 1	Nov. 22	Nov. 29	Dec. 20'88
0.61	Feb. 7	Feb. 21	Feb. 27	Mar. 20'89
0.61	May 2	May 23	May 30	Jun. 20'89
0.64	Aug. 1	Aug. 23	Aug. 29	Sep. 20'89

Next dividend meeting: Nov. 7'89.

Finances

In 1988 the cash portion of earnings per share was 88%, compared with 78% in 1987, 44% in 1986 (before restatement for regulatory disallowances) and 2% in 1985.

Capitalization

Long Term Debt: $879,461,000.

Red. Cum. Pfd. Stk.: $2,396,000.

Cum. Preferred Stock: $92,000,000

Common Stock: 30,954,363 shs. (no par).
Institutions hold about 44%.
Shareholders of record: 32,601

Office—1330 Baltimore Ave., Kansas City, Mo. 64105 **Tel**—(816) 551-2312 **Chrmn**—A. J. Doyle **Pres & CEO**—A. D. Jennings **VP-Secy**—S. P. Cowley **VP-Fin**—L. C. Rasmussen **Investor Contact**—Robert Levesque (816) 556-2312 **Dirs**—W. H. Clark, R. J. Dineen, A. J. Doyle, W. D. Grant, A. D. Jennings, G. E. Nettels, Jr., L. C. Rasmussen, G. A. Russell, E. M. Strauss, L. H. Talbott, W. C. Theis, R. H. West **Transfer Agent & Registrar**—United Missouri Bank of Kansas City, Mo. **Incorporated** in Missouri in 1922 **Empl**—3,154

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Kansas Gas & Electric

NYSE Symbol KGE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
23¼	24¼-19¼	13	1.72	7.4%	B	0.62

Summary

This electric utility serves more than 250,000 customers in the southeastern portion of Kansas. With the completion of the Wolf Creek nuclear station in September 1985, the company has no plans for additional generating units. Under a July 15, 1988 rate order, KGE will not be entitled to any rate increases between January 1, 1989 and January 1, 1992, barring extraordinary circumstances. Slightly higher earnings are expected for 1990.

Current Outlook

Share earnings for 1990 are expected to approximate $2.10, up slightly from the $2.00 likely for 1989.

The quarterly dividend was increased 7.5%, to $0.43 from $0.40, with the December, 1989 payment.

Modestly higher earnings per share are anticipated for 1990, principally reflecting a likely increase in kwh sales, a return to more normal weather conditions, a decline in interest costs, greater investment income and the beneficial effect of a share repurchase program. Like a number of other utilities, KGE is experiencing increasing competition from customers building their own generating facilities. Under a July, 1988 rate order, the company would not be entitled to any rate increases until 1992 unless extraordinary circumstances develop.

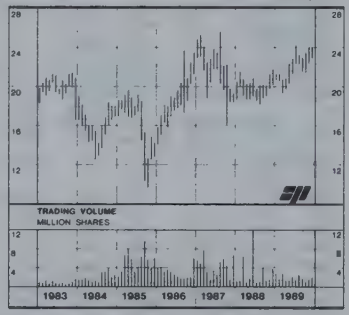
Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	121.3	118.3	113.3
Jun.	---	138.4	115.3	124.3
Sep.	---	167.5	174.1	164.0
Dec	---	---	118.5	110.5
	---	---	526.2	512.1

Operating revenues for the nine months ended September 30, 1989 rose 4.8%, year to year, primarily reflecting an increase in wholesale sales and a rate hike. Operating income was up 1.8%. Hurt by the discontinuation of phase-in revenues and lower investment income, net income declined 20%. Earnings per share were $1.62 on 6.9% fewer shares, compared with $1.88.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar	E0.20	0.22	0.30	0.45
Jun	E0.45	0.47	0.32	0.54
Sep	E1.10	0.94	1.32	1.04
Dec.	E0.35	E0.37	0.20	0.31
	E2.10	E2 00	2.10	2.34



Important Developments

Nov. '89— KGE estimated that fewer outstanding shares added some $0.02, $0.11 and $0.15 to earnings per share for the quarter, year-to-date and 12 months ended September 30, respectively. It said that lower earnings for the quarter were due primarily to reduced revenues from retail kwh sales, the loss of phase-in revenues accruals and the amortization of accrued phase-in revenues. These decreases were partially offset by reduced interest charges.

Oct. '89— The company said that the Kansas Corporate Commission had approved its special rate contract with a major manufacturing customer. Approval of the contract would reduce the customer's annual electric bill by about $2 million. KGE made the proposal to avoid the customer building a cogeneration unit which would have resulted in the loss of about $20 million in annual revenues.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.56	20.17	19.91	19.89	20.14	20.12	19.47	19.84	19.93	20.41
Earnings[1]	2.10	2.34	1.17	2.13	3.07	3.08	3.00	2.85	2.97	1.84
Dividends	1.51	1.39	1.22½	2.06½	2.36	2.27	2.15	2.06	1.96½	1.91
Payout Ratio	72%	59%	105%	97%	77%	74%	72%	72%	66%	104%
Prices—High	21¾	25⅝	23¾	19⅝	19	21⅜	18½	16½	16¾	19¾
Low	18⅛	16	14	9⅝	12½	16½	14⅝	13¾	13	15
P/E Ratio—	10-9	11-7	20-12	9-5	6-4	7-5	6-5	6-5	6-4	11-8

Data as orig reptd 1. Bef spec item(s) of +0.27 in 1986 E-Estimated d-Deficit

January 4, 1990

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	526	71.0	NA	75.0%	1.32	NM	23%	77	14.7	9.1	10.6
1987	512	72.3	44.0	72.5%	2.15	d1	15%	97	19.0	9.4	12.3
1986	496	72.7	41.0	74.7%	2.04	d1	46%	57	11.5	7.3	5.8
1985	411	44.5	34.5	81.3%	2.65	109	22%	98	23.8	7.6	10.7
1984	411	32.4	26.1	80.7%	3.81	134	23%	122	29.7	8.7	15.4
1983	393	29.9	27.9	81.3%	3.93	103	25%	106	27.4	9.0	15.8
1982	351	27.3	29.1	81.2%	---	85	23%	85	24.1	8.7	15.5
1981	313	26.6	27.2	80.0%	---	60	11%	66	21.1	8.3	14.5
1980	294	25.4	24.6	78.9%	---	39	19%	52	17.8	9.0	14.0
1979	245	23.6	23.0	83.7%	---	26	17%	29	11.9	6.6	8.1

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	Capitalization % LT Debt	Capitalization Pfd.	Capitalization % Pfd.	Capitalization Com.	Capitalization % Com.
1988	2,377	53	1,898	6.9	1,813	776	52.2	19	1.3	691	46.5
1987	2,341	54	1,927	7.1	2,100	1,016	56.3	19	1.0	770	42.7
1986	2,455	41	2,069	6.0	2,186	1,063	55.3	37	1.9	823	42.8
1985	2,453	212	2,132	3.7	2,143	1,047	52.3	140	7.0	814	40.7
1984	2,283	365	1,989	4.4	2,006	991	52.8	142	7.5	744	39.7
1983	1,923	263	1,657	4.8	1,670	753	48.4	159	10.2	643	41.4
1982	1,669	228	1,423	5.0	1,389	614	47.5	160	12.3	519	40.2
1981	1,444	187	1,222	5.5	1,232	607	53.0	146	12.8	391	34.2
1980	1,265	177	1,064	6.3	993	452	49.6	117	12.9	341	37.5
1979	1,092	184	913	4.8	852	387	49.6	118	15.2	274	35.2

Data as orig reptd. 1. Times int exp and pfd divs covered (pretax basis). 2. Bef spec. item(s) in 1986. 3. Based on inc. bef. int charges 4. Electric Plant NA-Not Available NM-Not Meaningful d-Deficit.

Business Summary

Kansas Gas & Electric provides electric service in southeastern Kansas (including the Wichita metropolitan area) to some 251,810 retail customers. Wholesale service is provided to 12 other electric utilities. Contributions to electric revenues by class of customers in recent years:

Revenues	1988	1987	1986	1985
Residential	38%	37%	37%	36%
Commercial	26%	25%	25%	25%
Industrial	30%	30%	31%	31%
Other	6%	8%	7%	8%

The fuel mix in 1988 was 56% coal, 35% nuclear and 9% gas. In 1972, 99% of KGE's fuel usage was gas. The company anticipates that in the near future, fuel usage will remain relatively constant with 1986-8 levels. Peak load in 1988 was 1,677 mw, and system capacity was 2,376 mw, for a capacity margin of 29.4%.

The 47%-owned Wolf Creek nuclear plant (KGE's share is 530 mw) began commercial operation in September, 1985. Total cost of the plant was $1.39 billion, including $429 million of AFUDC. The company has no plans to build additional generating capacity.

Dividend Data

Dividends have been paid since 1922. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 24	Mar. 6	Mar. 10	Mar. 31'89
0.40	May 24	Jun. 5	Jun. 9	Jun. 30'89
0.40	Jul. 25	Sep. 1	Sep. 8	Sep. 29'89
0.43	Nov. 28	Dec. 4	Dec. 8	Dec. 29'89

Next dividend meeting: mid-Jan. '90.

Finances

On July 26, 1988 directors authorized the repurchase of up to four million shares of common stock. Through March 31, 1989, 581,500 shares have been purchased.

Capitalization

Long Term Debt: $746,633,000.

Cum. Preferred Stock: $18,701,000.

Common Stock: 34,067,520 shs. (no par).
Institutions hold about 63%.
Shareholders of record: 34,648.

Office—201 North Market St, Wichita, Kans. 67201 **Tel**—(316) 261-6611 **Chrmn & Pres**—W. K. Cadman **Secy**—R. D. Terrill **VP-Fin**—W. B. Moore **Investor Contact**—Bruce Burns (316) 261-6380 **Dirs**—F. J. Becker, G. Biggs, H. L. Breneman, W. K. Cadman, C. T. Carter, C. Q. Chandler, R. T. Crain, R. Foster, D. A. Johnston, G. L. Koester, R. W. Meyer, Jr., J. J. Noone, M. I. Setter, D. C. Slawson, N. C. Smith, L. E. Walsh **Transfer Agents**—First National Bank, Wichita, Kansas; First National Bank, Chicago **Registrars**—Bank IV, Wichita, Kansas; First National Bank, Chicago **Incorporated** in West Virginia in 1909; reincorporated in Kansas in 1973 **Empl**—1,316

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Kaufman & Broad Home

1286H

NYSE Symbol KBH Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
13⅜	21¾-9⅞	6	[1]0.30	[1]2.2%	NR	NA

Summary

KBH, formed in 1986, is a regional builder of single-family homes, generally in medium-sized developments close to major metropolitan areas in California and France. Under a March, 1989 restructuring, Kaufman and Broad, Inc. (KB) spun off its 92.6% stake in KBH and KBH paid a special dividend of $4.50 a share. Earnings increased in 1989's first nine months, on higher sales and wider margins. In October, a KBH joint venture sold an office building complex in Paris for about $600 million.

Business Summary

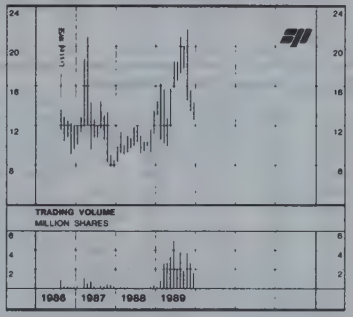
KBH builds and markets innovatively designed single-family homes, generally in medium-sized development close to major metropolitan areas. The company operates primarily in California, where it is the largest single-family home builder, and in France, catering to first-time home buyers and, in some markets, to trade up customers. KBH also provides mortgage banking services to its California home buyers through its IMC subsidiary. Contributions by geographic location in fiscal 1988:

	Sales	Profits
United States	49%	38%
France	44%	48%
Canada	7%	14%

Unit deliveries for fiscal 1988 were 4,836, versus 4,664 in fiscal 1987.

Home building activity in California is concentrated in the Los-Angeles, San Diego, San Bernardino-Riverside and San Francisco Bay Area-San Jose markets. KBH continues to pursue a strong land acquisition program in California. As of November 30, 1988 KBH owned more than 7,200 lots and 2,300 acres, with an additional 9,854 lots and 2,349 acres under option. Most of KBH's single-family homes in California are detached, ranging from 815 to 2,055 square feet, and were sold at an average price of $140,000 in 1988, compared with the state average of over $185,000.

KBH maintains three separate operations in France. Kaufman and Broad-France sells to the upwardly mobile executive market homes averaging $184,700 in price and 1,400 square feet in size in fiscal 1988. Bati-Service primarily builds townhouses and single-family attached homes, which sold at an average price of $99,200 and had an average size of 1,000 square feet in fiscal 1988. Kaufman and Broad-France also sells groups of homes and it develops medium sized commercial buildings in France. Kaufman and Broad Development, formed in 1987, was created to direct KBH's expansion into presold office and residential developments.



KBH also operates the Victoria Wood Development Corp. in Toronto, Canada, and participates in 24 joint ventures. In fiscal 1988 these joint ventures produced 128 homes.

Important Developments

Oct. '89— KBH and a joint venture partner, Banque IndoSuez, sold an office building complex in Paris for $600 million to a an international group led by a unit of Industrial Bank of Japan.

Aug. '89— KBH received proceeds of about $125 million from the sale of $405.4 million of zero coupon subordinated notes due 2004, which are convertible into common stock at a rate of 14.69 shares per each $1,000 face amount at maturity. Proceeds were used to redeem debt, resulting in a $3.4 million charge in fiscal 1989's third quarter.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	[2]1985	1984	1983	1982	1981
Tangible Bk. Val.	8.49	7.01	5.63	NA	NA	NA	NA	NA
Earnings	1.76	1.32	1.08	0.92	NA	NA	NA	NA
Dividends	0.30	0.20	0.05	Nil	Nil	Nil	Nil	Nil
Payout Ratio	17%	15%	5%	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	13½	21	13⅝	NA	NA	NA	NA	NA
Low	8¼	7¾	9	NA	NA	NA	NA	NA
P/E Ratio—	8-5	16-6	13-8	NA	NA	NA	NA	NA

Data as orig reptd.; prior to 1986 data as reptd. in Prospectus dated Aug. 1, 1986. 1. Excl. 4.50 special divd. in Mar. 1989. 2. Reflects merger or acquisition. 3. Cal. yr. NA-Not Available.

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	[1]908	103.0	11.4	Nil	4.32	16.9	[2]98.3	43.4%	48.0	5.3
1987	[1]675	69.0	10.1	Nil	4.26	15.3	[2]66.4	46.5%	35.5	5.3
1986	[1]496	56.0	11.2	Nil	2.43	14.0	[2]53.1	48.0%	27.6	5.6
[3]1985	346	47.0	13.6	Nil	1.28	15.7	48.1	52.0%	23.1	6.7
1984	244	29.6	12.1	Nil	0.79	8.7	27.9	52.4%	13.3	5.4
1983	216	27.5	12.7	Nil	0.63	11.1	24.8	49.7%	12.5	5.8
1982	134	NA	NA	NA	NA	NA	d9.9	NA	d9.8	NM
1981	230	NA	NA	NA	NA	NA	3.8	NA	3.6	1.6

Balance Sheet Data (Million $)

Nov. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	36.6	NA	NA	NA	603	8.3%	[4]110	232	363	28.8	22.7%
1987	71.4	NA	NA	NA	547	7.2%	[4]102	189	315	32.4	20.6%
1986	22.1	NA	NA	NA	441	NA	[4]98	156	274	35.8	NA
1985	2.5	NA	NA	NA	358	NA	[4]84	99	179	35.9	NA
1984	4.5	NA	NA	NA	268	4.9%	37	65	107	34.3	20.7%

Data as orig. reptd.; prior to 1986 data as reptd. in Prospectus dated Aug. 1, 1986. 1. Incl. other income. 2. Incl. equity in earns. of nonconsol. sub. 3. Reflects merger or acquisition. 4. Incl. current portion. NA-Not Available. d-Deficit. NM-Not Meaningful.

Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	172.6	134.9	110.5	61.7
May	246.1	287.8	140.8	98.3
Aug.	276.7	226.8	158.6	123.5
Nov.		254.3	262.0	207.8
		903.4	671.9	491.2

Revenues for the nine months to August 31, 1989 rose 7.1%, year to year. Margins widened, and operating income advanced 48%. After much higher net interest expense, but lower minority interest charges and equity in higher unconsolidated units and joint ventures, net income was up 65%, to $1.55 a share on 18% more shares, from $1.13.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	[1]1985-6
Feb.	0.42	0.26	0.17	0.07
May	0.57	0.42	0.24	0.20
Aug.	0.57	0.45	0.32	0.22
Nov.		0.63	0.59	0.56
		1.76	1.32	1.08

Finances

Under a restructuring in March, 1989, Kaufman and Broad (KB) spun off its 92.6% stake in KBH through distribution of about 0.733 KBH common share for each share of KB common and Class B held, and KBH paid a special dividend of $4.50 a share on March 6. Also under the restructuring, KB changed its name to Broad Co. and KBH issued to certain Broad Co. units, for $81.75 million, 817,500 shares of new $12 preferred stock (exchangeable for subordinated notes) plus warrants to buy 7,500,000 shares of a new class of common stock at $6.98 each; proceeds were used to finance part of the $4.50 a share dividend paid on March 6, with the balance financed by debt. On a pro forma basis, the restructuring reduced KBH's shareholders' equity by about $122.8 million and increased debt by about the same amount. On May 31, 1989 KBH exchanged its $12 preferred stock for 12% subordinated notes due March 1, 1993. KBH redeemed the notes in August with proceeds from its sale of zero coupon notes.

In November, 1987 Kaufman & Broad Development presold the Atlantique Mountparnesse project in Paris, for $372 million. The project, scheduled for completion by late 1991, will include 770,000 sq. ft. of office and commercial space. Revenues would be recognized by KBH over a four-year period beginning in 1988, with profits to be shared equally with its financial partner.

In February, 1989 KBH entered into an agreement to raise the revolving line of credit to $200 million from $150 million. Financial covenant requirements under this borrowing agreement are typically more restrictive than under the prior agreement.

Dividend Data

Cash dividends were initiated in 1985.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Jan. 11	Feb. 10	Feb. 16	Feb. 27'89
4.50 Spl	---	Mar. 7	Feb. 23	Mar. 6'89
0.07½	Apr. 28	May 10	May 16	May 26'89
0.07½	Jul. 28	Aug. 8	Aug. 14	Aug. 25'89
0.07½	Oct. 27	Nov. 6	Nov. 10	Nov. 22'89

Capitalization

Long Term Debt: $445,430,000.

Minority Interests: $5,937,000.

Common Stock: 27,603,983 shs. ($1 par).
Shareholders of record: about 251.

Office—11601 Wilshire Blvd., Los Angeles, Calif. 90025 1748 **Tel**—(213) 312-1200 **Chrmn**—E. Broad **Pres & CEO**—B. Karatz **SVP-CFO**—R. C. Dreier **Dirs**—E. Broad, B. Karatz, D. O. Maxwell, P. L. Moussa, G. Nettlyan, L. Pollack, R. J. Riordan, S. C. Sigoloff **Transfer Agent & Registrar**—Security Pacific National Bank **Incorporated** in Delaware in 1961 **Empl**—840

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Christopher J. Grant

Kellogg Co.

NYSE Symbol K Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
68⅛	81⅝-57¾	16	1.72	2.5%	A+	0.81

Summary

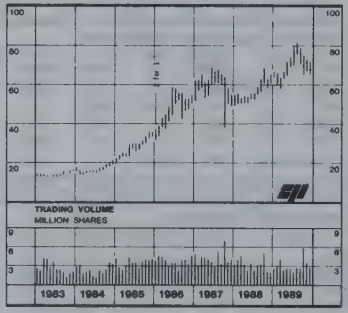
Kellogg is the dominant U.S. producer of ready-to-eat cereals, and is an important factor in foreign markets. Earnings have risen every year for over three decades, and dividends have been increased annually since 1956. Intense competition in ready-to-eat cereals hurt volume and profits in 1989, but aggressive new product and cost-saving programs should allow a substantial recovery in 1990.

Current Outlook

Earnings for 1990 are projected at $4.20 a share, up from the $3.60 estimated for 1989.

The $0.43 quarterly dividend is the minimum expected.

Sales should trend higher in 1990, reflecting higher prices and a recovery in unit sales of ready-to-eat cereal. Introduction of popular oat bran and similar products for health conscious consumers should also aid volume and reverse a decline in domestic market share. More aggressive costly marketing campaigns may be offset by an improving product mix combined with growing manufacturing efficiencies. Good growth abroad and comparatively stable foreign currency exchange will be important to the expected earnings uptrend. Share repurchases may also aid per-share gains.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,134	1,030	896
Jun.	---	1,234	1,087	923
Sep.	---	1,195	1,140	1,009
Dec.	---	---	1,092	965
	---	---	4,349	3,793

Sales for the 1989 nine months rose 9.4%, year to year, largely on higher selling prices and ready-to-eat cereal volume abroad. Results were penalized by a onetime charge of $0.08 a share, and net income was up 9.1%, to $4.36 a share from $3.08.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.95	0.91	0.98	0.85
Jun.	E1.10	1.06	0.92	0.72
Sep.	E1.15	1.02	1.18	0.96
Dec	E1.00	E0.61	0.82	0.67
	E4.20	E3.60	3.90	3.20

Important Developments

Dec. '89— Management said that lower-than-expected U.S. ready-to-eat cereal volume would depress 1989 earnings below the year-earlier level. It was giving strong marketing support to established products and had introduced Oatbake and Heartwise, two high soluble fiber bran ready-to-eat cereals which were expected to help recover market share lost to competing oat brand cereals.

Oct. '89— The timetable for construction of a new cereal plant in Memphis, Tenn. was delayed due to slower growth for cereal in the U.S. than was expected when plans for the facilities were made.

Sep. '89— The company's president and chief operating officer and director resigned for personal reasons. Chairman William E. LaMothe assumed his responsibilities.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.63	9.19	7.04	5.31	3.71	6.21	5.57	5.09	4.66	4.12
Earnings	3.90	3.20	2.58	2.28	1.68	1.59	1.49	1.35	1.21	1.07
Dividends	1.52	1.29	1.02	0.90	0.85	0.81	0.76⅜	0.71⅜	0.67	0.64½
Payout Ratio	39%	40%	40%	39%	42%	51%	51%	53%	55%	61%
Prices—High	68½	68¾	58¾	36	21½	18½	15⅝	12½	10⅞	10⅞
Low	49	37⅞	31½	19¼	13½	12⅝	10⅞	8¾	7⅞	8⅝
P/E Ratio—	18-13	21-12	23-12	16-8	13-8	10-8	10-7	9-6	9-6	10-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan 1986 1. Reflects merger or acquisition E-Estimated

December 19, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,349	934	21.5	538	140	60.4	775	38.0%	480	11.0
1987	3,793	804	21.2	478	113	48.8	666	40.5%	1396	10.4
1986	3,341	740	22.2	329	93	49.0	587	45.6%	319	9.5
1985	2,930	634	21.6	246	75	52.9	527	46.7%	281	9.6
1984	2,602	527	20.3	230	64	18.7	476	47.4%	251	9.6
21983	2,381	477	20.0	158	63	7.1	444	45.3%	243	10.2
1982	2,367	452	19.1	122	56	8.2	411	44.6%	228	9.6
1981	2,321	422	18.2	149	49	12.0	379	45.7%	1205	8.8
1980	2,151	376	17.5	123	45	10.4	340	45.6%	185	8.6
1979	1,847	321	17.4	83	41	10.5	284	42.7%	163	8.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	185	1,063	1,184	0.9	3,298	16.1%	272	1,483	2,048	13.3	35.7%
1987	126	802	853	0.9	2,681	16.6%	290	1,211	1,758	16.5	37.5%
1986	198	730	686	1.1	2,084	16.7%	264	898	1,381	19.1	40.3%
1985	128	618	444	1.4	1,726	16.6%	393	683	1,270	30.9	48.0%
1984	309	752	664	1.1	1,667	17.6%	364	487	994	36.6	39.3%
1983	249	663	361	1.8	1,467	17.6%	19	978	1,097	1.7	26.1%
1982	160	564	308	1.8	1,297	17.7%	12	885	979	1.2	26.9%
1981	164	582	301	1.9	1,279	16.7%	88	810	968	9.1	26.4%
1980	132	564	273	2.1	1,182	16.6%	83	744	899	9.2	26.3%
1979	115	503	232	2.2	1,050	16.3%	85	661	808	10.5	25.8%

Data as orig. reptd. 1. Reflects accounting change. 2. Reflects merger or acquisition.

Business Summary

Kellogg is the leading producer of ready-to-eat cereals, accounting for about 42% of the U.S. market. The company also makes a number of other food products. In 1988 foreign operations (including Canada) accounted for 36% of sales and 27% of net earnings.

Kellogg's ready-to-eat cereals include Corn Flakes, Rice Krispies, Special K, Frosted Flakes, All-Bran, Corn Pops, Raisin Bran, Bran Flakes, Honey Smacks, Froot Loops, Cocoa Krispies, Apple Jacks, Frosted Mini-Wheats, Nutri-Grain cereals, Bran Buds, Product 19, Raisins Rice and Rye, Cracklin Oat Bran, Crispix, Fruitful Bran, Apple Raisin Crisp, OJ's, Just Right and Raisin Squares. The principal raw ingredients include corn grits, rice, wheat, oats, various fruits and sugar. Noncereal products include toaster pastries, grain based snacks, stuffing croutons, corn flake crumbs, salad dressings, syrups and baking mixes.

Mrs. Smith's Frozen Foods is the leading U.S. producer of frozen dessert pies, and makes other frozen products including Eggo waffles. Salada Foods makes dessert mixes, and other food products. Fearn International produces a number of food items, including soup bases, condensed soups, gelatin desserts, pie fillings, and entrees for sale to institutional and restaurant markets. Whitney's Foods markets yogurt products under the Whitney's and Le Shake labels.

Dividend Data

Dividends have been paid since 1923. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Feb. 1	Feb. 27	Mar. 3	Mar. 15'89
0.43	May 17	May 26	Jun. 2	Jun. 15'89
0.43	Aug. 16	Aug. 28	Sep. 1	Sep. 15'89
0.43	Nov. 15	Nov. 22	Dec. 1	Dec. 15'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $471,200,000.

Common Stock: 121,927,014 shs. ($0.25 par). About 34% is owned beneficially by the W. K. Kellogg Foundation Trust; G. Gund owns some 8%. Institutions hold about 36%.
Shareholders of record: 25,034.

Office—One Kellogg Square, P O Box 3599, Battle Creek, Mich 49016-3599 **Tel**—(616) 961-2000 **Chrmn & Pres**—W E LaMothe **VP-Secy**—S R Campbell **VP-Treas**—J W Shreiner **Investor Contact**—J. Hinton **Dirs**—C. M. Blass, B. P. Burns, P. Caldwell, T. Cooper, C. W. Elliott, G. Gund, W. E. LaMothe, R. G. Mawby, A. McLaughlin, R. L. Nichols, D. Rumsfeld, T. P. Smucker, D. D. Wharton **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Delaware in 1922 **Empl**—17,461

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Kerr-McGee

NYSE Symbol KMG Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
45½	51¾-37⅜	19	1.32	2.9%	B	0.94

Summary

This integrated oil and gas company has sizable operations in chemicals, coal and contract drilling. KMG is emphasizing exploration and production in the North Sea, Canada and the Gulf of Mexico. The refining and marketing segment is being streamlined and the company is expanding its specialty chemical business. An improved outlook for the natural gas industry, tight North American refining capacity and the potential for significant North Sea reserve additions enhance the longer term.

Current Outlook

Share earnings for 1990 are estimated at $2.70, up from 1989's projected $2.35.

The dividend should continue at $0.33 quarterly.

Revenues for 1990 are expected to improve, reflecting increased natural gas and crude oil volumes and higher gas prices. Revenues should include a greater contribution from the chemical business. The improved outlook for natural gas should enhance exploration and production margins while increased demand for specialty chemicals is expected to strengthen per share profits.

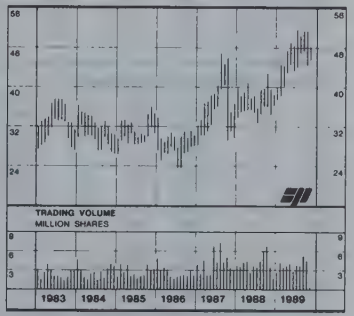
Sales & Services (Million $)

Quarter:	1989	1988	1987	1986
Mar.	717	664	547	719
Jun.	821	730	726	626
Sep.	750	660	694	601
Dec.	---	690	641	589
	---	2,743	2,608	2,535

Revenues for the nine months ended September 30, 1989 rose 14%, year to year, reflecting greater refining volumes and increased crude oil production and higher crude prices. After a less rapid increase in production costs, net income from continuing operations was up 29%. Share earnings were $1.81, compared with $1.40, before income from discontinued operations of $0.64, versus $0.18.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.21	0.42	0.45
Jun.	0.72	0.74	0.56	0.07
Sep.	0.39	0.63	0.45	d6.74
Dec.	E0.54	0.53	0.30	0.18
	E2.35	2.11	1.73	d6.01



Important Developments

Nov. '89— Share earnings in 1989's third quarter were limited by weak operating margins in the refining and marketing business. KMG said that product sales prices did not rise as fast as feedstock costs. KMG added that margins were depressed in July and August but began to strengthen in September and October. Operating profits in the exploration and production segment were enhanced by higher prices and increased volumes. Yet, net operating profits in the exploration and production business were impaired by sharply higher foreign taxes. The contract drilling business continued to be hurt by industry overcapacity. The rig utilization rate in 1989's third quarter was 61%, versus 71% in the 1988 period. Improved pricing aided the chemicals segment. Net operating profits in the coal business benefited from increased shipments.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	29.42	28.25	27.67	34.65	32.97	32.83	31.69	28.95	25.91	23.37
Earnings[2]	2.11	1.73	d6.01	2.62	1.22	2.24	3.98	4.07	3.51	3.09
Dividends	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.02½	0.90	0.77½
Payout Ratio	52%	63%	NM	40%	89%	49%	28%	25%	26%	25%
Prices—High	42⅞	46⅞	33⅞	36	36⅜	37½	39⅞	43¾	46½	34¼
Low	32¾	28⅛	23½	26¼	26⅜	27⅛	22½	30¾	26	23
P/E Ratio—	20-16	27-16	NM	14-10	30-22	17-12	10-6	11-8	13-7	11-7

Data as orig reptd. Adj. for stk. div(s). of 100% Nov. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.17 in 1988, and spec. item(s) of -0.06 in 1987. E-Estimated. d-Deficit. NM-Not Meaningful.

November 13, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,689	502	18.7	323	304	74	157	35.0%	102	3.8
1987	2,608	486	18.6	216	301	94	131	35.9%	84	3.2
1986	2,535	459	18.1	301	359	109	d486	NM	d292	NM
1985	3,345	729	21.8	526	381	119	272	49.6%	137	4.1
1984	3,537	689	19.5	349	331	142	109	40.4%	65	1.8
1983	3,508	570	16.3	422	304	143	199	40.4%	118	3.4
1982	3,777	681	18.0	547	262	164	341	38.5%	210	5.6
1981	3,826	631	16.5	606	188	149	378	44.1%	211	5.5
1980	3,478	528	15.2	527	160	[4]86	332	45.2%	182	5.2
1979	2,683	456	17.0	389	130	58	288	43.1%	[4]160	6.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	128	844	614	1.4	3,123	3.3%	615	1,422	2,306	26.7	7.3%
1987	161	790	677	1.2	3,071	2.7%	538	1,363	2,189	24.6	6.2%
1986	165	699	559	1.3	3,090	NM	685	1,338	2,315	29.6	NM
1985	212	797	686	1.2	3,702	3.8%	666	1,722	2,845	23.4	8.2%
1984	283	1,011	779	1.3	3,771	1.7%	665	1,740	2,833	23.5	3.7%
1983	230	929	713	1.3	3,807	3.1%	816	1,733	3,009	27.1	7.0%
1982	190	1,011	695	1.5	3,763	5.8%	895	1,672	3,009	29.7	13.1%
1981	218	926	556	1.7	3,415	6.8%	927	1,501	2,804	33.1	14.8%
1980	170	727	519	1.4	2,807	7.1%	521	1,342	2,158	24.1	14.3%
1979	116	627	378	1.7	2,339	7.3%	375	1,209	1,833	20.4	13.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, and spec. item(s) in 1987. 3. Reflects merger or acquisition. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Kerr-McGee is an integrated oil and gas company and is a major factor in contract offshore drilling. It also mines coal, manufactures chemicals, and owns timberland. KMG sold its uranium properties effective December 31, 1988.

Net Profits (million $)	1988	1987	1986
Petr. expl. & prod.	$19	$39	-$176
Petr. ref. & mkt.	20	12	14
Contract drilling	-9	-18	-115
Chemicals	69	44	37
Coal	58	43	47
Other	-5	1	-42

In 1988 crude oil and condensate production averaged 38,600 barrels daily (36,600 in 1987); gas liquids production 4,500 b/d (4,900b/d), natural gas sales 261.3 million cubic feet a day (243.4 Mmcf), crude refinery runs 141,800 b/d (140,900 b/d), and petroleum product sales 191,000 b/d (182,700 b/d). Net proved reserves at the end of 1988 stood at 93,500,000 barrels of crude oil and condensate (89,600,000 bbls.), of which 45% was in the U.S. and 55% foreign, and 784.0 billion cubic feet of natural gas (712.9 Bcf) 82% domestic and 18% foreign.

Coal shipped in 1988 totaled 17,400,000 tons (14,900,000 in 1987); proved and probable reserves at 1988 year-end stood at 732.5 million tons (746.6). KMG's Transworld Drilling (19 rigs at 1988 year end) provides offshore contract drilling services primarily in the North Sea and the Gulf of Mexico.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Nov. 8	Nov. 28	Dec. 2	Jan. 3'89
0.27½	Jan. 10	Feb. 27	Mar. 3	Apr. 3'89
0.33	May 2	May 26	Jun. 2	Jul. 3'89
0.33	Jul. 11	Aug. 28	Sep. 1	Oct. 2'89

Next dividend meeting: mid-Nov.'89.

Capitalization

Long Term Debt: $721,241,000.

Common Stock: 48,353,650 shs. ($1 par).
Institutions hold approximately 58%.
Shareholders of record: 14,000.

Office—Kerr-McGee Center (P.O. Box 25861), Oklahoma City, Okla. 73125 **Tel**—(405) 270-1313 **Chrmn & CEO**—F. A. McPherson **Pres**—J. W. McKenny. **VP-Secy**—W. E. Heimann. **VP-Treas**—T. B. Stephens. **Investor Contact**—R. William Bird (1-800-624-9541) **Dirs**—B. E. Bidwell, E. H. Clark, Jr., R. D. Harrison, E. L. Kennedy, R. S. Kerr, Jr., G. T. McBride, Jr., J. W. McKenny, F. A. McPherson, W. C. Morris **Transfer Agents & Registrars**—Manufacturers Hanover Trust, NYC; Liberty National Bank & Trust Co., Oklahoma City. **Incorporated** in Delaware in 1932. **Empl**—7,771.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Kimberly-Clark

NYSE Symbol KMB Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
72	75⅜–57⅜	14	2.60	3.6%	A+	0.86

Summary

This company is a leading producer of consumer and personal care products sold under trademarks, including Kleenex, Kotex and Huggies, and has interests in newsprint and specialty papers. While operations will continue to depend on general business conditions, the company's well-established position in consumer paper products combined with growth in nonwoven disposable products enhance long-term prospects.

Current Outlook

Earnings for 1990 are projected at $5.80 a share, compared with the $5.25 estimated for 1989.

The $0.65 quarterly dividend will likely be raised early in 1990.

Sales for 1990 are expected to continue to show moderate gains, especially in fast-growing overseas markets. Diaper sales should increase significantly. Prices for newsprint may should continue weak, as new industry capacity comes on stream.

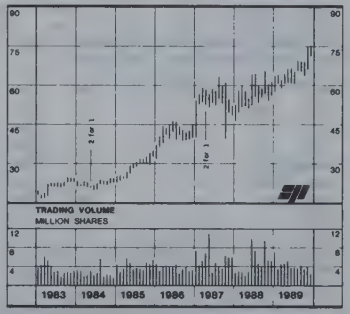
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,422	1,294	1,183
Jun.	---	1,396	1,341	1,224
Sep.	---	1,453	1,368	1,223
Dec.	---	---	1,391	1,254
	---	---	5,394	4,885

Sales for the nine months ended September 30, 1989 rose 6.7%, year to year, reflecting volume gains and price changes. Margins narrowed, due to higher marketing expenses and weakening newsprint markets, and the gain in pretax earnings was held to 5.0%. After taxes at 39.0% versus 40.4%, higher equity income and lower minority interest, net income was up 10%. Share earnings were $3.89, versus $3.53.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.45	1.28	1.16	0.82
Jun.	E1.45	1.26	1.25	0.94
Sep.	E1.45	1.35	1.12	0.98
Dec.	E1.45	E1.36	1.18	0.99
	E5.80	E5.25	4.71	3.73



Important Developments

Oct. '89— The company said that the improved third quarter net income came in part from increased operating profits from consumer businesses in North America, Brazil and Korea. Earnings of the company's newsprint business remained depressed because of industrywide price discounting.

May '89— The company said that its $2.0 billion capital spending program for 1989 and 1990 would include tissue mills in Wales and France. The mills are expected to be completed in 1991.

Jan. '89— KMB raised its objective for sustainable return on shareholders' equity to 20% from 18%. KMB achieved a 22% return in 1988.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	23.17	19.61	20.89	19.04	17.20	16.41	15.75	15.04	14.33	13.12
Earnings[1]	4.71	3.73	2.94	2.92	2.39	2.10	2.21	2.28	1.97	3.36
Dividends	1.60	1.44	1.24	1.16	1.10	1.05	1.00	0.90	0.80	0.72
Payout Ratio	34%	39%	42%	40%	46%	50%	46%	39%	40%	21%
Prices—High	65⅜	63¼	46⅜	35	24½	24⅞	20¼	18⅜	13⅞	12¼
Low	46⅛	39⅜	31¾	22½	19¾	16½	14¼	13½	9½	9⅞
P/E Ratio—	14–10	17–11	16–11	12–8	10–8	12–8	9–6	8–6	7–5	4–3

Data as orig reptd. Adj. for stk. div(s) of 100% May 1987, 100% May 1984. 1. Bef. spec. item(s) of +0.09 in 1984. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,393	828	15.4	438	188	87.7	630	36.5%	379	7.0
1987	4,885	772	15.8	247	186	67.1	569	40.5%	325	6.7
1986	4,303	654	15.2	282	169	66.1	470	39.7%	[3]269	6.3
1985	4,073	627	15.4	426	140	72.8	471	40.2%	267	6.6
1984	3,616	500	13.8	382	125	70.6	357	35.7%	218	6.0
1983	3,274	426	13.0	363	111	62.4	302	35.0%	189	5.8
1982	2,946	362	12.3	291	92	50.1	293	29.4%	197	6.7
1981	2,886	363	12.6	239	85	38.9	329	34.4%	[3]205	7.1
1980	2,600	325	12.5	255	81	[3]33.8	296	34.5%	182	7.0
1979	2,218	312	14.1	209	72	30.3	481	32.2%	314	14.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	84	1,236	979	1.3	4,268	9.3%	743	1,866	3,288	22.6	22.0%
1987	90	1,135	996	1.1	3,886	9.2%	687	1,572	2,890	23.8	20.0%
1986	46	1,033	805	1.3	3,676	7.5%	426	1,920	2,871	14.8	14.7%
1985	39	957	793	1.2	3,504	8.0%	509	1,744	2,711	18.8	16.1%
1984	32	919	702	1.3	3,173	7.1%	542	1,572	2,471	21.9	14.2%
1983	34	826	625	1.3	2,904	6.8%	506	1,478	2,279	22.2	13.0%
1982	49	824	660	1.2	2,664	7.7%	349	1,416	2,004	17.4	14.3%
1981	55	767	585	1.3	2,414	8.8%	290	1,325	1,828	15.8	15.8%
1980	111	799	479	1.7	2,326	8.3%	333	1,098	1,633	20.4	15.8%
1979	160	769	498	1.5	2,105	16.0%	216	1,228	1,607	13.4	28.5%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1984. 3. Reflects accounting change.

Business Summary

KMB is a leading producer of facial tissue, disposable diapers, feminine pads and paper towels for consumer markets and newsprint, specialty papers and other fiber-based products for commercial and institutional markets. Product line contributions in 1988 were:

	Sales	Profits
Class I products	76%	66%
Class II products	21%	31%
Class III products	3%	3%

Foreign operations accounted for about 32% of total sales in 1988. Including equity earnings, foreign activities represented about 35% of net income.

Class I products include household and institutional tissues; feminine, infant and incontinence care products; industrial and commercial wipers; hospital and home health care products; and related products and by-products. Familiar brand names include Kleenex, Kotex, New Freedom, Huggies, Delsey and Hi-Dri.

Class II contains premium business and correspondence papers; tobacco industry papers and products; newsprint and other printing papers; technical and specialty papers; and related products and by-products.

Class III comprises aircraft services; air and truck transportation; and other miscellaneous products and services.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.65	Jan. 18	Mar. 6	Mar. 10	Apr. 4'89
0.65	Apr. 28	Jun. 5	Jun. 9	Jul. 5'89
0.65	Aug. 16	Sep. 1	Sep. 8	Oct. 3'89
0.65	Nov. 2	Dec. 4	Dec. 8	Jan. 3'90

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $728,900,000.

Minority Interest: $101,500,000.

Common Stock: 80,656,339 shs. ($1.25 par).
Institutions hold some 57%.
Shareholders of record: 20,212.

Office—P O Box 619100, D/FW Airport Station, Dallas, Tex 75261 **Tel**—(214) 830-1200 **Chrmn & CEO**—D E Smith **VP-Secy**—D M Crook **VP & Investor Contact**—A M Johnson **VP-Treas**—W A Gamron. **Dirs**—J F Bergstrom, P S J Cafferty, P J Collins, E S Gendel, C X Gonzalez, J G Grosklaus, P A Helm, G G Kalmanson, W E LaMothe, F A McPherson, J P Raynor, W R Sanders, W M Schirra, D E Smith, R H Sonnentag, J C Thackray, H B White **Transfer Agent & Registrar**—First National Bank, Boston **Incorporated** in Delaware in 1928 **Empl**—38,326

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

King World Productions

NYSE Symbol KWP Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
37½	40⅝-22⅞	13	None	None	B	NA

Summary

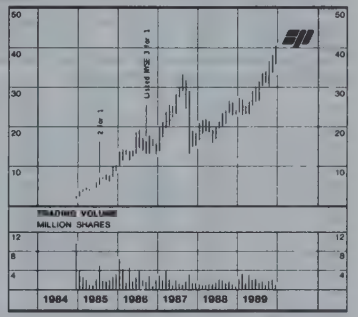
This company, which derives most of its revenues from distribution of the "Wheel of Fortune," "Jeopardy!" and "The Oprah Winfrey Show" TV shows, acquired a Buffalo, N.Y., TV station in December 1988. KWP's earnings have risen sharply in recent years, and a further advance is expected in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 are estimated at $3.30 a share, up from fiscal 1989's $2.91.

Initiation of cash dividends is not expected.

Higher license fees and favorable advertising demand for KWP's three primary television shows are expected to help boost revenues and profits in fiscal 1990. KWP's ownership of a Buffalo TV station will continue to be dilutive, but improved results are possible from the TV show "Inside Edition." Longer-term earnings visibility is aided by KWP's advance licensing of several shows through the early 1990s. Also, foreign markets may increasingly contribute to KWP's growth, and development of a new game show based on "Monopoly" may broaden KWP's product mix.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	136.5	97.5	81.4	52.8
Feb.	94.5	61.9	56.4	23.2
May	72.4	55.4	37.6	23.1
Aug.	93.0	65.0	65.9	46.6
	396.4	279.8	241.3	145.7

Revenues for the fiscal year ended August 31, 1989 rose 42% from those of the prior year. Net income was up 21%, to $2.91 a share (based on 5.3% fewer shares and before a special credit of $0.11) from $2.28.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	1.12	0.78	0.36	0.24
Feb.	0.66	0.59	0.21	0.08
May	0.46	0.36	0.14	0.07
Aug.	0.66	0.51	0.40	0.26
	2.91	2.28	1.11	0.65

Important Developments

Nov. '89— KWP and Merv Griffin Enterprises said that they planned to launch a syndicated television program based on the board game "Monopoly." The show would debut in the fall of 1990. Future prospects will depend, to some extent, on what kind of reception KWP receives when it attempts to sell the program to individual TV stations around the U.S. Merv Griffin Enterprises is already the producer of "Wheel of Fortune" and "Jeopardy!," two popular game shows distributed by KWP. In fiscal 1989, these programs accounted for 33% and 26%, respectively, of KWP's revenues, while "The Oprah Winfrey Show" accounted for another 29%. "Wheel of Fortune" and "Jeopardy" have been renewed at higher prices through August 1992 in each of the top 10 U.S. TV markets, and "The Oprah Winfrey Show" also has received long-term renewals.

Next earnings report expected in early January.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	d0.28	1.33	1.42	0.76	0.21	0.11	0.08	0.07	0.04
Earnings[1]	2.91	2.28	1.11	0.65	0.34	0.12	0.02	0.01	0.03	0.02
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	40⅝	26⅝	33¼	19¼	10¼	2½	NA	NA	NA	NA
Low	22⅞	15⅞	13	10⅛	2¼	1¾	NA	NA	NA	NA
P/E Ratio—	14-8	12-7	30-12	30-16	30-6	21-14	NA	NA	NA	NA

Data as orig reptd Prior to 1985 as reptd in prospectus dated 12-5-84 Adj for stk div(s) of 200% Sep 1986, 100% Jul 1985 1. Bef spec item(s) of +0.11 in 1989 2. Reflects merger or acquisition. 3. Cal. yr. NA-Not Available d-Deficit

December 27, 1989

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Income Data (Million $)

Year Ended Aug. 31	Oper. [1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
1988	280	105.0	37.4	0.43	1.06	3.88	102.0	40.7%	60.7	21.7
1987	241	66.2	27.4	[2]1.37	1.12	0.19	67.1	49.3%	34.0	14.1
1986	146	39.2	26.9	[2]1.95	1.55	0.24	38.8	48.9%	19.8	13.6
1985	81	20.5	25.4	1.18	1.08	0.61	20.3	51.5%	9.8	12.2
[3]1984	29	7.2	24.9	0.58	0.45	0.15	6.8	50.6%	3.4	11.6
1983	8	1.4	19.3	0.03	0.25	0.09	1.3	49.5%	0.7	7.9
1982	4	0.8	18.7	0.14	0.22	0.12	0.6	42.0%	0.3	7.7
1981	4	NA	NA	NA	NA	NA	1.6	47.2%	0.8	19.6
1980	4	NA	NA	NA	NA	NA	1.1	38.3%	0.7	18.4

Balance Sheet Data (Million $)

Aug. 31	Cash	Cut. Assets	Cut. Liab.	Cut. Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	21.3	90	91.5	1.0	117	53.8%	30.0	d7.2	25.2	NM	454.8%
1987	27.6	117	61.8	1.9	126	32.7%	20.0	39.2	64.3	31.1	83.8%
1986	5.6	76	40.9	1.9	86	25.6%	Nil	43.8	45.0	Nil	59.0%
1985	10.8	60	41.7	1.4	69	18.8%	2.0	23.3	27.2	7.3	66.2%
1984	0.6	20	18.2	1.1	29	18.1%	3.4	5.3	8.7	39.5	81.0%
1983	1.5	6	2.9	1.9	8	10.1%	0.3	3.0	4.9	6.8	23.9%
1982	NA	NA	NA	NA	5	7.4%	0.4	2.4	2.8	13.1	14.5%
1981	NA	NA	NA	NA	4	31.0%	0.3	2.1	2.4	14.3	50.5%
1980	NA	NA	NA	NA	2	NA	0.8	1.2	2.0	39.4	NA

Data as orig. reptd. Prior to 1985 as reptd. in prospectus dated 12-5-84. 1. Incl. certain other inc. prior to 1985 2. Net of curr. yr. retirement and disposals. 3. Reflects merger or acquisition. NA-Not Available. d-Deficit. NM-Not Meaningful.

Business Summary

King World Productions is a distributor or syndicator of television programs and feature length films to television stations. In December 1988, KWP acquired WIBV-TV, a Buffalo, N.Y., television station.

The majority of KWP's revenues come from three programs-"Wheel of Fortune" (about 33% of fiscal 1988 revenues), "Jeopardy!" (26%) and "The Oprah Winfrey Show" (29%). Each of these three shows is among the top-rated (in terms of viewership) syndicated television shows in the U.S. A new syndicated magazine-type program from KWP debuted in January 1989. The show, called "Inside Edition," is both produced and distributed by KWP. The company's other three major shows are distributed by KWP, but produced by others.

As a distributor of first-run syndicated programming, revenues are generated from two sources. KWP typically receives license fees from individual TV stations and receives an amount of commercial time which KWP sells to advertisers.

Merv Griffin Enterprises is the producer of "Wheel of Fortune" and "Jeopardy!" KWP has exclusive distribution rights for these shows so long as KWP has sufficient broadcast commitments to cover their production and distribution costs. However, the agreements prohibit KWP from distributing, on a similar basis, game shows of other producers while it is distributing "Wheel of Fortune" and "Jeopardy!" KWP and Merv Griffin Enterprises are planning to launch a new game show based on the board game "Monopoly."

"The Oprah Winfrey Show," for which KWP also has distribution rights, is now being produced by Harpo Productions, Inc., a business controlled by Ms Winfrey.

KWP also distributes its library of 68 feature length films and 210 television programs to domestic television stations. These include various Sherlock Holmes, Charlie Chan, and Mr. Moto films, and "The Little Rascals."

During the period it was owned by KWP in fiscal 1989, WIVB-TV, which is a CBS affiliate, had revenues of $12.8 million and an operating loss of $1 million.

Dividend Data

No cash dividends have been paid.

Finances

In January 1988, KWP repurchased 3,483,085 of its common shares from certain members of the King family and management (including a former executive of KWP). This followed an 878,578 share repurchase from an undersubscribed tender offer which expired in July 1987. Both repurchases were for $28 a share.

Capitalization

Long Term Debt: $89,525,000.

Common Stock: 25,260,262 shs. ($0.01 par). Members of the King family own about 39%. Institutions hold about 51%. Shareholders of record: 1,059.

Office—830 Morris Turnpike, Short Hills, N.J. 07078. **Tel**—(201) 376-1313. **Chrmn**—Roger King. **Pres & CEO**—M. King. **VP-Secy**—D. King. **CFO & Investor Contact**—J. E. Epstein (212-315-4000). **Dirs**—P. M. Hughes, D. King, M. King, Richard King, Roger King, R. S. Konecky, S. W. Palley, J. Rupp. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1984. **Empl**—319.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Knight-Ridder

NYSE Symbol KRI Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
52¼	58⅜–42⅞	12	1.22	2.3%	A+	1.18

Summary

Knight-Ridder is one of the largest newspaper publishers in the U.S., and has major interests in the electronic distribution of information. As part of a major restructuring, KRI has completed the sale of certain assets, including its eight TV stations. In October, 1989 the U.S. Supreme Court okayed a joint operating agreement for KRI's and Gannett's Detroit newspapers, thereby paving the way for a return to profitability in that market.

Current Outlook

Earnings for 1990 are projected at $3.00 a share, versus the $3.30 from continuing operations estimated for 1989, which includes a $0.58 capital gain.

The $0.30½ quarterly dividend is the minimum anticipated.

Revenues from continuing operations are expected to rise by about 5% in 1990. Operating income should rise at a slightly better rate, aided by lower newsprint prices and operating efficiencies which should more than counter severance expenses at the Detroit newspaper. Interest costs will be lower, but in the absence of capital gains from asset sales, net earnings will be lower.

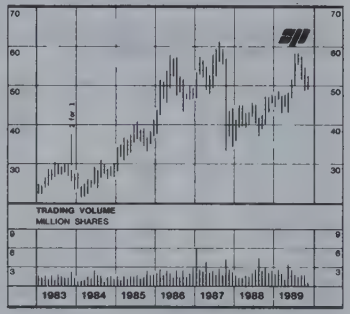
Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	541	490	489
Jun.	---	579	516	527
Sep.	---	541	503	500
Dec.	---	---	575	557
	---	---	2,083	2,073

Revenues for the nine months ended September 30, 1989 rose 10%, year to year, largely reflecting an acquisition. Operating income advanced 14%, aided by lower newsprint costs. After higher interest expense, and a capital gain equal to $0.58 a share, income from continuing operations rose 19%. Share earnings were $2.38, compared with $1.83, before income from discontinued operations of $1.15, versus $0.11.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.45	0.39	0.57	0.49
Jun.	E0.85	1.35	0.73	0.73
Sep.	E0.70	0.65	0.53	0.57
Dec.	E1.00	E0.91	0.76	0.86
	E3.00	E3.30	2.59	2.65



Important Developments

Nov. '89— The U.S. Supreme Court cleared the way for KRI's Detroit Free Press and Gannett, Inc.'s The Detroit News to implement a joint operating agreement (JOA), which in the long run will pave the way for operating efficiencies and advertising and circulation rate increases.

Oct. '89— Construction began on a $299.5 million production and distribution plant for the company's two Philadelphia newspapers. The state-of-the-art plant will be fully operational in early 1993.

Oct. '89— KRI sold the last three of its eight TV stations for a total consideration of over $400 million. Earlier, a Pasadena newspaper was sold for $55 million. Proceeds from the asset sales are slated for reduction of debt incurred in the August 1988 acquisition of Dialog Information Services.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[2]1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[2]1979
Tangible Bk. Val.	1.18	3.50	1.58	6.48	9.01	7.49	7.03	5.63	5.04	4.57
Earnings[3]	2.59	2.65	2.41	2.19	2.15	1.80	1.57	1.55	1.44	1.35
Dividends	1.14½	1.03	0.91	0.79	0.67	0.58	0.46	0.43	0.37½	0.33⅞
Payout Ratio	41%	39%	38%	34%	31%	31%	29%	28%	26%	25%
Prices—High	47¾	61¼	57⅞	41⅜	31	30⅜	25⅞	20⅞	16⅛	13⅜
Low	35¾	33¼	37½	28	21¼	22⅛	13⅝	13½	9⅝	10¼
P/E Ratio—	18–14	23–13	24–16	19–13	14–10	17–12	16–9	14–9	11–7	10–8

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov 1983 **1.** Reflects merger or acquisition **2.** Reflects merger or acquisition and accounting change **3.** Bef. results of disc. opers. of +0.17 in 1988 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	2,083	366	17.6	102	95.1	62.5	240	36.7%	147	7.0
1987	2,073	391	18.9	114	81.8	49.6	285	43.9%	155	7.5
[3]1986	1,911	353	18.5	100	72.1	33.9	271	46.8%	[4]140	7.3
[5]1985	1,730	307	17.8	106	68.8	22.6	242	43.9%	133	7.7
[3]1984	1,665	313	18.8	106	58.3	10.9	265	45.8%	141	8.5
[3]1983	1,473	265	18.0	78	51.5	6.7	222	45.3%	119	8.1
[3]1982	1,328	217	16.4	88	42.9	12.7	183	42.7%	103	7.8
[3]1981	1,237	221	17.9	76	37.1	13.0	192	46.5%	100	8.1
[3]1980	1,099	200	18.2	60	32.7	[4]7.2	174	45.6%	93	8.5
[3]1979	980	183	18.7	69	26.3	4.4	160	44.7%	88	9.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	32.2	687	603	1.1	2,357	7.0%	727	822	1,692	43.0	17.6%
1987	72.6	409	349	1.2	1,985	7.9%	508	901	1,546	32.9	18.1%
1986	99.0	421	336	1.3	1,947	8.3%	621	816	1,565	39.7	18.4%
1985	80.1	380	285	1.3	1,394	10.4%	271	697	1,068	25.4	17.8%
1984	97.4	378	236	1.6	1,348	11.1%	78	922	1,080	7.2	16.2%
1983	43.6	276	206	1.3	1,180	10.8%	77	808	951	8.1	15.3%
1982	30.3	236	184	1.3	1,051	10.0%	36	764	851	4.2	14.2%
1981	59.5	274	194	1.4	985	10.8%	61	679	778	7.8	15.6%
1980	58.1	247	169	1.5	862	11.6%	54	597	680	7.9	16.4%
1979	43.7	194	131	1.5	742	12.4%	38	541	599	6.3	17.3%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Excl. disc. opers. and reflects merger or acquisition. **3.** Reflects merger or acquisition **4.** Reflects accounting change. **5.** Reflects merger or acquisition and accounting change.

Business Summary

Knight-Ridder (formerly Knight-Ridder Newspapers) derives some 89% of revenues from newspaper publishing. The company is also engaged in cable TV operations, electronic distribution of commodity and financial news and market quotes, newsprint production, book publishing, and selected computerized information retrieval services. As part of a restructuring announced in October, 1988, KRI has completed the sale of its eight TV stations in order to emphasize newspaper publishing, electronic information and cable television.

KRI owns 30 daily newspapers in 15 states, with average daily and Sunday circulations of 3.96 million and 4.85 million, respectively. The larger papers include the Miami Herald, Philadelphia Inquirer and Philadelphia Daily News, the Detroit Free Press, the San Jose Mercury and San Jose News. KRI also publishes six non-daily suburban newspapers and partially owns three other dailies.

Dialog Information Services, acquired in August 1988, maintains the world's largest computer-based databank, with more than 320 databases. Other operations include Commodity News Services, the Journal of Commerce, a partial interest in a newsprint mill, and cable television joint ventures serving over 289,000 basic subscribers. KRI also owns Commodity Research Bureau, a charting and newsletter advisory firm serving the futures industry; Tradecenter, Inc., which provides graphic price information to financial institutions; and 49.5% of the voting and 65% of the non-voting common stock of Seattle Times Co.

Dividend Data

Dividends have been paid since 1941. A "poison pill" stock purchase right was adopted in 1986. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30½	Dec. 22	Dec. 29	Jan. 5	Jan. 13'89
0.30½	Mar. 23	Mar. 31	Apr. 6	Apr. 14'89
0.30½	Jun. 22	Jun. 29	Jul. 6	Jul. 14'89
0.30½	Sep. 20	Sep. 28	Oct. 4	Oct. 13'89

Next dividend meeting: Dec. 15'89.

Capitalization

Long Term Debt: $769,372,000 (6/89).

Common Stock: 51,452,062 shs. ($0.02½ par). About 24% controlled by directors; institutions hold about 61%.

Shareholders of record: 11,322.

Office—One Herald Plaza, Miami, Fla. 33101 **Tel**—(305) 376-3800 **Chrmn, & CEO**—J. K. Batten **Pres**—P. A. Ridder **VP-Secy**—D. C. Harris **VP-Fin & Treas**—L. A. Levine, **VP & Investor Contact**—F. N. Hawkins, Jr. **Dirs**—J. K. Batten, R. G. Capen, A. H. Chapman, Jr., C. M. Clifford, B. B. Hauptfuhrer, J. Hill, Jr., J. L. Knight, P. McCollough, B. Morris, T. L. Phillips, B. H. Ridder, Jr., E. Ridder, P. A. Ridder, R. F. Singleton, J. L. Weinberg **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Ohio in 1941, reincorporated in Florida in 1976 **Empl**—22,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Kollmorgen Corp.

1309L

NYSE Symbol KOL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
13¾	25⅞-12	20	0.32	2.3%	B	1.36

Summary

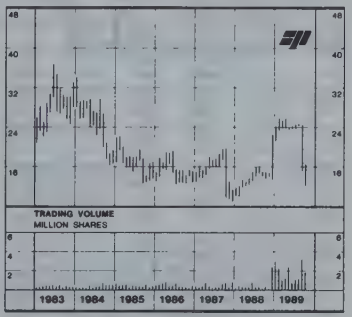
This company produces motors and controls, electro-optical instruments, and electronic interconnections. In September, 1989 Vernitron Corp. terminated a definitive agreement to acquire the company because of unanticipated adverse changes in Kollmorgan's financial performance. Each company is seeking damages from the other for the cancellation of the agreement. In addition, Kollmorgan has obtained an order temporarily enjoining Vernitron from violating a "standstill" agreement reached last April. Although earnings are likely to decline sharply in 1989 due to a variety of factors, a recovery appears likely in 1990.

Current Outlook

Earnings for 1990 are likely to rise to $1.50 a share from the depressed $0.38 estimated for 1989.

Dividends should continue at $0.08 quarterly.

Sales for 1990 should rise moderately, reflecting gains in all segments. Margins should benefit from the higher volume, smoother product deliveries, and the anticipated absence of costs related to the terminated tender offer by Vernitron Corp.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	66.1	85.6	72.4	85.1
Jun.	61.4	87.1	74.0	90.1
Sep.	---	83.5	70.6	73.2
Dec.	---	88.6	84.0	70.8
	---	344.8	301.0	319.2

Sales for the six months ended June 30, 1989 were off 16%, year to year, primarily reflecting a 68% decline in electronic interconnections revenues due to the deconsolidation of a new joint venture in the interconnection segment. The absence of licensing income and costs connected with the proposed acquisition of the company caused margins to narrow. Pretax income dropped 98%. After taxes at 33.9%, versus 9.9%, net income from continuing operations fell 99%, to $0.01 a share from $0.52, before a loss of $0.80 from discontinued operations versus a gain of $0.10.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.16	0.37	0.02	d0.03
Jun.	d0.16	0.25	d0.25	d0.14
Sep.	E0.19	0.30	0.15	d0.40
Dec.	E0.19	0.42	0.11	d1.37
	E0.38	1.34	0.03	d1.96

Important Developments

Sep '89— KOL saidon September 29 that it had obtained a temporary order enjoining Vernitron Corp. from pursuing any further proposals to acquire KOL, or acquiring any shares of KOL in violation of the "standstill" agreement the parties reached in April, 1989. This followed the initiation of litigation by each of the companies seeking damages from one another following Vernitron's decision on September 21 to terminate a definitive merger agreement with KOL. Terms had called for each KOL share to be exchanged for $25 in cash. Vernitron cited as reasons for terminating the merger agreement unanticipated adverse changes in KOL's financial performance since the merger agreement was signed on April 30, 1989, and unspecified other factors. KOL said at that time that there had been no fundamental weakening in its core businesses.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.32	7.41	7.85	9.84	10.64	10.05	9.56	8.09	6.50	5.48
Earnings	1.34	0.03	d1.96	d0.64	1.08	0.91	1.06	1.30	1.23	1.21
Dividends	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.26⅝	0.21⅜
Payout Ratio	24%	NM	NM	NM	29%	35%	31%	24%	22%	18%
Prices—High	22½	19¾	19¼	22¼	34	36¾	25½	36	26⅞	14¼
Low	9⅞	8⅞	12¼	12½	16¼	20¾	15	19	10⅝	7⅞
P/E Ratio—	17-7	NM	NM	NM	31-15	40-23	24-14	28-15	22-9	12-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Feb 1981, 100% Feb 1980. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	345	35.5	10.3	15.8	12.9	6.13	17.4	19.2%	14.1	4.1
1987	301	17.6	5.8	13.5	14.0	6.16	0.9	67.1%	0.3	0.1
1986	319	d3.1	NM	12.5	15.1	7.21	d22.6	NM	[1]d19.9	NM
1985	311	3.4	1.1	19.2	17.6	7.04	d19.1	NM	d6.4	NM
1984	326	33.2	10.2	27.6	12.8	6.12	[2]16.6	35.4%	10.8	3.3
1983	261	27.0	10.3	20.9	10.2	4.08	[2]13.4	33.8%	8.9	3.4
1982	243	25.2	10.4	17.2	8.8	4.27	14.4	32.4%	9.7	4.0
1981	224	26.0	11.6	21.7	7.1	3.49	17.2	34.1%	11.3	5.1
1980	191	22.4	11.7	14.9	5.6	2.31	16.2	36.8%	10.2	5.4
1979	155	19.3	12.5	10.5	4.4	1.02	16.2	39.2%	9.8	6.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	4.2	143	66.8	2.1	224	6.7%	64.8	89	155	41.7	16.8%
1987	3.0	120	51.7	2.3	196	0.1%	63.1	78	142	44.4	0.4%
1986	5.2	122	58.7	2.1	198	NM	57.4	79	138	41.7	NM
1985	11.5	136	60.6	2.2	236	NM	69.3	100	174	39.9	NM
1984	31.8	143	50.4	2.8	239	5.0%	69.6	106	188	37.0	10.4%
1983	6.3	105	46.2	2.3	182	5.0%	29.6	97	135	22.0	9.4%
1982	20.0	102	39.5	2.6	170	6.0%	33.6	91	130	25.8	11.6%
1981	6.8	83	36.8	2.3	141	8.2%	28.5	70	103	27.6	17.9%
1980	15.8	87	38.6	2.2	128	9.2%	32.0	54	88	36.2	20.7%
1979	8.3	64	38.1	1.7	96	11.6%	10.1	45	57	17.7	23.8%

Data as orig. reptd. 1. Reflects accounting change. 2. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Business Summary

Kollmorgen has leading market and technological positions in three areas. Sales and profit contributions by business segment in 1988:

	Sales	Profits
Motors and controls	37%	35%
Electro-optical instruments	35%	35%
Electronic interconnections	28%	30%

Foreign operations accounted for 12% of sales and 6.6% of net income. Sales to the U.S. Government (principally of electro-optical instruments) totaled 26%.

In the motors and controls area, KOL makes specialty direct current motors and associated electronic power supplies primarily for the military/aerospace and industrial markets.

In electro-optical instruments, Kollmorgen is a major supplier of submarine periscopes and other instruments for various weapon systems. Industrial products include densitometers, spectrophotometers and colorimeters.

Electronic interconnection consists primarily of the production of proprietary printed circuit boards. A 35%-owned joint venture with Akzo N.V. develops electronic materials.

Dividend Data

Dividends have been paid since 1943. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Oct. 31	Nov. 15	Nov. 21	Dec. 1'88
0.08	Feb. 16	Feb. 23	Mar. 1	Mar. 10'89
0.08	May 1	May 16	May 22	Jun. 1'89
0.08	Jul. 20	Aug. 15	Aug. 21	Sep. 1'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $55,989,000, incl. some $50 million of debs. conv. at Dec. 31, 1988 into about 1.56 million com. shs.

Common Stock: 10,658,023 shs. ($2.50 par). Institutions hold some 38%.
Shareholders of record: 3,100.

Office—10 Mill Pond Lane, Simsbury, Conn. 06070. **Tel**—(203) 651-3757 **Chrmn**—R. L. Swiggett **Pres & CEO**—J. E. Swiggett. **CFO**—E. M. Feiske. **Treas**—J. P. Thompson **Secy & Investor Contact**—J. A. Eder **Dirs**—R. W. Bjork, W. D. Dance, J. A. Diaz, A. M. Doyle, Jr., T. Hornor, J. D. Maxwell, Jr., C. A. Powers, G. P. Stephan, J. E. Swiggett, R. L. Swiggett **Transfer Agent & Registrar**—The First National Bank of Boston **Incorporated** in New York in 1916. **Empl**—3,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H. Valentine, CFA

Kroger Co.

NYSE Symbol KR Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
16¼	19¾– 8⅜	NM	None	None	B+	0.74

Summary

As part of a major restructuring, Kroger is focusing on its core business of supermarkets and convenience stores and divesting certain assets, reducing capital expenditures, and maintaining tight cost controls. In 1988's fourth quarter KR paid to shareholders a special dividend consisting of $40 a share in cash and $17 principal amount of discount debentures (approximately $8 trading value). KR also took a $195 million onetime charge in 1988 for costs associated with the restructuring and reorganization.

Current Outlook

Earnings for 1990 are projected at $0.10 a share, versus 1989's estimated loss of $0.25.

Resumption of dividends is not in prospect.

Sales from continuing operations should increase about 7% to 8% in 1990. Operating margins should improve on continued tight cost controls. Interest expense will begin to decline, reflecting the paying down of the substantial debt incurred in the financing of its special dividend paid to shareholders as part of the restructuring.

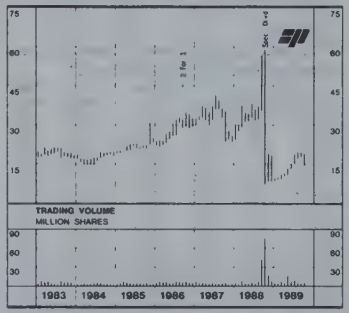
Sales (Billion $)

Period:	1989	1988	1987	1986
12 Wks. Mar. ...	4.26	4.32	3.96	3.86
12 Wks. Jun. ...	4.39	4.50	4.14	3.96
16 Wks. Oct.	5.53	5.58	5.15	4.93
12 Wks. Dec. ...	---	4.65	4.41	4.38
	---	19.05	17.66	17.12

Sales from continuing operations for the 40 weeks ended October 7, 1989 rose 7.2%, year to year. Following much higher interest expense offset by a gain of $28.4 million from the sale of assets, there was a pretax loss of $26.0 million, versus income of $251.2 million. After a tax benefit of $4.4 million, versus taxes at 38.9%, the net loss was $21.6 million, in contrast to net income of $153.5 million. The loss per share was $0.30 (before a special charge of $0.06), versus net income of $1.81 a share.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks. Mar. ...	d0.26	0.48	0.40	0.33
12 Wks. Jun.	0.02	0.68	0.68	0.54
16 Wks. Oct.	d0.06	0.65	0.54	d0.47
12 Wks. Dec. ...	E0.05	d1.57	0.58	0.20
	Ed0.25	0.24	2.20	0.60



Important Developments

Oct. '89— Management said that identical store sales were beginning to outpace food inflation, which appears to be on a downward trend as the impact of the drought in the summer of 1988 begins to wane. Sales were uniformly strong throughout the company's Kroger and Dillon divisions; strong sales and cash flow gains were also achieved at the company's convenience stores. Same store sales for the third quarter of 1989 were up 5.6%. During the third quarter the company prepaid an additional $66 million of debt incurred in last year's restructuring. On a year-to-year basis, the company has prepaid $211 million in debt obligations and has made a total of $286 million in principal payments on its senior term restructuring loan.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	[1]1983	1982	1981	1980	[2]1979
Tangible Bk. Val.	d36.90	12.11	12.25	13.61	12.74	11.99	14.56	13.21	11.76	10.74
Earnings[3]	0.24	2.20	0.60	2.05	1.75	1.39	2.42	2.28	1.86	1.57
Dividends	[4]40.82¼	1.05	1.02½	1.00	1.00	0.95½	0.88	0.78½	0.70	0.63
Payout Ratio	NM	47%	164%	48%	58%	68%	35%	34%	38%	41%
Prices—High	59	41½	35	30⅞	19⅞	21½	23⅝	13⅞	11⅞	13½
Low	7¼	23⅜	21⅜	18⅞	14⅝	16⅞	11¾	9⅝	7	8⅞
P/E Ratio—	NM	19–11	58–36	15–9	11–8	15–12	10–5	6–4	6–4	9–6

Data as orig reptd. Adj. for stk div(s) of 100% Oct. 1986, 100% May 1979. **1.** Reflects merger or acquisition. **2.** Reflects accounting change. **3.** Bef. results of disc. opers. of -0.05 in 1986, -0.03 in 1981, -0.15 in 1980, bef. spec. item(s) of +0.79 in 1987. **4.** Incl. 40.00 spec. div. NM-Not Meaningful d-Deficit E-Estimated

November 3, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

1314C

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**19,053**	**689**	**3.6**	**378**	**245**	**210**	**52**	**33.4%**	**35**	**0.2**
1987	17,660	631	3.6	462	220	111	323	43.3%	183	1.0
[3]1986	17,123	576	3.4	491	226	110	96	41.7%	[4]56	0.3
1985	17,124	616	3.6	511	208	109	321	43.6%	181	1.1
1984	15,923	530	3.3	318	191	100	265	41.0%	157	1.0
[5]1983	15,236	464	3.0	394	180	97	212	40.0%	127	0.8
1982	11,902	362	3.0	405	121	66	208	30.9%	144	1.2
[3]1981	11,267	330	2.9	282	104	50	194	33.4%	129	1.1
[3]1980	10,317	273	2.6	261	86	37	163	36.8%	103	1.0
1979	9,029	235	2.6	186	72	30	147	41.5%	86	0.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**211**	**2,470**	**2,165**	**1.1**	**4,614**	**0.8%**	**4,724**	**d2,928**	**2,348**	**NM**	**NM**
1987	113	2,155	1,963	1.1	4,460	4.4%	987	1,009	2,413	40.9	18.0%
1986	212	1,951	1,773	1.1	4,076	1.4%	758	1,030	2,205	34.4	4.8%
1985	106	2,001	1,727	1.2	4,178	4.7%	925	1,189	2,429	38.1	15.7%
1984	163	1,740	1,464	1.2	3,687	4.3%	779	1,149	2,202	35.4	14.0%
1983	115	1,637	1,298	1.3	3,502	3.2%	878	1,073	2,183	40.2	10.5%
1982	153	1,365	1,003	1.4	2,730	5.6%	685	821	1,705	40.2	17.6%
1981	281	1,278	882	1.4	2,405	5.9%	557	757	1,500	37.2	17.9%
1980	93	1,046	819	1.3	1,998	5.4%	386	671	1,153	33.5	16.0%
1979	58	961	713	1.3	1,776	5.0%	340	611	1,036	32.8	14.6%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1986, 1981, 1980, and spec. item(s) in 1987. **3.** Excludes discontinued operations. **4.** Reflects accounting change. **5.** Reflects merger or acquisition. d-Deficit NM-Not Meaningful

Business Summary

Kroger operates supermarkets and convenience stores, as well as manufacturing facilities. As part of a late 1988 recapitalization, the company paid a $40 a share cash dividend to shareholders plus $17 principal amount of discount debentures valued at about $8. Kroger plans to focus on its core business of combination (food/drug) and convenience stores, disposing of noncore and underproductive assets.

The company operated 1,235 supermarkets in 27 states as of December 31, 1988. After the sale or closing of certain businesses pursuant to the restructuring plan, the company expects to operate 1,225 supermarkets. The company's primary focus is on the combination food and drug store format. Combination stores range from 40,000 to 69,000 sq. ft. with an average size of 47,160 sq. ft.

At December 31, 1988 Dillon Cos. operated 233 supermarkets, principally in Colorado, Kansas, and Arizona and 958 convenience stores in 16 states. M & M Super Markets operates 14 supermarkets in the Savannah, Ga. area.

The company's 44 food processing facilities supply more than 4,000 private label products to the supermarkets. Kroger planned to sell 11 of these units.

As part of its divestiture program, Kroger has sold its Price Savers Wholesale, Inc. subsidiary; KR is retaining a 40% interest in the 13-unit membership warehouse business. The company has agreed to sell four of its Welcome, Inc. superwarehouse stores. In addition, KR has sold 33 Florida Choice Supermarkets and 26 liquor stores and plans to sell the remaining Florida Choice Supermarkets. The company sold its 27 Fry's Food Stores in Northern California.

Dividend Data

Following the special dividend distributions in late 1988, the company has no plans to resume quarterly dividends. Dividends had been paid since 1902. A "poison pill" stock purchase right was adopted in 1986. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
40.00 Spl.	Sep. 26	Oct. 31	Oct. 14	Oct. 28'88
Deb. Spl.*	Sep. 26	Dec. 5	Oct. 14	Dec. 2'88

*$17 principal amt. of 15.5% disc. debs. (trading value approx. $8).

Capitalization

Long Term Debt: $4,768,294,000.

Common Stock: 81,367,611 shs. ($1 par).
Employees own about 35% and institutions hold about 33%.
Shareholders of record: 61,368.

Office—1014 Vine St., Cincinnati, Ohio 45202 **Tel**—(513) 762 4000 **Chrmn & CEO**—L. Everingham **Pres**—J. A. Pichler **VP-Secy**—G. A. Leonard **VP-Treas**—L. M. Turner **Investor Contact**—L. Turner **Dirs**—W. D. Atteberry, R. B. Carey, Jr., J. L. Ciendenin, R. E. Dillon, Jr., R. W. Dillon, L. Everingham, J. C. Hinds, T. B. Morton, Jr., T. H. O'Leary, J. D. Ong, Patricia Shantz-Longe, J. A. Pichler, W. G. Pinnell, O. M. Smith **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Ohio in 1902 **Empl**—170,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Kubota, Ltd.

1314T

NYSE Symbol KUB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
184	195-143	NM	¹0.67	¹0.4%	NR	NA

Summary

This diversified manufacturer is Japan's largest producer of farm equipment, and also of pipe used primarily in water supply systems. Other products lines include iron and steel castings, industrial equipment, environmental control facilities and housing. Despite higher sales, earnings for the first half of fiscal 1989-90 declined on new business development costs, higher interest expense, and lower foreign exchange gains.

Business Summary

Kubota is Japan's largest manufacturer of agricultural machinery and of pipe and related equipment for water supply and other utilities. Sales by product line in the past three fiscal years:

Sales	1988-9	1987-8	1986-7
Farm & industrial equipment	38%	39%	42%
Pipe	26%	27%	27%
Industrial castings/machinery	20%	19%	19%
Building materials/housing	16%	15%	12%

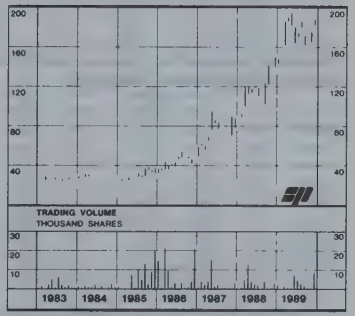
Kubota holds a leading share of the Japanese market for farm equipment. KUB's major products include farm tractors, combine harvesters, reaper binders, rice planters, and power tillers. Other products include a line of lightweight construction machinery, and engines for agricultural purposes, marine applications, and emergency power generation. Domestic sales are through wholesale-retail dealers, wholesalers, and the National Federation of Agricultural Cooperative Associations.

The pipe division is the leading manufacturer of ductile iron pipe in Japan. It also produces pipe made of spiral welded steel, unplasticized polyvinyl chloride and wound filament. The pipe is used primarily in water supply systems, as well as irrigation and sewerage facilities.

The industrial castings and machinery product line includes environmental control plants, vending machines, scales, pumps, valves, air-conditioning equipment, and other products for the steel, petrochemical, paper and construction industries.

The principal building materials sold are cement roofing and siding made with asbestos. Kubota also produces bathtubs and septic systems, and constructs prefabricated houses.

KUB owns 25% of Dana Computer Corp., a U.S. maker of super workstations. KUB has received exclusive rights to produce and market Dana's super workstations in the Far East.



Important Developments

Dec. '89— MIPS Computer Systems, Inc. registered with the SEC for the initial public sale of 4,750,000 common shares, of which 3,750,000 shares would be sold in the U.S. and Canada. KUB will not sell any of its 20.73% interest in MIPS, but its stake in the firm will drop to 17.03% due to the offering.

Nov. '89— KUB said that although business forecasts indicate that the Japanese economy will continue to expand steadily "for the time being," the business conditions surrounding KUB "are not optimistic." In particular, KUB cited difficult conditions in Japanese agriculture and the the outlook for the U.S. economy, which it termed "at best uncertain."

Jun. '89— KUB shareholders voted to change its name to Kubota Corp., effective April 1, 1990.

Per ADS Data ($)

Yr. End Mar. 31[2]	1989	1988	1987	[3]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	33.68	34.64	28.67	22.01	15.78	17.38	16.11	15.22	17.09	14.19
Earnings	1.98	2.06	1.30	0.63	0.89	0.94	0.85	0.90	1.09	1.22
Dividends	0.70⅞	0.63⅛	0.54⅝	0.54⅞	0.51⅜	0.54	0.52½	0.54	0.69	0.55¾
Payout Ratio	36%	31%	42%	87%	58%	57%	62%	60%	67%	46%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	155	95	55¾	38¼	31	28	30½	34	35	29¾
Low	83⅞	49	32½	25	25¼	24	23½	29	26¾	24½
P/E Ratio—	78-42	46-24	43-25	61-40	35-28	30-26	36-28	38-32	32-25	24-20

Data as orig. reptd. 1. Paid in the past 12 mos. (approx); net aft 15% Japanese tax to U.S. residents. 2. Years ended Apr. 30 prior to 1988. 3. Reflects acctg. change. NA-Not Available. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Mar. 31[1]	Revs.	Oper. Inc.	% Inc. Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Inc. Revs.
1989	5,465	499	9.1	276	177	101	318	56.1%	140	2.6
1988	5,185	445	8.6	232	166	98	301	53.1%	141	2.7
1987	4,584	321	7.0	165	139	109	189	53.2%	88	1.9
[3]1986	3,668	212	5.8	131	111	89	84	49.3%	43	1.2
1985	2,562	173	6.8	112	71	70	120	50.3%	60	2.3
1984	2,757	199	7.2	101	77	75	138	54.3%	63	2.3
1983	2,526	199	7.9	93	70	76	124	53.8%	[3]57	2.3
1982	2,340	216	9.2	100	65	79	139	57.0%	60	2.6
1981	2,649	228	8.6	163	72	[3]94	160	54.8%	72	2.7
1980	2,260	225	10.0	111	59	55	159	50.5%	78	3.5

Balance Sheet Data (Million $)

Mar. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	638	3,868	2,988	1.3	6,305	2.3%	734	2,370	3,104	23.7	5.8%
1988	507	3,420	2,457	1.4	5,869	2.6%	757	2,435	3,193	23.7	6.3%
1987	383	2,946	2,096	1.4	5,004	2.0%	761	1,962	2,723	27.9	5.1%
1986	302	2,253	1,655	1.4	3,870	1.3%	579	1,485	2,064	28.1	3.3%
1985	295	1,649	1,281	1.3	2,856	2.1%	408	1,063	1,470	27.7	5.4%
1984	311	1,544	1,147	1.3	2,838	2.3%	410	1,168	1,579	26.0	5.6%
1983	291	1,383	990	1.4	2,617	2.2%	450	1,080	1,530	29.4	5.4%
1982	246	1,317	1,056	1.2	2,490	2.3%	339	1,012	1,351	25.1	5.6%
1981	265	1,499	1,135	1.3	2,773	2.8%	419	1,132	1,552	27.0	7.0%
1980	267	1,351	1,009	1.3	2,319	3.2%	319	923	1,243	25.7	8.2%

Data as orig. reptd. 1. Years ended Apr. 30 prior to 1988. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects acctg. change.

Net Sales[1] (Million $)

Period:	1988-90	1988-9	1987-8	1986-7
3 Mos. Jun.	---	1,001	817	716
6 Mos. Sep.	2,516	2,123	2,101	19,661
9 Mos. Dec.		---	[2]3,529	2,757
12 Mos. Mar.		5,465	[2]5,185	4,584

Sales (in yen) for the six months ended September 30, 1989 advanced 10%, year to year, reflecting sales increases in all groups. Domestic and export sales were up 8.1% and 25.2%, respectively. However, results were hurt by costs incurred in the development of new businesses, higher interest expense, and lower foreign exchange gains. Pretax income fell 23%. After taxes at 60.4%, versus 58.2%, net income was down 27%. Earnings per ADS for the 1989-90 interim were $0.55 (translated at ¥140 = $1).

Earnings Per ADS[1] ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	---	0.08	0.25	0.04
6 Mos. Sep.	0.55	0.96	0.94	0.53
9 Mos. Dec.		---	[2]1.64	0.86
12 Mos. Mar.		1.98	[2]2.06	1.30

1. Consolidated; as originally reported; periods ended: 3 mos Jul.; 6 mos Oct.; 9 mos Jan.; 12 mos Apr. prior to 3rd quarter of 1987-8. 2. 8½ mos. ended Dec. 31, 1987 and 11½ mos. ended Mar. 31, 1988.

Dividend Data

Dividends have been paid on the common shares since 1949. Payments on the ADS in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.3639*	---	Mar. 23	Mar. 30	Jul. 18'89
0.308* Apx.	---	Sep. 22	Sep. 28	---

*Net after 15% Japanese tax.

Finances

Research and development expenses in fiscal 1988-9 amounted to 24.0 million yen ($181.7 million), up from 22.1 million yen the year before.

Capitalization

Long Term Debt: $734,273,000 (3/31/89).

Common Stock: 1,408,067,000 shs. (Y50 par). Each American Depositary Share (ADS) represents 20 common shares.

Shareholders of record: 61,236.

Office—2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-91, Japan. **Tel**—Osaka (06) 648-2111. **Pres**—S. Mino. **U.S. Investor Contact**—J. Adachi (212) 490-8050 **Dirs**—Y. Dobashi, S. Egusa, Y. Gotoh, M. Harada, T. Hasegawa, K. Heshimoto, T. Hatta, T. Hayashi, K. Homma, K. Iseki, M. Iwanaga, K. Kawaguchi, K. Kawakami, M. Kawakami, H. Kisaka, J. Koike, M. Mikayama, E. Mino, S. Mino, K. Mitsui, H. Miyamoto, T. Miyaoka, F. Nakada, E. Nakaya, K. Okeda, O. Okamoto, K. Sakeno, R. Tanaka, K. Tomita, Y. Tsuboseka, K. Uda, K. Waki, T. Yamamoto, Y. Yasukawa, M. Yoshida **Depositary for ADRs**—Morgan Guaranty Trust Co., NYC. **Incorporated** in Japan in 1930. **Empl**—17,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Christopher J. Grant

Kyocera Corp.

1315M

NYSE Symbol KYO

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 20'89	1989					
72¼	92⅞-66⅞	27	¹0.52	¹0.7%	NR	0.59

Summary

Kyocera Corp. is a leading Japanese producer of ceramic products used primarily by the electronics industry. The company also produces electronic equipment and optical instruments. Foreign business accounted for approximately 32% of sales and 13% of operating profit in fiscal 1988-9. Earnings made good progress in fiscal 1988-9, benefiting from increased sales, a more favorable product mix, and efficiency gains.

Business Summary

Kyocera Corp. (formerly Kyoto Ceramic) manufactures ceramic and related products for the electronics and other industries, electronic equipment, and optical instruments. Sales and operating profits (in million $) were derived as follows in fiscal 1988-9:

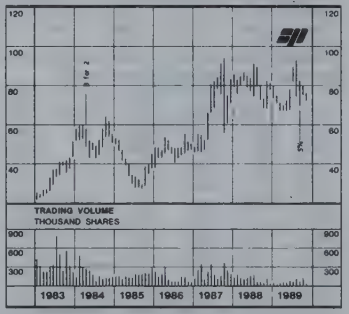
	Sales	Profits
Ceramic & related products	69%	71%
Electronic equipment	20%	17%
Optical & precision instruments	11%	12%

Foreign business (outside Japan) accounted for 32% of and 13% of operating profit in fiscal 1988-9, compared with 32% and 10% the year before.

Ceramic and related products include ceramic materials for the electronic industry (alumina substrates, substrates for volume control and resistors, and multiform glass for color TVs); industrial ceramics (parts for machine tools, pump and valve components, sliders, automotive components, and connectors for optical fiber glass cable); semiconductor parts (cerdips, chip carriers and mother boards, pin grid arrays, and metallized microwave packages); electronic components (chip capacitors, ceramic filters, resonators, chip resistors, thermal printheads, amorphous silicon drums, and liquid crystal displays); and consumer related products (crescent vert jewelry, bioceram dental and medical implants, solar water heaters, and solar cells).

Electronic equipment includes transceivers, navigation equipment, compact disc players, desk-top computers, compact laser printers, and video conference systems.

Optical & precision instruments include single-lens reflex cameras (Contax, Yashica, and Kyocera), 35mm cameras, 8 mm video camcorders, and optical applied equipment.



Important Developments

Sep. '89— The company announced that it had signed a definitive agreement to acquire AVX Corp., a leading American manufacturer of multilayer ceramic, tantalum and glass capacitors, for KYO stock valued at approximately $560 million.

Aug. '89— The company acquired for about $250 million, Wickes Co.'s Elco Corp. subsidiary, which produces industrial and military products.

Feb. '89— KYO said that it had formed a subsidiary which would be engaged in the management of real estate, hotels, golf courses and recreational facilities.

Next earnings report expected in late December.

Per ADS Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	²1984	1983	1982	1981	²1980
Tangible Bk. Val.	34.02	32.70	26.09	20.59	14.50	14.30	9.29	7.33	7.62	6.30
Earnings	2.65	2.13	1.52	1.30	1.92	1.79	1.21	0.92	1.04	0.93
Dividends	0.54¼	0.53¾	0.45⅝	0.39¼	0.28¾	0.28½	0.14⅝	0.12¼	0.17½	0.11⅜
Payout Ratio	20%	25%	30%	30%	15%	16%	12%	15%	17%	10%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	91¼	94	55½	53⅜	64¼	51⅝	24⅛	26	21¼	16⅝
Low	68	45¾	37¾	27⅛	42¾	21⅜	15	14¾	13½	12½
P/E Ratio—	34-26	44-21	36-25	41-21	33-22	29-12	20-12	28-16	20-13	18-13

Data as orig. reptd. Adj. for stk. div(s). of 5% Sep 1989, 50% May 1984, 10% Jul 1982, 20% Mar. 1980. 1. Decl. in the past 12 mos. (approx.), net aft. 15% Japanese tax to U.S. residents. 2. Reflects merger or acquisition.

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	2,566	536	20.9	148	125	12.3	464	51.6%	225	8.8
1988	2,403	444	18.5	133	112	10.7	403	55.0%	181	7.5
1987	1,892	339	17.9	93	107	3.9	259	53.8%	120	6.3
1986	1,551	286	18.4	116	94	2.7	239	57.2%	102	6.6
1985	1,298	346	26.6	139	59	2.3	328	53.7%	152	11.7
²1984	1,121	294	26.2	82	43	3.8	278	52.3%	132	11.8
1983	723	180	24.9	43	28	3.4	180	51.7%	87	12.0
1982	640	145	22.7	47	25	4.2	133	53.9%	61	9.6
1981	691	142	20.6	53	25	6.7	138	50.5%	68	9.9
²1980	458	135	29.5	66	15	6.5	120	51.3%	58	12.7

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	1,857	2,925	583	5.0	3,951	5.9%	558	2,760	3,321	16.8	8.3%
1988	1,623	2,723	568	4.8	3,606	5.5%	346	2,643	2,992	11.6	7.6%
1987	1,333	2,178	410	5.3	2,922	4.9%	414	2,054	2,471	16.8	6.5%
1986	623	1,337	312	4.3	1,972	5.9%	4	1,622	1,626	0.2	7.4%
1985	474	1,091	343	3.2	1,511	10.2%	2	1,141	1,143	0.1	13.4%
1984	562	1,094	303	3.6	1,456	11.2%	2	1,126	1,129	0.2	14.3%
1983	351	641	150	4.3	828	11.3%	3	673	677	0.4	14.4%
1982	212	483	152	3.2	648	9.5%	10	483	494	2.0	12.4%
1981	190	439	119	3.7	635	10.6%	12	502	514	2.3	14.9%
1980	188	398	174	2.3	516	13.4%	11	328	341	3.2	19.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition.

Net Sales (Million $)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Sep.	1,273	989	---	671
12 Mos. Mar.	2,566	2,403	1,892	1,551

Sales (in yen) for the fiscal year ended March 31, 1989 rose 12.7%, from those of the prior fiscal year, reflecting sales increases of 12.4% for industrial ceramics, 5.2% for semiconductor parts, 19.9% for electronic components, 22.2% for consumer related products, 25.6% for electronic equipment, 4.5% for optical and precision instruments, and 4.7% for other products, all of which outweighed a 3.5% decline in ceramic materials for the electronic industry. Profitability benefited from a more favorable product mix, the higher volume and efficiency gains, and pretax income was up 21.6%. After taxes at 51.6%, versus 55.0%, net income rose 30.8%. Earnings per ADS for fiscal 1988-9 were $2.65 (as adjusted), translated at the March 31, 1989 exchange rate of Y132=$1.

Earnings Per ADS ($)

Period:	1988-9	1987-8	1986-7	1985-6
6 Mos. Sep.	1.24	0.81	---	0.70
12 Mos. Mar.	2.65	2.13	1.52	1.30

Dividend Data

Semiannual cash dividends have been paid since the company went public in 1971. Payments in the past 12 months per ADS:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.2678 *	---	Mar. 23	Mar. 30	Jul. 18'89
0.2548 Apx. *	---	Sep. 22	Sep. 28	---
5% Stock	---	Sep. 22	Sep. 28	Dec. 5'89

*Net aft. 15% Japanese tax.

Finances

In February, 1989 KYO sold overseas (primarily in Europe) $300 million principal amount of notes due 1993, together with warrants, through underwriters led by Daiwa Europe Ltd.

Research and development expenses totaled $99.6 million (3.9% of sales) in fiscal 1988-9.

Capitalization

Long Term Debt: $558,091,000 (3/31/89).

Minority Interest: $2,947,000.

Common Stock: 162,238,922 shs. (Y50 par). Each American Depositary Share represents 2 common shares.

Office—5-22 Kitainoue-cho, Higashino, Yamashina-ku, Kyoto 607, Japan. **Tel**—(075) 592-3851 **Chrmn**—K. Inamori **Pres**—K. Anjo **Managing Dirs**— K. Anjo, S. Hamamoto, Y. Hamano, M. Hiwatashi, M. Hori, K. Inamori, T. Inamori, K. Itoh, M. Kadota, K. Kimura, K. Nakamura, K. Nishimura, S. Nosaka, Y. Yasuda. **U.S. Investor Contact**—Mark Umemura (619) 576-2600. **Depositary**—Citibank, NYC **Incorporated** in Japan in 1959

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Labatt (John)

Toronto S.E. Symbol LBT

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
23⅞	27½–21⅛	13	[1]0.74	3.1%	A	NA

Summary

Canada's leading brewer, this food and beverage company now derives the largest portion of revenues from its food products businesses. Labatt also holds interests in a variety of other businesses. In 1989, the company purchased a 70% interest in Birra Moretti S.p.A. (Italy) and sold Catelli Inc., its retail packaged food business (annual sales C$200 million), as well as its wine operations.

Business Summary

John Labatt Limited is a broadly based food and beverage company with major participation in the North American brewing and food industries. Contributions in 1988-9 were:

	Sales	Profits
Brewing operations	34%	60%
Food operations	66%	40%

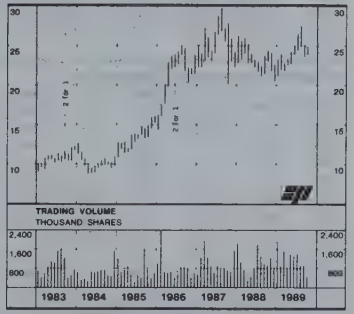
In 1988-9, sales in the U.S. approximated 37% of total sales.

Operating 12 breweries nationwide, Labatt is Canada's leading brewer, with 42% of the beer market in 1988-9. Through Labatt Importers, it exports its Canadian brewed products throughout the U.S. In October 1987, Labatt acquired its first U.S. brewing plant, Latrobe Brewing Co. (Latrobe, Pa.), maker of Rolling Rock beer. Under a licensing agreement with Anheuser-Busch, Labatt brews Budweiser beer for sale in Canada.

Following an extensive review, operations were significantly reorganized in 1988-9. Effective April 30, 1989, the company's Catelli food and Canadian wine operations were sold. Labatt realized a pretax gain of C$141 million on the sale, which was more than offset by a pretax charge of C$150 million for the impairment in the carrying value of certain assets.

The Food Products operations include Ault Foods, U.S. Dairies and Ogilvie Mills. Under the Sealtest, Light n' Lively and Silverwood names, Ault produces table milk products, yogurt, cottage cheese, sour cream, juices and frozen products. U.S. Dairy processes and markets milk products, fruit juices and drinks and yogurt. Five Roses flour is milled and marketed by Ogilvie.

John Labatt Foods markets a wide variety of frozen soups and vegetables, fish, pizza and grocery products and related support services to the food-service and retail food industries, primarily in the U.S. Major operations include Everfresh Juice Co., Chef Francisco and Pasquale Food Co.



Partly owned businesses include Canada Malting (20%); the Toronto Blue Jays American League Baseball Team (45%); McGavin Foods (60%), a bakery with five plants in Canada; BCL Entertainment (45%), a rock concert promoter and merchandiser; Supercorp Entertainment (50%), a provider of communications services; Auscan Closures (50%), a manufacturer of bottle seals; and Allelix Inc. (30%), a biotechnology research firm.

Labatt also operates The Sports Network (TSN), a radiply growing pay television service with 1,900,000 subscribers at 1988-9 year-end.

In line with plans to expand in the European beer market, in June 1989 the company acquired a 70% interest in Birra Moretti S.p.A. of Italy, for an undisclosed amount.

Next earnings report expected in mid-December.

Per Share Data (Can. $)

Yr. End Apr. 30	1989	[2]1988	[2]1987	[2]1986	[2]1985	[2]1984	[2]1983	[2]1982	[2]1981	[2]1980
Book Value	7.98	5.82	4.94	7.26	6.82	6.36	5.71	4.64	4.27	3.70
Earnings[3,4]	1.80	1.92	1.73	1.54	1.37	1.52	1.33	1.07	0.87	0.76
Dividends	0.68½	0.62	0.54¾	0.50¼	0.47½	0.43½	0.39	0.36	0.32½	0.30⅞
Payout Ratio	38%	32%	32%	33%	35%	29%	30%	34%	38%	42%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	26¼	29¾	25	16	12⅝	12⅜	9⅛	7½	7⅛	6⅝
Low	20½	20⅛	14⅜	10⅞	8⅞	9	6	5⅞	5⅜	5⅛
P/E Ratio—	15–11	15–10	14–8	10–7	9–6	8–6	7–5	7–5	8–6	9–7

Data as orig. reptd. Adj. for stk. dvs. of 100% Jul. 1986, 100% Sep. 1983. 1. In Canadian funds; subject to 15% withholding tax on nonresidents 2. Refl. merger or acq. 3. Ful. dil. 1.80 in 1989, 1.68 in 1988, 1.55 in 1987, 1.38 in 1986, 1.18 in 1985, 1.00 in 1984, 1.13 in 1983, 0.93 in 1982, 0.81 in 1981, 0.69 in 1980. 4. Bef. results of disc. ops. and spec. items of -0.35 in 1984, -0.07 in 1983, -0.07 in 1982, -0.07 in 1981, -0.03 in 1980. NA-Not Available

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Income Data (Million Can. $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	**4,857**	**390**	**8.0**	**238**	**127**	**89.2**	**192**	**29.5%**	**135**	**2.8**
[3]1988	4,611	402	8.7	209	114	84.2	227	37.9%	141	3.0
[3]1987	3,782	359	9.5	158	90	63.4	221	43.2%	125	3.3
[3]1986	3,161	302	9.6	116	71	49.7	181	44.0%	101	3.2
[3]1985	2,426	225	9.3	111	52	40.3	134	39.1%	82	3.4
[3]1984	2,133	207	9.7	71	43	32.7	145	40.3%	86	4.1
[3]1983	1,929	188	9.8	53	38	30.4	124	41.4%	73	3.8
[3]1982	1,821	170	9.3	51	35	29.9	105	45.3%	57	3.2
[3]1981	1,297	123	9.5	39	29	25.7	74	39.8%	45	3.4
[3]1980	1,164	107	9.2	58	24	24.7	64	40.7%	38	3.2

Balance Sheet Data (Million Can. $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	**200**	**1,227**	**683**	**1.8**	**2,767**	**5.1**	**822**	**959**	**2,074**	**39.6**	**14.5**
1988	200	964	736	1.3	2,538	5.7	772	868	1,802	42.9	17.2
1987	200	985	781	1.3	2,355	6.0	674	771	1,574	42.8	17.2
1986	206	862	523	1.6	1,785	5.6	462	676	1,262	36.6	15.7
1985	109	710	638	1.1	1,548	5.9	286	518	910	31.4	16.6
1984	129	601	359	1.7	1,186	8.1	289	449	826	35.0	20.8
1983	84	487	234	2.1	953	7.8	250	383	719	34.7	20.2
1982	62	435	243	1.8	905	6.9	255	331	663	38.5	18.3
1981	2	353	201	1.8	723	6.3	177	283	522	34.0	16.5
1980	3	313	178	1.8	672	5.7	187	254	494	37.9	15.4

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. ops. and spec. items. 3. Refl. merger or acq.

Gross Sales (Million Can. $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	1,374	1,425	1,304	1,079
Oct.		1,386	1,313	1,030
Jan.		1,313	1,247	1,050
Apr.		1,301	1,243	1,094
		5,424	5,107	4,253

For the three months ended July 31, 1989, sales dipped 3.6%, year to year, but net income expanded 11%, to $43,700,000 ($0.55 a share), from $39,500,000 ($0.53).

Net income for 1988-9 declined slightly from that of 1987-8, despite a sales increase, as strong performances by Labatt Brewing and the Broadcast Group were more than offset by declining contributions from food operations (which experienced intense competitive conditions).

Common Share Earnings (Can. $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.55	0.53	0.52	0.44
Oct.		0.45	0.52	0.48
Jan.		0.34	0.39	0.36
Apr.		0.48	0.49	0.45
		1.80	1.92	1.73

1. Restated

Dividend Data

Cash has been paid in each year since 1945. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Dec. 7	Dec. 22	Dec. 30	Jan. 15'89
0.17½	Mar. 9	Mar. 27	Mar. 31	Apr. 15'89
0.17½	Jun. 15	Jun. 26	Jun. 30	Jul. 15'89
0.18½	Sep. 7	Sep. 25	Sep. 29	Oct. 15'89

Finances

In March 1989, the company placed privately C$150 million of Series 1 preferred stock, with an initial dividend rate of 7.85% per annum.

In April 1988, Labatt issued C$100 million of 10³/₈% debentures due 1998.

Capitalization

Long Term Debt: C$821,700,000 (4/89); incl C$289,400,000 of conv. debs.

Preferred Stock Ser. 1: 300 shs.; closely held.

Common Stock: 74,630,000 shs. (no par)
Brascan Ltd. controls about 38%.
Shareholders: 13,999 (4/89).

Office—451 Ridout St. N., London, Ont. N6A 5L3. **Tel**—(519) 667-7500 **Chrmn**—P. N. T. Widdrington **Pres & CEO**—S. M. Oland **VP Fin**—R. G. Vaux **Treas**—W. J. Emmerton **Secy**—L. J. Innes **Dirs**—M. Belanger, P. F. Bronfman, J. L. Cockwell, C. Diamond, J. T. Eyton, E. F. Findlay, F. H. Gasson, E. A. Goodman, P. F. Hannam, G. F. Hughes, D. B. Jenkins, M. L. Lahn, A. J. MacIntosh, S. M. Oland, J. Ortiz-Patino, H. C. Pinder, S. Pollock, R. B. Smith, G. S. Taylor, J. D. Vincent, P. N. T. Widdrington, W. P. Wilder **Transfer Agents**—Royal Trust Co., Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary & Vancouver; Canadian Bank of Commerce Trust Co., NYC **Registrars**—Royal Trust Co., Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary & Vancouver, Bank of Montreal Trust Co., NYC. **Incorporated** in Canada in 1930 **Empl**—16,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

J. Lang

Lee Enterprises

NYSE Symbol LEE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
32⅜	34¾-24¾	19	0.68	2.1%	A-	0.73

Summary

Lee Enterprises publishes 18 daily newspapers and seven weekly newspapers in eight Midwestern and Western states. The company also operates five television stations and is involved in graphic arts systems through 50%-owned NAPP Systems (USA) Inc., a leading producer of photosensitive polymer printing plates for newspapers. Earnings for fiscal 1989's first nine months increased, primarily reflecting higher revenues and lower net financial expense.

Business Summary

The company primarily publishes newspapers, and also operates television stations. Contributions by major operating segment in fiscal 1988:

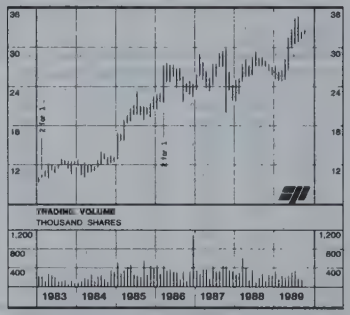
	Rev.	Profits
Newspaper publishing	71%	84%
Broadcasting	29%	16%

Total newspaper revenues in fiscal 1988 (from company-owned papers) were comprised of 64% advertising revenues, 28% circulation revenues and 8% other. Lee publishes 18 daily newspapers and seven weekly newspapers in eight states, including Montana, Iowa, Minnesota, Wisconsin, Nebraska, North Dakota, Oregon and Illinois. Five of the weekly newspapers were acquired in fiscal 1988; three in Illinois and two in North Dakota. The company, also through acquisitions made in fiscal 1988, publishes two weekly shoppers; one in Illinois and one in North Dakota, and produces a specialty publication in North Dakota.

Five network-affiliated television stations are owned and operated in Tucson, Ariz. (KGUN-TV, ABC); Honolulu, Ha. (KGMB-TV, CBS); Omaha, Neb. (KMTV-TV, CBS); Portland, Ore. (KOIN-TV, CBS); and Huntington/Charleston, W. Va. (WSAZ-TV, NBC).

NAPP Systems (USA) Inc., a 50%-owned joint venture with Nippon Paint Co. of Osaka, Japan, manufactures photosensitive polymer plastic printing plates. Lee also has 50% interests in two newspaper publishing companies located in Lincoln, Neb. and Madison, Wis., and a 42% interest in New Mexico Broadcasting Co., parent of KGGM-TV, a network affiliated station in Albuquerque.

In December, 1987 the company changed the name of Call-It Co. to Voice Response, Inc., an audiotext venture.



Important Developments

Jul. '89— The company reported that a 7.7% year-to-year increase in newspaper publishing revenues in the first nine months of fiscal 1989 stemmed from gains in advertising and circulation revenues of 4.2% and 3.2%, respectively, reflecting increased units. Broadcasting revenues were up 4.4%, despite sluggish national spot advertising, benefiting from a strong first fiscal quarter. Separately, LEE said that net financial expense declined in fiscal 1989's first nine months due to the capitalization of interest costs associated with new construction and increased income from invested cash. Operating cash flow (operating income plus depreciation and amortization charges) totaled $57.6 million in fiscal 1989's first nine months, up from $55.1 million in the year-earlier period.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Sep. 30	[1]1988	[1]1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	**0.83**	0.17	1.58	1.37	1.95	1.43	1.02	0.62	0.27	1.19
Earnings	**1.63**	1.74	1.25	1.14	0.98	0.82	0.72	0.68	0.70	0.54
Dividends	**0.64**	0.60	0.56½	0.44½	0.37	0.31⅜	0.28	0.24⅞	0.20⅜	0.17
Payout Ratio	**39%**	33%	45%	37%	38%	37%	39%	36%	29%	31%
Prices—High[2]	**29⅜**	29⅞	27⅝	23⅜	14	12⅞	9¾	7⅝	7⅛	6⅜
Low[2]	**21¾**	20	20½	12⅞	10⅛	9¼	5¾	5¾	4⅜	4⅞
P/E Ratio—	**18-13**	17-11	22-16	20-11	14-10	16-11	14-8	11-8	10-6	12-9

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1986 (Cl. B stk.), 100% Apr. 1983. **1.** Reflects merger or acquisition. **2.** Cal. yr.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]**1988**	**235**	**63.7**	**27.1**	**12.2**	**12.6**	**9.24**	**61.5**	**33.5%**	**40.9**	**17.4**
[2]1987	227	64.9	28.7	3.8	11.6	7.83	75.8	41.2%	44.6	19.7
1986	213	66.2	31.1	5.6	9.7	4.48	60.9	46.5%	32.6	15.3
[3]1985	200	61.0	30.5	8.5	9.0	4.05	57.3	46.4%	30.7	15.4
1984	184	53.0	28.8	8.0	9.0	3.81	49.6	46.1%	26.7	14.6
1983	168	49.7	29.5	8.2	8.4	4.00	44.1	48.3%	22.8	13.5
1982	158	45.3	28.8	6.4	7.6	4.16	39.1	49.4%	19.8	12.6
1981	149	44.6	30.0	3.9	7.9	4.12	37.9	49.7%	19.1	12.8
[2]1980	134	40.3	30.1	10.1	6.7	6.14	39.0	48.6%	20.1	15.0
1979	112	33.4	29.8	4.3	6.5	2.65	28.7	46.4%	15.4	13.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**29.7**	**74.0**	**41.8**	**1.8**	**308**	**13.6%**	**73.8**	**167**	**245**	**30.1**	**25.7%**
1987	25.2	71.9	44.5	1.6	296	17.9%	75.6	152	231	32.7	31.9%
1986	14.7	48.4	38.0	1.3	203	16.3%	14.9	128	146	10.2	25.9%
1985	11.1	44.7	37.8	1.2	201	15.5%	15.9	126	146	10.9	24.5%
1984	34.0	64.8	33.2	2.0	203	13.7%	18.3	131	153	12.0	21.5%
1983	26.7	54.2	27.8	2.0	191	12.4%	22.4	119	146	15.3	20.0%
1982	18.6	45.2	25.1	1.8	179	11.4%	22.0	110	137	16.1	18.9%
1981	11.6	36.6	25.4	1.4	173	11.4%	24.3	101	130	18.6	19.8%
1980	4.0	26.8	17.9	1.5	164	13.7%	32.6	94	130	25.1	23.0%
1979	12.5	32.9	17.8	1.9	130	12.1%	23.6	81	106	22.3	19.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Refl. merger or acquisition. **3.** Refl. acctg. change.

Total Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	70.1	65.5	61.2	58.7
Mar.	62.4	58.5	54.7	50.4
Jun.	69.4	64.8	61.8	57.5
Sep.		63.8	59.9	54.3
		252.5	237.6	220.9

Revenues for the nine months ended June 30, 1989 advanced 7.0%, year to year, reflecting a 7.7% increase in the newspaper publishing segment, a 4.4% rise in the broadcasting segment, and greater equity in net income of associated companies, new venture and other. Margins narrowed, and following lower net financial expense of $4,049,000 versus $5,384,000, pretax profits rose 5.7%. After taxes at 33.5%, against 33.6%, net income was up 5.8%, to $1.14 a share from $1.07.

[1]Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.44	0.42	0.77	0.33
Mar.	0.26	0.23	0.11	0.16
Jun.	0.44	0.42	0.33	0.33
Sep.		0.56	0.53	0.43
		1.63	1.74	1.25

1. On combined com. and Class B com shs.

Dividend Data

Dividends have been paid since 1960. Payments on the common and Class B common in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Nov. 18	Dec. 7	Dec. 13	Jan. 3'89
0.17	Feb. 9	Feb. 27	Mar. 3	Apr. 3'89
0.17	Apr. 18	May 25	Jun. 1	Jul. 1'89
0.17	Jul. 31	Aug. 28	Sep. 1	Sep. 28'89

Finances

Capital expenditures were $12.2 million in fiscal 1988, up from $3.8 million in fiscal 1987, and were expected to total $11 million in fiscal 1989.

In April, 1987 LEE borrowed $65.0 million from an insurance company at 8.27%.

Capitalization

Long Term Debt: $76,302,000.

Cl. B Common Stock: 8,956,158 shs. ($2 par); 10 votes per sh.; non-transfer.; conv. sh. for sh. into com.

Common Stock: 15,454,159 shs. ($2 par).
Institutions hold approximately 35% of combined classes of stock.
Shareholders of record: 6,900.

Office—130 East Second St., Davenport, Iowa 52801 **Tel**—(319) 383-2202 **Chrmn & CEO**—L. G. Schermer **Pres & COO**—R. D. Gottlieb **Secy**—C. D. Waterman, Jr. **VP-Treas & CFO**—M. J. Riley. **Investor Contact**—R. Galligan **Dirs**—H. A. Fischer, Jr., R. D. Gottlieb, J. P. Guerin, W. E. Olsen, R. L. Rickman, L. G. Schermer, P. S. Sewell, R. W. Sonnenfeldt, M. Vittert, C. D. Waterman, Jr. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Delaware in 1950. **Empl**—4,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Leggett & Platt

NYSE Symbol LEG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
31⅛	34⅞-23⅝	12	0.76	2.4%	A	1.08

Summary

This company produces a broad line of components used by manufacturers of furniture and bedding for homes, offices, and institutions; a line of finished furniture and carpet cushioning materials; and a variety of diversified non-home furnishing products with similar manufacturing processes. Leggett & Platt's strategy is to grow both internally and through an active acquisition program. Earnings have trended higher over the past decade, and the uptrend continued for the first nine months of 1989.

Business Summary

Leggett & Platt manufactures components used by others in the manufacture of bedding and furniture; related finished products; and various non-home furnishing products. Sales contributions (as originally reported):

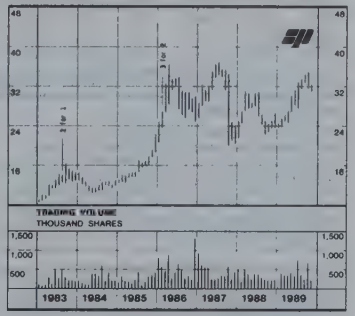
	1988	1987	1986
Bedding components ...	30%	34%	34%
Furniture components...	29%	28%	28%
Finished products	19%	18%	19%
Diversified products.....	22%	20%	19%

Bedding components include boxspring tops and coils, dimension lumber for boxspring frames, edge and corner springs, innerspring assemblies for mattresses, innersprings, mounted and unmounted boxsprings, polyurethane foams, insulator pads for mattresses and boxsprings, spring wires and spring wire insulators, synthetic wool and cotton cushioning materials, and wood frames for boxsprings.

Furniture components include chair controls and other components for office furniture, incliner mechanisms for motion and upholstered groups, coil spring assemblies and accessories for upholstered furniture, components for office panel systems, die cast aluminum and steel bases for office furniture and dinettes, seating systems, metal bed rails for bedroom suites, polyurethane foams, and plastic furniture components.

Finished products include bed frames, wood and steel bunk beds, carpet cushioning and underlay materials, brass and wood daybeds, electric beds, metal fashion beds and headboards, pedestal bed bases, rollaway beds, trundle beds and wood headboards.

Diversified products include custom aluminum die cast products, motion control products, metal and wire shelving for utility vehicles and consumer products, industrial wire, point-of-sale display racks, sound insulation and welded steel tubing.



Important Developments

Oct. '89— Leggett & Platt said that the short-term outlook for the economy and the home furnishings industry seemed to be clouded by more than the usual amount of uncertainty. LEG expected consumer spending and demand for furniture and bedding to remain relatively soft during the next several months, but not substantially below year-earlier levels.

Aug. '89— Directors raised the dividend 5.6%, to $0.19 quarterly from $0.18.

May '89— Leggett acquired Culp Smelting & Refining Co., a manufacturer of aluminum ingot with annual sales of about $40 million. In April LEG acquired two privately held companies, Webster Spring Co. and Webster Wire, which have combined annual sales of about $45 million.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	13.19	12.29	10.81	9.46	7.83	6.98	5.76	5.21	4.71	4.17
Earnings[2]	2.21	2.28	2.07	1.76	1.42	1.26	0.85	1.05	0.69	0.57
Dividends	0.64	0.56	0.40	0.33⅓	0.29⅓	0.25	0.22¾	0.20	0.17	0.14¾
Payout Ratio	29%	24%	19%	19%	21%	21%	27%	18%	25%	25%
Prices—High	31	36⅞	36⅜	22⅛	14½	16¼	10½	8¾	4½	5½
Low	21½	20	20⅝	12⅜	10⅜	8½	5⅛	4⅛	3⅜	3⅜
P/E Ratio—	14-10	16-9	18-10	13-7	10-7	13-7	12-6	8-4	7-5	10-6

Data as orig reptd. Adj. for stk. div(s). of 50% Mar. 1986, 100% Aug. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.10 in 1984.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	810	90.9	11.2	36.3	23.9	7.36	60.0	37.1%	37.7	4.7
1987	649	83.3	12.8	32.2	16.7	6.48	64.0	41.5%	[4]37.5	5.8
[3]1986	586	73.9	12.6	29.5	15.6	6.38	58.1	40.5%	34.6	5.9
[3]1985	479	59.1	12.3	38.5	12.5	6.32	41.1	41.6%	24.0	5.0
[5]1984	425	45.2	10.6	19.4	10.3	5.48	31.3	38.1%	19.4	4.6
[3]1983	354	38.9	10.9	22.6	8.6	4.63	26.5	41.2%	15.6	4.4
1982	275	26.3	9.6	10.1	6.8	3.74	15.4	40.5%	9.1	3.3
1981	263	29.5	11.2	9.1	6.2	2.95	20.6	42.0%	12.0	4.6
1980	229	24.8	10.8	7.0	6.5	3.45	14.6	42.6%	8.4	3.7
[3]1979	215	21.8	10.2	16.7	5.4	3.79	11.9	42.3%	6.9	3.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	7.0	250	103	2.4	478	8.5%	107	245	368	29.0	16.2%
1987	29.6	208	78	2.7	384	10.2%	84	209	293	28.5	19.1%
1986	35.9	190	67	2.8	349	10.9%	88	183	271	32.5	20.1%
1985	9.0	138	56	2.5	271	8.8%	51	153	204	25.1	17.2%
1984	21.8	132	52	2.5	233	8.9%	67	108	175	38.4	18.9%
1983	18.6	113	46	2.5	202	8.6%	54	96	150	36.1	18.0%
1982	2.2	66	31	2.1	134	7.0%	34	65	98	34.3	14.8%
1981	1.4	64	32	2.0	122	10.9%	29	57	86	33.9	22.0%
1980	1.6	57	28	2.1	112	7.4%	22	59	81	27.0	15.0%
1979	2.4	56	24	2.3	113	6.7%	33	52	86	39.0	13.8%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol subs. 2. Bef. results of disc. opers. in 1984. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excl. disc. opers. and reflects merger or acquisition.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	237.1	184.8	157.2	139.1
Jun.	259.6	196.4	161.1	144.5
Sep.	251.3	217.4	168.1	155.5
Dec.		211.3	162.8	146.6
		809.9	649.2	585.7

Sales for the first nine months of 1989 advanced 25%, year to year, reflecting acquisitions completed in 1988 and 1989 and 7% internal growth attributable to successful marketing programs and small price increases. Margins widened on the higher sales, and operating profit moved ahead 35%. Following 85% heavier interest expense and much larger other deductions (net), income before taxes rose 26%. After taxes at 38.7%, compared with 38.1%, net income increased 25%. Share earnings amounted to $2.06, versus $1.66.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.67	0.60	0.55	0.48
Jun.	0.70	0.59	0.60	0.51
Sep.	0.69	0.47	0.58	0.51
Dec.		0.55	0.55	0.57
		2.21	2.28	2.07

Finances

In May, 1989 LEG acquired Culp Smelting & Refining Co. In April LEG acquired two privately held companies: Webster Spring Co. and Webster Wire, Inc. LEG acquired Collier-Keyworth for 390,391 common shares in February, 1988 and Berkshire Furniture Co. for an undisclosed amount of cash in May.

Dividend Data

Dividends have been paid since 1939. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Feb. 15	Feb. 21	Feb. 27	Mar. 15'89
0.18	May 10	May 22	May 26	Jun. 15'89
0.19	Aug. 9	Aug. 21	Aug. 25	Sep. 15'89
0.19	Nov. 8	Nov. 17	Nov. 24	Jan. 2'90

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $158,214,000.

Common Stock: 17,322,576 shs. ($1 par).
Officers and directors own about 20%.
Institutions hold approximately 47%.
Shareholders of record: 4,794.

Office—One Leggett Rd., Carthage Missouri 64836 **Tel**—(417) 358-8131 **Chrmn & CEO**—H M Cornell, Jr. **Pres**—F E Wright **VP-Secy**—R A Jefferies, Jr. **VP-Treas**—M A Glauber **Investor Contact**—R Calhoon **Dirs**—H C Casteel, H M Cornell, Jr., R T Enloe, R T Fisher, F E Ford, Jr., R V Johnson, A M Lewne, N Litt, J C McCormick, J B Morris, R L Pearsall, M E Purnell, Jr., F E Wright **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC **Incorporated** in Missouri in 1901 **Empl**—10,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N J DeVita

Leslie Fay

1344

NYSE Symbol LES

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
15⅜	16½-8⅞	11	None	None	NR	NA

Summary

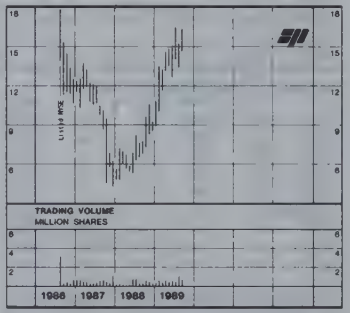
This company designs and makes diversified lines of moderate and better priced women's dresses, suits and blouses, and men's and women's sportswear. In the spring of 1988 LES acquired Albert Nipon, Inc. and Mary Ann Restivo, both well-known women's designer apparel companies. Earnings in 1989 and 1990 should benefit from these acquisitions, new apparel lines, and more efficient operations.

Current Outlook

Earnings for 1989 are estimated at $1.70 a share, up from 1988's $1.17. Earnings for 1990 could reach $1.90 a share.

Dividends are not in prospect.

Sales for 1989 are expected to increase substantially, reflecting acquisitions and increased demand for LES's brand name products, new apparel lines, the establishment of in-store boutiques, and licensing. Margins should expand on a more favorable product mix, efficient sourcing and manufacturing operations, and fewer markdowns and allowances.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	203.4	169.1	164.4	164.7
Jun.	155.0	128.1	103.6	99.7
Sep.	---	220.2	185.8	178.5
Dec.	---	165.2	128.2	130.5
	---	682.7	582.0	573.4

Sales for the 26 weeks ended July 1, 1989 advanced 21%, year to year, reflecting acquisitions and increased demand for LES's products. Margins expanded substantially, and operating income rose 59%. Pretax income more than doubled. After taxes at 43.5% in both periods, net income increased to $9.9 million ($0.52 a share) from $4.4 million ($0.23).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.50	0.31	0.45	0.41
Jun.	0.02	d0.07	d0.14	0.07
Sep.	E0.83	0.69	0.40	0.44
Dec.	E0.35	0.24	0.32	0.19
	E1.70	1.17	1.03	1.10

Important Developments

Jul. '89— LES said that it was gratified to report a profit during the second quarter, most of which falls between the summer and fall shipping seasons and which is normally the weakest quarter. The company also said that earnings during the second quarter were adversely affected by the closing of the Summit Sportswear operations, representing a loss of $0.09 a share after tax. However, the company said that results for the first half of the year were on target and it remained optimistic for the remainder of the year. LES said that it was in a strong financial position, with working capital totaling $137.0 million at July 1, 1989, and shareholders' equity totaling $143.4 million.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985
Tangible Bk. Val.	2.08	1.13	d0.01	[2]4.26
Earnings	1.17	1.03	1.10	0.79
Dividends	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil
Prices—High	10⅝	13¾	17⅛	NA
Low	4¾	4¼	10⅝	NA
P/E Ratio—	9-4	13-4	16-10	NA

Data as originally reported, prior to 1986 pro forma data as reptd in Prospectus dated Aug. 1, 1986 **1.** Reflects merger or acquisition **2.** As of Mar 29, 1986 NA-Not Available E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	683	63.6	9.3	4.00	6.71	18.2	38.7	42.5%	22.3	3.3
1987	582	48.5	8.3	3.80	5.87	16.4	31.2	36.8%	19.7	3.4
1986	573	67.1	11.7	3.79	5.81	21.5	[2]38.1	28.0%	27.4	4.8
1985	475	NA	NA	NA	NA	17.4	32.0	50.4%	15.9	3.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	5.48	239	109	2.2	363	6.7%	116	134	250	46.5	18.1%
1987	4.09	186	72	2.6	305	6.7%	117	112	229	51.0	19.4%
1986	4.86	170	116	1.5	291	8.5%	73	93	165	44.1	70.7%
[3]1985	NA	NA	NA	NA	287	NA	73	85	158	46.2	NA

Data as originally reported; prior to 1986 pro forma data as reptd. in Prospectus dated Aug. 1, 1986. **1.** Reflects merger or acquisiton. **2.** Incl. equity in earns. of nonconsol. subs. **3.** As of Mar. 29, 1986. NA-Not Available

Business Summary

The Leslie Fay Companies designs and makes widely diversified lines of moderately and better priced women's dresses, suits, blouses and sportswear. These products are sold through 14 separate divisions under nationally known names as Leslie Fay, Kasper for A.S.L., Albert Nipon (acquired 1988), Mary Ann Restivo (acquired 1988), Breckenridge, Outlander, Castleberry Knits, and Nolan Miller.

Dresses and related products are produced through the Leslie Fay dress division which sells moderate priced dresses, suits and dresses with coordinated jackets; the Sassco division which offers moderate and better priced dresses and suits; the Albert Nipon division which offers designer dresses and suits; the Castleberry Knits division which sells better-priced knitted suits and one and two piece dresses; the Non-Stop division which offers better priced dresses; and the Andrea Gayle division which offers dresses styled for the career woman at moderate prices.

Sportswear and related products are produced through the Leslie Fay sportswear division which sells moderately priced coordinated sportswear; the Breckenridge division which sells better priced sportswear; the Leslie Fay separates division which sells moderate priced blouses, knits and pants; the Mary Ann Restivo division which offers designer sportswear; the Outlander division which sells contemporary knitted sportswear; the Knitivo division which sells moderately-priced sweaters; the Lyse Spenard division which sells updated sportswear; the AG Options division which sells moderate updated sportswear; and the Head division which sells ski, tennis and golf activewear for men and women sold under the Head, Euro Head and Tyrolia names.

During 1988 the company's products were sold to over 16,300 customers, operating in over 17,650 department and specialty stores. About 88% of the apparel sold by LES is made by independent contractors located domestically and abroad. Approximately 59% of the apparel sold was made abroad, mainly in Hong Kong, Taiwan, Korea, Malaysia, and the Philippines.

Dividend Data

The company has no current plans to pay cash dividends and intends to retain all earnings for use in the company's business.

Finances

In May, 1987 LES entered into a new five-year financing agreement with its banks under which it could borrow up to $150 million. As of December 31, 1988, total borrowings under the financing agreement amounted to $74,000,000, of which $45,000,000 was classified as long-term debt. The financing agreement also provided for an additional $50 million of trade letters of credit, of which the company was committed for unexpired letters of credit of approximately $34,401,000 as of December 31, 1988.

On August 1, 1986 LES sold 5,000,000 common shares at $18 each through underwriters led by Merrill Lynch Capital Markets and Bear, Stearns & Co. Underwriters were granted an option by certain shareholders to buy up to 750,000 additional common shares to cover overallotments. The proceeds of about $84.0 million were earmarked to repay the term loan portion of bank debt.

The Leslie Fay Companies, Inc. is the successor to The Leslie Fay Companies, a New Jersey limited partnership which had acquired the Leslie Fay business for about $180 million in June, 1984 from The Leslie Fay Company, a New York general partnership. A portion of the debt incurred to finance this transaction was to be repaid out of the proceeds of the August, 1986 common stock offering. In April, 1982 The Leslie Fay Company purchased the assets and business of Leslie Fay Inc., a public corporation listed in the NYSE, in a leveraged buyout transaction for about $48 million.

Capitalization

Long Term Debt: $116,280,000.

Common Stock: 19,085,475 shs. ($1 par). Odyssey Partners owns 19.9%, Goldome FSB 21.1%, and the J.J. Pomeranz and I.J. Hechler families own or control 18.1%. Shareholders of record: 400.

Office—1400 Broadway, NYC 10018 **Tel**—(212) 221-4000 **Chrmn & CEO**—J. J. Pomeranz. **Pres**—A. Golub **Secy**—R. F. Von Felde **Treas**—D. Falkowitz **Dirs**—G. M. Brost, R. Destino, S. M. Friedman, A. Golub, H. Gordon, I. J. Hechler, S. Lansing, J. Nash, J. H. Newman, L. Pollack, J. J. Pomerantz, L. H. Pomerantz, M. L. Tarnopol **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1984 **Empl**—4,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Liberty Corp.

NYSE Symbol LC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
36⅝	38-32½	16	0.80	2.2%	B+	0.84

Summary

This holding company owns Liberty Life Insurance Co., which has life insurance in force in excess of $13 billion. The company markets a broad range of life and health insurance products and annuities. The company owns and operates eight TV stations. In late 1986 LC expanded its insurance operations via the acquisition of Southern Life Insurance Co. for $80 million. In July, 1987 LC sold its group insurance business. The Hipp family and related trusts control some 60% of the shares.

Business Summary

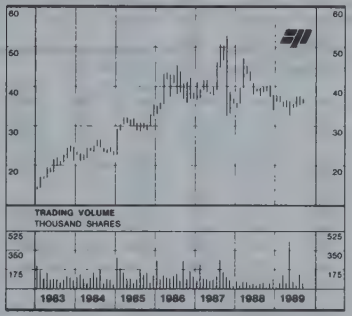
Liberty Corp. is a holding company whose major subsidiaries are engaged in the life insurance business and broadcasting. As of year-end 1987, Liberty Life believes that it ranked 135th in individual life insurance in force among approximately 2,265 U.S. life insurance companies. Business segment contributions (profits in million $) in 1988:

1988	Revs.	Profits
Insurance	73%	$36.7
Broadcasting	27%	17.3
Corp. & other	Nil	-20.9

The company's principal subsidiary, Liberty Life Insurance Co., provides a broad range of individual life insurance, annuities, and accident and health insurance. Life insurance accounted for 87% of premiums in 1988; accident and health insurance accounted for the remainder. Most life policies are written on a nonparticipating basis. Products are marketed by full-time career agents emphasizing the home service system, through independent agents, brokers and salaried representatives. The company is licensed in 46 states and the District of Columbia, and engages in business in 13 of these states. In 1988, 44% of premium income was derived from South Carolina and 26% from North Carolina.

At December 31, 1988 life insurance in force totaled $13.2 billion, of which 89% was ordinary life, 9% group, 2% industrial, and 1% credit. Liberty Life sold its group insurance business in July, 1987.

Cosmos Broadcasting Corp. owns WSFA-TV, Montgomery, Ala.; WDSU-TV, New Orleans, La.; WTOL-TV, Toledo, Ohio; WIS-TV, Columbia, S.C.; WAVE-TV, Louisville, Ky.; WFIE-TV, Evansville, Ind.; KAIT-TV, Jonesboro, Ark., and KPLC-TV Lake Charles, La. The Evansville station is UHF, while the remainder are VHF stations. The Toledo station is affiliated with the CBS Television Network, the Jonesboro station with ABC and the other six with NBC. In 1988 approximately 55% of gross television operating revenues were derived from local and regional advertising, 31% from national spot advertising and 10% from network advertising.



Important Developments

Aug. '89— The company said that expenses in the second quarter of 1989 were significantly affected by asset valuation write-downs. During the quarter Liberty Life reviewed the valuation of certain assets on its balance sheet and, as a result of this review, determined that approximately $9.7 million of acquisition costs previously deferred should be written off. LC also incurred increased television programming costs due to the purchase of the "Cosby" show.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.17	17.40	19.96	22.37	19.57	18.12	16.63	15.68	18.39	16.07
Oper. Earnings[1]	2.55	2.51	2.84	2.39	2.08	2.03	1.22	2.24	2.32	2.56
Earnings[1,2]	2.82	2.84	3.50	2.76	1.83	1.77	1.13	2.09	2.37	2.55
Dividends	0.80	0.76	0.72	0.72	0.72	0.72	0.72	0.71	0.66	0.56
Payout Ratio	28%	27%	21%	26%	39%	41%	64%	34%	28%	22%
Prices—High	47¼	53	45⅜	35½	26⅝	25	15¾	18⅜	19½	22⅝
Low	33⅞	32½	32⅞	22½	21	13¾	10⅛	12¾	11¾	14
P/E Ratio—	19-13	21-13	16-12	15-9	13-10	12-7	13-8	8-6	8-5	9-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Jul 1979 **1.** Bef. results of disc. opers. of +0.11 in 1987, -0.08 in 1982, -1.03 in 1981 **2.** Aft. gains/losses on securities trans.

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income	Net Invest. Inc.	Other Income	Total Revs.	Net Bef. Taxes	[1]Net Oper. Inc.	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1988	13,239	196	78.1	126	401	33.0	22.1	24.5	5.5	1.6	8.5
1987	12,065	174	74.4	129	378	36.4	23.9	27.1	6.3	1.8	9.3
1986	12,484	199	60.5	121	381	39.1	28.2	34.7	7.4	2.4	10.0
1985	11,213	188	60.7	105	355	37.9	24.3	28.1	6.9	2.6	9.4
1984	10,418	167	56.2	95	318	14.7	21.1	18.6	6.6	2.3	8.8
1983	9,653	154	50.4	90	294	31.5	20.2	17.6	6.9	2.3	9.0
1982	8,176	135	43.5	86	265	31.0	14.8	13.7	5.6	1.8	6.2
1981	9,743	187	60.1	56	303	43.7	28.7	26.8	9.5	3.1	11.4
1980	8,743	169	77.3	54	300	46.0	29.7	30.4	9.9	2.7	12.5
1979	7,934	152	69.6	51	272	50.0	33.5	33.4	12.3	3.2	12.4

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: Bonds	Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	4.5	4.9	463	117	239	819	9.8	169	1,382	177	275
1987	12.4	4.9	413	121	238	772	9.7	156	1,322	188	247
1986	18.8	10.9	427	131	231	789	8.8	143	1,337	12	289
1985	5.5	5.8	322	104	163	589	11.0	132	978	37	273
1984	20.0	3.4	265	87	165	517	11.1	118	906	73	247
1983	10.8	3.8	258	76	161	496	10.4	121	884	91	233
1982	12.0	4.1	251	51	167	470	9.8	113	844	95	216
1981	20.7	7.3	288	36	274	598	10.2	144	993	8	257
1980	32.7	6.3	291	36	494	822	9.6	135	1,128	24	247
1979	37.2	5.1	275	44	475	794	9.1	128	1,079	15	228

Data as orig reptd **1.** Bef. results of disc. opers. in 1987, 1982, 1981. **2.** As reptd by co

Review of Operations

Total revenues for the six months ended June 30, 1989 declined 2.7%, year to year, reflecting a sharp decrease in realized investment gains and lower interest and dividend income. Following increases in benefits to policyowners and beneficiaries and higher commissions, pretax income fell 86%. After a tax credit of $5.5 million, against taxes at 32.8%, net income was down 50%. Share earnings were $1.10, versus $2.17 (as restated).

[1]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.14	0.45	0.47	0.46
Jun.	0.97	0.90	0.79	1.03
Sep.		0.56	0.49	0.76
Dec.		0.64	0.76	0.59
		2.55	2.51	2.84

Finances

The company has bank lines of credit totaling $240 million, under which it had borrowed $52.9 million as of June 30, 1989. LC has used its lines extensively for the short-term funding of operations, acquisitions and the repurchase of common stock.

In December, 1987 some 1,229,000 shares were tendered pursuant to an offer by LC to repurchase up to 350,000 of its shares at $42 each. LC repurchased 350,000 of the shares on a pro rata basis, and also repurchased 350,000 shares from the Hipp family.

Dividend Data

Dividends have been paid since 1941.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Nov. 1	Dec. 9	Dec. 15	Jan. 2'89
0.20	Feb. 14	Mar. 9	Mar. 15	Mar. 31'89
0.20	May 2	Jun. 9	Jun. 15	Jun. 30'89
0.20	Aug. 1	Sep. 11	Sep. 15	Sep. 30'89

Next dividend meeting: early Nov.'89.

Capitalization

Notes, Mortgages & Other Debt: $251,745,000.

Common Stock: 8,450,367 shs. ($1 par).
Some 60% controlled by the Hipp family, related trusts, and officers; institutions hold about 24% (incl. some shs. held by Hipp family).
Shareholders of record: 1,896.

1. Oper. earns. prior to 1989

Office—P.O. Box 789, Wade Hampton Blvd., Greenville, S.C. 29602 **Tel**—(803) 268-8283 **Pres & CEO**—W. H. Hipp **VP-Secy**—M. G. Williams **VP-Treas & Investor Contact**—B. L. Edwards (803) 268-8435. **Dirs**—F. M. Hipp (Chrmn), R. C. Barkley, Jr., R. G. Hilliard, W. H. Hipp, W. W. Johnson, J. F. Kane, W. S. Lee, J. G. Lindley, W. O. McCoy, A. F. McKissick, B. Mickel, M. G. Patton, B. F. Payton, R. S. Small. **Transfer Agents**—Bank of New York, NYC; South Carolina National Bank, Columbia. **Registrar**—NCNB, Columbia S.C. **Incorporated** in South Carolina in 1905; reincorporated in 1967. **Empl**—3,793

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Lilly (Eli)

1354K

NYSE Symbol LLY Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
65 1/8	68 3/8-42 3/8	21	1.64	2.5%	A+	1.23

Summary

This company is a major worldwide manufacturer of prescription drugs, with special emphasis in the area of oral and injectable antibiotics. It also produces various medical instruments and animal health products. Superior growth seen for major markets coupled with new products spawned from an ambitious R&D program enhance Lilly's long-term earnings growth prospects. The shares were split 2-for-1 in May, 1989 and the dividend was recently raised 21.5%.

Current Outlook

Earnings for 1990 are projected at about $3.85 a share, up from the $3.20 estimated for 1989.

Directors raised the dividend 21.5%, to $0.41 quarterly from $0.33 3/4, effective with the March, 1990 payment.

Sales for 1990 should post another good gain. Pharmaceutical sales are expected to rise, aided by gains in Prozac antidepressant, Axid antiulcer, Ceclor antibiotic, Dobutrex cardiovascular, Humulin insulin and other Lilly drugs. Sales of medical devices should also increase, aided by new products. Profitability should benefit from the better volume, cost efficiencies and possible improvement in foreign exchange.

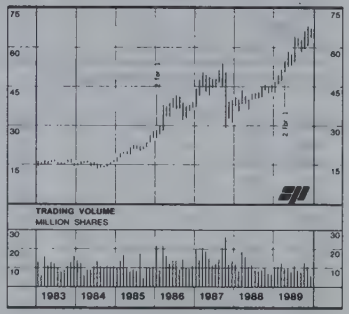
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,225	1,072	967	988
Jun.	1,122	1,015	926	879
Sep.	1,045	941	846	883
Dec	---	1,042	905	969
	---	4,070	3,644	3,720

Sales for the nine months ended September 30, 1989 advanced 12%, year to year, aided by gains in pharmaceuticals, medical instruments and plant science products. Pretax income increased 21%. After taxes at 31.0%, against 31.5%, net income was up 22%. Share earnings were $2.45, versus $2.04 (adjusted).

[1]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.99	0.81	0.69	0.62
Jun.	0.75	0.64	0.52	0.45
Sep	0.73	0.60	0.49	0.48
Dec	E0.73	0.62	d0.29	0.45
	E3.20	2.67	1.42	2.00



Important Developments

Nov. '89— The company reached an agreement with the FDA to correct certain manufacturing and record keeping problems at LLY facilities uncovered by FDA inspections earlier in the year. The agreement allowed LLY to resume shipments from its Indianapolis plant.

Oct. '89— The company and Dow Chemical completed the formation of Dow Elanco, a joint venture that includes the plant science businesses of both firms, as well as Dow's industrial pest control business. Dow has a 60% interest in the new venture, with Lilly holding 40%. Sales of Dow Elanco are projected at about $1.5 billion in its first year of operation. In November, Dow Elanco agreed to collaborate with Ecogen, Inc. on the development of a new form of microbial biopesticides.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	10.27	9.50	8.13	8.22	7.46	7.22	6.78	6.22	5.73	5.39
Earnings[3]	2.67	1.42	2.01	1.85	1.69	1.54	1.36	1.24	1.13	1.13
Dividends	1.15	1.00	0.90	0.80	0.74 1/2	0.68 3/4	0.65	0.59 1/2	0.55	0.48 3/4
Payout Ratio	41%	68%	45%	43%	43%	44%	48%	48%	49%	43%
Prices—High	45 7/8	53 7/8	41 3/4	28	17	17 1/8	16 3/8	17 1/4	16	16
Low	35 3/8	28 7/8	25 1/8	16 1/8	13 1/4	14 1/4	11 3/8	11 3/8	11 1/2	11 7/8
P/E Ratio—	17-13	38-20	21-13	15-9	10-8	11-9	12-8	14-9	14-10	14-10

Data as orig reptd. Adj for stk div(s) of 100% May 1989, 100% Jan. 1986. 1. Fut dil aft. 1986. 2. Reflects merger or acquisition. 3. Bef results of disc opers of +1.58 in 1987. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	4,070	1,251	30.7	372	204	46.5	1,116	31.8%	761	18.7
[2]1987	3,644	1,040	28.5	344	184	[3]55.9	595	31.0%	411	11.3
1986	3,720	1,038	27.9	283	178	[3]64.1	876	36.3%	[4]558	15.0
1985	3,271	897	27.4	207	133	50.8	797	35.0%	518	15.8
1984	3,109	865	27.8	214	121	48.8	771	36.4%	490	15.8
1983	3,034	823	27.1	200	98	42.1	755	39.4%	457	15.1
1982	2,963	754	25.4	237	83	40.1	684	39.8%	412	13.9
1981	2,773	686	24.7	254	69	45.5	646	42.0%	[4]374	13.5
[5]1980	2,559	622	24.3	231	56	[4]35.6	590	42.1%	342	13.4
1979	2,206	582	26.4	173	48	11.3	552	40.3%	330	14.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	762	2,415	1,289	1.9	5,263	14.6%	388	3,225	3,848	10.1	24.5%
1987	1,031	2,724	1,448	1.9	5,255	8.3%	366	3,043	3,706	9.9	14.2%
1986	486	2,072	1,163	1.8	4,596	13.1%	395	2,740	3,433	11.5	21.8%
1985	406	1,940	1,046	1.9	3,954	13.8%	239	2,388	2,908	8.2	22.7%
1984	445	1,828	1,067	1.7	3,644	14.1%	117	2,221	2,577	4.5	22.9%
1983	491	1,830	988	1.9	3,414	14.1%	91	2,121	2,426	3.7	22.2%
1982	304	1,681	874	1.9	3,155	13.6%	49	2,055	2,281	2.2	20.9%
1981	263	1,665	818	2.0	2,902	13.6%	54	1,888	2,084	2.6	20.6%
1980	202	1,538	737	2.1	2,607	14.0%	33	1,737	1,870	1.8	20.3%
1979	174	1,298	527	2.5	2,179	15.6%	4	1,570	1,652	0.2	22.3%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987. 2. Excludes discontinued operations. 3. Net of interest inc. 4. Reflects accounting change. 5. Reflects merger or acquisition.

Business Summary

Eli Lilly is a leading producer of prescription pharmaceuticals. Medical products are also manufactured. The company's herbicides business was transferred to Dow Elanco, a joint venture with Dow Chemical (60% owned by Dow and 40% by Lilly), in October, 1989. Sales and profit contributions by business segment in 1988 were:

	Sales	Profits
Human health	80%	88%
Agriculture	20%	12%

Foreign operations contributed about 37% of total sales and 30% of profits in 1988.

The most important pharmaceuticals are antibiotics (33% of 1988 sales) that include Keflex, Keftab, and Ceclor orals and injectables such as Mandol, Nebcin, Vancocin and Tazidime. Other human health products (33%) include Humulin insulin, Prozac antidepresant, Darvon analgesic, Nalfon nonsteroidal antiarthritic, Dobutex cardiovascular for congestive heart failure and Axid antiulcer, and monoclonal antibodies and immunodiagnostic devices produced by the Hybritech subsidiary. Medical instruments (14%) include balloon angioplasty catheters, other catheter systems, cardiac pacemakers, implantable defibrillators and related items.

Agricultural products (which were transferred to Dow Elanco) consist of plant science items (12%) such as Treflan and Sonalan herbicides and animal health (8%) products, which include Rumensin cattle feed additive, Coban coccidiostat and Tylan growth promotant for swine.

Dividend Data

Dividends have been paid since 1885. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	Feb. 17	May 1	Mar. 31	Apr. 28'89
0.33 3/4	Apr. 17	May 9	May 15	Jun. 10'89
0.33 3/4	Jul. 17	Aug. 9	Aug. 15	Sep. 9'89
0.33 3/4	Oct. 16	Nov. 9	Nov. 15	Dec. 9'89
0.41	Dec. 18	Feb. 9	Feb. 15	Mar. 10'90

Next dividend meeting: mid-Feb '90.

Capitalization

Long Term Debt: $268,200,000.

Common Stock: 275,410,000 shs. ($0.62 1/2 par).
Institutions hold some 70%, including about 18% held by Lilly Endowment.
Shareholders of record: 32,200.

Office—Lilly Corporate Center, Indianapolis, Ind 46285 **Tel**—(317) 276-2000 **Chrmn & Pres**—R D Wood **Secy**—D K Lewis **Treas**—M S Hunt **Investor Contact**—Robert B Graper **Dirs**—S C Beering, V D Bryson, J M Cornelius, J W Cozad, E B Herr, Jr., K N Horn, J C LaForce, B F Love, M Perelman, E L Step, R L Tobias, A O Way, R D Wood **Transfer Agent & Registrar**—Co's office **Incorporated** in Indiana in 1901 **Empl**—26,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saftlas

Limited (The)

1354T

NYSE Symbol LTD Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
34	39⅞-25¼	20	0.32	0.9%	A-	1.83

Summary

LTD is one of the largest specialty and mail order retailers of women's apparel. Impressive growth of recent years stalled in mid-1987 as the women's apparel industry was hurt by the absence of strong fashion trends and higher prices. Earnings growth resumed in the fourth quarter of fiscal 1988-9, reflecting improved spending on women's apparel and fewer markdowns. Over the longer term, opportunities in men's and children's business and new larger store formats enhance growth prospects.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $2.35 a share, versus the $1.90 estimated for fiscal 1989-90.

The $0.08 quarterly dividend is the minimum expected.

Addition of new and larger stores should boost revenues for fiscal 1990-1. A lean inventory position and increased volume should aid margins. Over the longer term, new store prototypes will provide a good base for expansion, and acquisitions are a possibility.

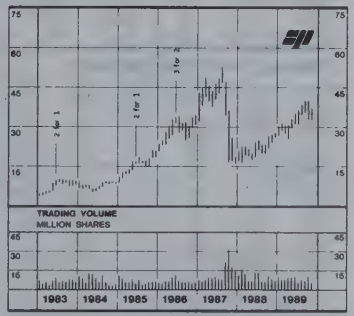
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	965	811	804	662
Jul.	990	893	822	695
Oct.	1,110	1,011	892	804
Jan.	---	1,356	1,011	982
	---	4,071	3,528	3,143

Sales for the 39 weeks ended October 29, 1989 rose 13%, year to year. Margins widened, and pretax income increased 59%. After taxes at 39.0%, versus 37.5%, net income was up 55%, to $1.07 a share from $0.69.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.25	0.13	0.24	0.17
Jul	0.35	0.17	0.30	0.22
Oct	0.47	0.39	0.36	0.36
Jan.	E0.83	0.67	0.35	0.46
	E1.90	1.36	1.25	1.21



Important Developments

Nov. '89— Reflecting management's view that the general economy is softening and lacks strong consumer demand, the company entered the fall season with inventories less than a year ago on a square foot basis. Limited Express posted record earnings for the third quarter of fiscal 1989-90; sales at Victoria's Secret more than doubled, while profit increased as a percentage of sales. Management said that it was optimistic as the company entered the fourth quater. In July, the company projected net sales to reach $10 billion within six fiscal years. LTD currently operates 3,120 specialty apparel stores. Separately, in August the company sold $100 million of 8⅞% notes due 1990.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jan. 31[1]	[2]1989	1988	1987	1986	1985	1984	[2]1983	1982	1980
Tangible Bk. Val.	5.28	4.08	4.14	2.25	1.54	1.09	0.70	0.51	0.31
Earnings	1.36	1.25	1.21	0.80	0.51	0.39	0.19	0.14	0.05
Dividends	0.24	0.24	0.16	0.10⅜	0.08	0.04	0.02½	0.01¼	0.00⅞
Payout Ratio	18%	18%	13%	13%	15%	10%	13%	9%	14%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	27⅞	52⅞	34½	21¼	9⅜	10⅜	4⅛	1½	1⅛
Low	16⅜	15⅞	20½	8¾	5⅛	3⅞	1⅛	1	½
P/E Ratio—	20-12	42-13	29-17	27-11	18-10	26-10	21-6	10-7	22-9

Data as orig reptd Adj for stk divs of 50% Jun 1986, 100% Jun 1985, 100% Jun. 1983, 100% Nov. 1982 **1.** Prior to 1982 fiscal years ended Jul 31 **2.** Reflects merger or acquisition E-Estimated

Income Data (Million $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1989	4,071	606	14.9	327	139	63.4	396	38.1%	245	6.0
1988	3,528	518	14.7	284	109	40.3	378	37.8%	235	6.7
1987	3,143	536	17.0	196	97	45.9	395	42.3%	228	7.2
[3]1986	2,387	356	14.9	469	80	41.2	239	39.3%	145	6.1
1985	1,343	208	15.5	124	35	16.7	157	41.3%	93	6.9
1984	1,086	164	15.1	52	28	10.2	135	47.4%	71	6.5
[3]1983	721	94	13.0	36	23	11.8	61	44.6%	34	4.7
1982	365	50	13.7	25	12	1.9	39	41.8%	[4]22	6.1
1980	265	23	8.6	13	8	4.3	11	25.8%	8	3.2

Balance Sheet Data (Million $)

Jan. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	15.3	1,024	456	2.2	2,146	13.1%	518	946	1,663	31.1	29.2%
1988	48.0	545	330	1.6	1,588	16.3%	343	729	1,246	27.5	32.0%
1987	3.3	469	335	1.4	1,377	17.2%	70	782	1,021	6.9	37.8%
1986	12.9	416	353	1.2	1,212	16.3%	389	404	837	46.4	42.7%
1985	7.5	256	189	1.4	567	19.5%	60	275	378	15.9	39.4%
1984	1.3	169	129	1.3	377	20.2%	22	193	248	8.8	44.8%
1983	5.5	125	102	1.2	320	14.2%	74	123	218	34.1	31.9%
1982	11.3	59	35	1.7	143	16.8%	17	83	108	15.4	33.5%
1980	3.3	51	30	1.7	121	7.2%	34	49	91	38.1	18.3%

Data as orig. reptd. **1.** Prior to 1982 fiscal years ended Jul 31. **2.** Incl. equity on earns. of nonconsol. subs. after 1982. **3.** Reflects merger or acquisition **4.** Reflects acctg change

Business Summary

LTD is a leading specialty retailer operating 3,381 women's apparel shops across the country as of January 28, 1988. Apparel is also distributed through catalog operations. In addition to acquiring Lerner Stores, which carry fashionable, budget-priced apparel, LTD acquired in 1985-6 the assets of Henri Bendel, operator of one upscale store in New York City. Abercrombie & Fitch, an upscale specialty store with 25 stores and a catalog division, was acquired in early 1988 for $25 million.

The Limited Stores operates 754 women's fashion apparel stores designed to attract customers in the 20 to 40 age group. Merchandise is medium priced and emphasizes the current fashion look. Limited Stores continued the development of its 12,000 to 20,000 sq. ft. larger store format, which presents an expanded line of fashion apparel and accessories, including Lingerie Cacique and Limited, Too fashion for kids. At the end of fiscal year 1988-9, 25 of the larger stores were opened. The 418 Limited Express stores located throughout the country feature fashion-forward sportswear and accessories at popular prices for the 15-25 year olds. Express for Men, which began in 1987, had departments in 74 Express stores at the end of fiscal 1988-9.

Lane Bryant (acquired in 1982 for about $139 million) with 687 outlets, is the largest U.S. retailer of medium-priced apparel for large women. In April, 1989 the company agreed to sell its Lerner Woman division.

Victoria's Secret specializes in designer lingerie sold through 328 stores and retail catalogs. During 1988, Victoria's Secret stores introduced several new products lines, including toiletries, fragrances and bath products and accessories.

Mast Industries, is a contract manufacturer and importer of women's apparel, supplying company stores.

Dividend Data

Dividends have been paid since 1970.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Nov. 18	Dec. 5	Dec. 9	Dec. 20'88
0.08	Feb. 24	Mar. 6	Mar. 10	Mar. 21'89
0.08	May 30	Jun. 5	Jun. 9	Jun. 20'89
0.08	Aug. 21	Sep. 1	Sep. 8	Sep. 19'89

Capitalization

Long Term Debt: $547,530,000.

Common Stock: 179,612,814 shs. (no par).
About 38% owned by L. H. Wexner.
Institutions hold approximately 42%.
Shareholders of record: 21,900.

Office—Two Limited Parkway, Columbus, Ohio 43216. Tel—(614) 479-7000. Chrmn & Pres—L. H. Wexner. Secy—Bella Wexner VP & CFO—K. B. Gilman VP & Investor Contact—A. S. Dietzel Dirs—W. A. Cullman, J. W. Kessler, D. T. Kollat, C. Malone, J. K. Pfahl, D. B. Shackelford, A. R. Tessler, M. Trust, B. Wexner, L. H. Wexner, R. Z. Zimmerman. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC Incorporated in Ohio in 1967; reincorp. in Delaware in 1982 Empl—56,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

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LIN Broadcasting

4430K

NASDAQ Symbol LINB (Incl. in Nat'l Market) Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 18'89	1989					
104	130½-68	58	None	None	B+	0.85

Summary

On September 10, 1989, LIN signed a definitive agreement with Bellsouth Corp. to combine their cellular operations in a 50/50 venture that would be the nation's second largest cellular company. As part of the merger, LIN would spin off its TV and other media operations into a separate company and would pay a special cash dividend of $20 per share. An unfriendly tender offer by McCaw Cellular Communications for all of LIN's outstanding common for $110 a share was due to expire on September 22.

Current Outlook

Earnings for 1990 for the company as currently constituted are projected at about $2.50 a share, up 25% from the $2.00 estimated for 1989.

No cash dividends have been paid, but directors have approved a special $20 cash dividend as part of a complex merger transaction (see Important Developments).

Revenues in 1990 will largely benefit from significant gains in cellular operations on a larger customer base. Margins should be aided by the growth in cellular revenues. Broadcasting revenues and margins should be moderately improved. Long-term prospects are favorable.

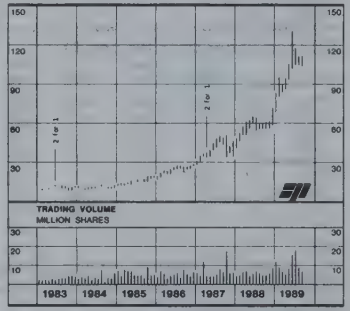
Net Revenues (Million $)

Quarter:	1989	[1]1988	1987	[1]1986
Mar.	52.90	48.27	48.50	39.35
Jun.	66.24	59.77	61.61	49.98
Sep.	---	54.84	58.79	48.43
Dec.	---	62.66	67.84	47.58
	---	225.54	236.75	195.34

Net revenues from continuing operations for the 1989 first half rose 10%, year to year. Operating income rose 11%, boosted by a 57% increase in cellular profits. Media profits were virtually flat. After sharply higher equity and investment income, and taxes and minority interest, net income climbed 34%, and share net advanced to $0.90 from $0.66.

Common Share Earnings ($)

Quarter:	1989	[1]1988	1987	[1]1986
Mar.	0.38	0.25	0.15	0.07
Jun.	0.52	0.42	0.28	0.19
Sep.	E0.50	0.39	0.28	0.17
Dec.	E0.60	0.49	0.29	0.29
	E2.00	1.54	0.99	0.72



Important Developments

Sep. '89— LIN and BellSouth Corp. signed a definitive agreement to merge their cellular operations into a 50/50 joint venture that would be the second largest cellular company in the U.S., serving areas with some 46 million potential subscribers. In connection with the merger, LIN would complete the previously announced spinoff of its media properties and pay a special cash dividend of $20 a share. The transactions, expected to be completed in early 1990, were subject to a number of conditions, including shareholder approvals. There was speculation that McCaw Cellular Communications would raise its $110-a-share tender offer for the 90% of LIN that it did not already own; McCaw's hostile tender offer was due to expire on September 22.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[2]1986	1985	1984	[3]1983	1982	1981	1980	1979
Tangible Bk. Val.	5.62	4.49	4.20	3.06	0.38	1.64	1.48	0.95	0.84	0.41
Earnings[4]	[5]1.54	0.99	[5]0.72	[5]0.70	[5]0.66	[5]0.53	0.47	0.40	0.36	0.31
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	71¾	51	28⅝	19⅝	12½	12⅜	8⅞	4⅞	4¼	3⅜
Low	40⅝	27⅝	16¾	11½	8½	7⅞	4½	3½	2½	2⅜
P/E Ratio—	47-26	52-28	40-23	28-16	19-13	23-15	19-9	12-9	11-7	11-7

Data as orig. reptd. Adj. for stk. divs. of 100% Apr 1987, 100% Jun. 1983, 100% Mar 1982, 100% Dec 1980. 1. From contg ops 2. Refl acctg change 3. Refl merger or acq. 4. Bef. results of disc. ops of +0.57 in 1987, +0.43 in 1986 & spec. item of +0.04 in 1986 5. Ful. dil 1.53 in 1988, 0.71 in 1986, 0.68 in 1985, 0.62 in 1984, 0.52 in 1983 E-Estimated

September 25, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	226	103	45.5	17.1	14.3	1.67	[3]138	34.2%	82.1	36.4
1987	237	102	43.1	18.6	15.8	3.31	91	38.8%	[2]55.4	23.4
[2]1986	195	73	37.5	63.5	12.3	2.03	68	40.8%	40.0	20.5
1985	172	76	44.5	6.7	9.0	3.57	[3]69	47.9%	35.8	20.8
1984	149	64	43.2	4.2	7.9	9.46	56	48.0%	29.1	19.5
[4]1983	107	45	42.2	3.7	4.9	9.85	44	46.3%	23.5	21.9
1982	88	37	41.6	3.5	3.9	1.51	37	45.9%	20.1	22.8
1981	71	32	44.4	3.6	3.4	1.41	32	45.4%	17.4	24.5
1980	65	31	48.3	3.0	3.0	1.41	30	46.7%	16.0	24.8
1979	58	29	49.4	7.2	2.9	1.42	26	48.0%	13.5	23.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	225	286	81.6	3.5	582	14.8	4	424	485	0.9	20.7
1987	214	280	75.6	3.7	536	10.5	48	373	445	10.7	14.9
1986	196	263	77.4	3.4	539	8.7	50	386	449	11.2	11.4
1985	112	162	48.9	3.3	382	8.9	Nil	315	325	Nil	13.5
1984	72	118	49.6	2.4	339	9.1	100	173	279	35.9	18.3
1983	141	176	37.5	4.7	296	8.4	106	142	252	41.8	18.2
1982	151	176	23.9	7.3	261	10.0	113	116	234	48.4	19.0
1981	34	56	17.8	3.1	139	13.4	19	95	119	16.4	19.8
1980	37	51	13.1	3.9	125	13.8	21	84	109	19.2	21.0
1979	20	33	11.3	2.9	107	13.0	22	68	93	23.3	22.0

Data as orig. reptd. 1. Bef. results of disc. ops. in 1987, 1986 & spec. item in 1986 2. Refl. acctg. change 3. Incl. equity in earns. of nonconsol. subs. 4. Refl. merger or acq.

Business Summary

LIN Broadcasting derives its revenues from television broadcasting and from its interests in cellular radiotelephone activities and from specialty publications. In 1986 and 1987, the company sold its 10 radio stations and its radio paging and two-way mobile-radio businesses in order to emphasize its expanding and promising cellular operations.

Contributions to revenues and operating profit by business segment in 1988 were:

	Revs.	Profit
Broadcasting/publishing	70%	79%
Cellular	30%	21%

LIN's seven TV stations (four VHF and three UHF), all network-affiliated, are: WOTV, Grand Rapids-Kalamazoo-Battle Creek, Mich.; KXAS-TV, Dallas-Ft. Worth; WAVY-TV, Hampton Roads, Va.; WAND-TV, Decatur-Champaign-Springfield, Ill.; KXAN-TV, Austin, Texas; WISH-TV, Indianapolis, Ind.; and WANE-TV, Ft. Wayne, Indiana. Four of the stations are affiliated with NBC, two with CBS and one with ABC.

Through joint-venture partnerships, LIN is engaged in the cellular radiotelephone business. The partnerships operate in the following five major markets: Houston (56% interest); Dallas/Ft. Worth (60%); New York City (45%); Los Angeles (35%) and Philadelphia (51%). At March 31, 1989, cellular operations in which LIN has interests had more than 260,000 customers.

GuestInformant, Inc. publishes annual, advertiser-supported hardcover magazines placed in hotel rooms in 36 major cities.

Dividend Data

No cash has been paid (see Important Developments). A two-for-one stock split was effected in 1987. A "poison pill" preferred stock purchase right was adopted in 1988 and amended in January 1989.

Finances

In October 1987, directors authorized the repurchase of up to five million shares of common stock, in addition to an existing program to purchase two million shares. Pursuant to these authorizations, LIN purchased 0.9 million shares in 1988 and 2.8 million shares in 1987.

Capitalization

Long Term Debt: $2,689,000 (6/89).

Minority Interest: $32,716,000.

Common Stock: 51,329,989 shs. ($0.01 par). Institutions hold some 70%.
Shareholders: 2,600 of record (2/89).

Office—1370 Ave. of the Americas, New York, N.Y. 10019 **Tel**—(212) 765-1902 **Chrmn & Pres**—D. A. Pels **VP-Treas & Investor Contact**—Michael Plouf **VP & Secy**—D. M. Naseman **Dirs**—L. S. Brown, W. G. Herbster, W. H. Jordan, R. W. Kislik, T. H. Law, D. A. Pels **Transfer Agent**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1961 **Empl**—926

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Lincoln National Corp.

NYSE Symbol LNC In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
60⅛	61⅛-42¾	11	2.60	4.3%	B+	0.81

Summary

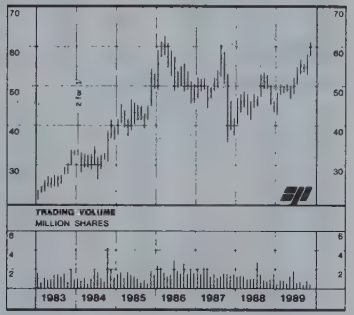
Lincoln National Corp., a multi-line insurance holding company, is the seventh largest (based on assets) in the U.S. The company's operations are divided into five segments: property-casualty insurance, employee life-health benefits, individual life, life-health reinsurance, and investment products. Earnings for the first nine months of 1989 benefited from a turnaround in the group health and HMO operations. Further advances are expected in 1990.

Current Outlook

Earnings for 1990, excluding realized capital gains or losses, are estimated at $5.00 a share, up from the $4.35 likely for 1989.

The quarterly dividend was raised 4.8%, to $0.65 from $0.62, with the November, 1989 declaration.

Earnings in coming periods are expected to rebound, largely reflecting a turnaround in the group health (indemnity and HMO) lines. As price increases and stringent underwriting in indemnity lines, and tight expense controls and the sale of certain unprofitable units bolster the HMO business, these lines will be the source of future earnings growth. In the p-c lines, stiff competition and a lackluster underwriting performance will continue to impede earnings growth. Modest advances are expected in the individual life business, while pension and annuity products should continue to benefit from growing assets under management.



Review of Operations

Based on a brief report, net income for the nine months ended September 30, 1989 increased 94%, year to year (1988 restated). This growth was primarily attributable to a return to profitability in the group life and health indemnity lines together with a much smaller loss in the HMO business and growth in pension, annuity and other assets under management. Share earnings amounted to $3.83 (including realized capital gains of $0.57), compared with $1.89 (including realized capital losses of $0.70).

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar	1.13	1.30	1.27	1.09
Jun.	1.24	1.42	1.46	1.14
Sep.	1.46	d0.22	1.08	1.17
Dec.	---	1.62	1.36	1.17
	---	4.12	5.17	4.56

Next earnings report expected in early February.

Important Developments

Nov. '89— Commenting on operations for 1989's first nine months, LNC said that profits of $3.4 million in the group life and health line, versus a $26.0 million loss, reflected premium increases, stringent underwriting and expense controls. HMO operations incurred a smaller loss of $6.5 million, versus $92.2 million, and had a small profit in the third quarter. Earnings in all other lines were lower, with the exception of investment products, where profits benefited from growth in assets under management. Also, LNC expected the sale of its National Reinsurance Corp. unit to be completed in early 1990. In exchange, LNC will receive $320.1 million in cash, $75 million of preferred stock, and a warrant to buy common stock of the holding company formed to make the purchase which, when combined with LNC's planned investment, would give it a 25% equity interest in the venture.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.[2]	39.22	36.62	34.22	33.79	33.96	34.54	31.79	29.90	30.67	27.98
Oper. Earnings[3]	4.12	5.17	4.56	4.20	3.80	3.87	2.80	3.06	3.61	3.43
Earnings[4,3]	3.21	5.19	6.12	4.77	3.40	4.10	2.82	2.95	4.05	3.55
Dividends	2.36	2.16	2.00	1.84	1.68	1.50	1.50	1.50	1.42½	1.35
Payout Ratio	74%	42%	33%	39%	49%	37%	53%	51%	35%	38%
Prices—High	53½	60½	62¾	54⅜	41½	33⅞	25⅜	23	23⅞	24
Low	40¼	35¾	45⅝	37¼	26¼	21⅛	16⅞	17	16½	17⅞
P/E Ratio—	13-10	12-7	14-10	13-9	11-7	9-5	9-6	8-6	7-5	7-5

Data as orig reptd Adj for stk div(s) of 100% Feb 1984 **1.** Oper earns prior to 1989. **2.** Incl intangibles prior to 1981. **3.** Bef results of disc opers of +0.12 in 1985 **4.** Aft. gains/losses on security trans d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	—Premium Income— Life A & H	Cas./ Prop.	Net Invest. Inc.	Total Revs.	[1]Comb. Loss-Exp. Ratio	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	[3]Equity
1988	173,800	3,518	2,197	1,439	7,312	100.5	180	185	147	2.5	8.6
1987	163,400	3,435	2,046	1,337	6,960	98.2	275	236	237	3.4	11.3
1986	155,600	2,748	1,874	1,192	5,999	104.2	304	214	284	3.6	10.8
1985	161,403	2,418	1,395	1,006	4,907	112.7	266	186	209	3.8	10.6
1984	177,533	2,284	802	916	4,345	116.4	195	168	151	3.9	11.0
1983	180,822	2,147	673	776	3,899	108.5	198	168	178	4.3	11.5
1982	169,217	1,845	602	652	3,337	108.0	126	121	122	3.6	8.9
1981	131,591	1,597	566	586	3,004	105.8	136	133	128	4.4	10.2
1980	87,051	1,343	567	540	2,693	101.0	191	157	176	5.8	12.8
1979	65,576	1,176	545	479	2,445	97.7	233	159	165	6.5	NA

Balance Sheet Data (Million $)

Dec. 31	[4]Cash & Equiv.	Premiums Due	[5]Bonds	Investment Assets Stocks	Loans	Total	[1]Invest. Yield	Deferred Policy Costs	Total Assets	[6]Debt	Common Equity
1988	1,274	771	10,463	570	3,325	14,878	8.8	1,030	20,964	477	2,037
1987	873	569	9,145	447	3,003	12,843	8.8	977	18,004	390	1,989
1986	766	576	8,251	421	2,666	11,568	9.5	900	16,244	207	1,985
1985	1,435	549	6,545	266	2,131	9,138	9.9	826	13,550	214	1,791
1984	379	560	6,246	367	2,850	9,720	9.9	772	12,604	241	1,499
1983	297	429	5,169	398	2,920	8,728	9.5	763	11,086	260	1,514
1982	234	319	4,385	285	2,675	7,581	9.0	751	9,953	239	1,389
1981	245	316	4,065	245	2,459	6,980	8.6	684	9,047	140	1,307
1980	217	282	3,764	569	2,189	6,644	8.6	623	8,470	131	1,276
1979	206	276	3,547	628	1,843	6,129	8.2	571	7,771	209	1,157

Data as orig reptd. **1.** As reptd. by co. **2.** Bef. results of disc. opers. in 1985 **3.** Common. **4.** Incl. invested cash aft. 1984. **5.** Incl. short-term inv.; incl. redeemable pfd. stk. **6.** Long-term. NA-Not Available.

Business Summary

Lincoln National Corp. is a holding company which, through its subsidiaries, provides life-health insurance and annuities and property-casualty insurance on a national basis. Based on assets, Lincoln National is the seventh largest publicly held insurance organization in the U.S. Operating income (in million $) by segment.

	1988	1987
Individual life	$108.8	$88.7
Employee benefits	-90.8	-41.7
Property-casualty	241.3	235.0
Other operations	-75.8	-45.9

Subsidiaries include Lincoln National Life Insurance Co. (the 14th largest life insurer and one of the largest life reinsurer in the U.S.), Lincoln National Pension Insurance Co. and Security-Connecticut Life Insurance Co., among others. Total insurance in force at year-end 1988 amounted to $173.8 billion, of which individual life insurance accounted for 86% and group 14%.

The employee benefits division offers group life and health insurance and annuities, performs administrative services and health care management services, and owns health maintenance organizations in Illinois, Colorado and the District of Columbia. In 1988 LNC decided to sell its Florida HMO's.

Property-casualty operations are conducted through American States Insurance Co. and its subsidiaries. In 1988 personal insurance accounted for about 30% of the $2.2 billion in p-c premiums earned, commercial lines 54%, and reinsurance 16%.

Dividend Data

Dividends have been paid since 1920. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62	Mar. 16	Apr. 4	Apr. 10	May 1'89
0.62	May 11	Jul. 3	Jul. 10	Aug. 1'89
0.62	Aug. 10	Oct. 3	Oct. 10	Nov. 1'89
0.65	Nov. 2	Jan. 4	Jan. 10	Feb. 1'90

Next dividend meeting: late Mar.'90.

Capitalization

Long Term Debt: $470,200,000.

Minority Interest: $22,300,000.

Preferred Stock: $199,600,000.

Common Stock: 41,900,000 shs. ($1.25 par).
Institutions hold about 65%.
Shareholders of record: 16,800.

Office—1300 South Clinton St., Fort Wayne, Ind. 46801 **Tel**—(219) 427-2000 **Pres & CEO**—I. M. Rolland. **Investor Contact**—R. A. Martin **Secy**—C. Z. Womack **Treas.**—M. A. Roesler **Dirs**—T. D. Bell, Jr., E. J. Goss, E. K. Hoffman, I. Kristol, M. L. Lachman, E. L. Neal, R. H. Platt, I. M. Rolland, J. S. Ruckelshaus, G. A. Walker, G. R. Whitaker, Jr. **Transfer Agents & Registrars**—The First National Bank of Boston, Boston, Mass. **Incorporated** in Indiana in 1905; reincorporated in 1968 **Empl**—15,425

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Litton Industries

1363K

NYSE Symbol LIT Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
91¼	98-71½	13	None	None	B+	1.05

Summary

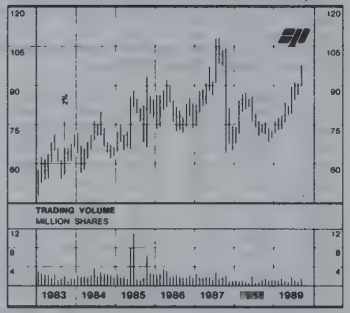
Litton's operations are focused in three business areas: advanced electronics and defense systems, industrial automation systems, and geophysical services. Improvement in resource exploration services should lead to higher earnings in fiscal 1990. LIT is also favorably positioned to attain higher earnings in the years ahead as many of its Government contracts enter the production stage.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are projected at $7.50 a share, versus the $7.05 of fiscal 1989.

In mid-1985 the company discontinued payment of cash dividends on its common stock to be consistent with the nature of its high technology oriented business and its strategic plan.

Sales for fiscal 1990 should rise moderately, reflecting further gains in resource exploration activities through the addition of international contracts and slight pickup in shipbuilding activities. Some slowdown is expected for industrial automation operations. Modest improvement in margins should develop as more of Litton's Government contracts move into the production stage. Interest expense should increase.



Sales & Oper. Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Oct.	1,229	1,197	1,064	1,103
Jan.	1,205	1,158	975	1,166
Apr.	1,267	1,197	1,147	1,108
Jul.	1,322	1,312	1,234	1,144
	5,023	4,864	4,420	4,521

Sales for the fiscal year ended July 31, 1989 (preliminary) advanced 3.3%, year to year. The gain reflected increased activity in industrial systems and services and improvement for the marine engineering and production segment. Advanced electronics revenues declined. Margins widened, and pretax income increased 7.8%. After taxes at 40.4% versus 39.9%, and minority interests, net income advanced 6.7%.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Oct.	1.69	1.51	1.26	1.56
Jan.	1.71	1.56	1.28	1.68
Apr.	1.79	1.60	1.29	d1.82
Jul.	1.86	1.66	1.33	1.07
	7.05	6.33	5.16	2.52

Important Developments

Jun. '89— Among recent contract awards was $180.9 million to the Data Systems division to produce 25 more tactical air operations control systems for the Marine Corps and the Air Force, bringing the overall program value to $695 million, with a total of 54 systems on order.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	[1]1983	1982	1981	1980
Tangible Bk. Val.	NA	27.71	25.48	25.77	22.62	40.27	38.00	38.73	31.92	26.16
Earnings[2]	7.05	6.33	5.16	2.52	7.27	6.47	5.41	7.39	7.31	6.85
Dividends	Nil	Nil	Nil	Nil	2.00	1.84⅛	1.61	1.38¾	1.17⅜	0.73⅞
Payout Ratio	Nil	Nil	Nil	Nil	28%	28%	30%	19%	16%	10%
Prices—High[3]	98	87¼	108¼	92¼	93½	80	71½	58⅜	86¾	83¾
Low[3]	71½	67½	64	71¾	64⅜	56¼	47½	34½	46¼	36⅝
P/E Ratio—	14-10	14-11	21-12	37-28	13-9	12-9	13-9	8-5	12-6	12-5

Data as orig. reptd. Adj. for stk. div(s). of 2% Sep 1983, 2% Sep. 1982, 2% Sep 1981, 2% Sep 1980. **1.** Reflects merger or acquisition **2.** Bef results of disc. opers of +0.85 in 1984 **3.** Cal. yr. d-Deficit NA-Not Available

October 13, 1989

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Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,864	556	11.4	230	189	173	292	39.9%	167	3.4
1987	4,420	454	10.3	243	149	165	249	44.5%	138	3.1
1986	4,521	407	9.0	294	156	172	128	44.4%	71	1.6
1985	4,585	564	12.3	261	161	44	541	44.7%	299	6.5
[3]1984	4,601	538	11.7	233	161	26	506	45.2%	277	6.0
[4]1983	4,720	515	10.9	179	203	40	418	44.6%	232	4.9
1982	4,933	584	11.8	296	155	40	575	45.3%	315	6.4
1981	4,936	586	11.9	291	127	33	580	46.3%	312	6.3
1980	4,242	556	13.1	209	106	34	536	45.7%	291	6.9
1979	4,086	442	10.8	158	105	42	329	42.6%	189	4.6

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,140	2,892	1,708	1.7	5,074	3.4%	1,473	1,167	2,839	51.9	15.2%
1987	1,230	2,781	1,807	1.5	4,881	3.0%	1,470	1,046	2,701	54.4	13.7%
1986	1,516	2,718	1,748	1.6	4,569	1.5%	1,473	1,012	2,493	59.1	7.2%
1985	1,564	2,890	1,837	1.6	4,646	8.0%	1,487	931	2,426	61.3	26.8%
1984	1,437	2,652	1,829	1.5	4,380	6.6%	207	2,003	2,220	9.3	14.4%
1983	1,243	2,669	1,591	1.7	3,999	5.9%	214	1,779	2,043	10.5	13.4%
1982	1,178	2,747	1,621	1.7	3,837	8.4%	211	1,627	1,888	11.2	20.7%
1981	1,248	2,758	1,806	1.5	3,688	8.8%	229	1,371	1,847	12.4	24.5%
1980	1,008	2,462	1,660	1.5	3,264	9.5%	263	1,084	1,563	16.9	29.5%
1979	724	2,081	1,479	1.4	2,854	7.3%	371	829	1,341	27.7	24.6%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers in 1984. **3.** Excludes discontinued operations **4.** Reflects merger or acquisiton.

Business Summary

Litton Industries is a diversified company, which had fiscal 1989 operations in three business segments. Contributions in fiscal 1989:

	Sales	Profits
Advanced electronics	44%	40%
Industrial systems/services	36%	32%
Marine engineering/production	20%	28%

Approximately 48% of total sales in fiscal 1988 were for U.S. Government contracts or subcontracts.

Advanced electronics includes inertial navigation and guidance systems; command, control, communications and intelligence systems; electronic warfare systems; optical systems and night vision devices; laser systems; and other electronic instruments.

Industrial systems and services includes computer-integrated machine tools; material handling and industrial automation products; seismic field recording products and services; wireline oil well logging; and components for computer peripherals and other electronic components.

Marine engineering and production includes building and overhauling military and commercial vessels at Ingalls Shipbuilding.

Dividend Data

Common dividends were discontinued following the July, 1985 $0.50 quarterly payment.

Finances

In June, 1985 LIT exchanged $1.314 billion of various debt securities for 15 million of its outstanding common shares ($87.60 face value of debt per share). Teledyne, Inc. exchanged 3.6 million shares to maintain its (then) 27% ownership of LIT.

Capitalization

Long Term Debt: $1,311,305,000.

Minority Interests: $199,396,000.

$2 Cum. Series B Preferred Stock: 410,643 shs. ($5 par).

Common Stock: 24,166,610 shs. ($1 par).
Institutions hold about 76%, incl. some 28% owned by Teledyne Inc.
Shareholders of record: 58,600.

Office—360 North Crescent Drive, Beverly Hills, Calif 90210 **Tel**—(213) 859-5000 **Chrmn & CEO**—O. L. Hoch. **Pres**—R. O. Peterson **Secy**—C.L. Price **VP-Treas**—C. A. Wiesner **Investor Contact**—D. Koerber **Dirs**—P. Bancroft, III, W. W. Booth, J. T. Casey, T. B. Hayward, O. L. Hoch, A. Miller, F. W. O'Green, R. O. Peterson, J. B. Span, C. B. Thornton, Jr., J. H. Zumberge **Transfer Agent**—Company office. P.O. Box 5555, Beverly Hills, Calif 90210. **Registrar**—Security Pacific National Bank, Los Angeles. **Incorporated** in Delaware in 1953 **Empl**—55,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. M. Canning, CFA

Liz Claiborne, Inc.

NASDAQ Symbol LIZC (Incl. in Nat'l Market) Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
25¼	27¾-16½	17	0.20	0.8%	B+	1.71

Summary

This designer of women's and men's clothing, made by independent suppliers in the U.S. and overseas, sells its "better apparel" merchandise through about 3,500 department and specialty stores. Earnings for 1988 were hurt by soft sales of women's apparel and by expansion into retail specialty stores; however, earnings should rebound in 1989 and 1990 as demand for women's apparel picks up. In May 1989, Elisabeth Claiborne Ortenberg and Arthur Ortenberg, both founders and members of top management, retired from the company.

Current Outlook

Share earnings for 1989 are estimated at $1.70, up from 1988's $1.26. Earnings for 1990 could reach $2.00 a share.

The quarterly dividend should remain at $0.05 a share.

Sales for 1989 should increase 10%-12%, reflecting a rebound in consumer spending for women's apparel and increased contributions from new divisions. Margins should expand on fewer markdowns and inventory controls, offsetting continued costs associated with expanding into retailing and expenses for starting up a new line for large-size women, a new fashion jewelry divison and a new sportswear line.

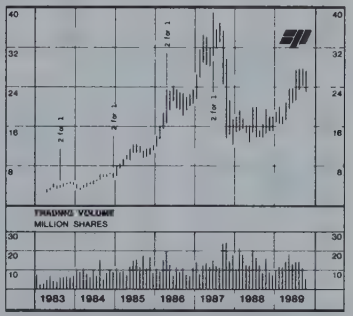
Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	353	328	275	204
Jun.	624	249	236	179
Sep.	---	318	304	239
Dec.	---	290	238	192
	---	1,184	1,053	813

Net sales for the 26 weeks ended July 1, 1989, rose 8.3%, year to year. Margins widened substantially on fewer markdowns and tighter inventory controls, and pretax income advanced 39%. After taxes at 39.0%, versus 39.5%, net income was up 40%, to $73.1 million ($0.83 a share), from $52.1 million ($0.60).

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.50	0.39	0.37	0.26
Jun.	0.33	0.21	0.28	0.20
Sep.	E0.48	0.36	0.41	0.31
Dec.	E0.39	0.30	0.26	0.22
	E1.70	1.26	1.32	1.00



Important Developments

Jul. '89— LIZC said that strong performances at the wholesale and retail levels enabled it to achieve record sales and earnings for the second quarter and first half of 1989. The company added that gross margins reached 40.2% during the first half of the year, up from 34.4% in the same period of 1988, due principally to a higher percentage of sell-through of its products at regular prices. As a result, inventories were at levels substantially lower than those carried during the first half of 1988.

May '89— Following an announcement in February 1989, Elisabeth Claiborne Ortenberg (chairman, CEO and president of LIZC) and her husband, Arthur Ortenberg (vice chairman), retired from active management roles at LIZC. Both remain directors.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	5.22	4.10	2.87	1.89	1.21	0.75	0.48	0.31	0.13	0.06
Earnings	1.26	1.32	1.00	0.71	0.50	0.27	0.17	0.13	0.09	0.05
Dividends	0.17½	0.16¼	0.11⅝	0.08⅛	0.04¾	Nil	Nil	Nil	0.00½	0.00¼
Payout Ratio	14%	12%	12%	12%	9%	Nil	Nil	Nil	4%	4%
Prices—High	20	39⅛	24¼	12½	6¾	4¾	2⅝	1⅜	NA	NA
Low	12¾	12¼	11⅞	5⅞	3⅛	2	1	⅞	NA	NA
P/E Ratio—	16-10	30-9	24-12	17-8	13-6	17-7	15-6	10-6	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Jun 1987, 100% Apr 1986, 100% Dec. 1984, 100% Aug. 1983, 50% Nov 1982 1. Refl. acctg change 2. Refl. merger or acq. E-Estimated. NA-Not Available

October 27, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,184	183	15.5	[3]32.5	12.5	1.33	[3]182	39.5%	110	9.3
1987	1,053	209	19.8	22.0	5.9	0.67	[3]208	45.0%	114	10.9
[4]1986	813	169	20.8	28.9	4.4	1.12	[3]169	49.1%	86	10.6
1985	557	121	21.7	8.3	3.1	0.07	120	49.3%	61	10.9
1984	391	83	21.3	4.4	2.1	0.15	82	49.0%	42	10.7
1983	229	45	19.8	4.6	1.3	[5]0.22	44	48.8%	22	9.8
1982	166	30	18.0	2.4	0.7	1.50	28	49.1%	14	8.5
1981	117	23	19.6	2.2	0.4	1.75	21	50.8%	10	8.7
1980	79	14	17.6	1.5	0.2	1.17	13	50.7%	6	7.8
1979	47	8	16.8	0.2	0.2	0.86	7	49.8%	4	7.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	278	549	147	3.7	629	19.8	14.1	458	482	2.9	27.0
1987	160	424	103	4.1	482	27.9	14.5	357	379	3.8	37.7
1986	104	294	81	3.6	336	30.8	Nil	248	254	Nil	41.8
1985	56	201	49	4.1	226	33.0	10.0	163	177	5.7	45.2
1984	11	133	38	3.5	143	35.7	Nil	104	104	Nil	49.5
1983	19	83	27	3.1	91	29.9	Nil	65	65	Nil	42.3
1982	11	53	17	3.1	58	27.2	Nil	41	41	Nil	41.4
1981	Nil	42	18	2.3	45	31.7	Nil	27	27	Nil	54.0
1980	Nil	18	8	2.1	19	41.3	Nil	11	11	0.2	78.4
1979	Nil	10	6	1.8	11	44.1	0.1	5	5	1.5	108.1

Data as orig. reptd. 1. Refl. acctg. change. 2. Net. 3. Incl equity in earns. of nonconsol. subs. 4. Refl. merger or acq. 5. Net of int. inc

Business Summary

Liz Claiborne, Inc. markets a wide range of women's apparel, designed for the work and leisure-time needs of the career woman. The company also designs sportswear and furnishings for men and markets fragrances and related items. Products are manufactured to the company's specifications in the U.S. and abroad and marketed through leading department and speciality stores. Products are generally considered designer apparel but are sold at prices offering consumers high quality and value.

Contributions to sales by product lines were:

	1988	1987	1986
Misses sportswear	48%	52%	54%
Petite sportswear	11%	12%	13%
Women's dresses	12%	13%	16%
Women's accessories	14%	13%	10%
Menswear	10%	7%	5%

The "Liz Claiborne" sportswear division produces an extensive range of "better" sportswear products, while the "Lizsport" and "Lizwear" divisions provide more-casual sportswear items. The dress division offers a wide variety of dresses. Accessories include handbags, belts, scarves and other items sold under the "Liz Claiborne" label. The Menswear division offers a broad selection of related separates and furnishings. The "bridge" Sportswear division sells more-expensive sportswear under the "Dana Buchman" label.

In 1988, the company opened 13 "First Issue" specialty stores carrying the First Issue trademark. In addition, through Liz Claiborne Cosmetics, the company markets fragrances and related products under the Liz Claiborne name. As of the end of 1988, the company also had plans to establish a new large-size division under the Elisabeth trademark, to establish a new sportswear division under the Liz & Co. name and to establish a fashion jewelry division (since formed).

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04375	Oct. 26	Nov. 7	Nov. 14	Dec. 8'88
0.04375	Jan. 31	Feb. 8	Feb. 14	Mar. 6'89
0.05	May 2	May 10	May 16	Jun. 5'89
0.05	Jul. 31	Aug. 7	Aug. 11	Sep. 5'89

Capitalization

Long Term Debt: $13,928,000 (7/1/89).

Common Stock: 88,062,177 shs. ($1 par).
Arthur and Elisabeth C. Ortenberg own about 6.5%.
Institutions hold about 60%
Shareholders: 15,696 of record (3/89).

Office—1441 Broadway, New York, N.Y. 10018. Tel—(212) 354-4900. Chrmn—J.A. Chazen. Vice Chrmn & Pres—H.L. Falk Sr VP-Fin—S M Miller Dirs—L Boxer, J. A. Chazen, H. L. Falk, J. J. Gordon, S. Kamin, L Lowenstein, J. Margolis, A. Ortenberg, E. C. Ortenberg Registrar & Transfer Agent—Chase Manhattan Bank, NYC. Incorporated in Delaware in 1981, predecessor incorporated in New York in 1976. Empl—4,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Lockheed Corp.

NYSE Symbol LK Options on Pacific (Mar-Jun-Sep-Dec) in S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
40⅛	54¾-35¾	11	1.80	4.5%	B+	1.11

Summary

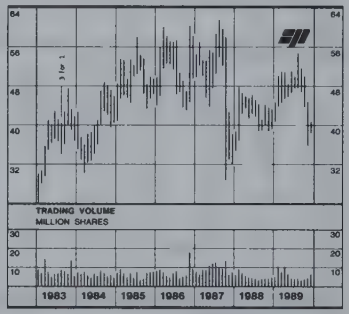
This leading aerospace contractor is involved in military programs for aircraft, missiles, space, electronics, and aerospace support services. A deficit will likely be reported for 1989, reflecting the end of production of the important C-5B program and substantial writeoffs on development programs. Recovery is likely in 1990. Part of the information systems group is to be sold. Harold C. Simmons has acquired a 16.9% interest in the company.

Current Outlook

Earnings for 1990 are projected at $5.80 a share, in contrast to the deficit of $0.25 estimated for 1989.

Dividends are expected to continue at the $0.45 quarterly.

Sales are likely to rise slightly in 1990. Missiles and space revenues should advance moderately, reflecting progress on major programs. Margins here could be slightly narrower, however. Aeronautics revenues should continue their two-year decline, reflecting the end of the C-5B production and winding down of other programs. Margins should improve following the large 1989 writeoffs. Both electronics and the recently formed technical services segments should have moderately higher revenues and margins.



Sales (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	2.00	2.53	2.54
Jun.	---	2.45	2.67	2.87
Sep.	---	2.11	2.41	2.71
Dec.	---	---	2.98	3.21
	---	---	10.59	11.32

Sales from continuing operations for the first nine months of 1989 decreased 8.8%, year to year. Net income fell 67.6%, to $1.73 a share from $5.51.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.15	1.06	1.79	1.35
Jun.	E1.40	1.20	1.74	1.55
Sep.	E1.45	d0.50	2.07	1.66
Dec.	E1.80	Ed2.01	1.75	2.07
	E5.80	Ed0.25	7.34	6.64

Important Developments

Dec. '89— LK announced that it planned to merge Lockheed Electronics into Sanders. The move would reduce employment by 935.

Dec. '89— Investor Harold C. Simmons reported increasing his control of Lockheed shares to 16.9% from 10.4%.

Nov. '89— The company reported that it would take a pretax charge of about $300 million in the fourth quarter of 1989 to reflect the cost of design and schedule problems in development of the P-7A aircraft. As a result, a loss for the full year is possible. In the third quarter LK took a charge of $165 million for problems in the development of the C-17 transport (a subcontract) and the EP-3E aircraft modifications.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	26.73	18.71	14.08	23.17	17.82	13.10	7.78	1.21	8.57	8.02
Earnings[2]	7.34	6.64	6.18	6.10	5.28	4.18	3.65	3.09	0.51	0.72
Dividends	1.55	1.30	0.95	0.75	0.45	Nil	Nil	Nil	Nil	Nil
Payout Ratio	21%	19%	15%	12%	8%	Nil	Nil	Nil	Nil	Nil
Prices—High	48	61½	60¼	58	48¾	47½	28¼	16¾	18⅛	11½
Low	34¾	28¾	43	40¾	30⅛	24⅛	14½	8½	7½	6
P/E Ratio—	7-5	9-4	10-7	10-7	9-6	11-6	8-4	5-3	32-14	16-8

Data as orig. reptd. Adj. for stk. div(s) of 200% Sep 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +3.02 in 1988, -0.23 in 1987, -9.57 in 1981, bef. spec. item(s) of +0.47 in 1981, +0.47 in 1979. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	10,590	1,035	9.8	380	353	93	580	23.8%	442	4.2
[3]1987	11,321	1,126	9.9	419	310	105	726	39.9%	436	3.9
[4]1986	10,273	1,036	10.1	493	258	66	711	42.6%	[5]408	4.0
1985	9,535	918	9.6	452	186	53	689	41.8%	401	4.2
1984	8,113	794	9.8	333	145	62	586	41.3%	344	4.2
1983	6,490	640	9.9	269	112	66	462	43.1%	263	4.0
1982	5,613	554	9.9	220	97	130	338	38.6%	207	3.7
[3]1981	5,176	538	10.4	209	77	186	286	45.8%	155	3.0
1980	5,396	202	3.7	155	58	106	37	26.0%	28	0.5
1979	4,058	166	4.1	138	44	72	57	36.1%	37	0.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	269	3,292	3,604	0.9	6,643	7.0%	563	2,476	3,039	18.5	19.9%
1987	40	3,134	3,328	0.9	6,301	7.3%	886	2,087	2,973	29.8	22.5%
1986	71	2,891	2,833	1.0	5,943	8.0%	1,244	1,866	3,110	40.0	24.1%
1985	63	2,598	2,638	1.0	4,184	10.9%	35	1,511	1,546	2.3	29.9%
1984	33	1,989	1,759	1.1	3,166	11.4%	242	1,153	1,407	17.2	34.3%
1983	46	1,875	1,396	1.3	2,830	9.2%	587	827	1,434	40.9	39.5%
1982	35	1,672	1,169	1.4	2,464	7.4%	848	420	1,296	65.5	84.1%
1981	51	1,457	1,240	1.2	2,105	6.8%	723	44	865	83.6	82.6%
1980	44	1,683	1,225	1.4	2,443	1.2%	815	307	1,217	66.9	7.5%
1979	71	1,403	1,098	1.3	2,113	1.9%	627	283	1,015	61.8	11.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1981, and spec. item(s) in 1981, 1979. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects accounting change.

Business Summary

Lockheed Corp. is primarily engaged in the research, design and production of military aircraft, space systems, missiles, and electronics systems. Program sales and profits in 1988 as restated for a restructuring in early 1989:

	Sales	Profits
Missiles & space	47%	56%
Aeronautical systems	33%	35%
Technology services	11%	5%
Electronic systems	9%	4%

Sales to the U.S. Government accounted for 86% of total sales in 1988.

Important military aircraft programs include the F-117A Stealth fighter, C-130 Hercules transport, the P-3 Orion antisubmarine warfare aircraft, the TR-1 Reconnaissance Aircraft, and the C-5B (to end in 1989). Electronics systems includes Sanders division (acquired 1986),a producer of electronic warfare and military test equipment.

LK is prime contractor for the Navy's fleet ballistic missile system; production is underway on the Trident II. Space contracts include NASA and DOD programs.

Technology services include space shuttle processing, systems integration, aircraft and airport modernization and maintenance and data processing.

The former Information Systems segment is to be sold.

Dividend Data

Dividends were resumed in mid-1984 after omission since 1969. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Feb. 6	Feb. 14	Feb. 21	Mar. 6'89
0.45	May 9	May 17	May 23	Jun. 5'89
0.45	Aug. 7	Aug. 15	Aug. 21	Sep. 5'89
0.45	Nov. 6	Nov. 14	Nov. 20	Dec. 4'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $1,389,000,000.

Common Stock: 63,510,407 shs. ($1 par).
ESOP owns 18%.
Institutions hold about 63%.
Shareholders of record: 14,154.

Office—4500 Park Granada Blvd., Calabasas, Calif. 91399. **Tel**—(818) 712-2000. **Chrmn & CEO**—D. M. Tellep. **VChrmn & CFO**—V. N. Marafino. **VP-Secy**—D. B. Bowman. **Investor Contact**—L. Bishop. **Dirs**—R. A. Anderson, M. Berberian, J. L. Bowers, W. Christopher, J. P. Downer, H. I. Flournoy, R. A. Fuhrman, J. F. Gibbons, L. O. Kitchen, V. N. Marafino, J. J. Pinola, D. S. Potter, J. E. Swearingen, D. M. Tellep, J. R. Ukropina. **Transfer Agent & Registrar**—First Interstate Bank, Calabasas. **Incorporated** in California in 1932, reincorporated in Delaware in 1986. **Empl**—81,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T. Canning, CFA

Loews Corp.

NYSE Symbol LTR Options on CBOE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
128⅛	135-77	11	1.00	0.8%	A-	1.16

Summary

This diversified company derives most of its income from property-casualty and life insurance operations (CNA Financial Corp.) and the sale of tobacco products (the Lorillard division). Other activities include the development and operation of hotels, and the distribution and sale of Bulova watches and clocks. Loews owns 24.8% of the outstanding shares of CBS Inc.

Business Summary

Loews Corp. is a highly diversified concern, generating the bulk of its earnings in 1988 from insurance and tobacco operations. Since 1986 Loews has held a 24.8% interest in CBS Inc. Revenue and net income contributions from continuing operations in 1988:

	Revs.	Profits
Property-casualty ins.	57.1%	47.4%
Life insurance	20.7%	4.5%
Cigarettes	16.7%	39.4%
Hotels	1.9%	1.7%
Watches/timing devices	1.4%	0.3%
Investment income	1.1%	8.9%
Equity in CBS	0.5%	5.7%
Interest & other	0.6%	-7.9%

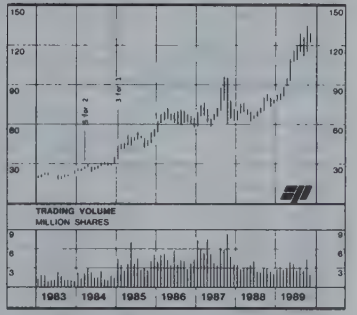
CNA Financial Corp. (83%-owned) is engaged in property and casualty insurance, as well as life, accident and health insurance.

Lorillard, Inc. is engaged in the production and sale of cigarettes. It is the fourth largest producer of tobacco products in the U.S., with a market share of 8.2%. Major brands include Newport, Kent, Kent III, Kent Golden Lights, True, Satin, Max, Old Gold, and Triumph. In 1988 the little cigar and chewing tobacco business was sold.

The hotel division operates 13 hotel and motor hotels (eight owned or leased) in the U.S., Canada, France, Monaco, and the Bahamas.

The consumer products segment of Bulova Corp. (95%-owned) distributes and sells watches, clocks, timepiece parts and power cells. The industrial and defense segment produces fuzes and precision electro-mechanical devices for national defense.

Loews increased its holding of CBS Inc. common stock to 24.8% from 11.8% in 1986. Through a wholly-owned subsidiary LTR owns and operates oil tankers. In July, 1989 LTR acquired a majority interest in an offshore drilling operation.



Important Developments

Oct. '89— LTR's higher earnings for 1989's first nine months reflected improved property-casualty insurance operations of 83%-owned CNA Financial Corp. This offset declines in virtually every other unit. A sharply lower tax rate due to certain deferments aided growth. Separately, LTR raised some $432.9 million through the sale of $1.075 billion of zero coupon subordinated Liquid Yield Option Notes (LYONs) due 2004 at $411.99 per note. Each $1,000 face amount of note is convertible into 2.745 common shares and the notes are redeemable beginning in 1991. Both transactions are subject to certain conditions.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	51.59	40.72	34.58	28.39	22.88	19.23	15.25	12.73	10.31	9.46
Oper. Earnings[1]	NA	NA	NA	NA	3.73	3.59	2.47	2.79	2.40	2.12
Earnings[1,2]	11.70	8.41	6.69	6.17	4.03	3.20	2.41	2.68	2.23	2.35
Dividends	1.00	1.00	1.00	3.00	0.29	0.16	0.16	0.16	0.16	0.16
Payout Ratio	9%	12%	15%	49%	7%	5%	7%	6%	7%	7%
Prices—High[3]	83⅛	96¼	72⅜	56¼	35½	25⅛	21⅜	14½	12½	9¼
Low[3]	62	58	53¾	33	23½	17¾	10⅝	9¾	7	5½
P/E Ratio—	7-5	11-7	11-8	9-5	10-6	7-5	9-4	5-3	5-3	4-3

Data as orig reptd. Adj. for stk. div(s) of 200% Mar. 1985, 150% Apr. 1984. **1.** Bef. results of disc. opers. of +0.24 in 1988, +0.51 in 1987, +1.06 in 1985, +0.90 in 1983, -0.04 in 1981 & bef. spec. item(s) of +0.07 in 1979. **2.** Aft. gains/losses on security trans. **3.** Cal. yrs. NA-Not Available

December 4, 1989

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Income Data (Million $)

Year Ended Dec. 31	[1]Life Ins. In Force	Life, Casul. Revs.	Other Oper. Revs.	Net Invest. Inc.	Total Revs.	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	NA	6,944	2,373	1,549	10,865	1,322	NA	890	8.2	3.7	24.5
1987	NA	6,039	2,116	1,168	9,324	704	NA	656	7.0	3.2	21.3
1986	NA	5,451	1,971	1,205	8,626	685	NA	546	6.3	3.1	20.4
1985	NA	3,771	1,869	1,060	6,700	606	NA	503	7.5	3.5	22.6
1984	NA	3,007	1,862	735	5,603	321	304	329	5.4	2.5	16.5
1983	NA	2,634	1,980	645	5,260	408	299	266	5.7	2.7	19.2
1982	33,116	2,441	1,714	592	4,747	289	221	216	4.7	2.2	15.9
1981	31,199	2,442	1,783	550	4,776	355	268	257	5.6	2.8	21.0
1980	29,155	2,349	1,725	461	4,535	329	222	206	4.9	2.5	19.9
1979	21,825	2,125	1,518	422	4,065	341	182	202	4.5	2.2	19.2

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	[3]Bonds	Investment Assets Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	40	2,598	14,362	466	473	15,335	10.9	663	25,830	1,393	4,028
1987	72	2,130	12,063	564	523	13,200	9.5	611	22,209	1,453	3,252
1986	101	1,872	10,374	341	628	11,388	11.2	559	19,024	1,265	2,917
1985	58	1,474	8,905	585	833	10,360	11.9	509	16,120	771	2,442
1984	59	1,203	6,011	598	771	7,420	10.1	374	12,557	395	2,007
1983	59	1,007	6,047	263	816	7,167	9.8	314	11,510	483	1,688
1982	161	943	4,860	176	861	5,958	10.0	278	10,402	715	1,426
1981	90	837	4,720	260	861	5,893	9.8	259	9,914	724	1,357
1980	223	757	3,494	844	829	5,227	9.1	224	9,125	815	1,195
1979	599	650	3,556	465	814	4,882	8.9	174	8,843	922	1,041

Data as orig. reptd. **1.** CNA Financial. **2.** Bef. results of disc. opers. in 1988, 1987, 1985, 1983, 1981, & spec. item(s) in 1979. **3.** Incl. short term invest. after 1980. NA-Not Available

Total Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.62	2.50	2.10	1.94
Jun.	2.99	2.79	2.40	2.24
Sep.	2.80	2.62	2.22	2.09
Dec.		2.96	2.60	2.36
		10.87	9.32	8.63

Total revenues for the nine months ended September 30, 1989 rose 6.3%, year to year, primarily reflecting higher premiums and net investment income at CNA Financial Corp. Pretax realized investment gains were $185.0 million, versus $248.0 million. Total expenses were 9.5% higher and pretax income fell 16%. After taxes of $404,000 versus $271.5 million, and 31% greater minority interest, net income rose 14%, to $9.52 a share on fewer shares from $8.22. Results exclude income from discontinued operations of $0.24 a share in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.71	2.79	0.98	1.37
Jun.	4.38	3.30	2.43	2.15
Sep.	2.43	2.12	1.56	1.92
Dec.		3.49	3.49	1.25
		11.70	8.41	6.69

Dividend Data

Dividends have been paid since 1967.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 24	Feb. 3	Feb. 9	Mar. 1'89
0.25	Apr. 18	May 5	May 11	Jun. 1'89
0.25	Jul. 18	Aug. 7	Aug. 11	Sep. 1'89
0.25	Oct. 17	Nov. 6	Nov. 10	Dec. 1'89

Next dividend meeting: late Jan. '90.

Finances

During 1989's first half the company repurchased 654,100 common shares. This follows repurchases of 696,000 shares in 1988, and 4,452,000 shares in 1987.

Capitalization

Long Term Debt: $1,836,265,000.

Minority Interest: $803,046,000.

Common Stock: 75,059,500 shs. ($1 par).
The Tisch family controls some 26%; institutions hold about 52% (incl. some Tisch family shares).
Shareholders of record: 6,100.

Office—667 Madison Ave., NYC 10021 **Tel**—(212) 545-2000 **Chrmn & Co-CEO**—L. A. Tisch **Pres & Co-CEO**—P. R. Tisch **VP-Secy**—B. Hirsh **Investor Contact**—J. S. Tisch. **Treas**—C. G. Sposato, Jr **Dirs**—J. R. Ave, C. B. Benenson, J. Brademas, R. B. McKay, B. Myerson, E. J. Noha, L. Pollack, A. H. Tisch, J. M. Tisch, J. S. Tisch, L. A. Tisch, P. R. Tisch **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1954, reincorporated in Delaware in 1970 **Empl**—24,550

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Lomas Financial

NYSE Symbol LFC Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 29'89	1989					
1	13³/₄-³/₈	NM	None	None	D	0.95

Summary

On September 24, 1989 Lomas Financial Corp. filed for protection under Chapter 11 of the Bankruptcy Code after terminating over three months of negotiations with its lenders on a financial restructuring. Excluded from the filing were the company's mortgage banking and other subsidiaries. LFC attributed its financial problems to a nationwide surge in personal bankruptcies and home foreclosures, rising mortgage rates in fiscal 1989, and a depressed Texas real estate market.

Business Summary

On September 24, 1989 Lomas Financial Corp. (formerly Lomas & Nettleton Financial), one of the nation's largest mortgage banking organizations, and certain of its subsidiaries, filed separate voluntary petitions for reorganization under Chapter 11 of the Federal Bankruptcy Code. The Chapter 11 filing did not include LFC mortgage banking, commercial leasing and other important units.

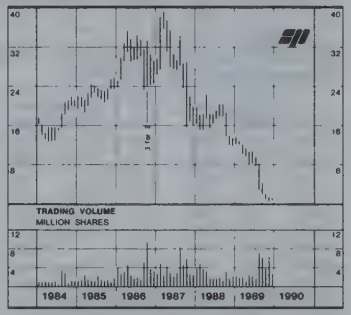
Segment contributions in fiscal 1989 (operating profits in million $):

	Revs.	Profits
Mortgage banking	35%	-$44.5
Life insurance	41%	7.7
Short-term lending	12%	13.3
Real estate devel.	2%	-157.2
Inform. systems	6%	-50.3
Other	4%	-3.7

At June 30, 1989 Lomas was servicing 545,701 mortgages (606,361 a year earlier) totaling $21.5 billion ($23.5 billion) in unamortized principal amount. The average loan balance was $39,388 ($38,771). At June 30, 1989 about $15.3 billion of the loans serviced consisted of loans included in pools or security issuances of one of the three secondary Federal mortgage agencies. The company also invests in mortgage loans secured by single family properties.

Life Insurance offers individual life and annuity products sold by general agents; annuity contracts sold through financial insitutions; and life, disability and accidental death insurance sold on a direct response basis; and group life excess loss and credit insurance.

Short-term real estate lending consists primarily of first-mortgage construction, acquisition and development loans. Such loans originated in fiscal 1989 were $1.3 billion ($1.2 billion the prior year), of which LFC retained $362 million ($396 million).



Real estate development activities are conducted principally in Texas, Florida, Georgia and California. During fiscal 1989 real estate continued to experience depressed conditions, principally in Texas. Accordingly, LFC made a provision of $125 million for possible foreclosure losses and reduced its investment in real estate held for development and sale to net realizable value.

Important Developments

Nov. '89— LFC said that although it believed that the fair value of its assets exceeded its liabilities, there could be no assurance that such liabilities will not be found in the Chapter 11 proceedings to exceed the fair value of its assets. This could result in claims being liquidated in Chapter 11 proceedings at less than 100% of their face value and the equity of the company's common and preferred stockholders being diluted or canceled.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NM	8.09	13.26	10.59	8.24	7.45	6.71	5.66	5.23	4.30
Earnings[1]	d8.65	d1.85	1.49	2.19	1.87	1.57	1.27	1.01	0.95	0.85
Dividends	1.23	1.40	1.17⅝	0.93⅜	0.77⅜	0.66¾	0.54¾	0.48	0.42¾	0.33⅜
Payout Ratio	NM	NM	79%	43%	41%	43%	43%	48%	45%	39%
Prices—High[2]	13¾	22¼	39¼	35⅜	25¾	21⅞	19½	15⅜	8¼	7⅜
Low[2]	⅜	11¾	15½	23¼	18½	12¾	13½	8⅛	5⅞	3½
P/E Ratio—	NM	NM	26-10	16-11	14-10	14-8	15-11	15-8	9-7	9-4

Data as orig reptd. Adj. for stk. div(s) of 50% Nov 1986, 100% Nov 1983. 1. Bef. spec. item(s) of +0.42 in 1989, +0.20 in 1988, and bef. results from disc. opers. of +0.03 in 1989. 2. Cal. yrs. NM-Not Meaningful. d-Deficit.

January 9, 1990

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	[1]Income Mortg.	Int. inc.	Income Total	Expenses [2]Int.	Expenses [3]Other	% Exp./ Op. Revs.	Prov. for Losses	Depr.	[4]Net inc.	% Earn. & Depr./ Assets
1989	116	103	610	222	740	158	279	75	d317	NM
1988	118	296	1,202	362	935	108	204	284	d64	3.6
1987	110	194	632	162	411	91	46	64	45	2.7
1986	221	48	376	162	148	82	1	13	55	3.6
1985	181	33	273	142	81	81	1	11	42	4.5
1984	171	24	240	127	68	81	1	5	34	3.9
1983	159	13	206	116	51	81	2	4	28	3.5
1982	93	15	134	70	34	77	Nil	3	21	3.3
1981	84	20	121	61	32	77	Nil	2	18	3.1
1980	76	18	119	55	45	83	2	2	13	2.7

Balance Sheet Data (Million $)

Jun. 30	Total Assets	Cash	Rec.	[5]Investments Cost	Loss Reserve	[6]ST Debt	Capitalization [7]Debt	Equity	Total	Price Times Book Value Hi	Lo
1989	4,126	66	884	1,849	158	1,405	1,614	d84	1,824	NM	
1988	6,645	181	2,292	3,090	149	3,100	2,117	264	2,671	2.8	1.5
1987	5,565	209	1,792	2,608	69	2,438	1,756	414	2,459	3.0	2.2
1986	2,455	13	709	1,307	5	950	793	336	1,129	3.3	2.2
1985	1,321	7	376	662	4	578	457	193	650	3.1	2.2
1984	1,007	12	247	569	4	462	329	163	492	2.9	1.7
1983	1,012	10	185	676	6	552	249	145	396	2.9	2.0
1982	793	11	156	532	3	536	108	118	226	2.7	1.1
1981	630	14	122	425	4	418	87	106	193	1.6	1.1
1980	634	14	207	349	7	442	103	69	172	1.7	0.8

Data as orig. reptd. 1. Mortgage servicing fees prior to 1987. 2. Mtge. expense prior to 1987. 3. Incl. depr. & prov. for losses & (prior to 1987) interest expense. 4. Bef. spec. item(s) in 1988. 5. Incl. first mtge. loans held for sale. 6. Notes payable. 7. Incl. current portion. d-Deficit.

Review of Operations

Revenues for the three months ended September 30, 1989 fell 3.5%, year to year, reflecting reduced interest income and smaller gains on sales. Hurt by operating losses in real estate development, there was a pretax loss from continuing operations of $18.6 million, versus a loss of $1.1 million. After taxes of $1.3 million, versus a tax credit of $1.2 million, the net loss was $19.9 million, in contrast to net income of $85,000. The loss per share was $0.59, versus income of Nil, excluding a loss from discontinued operations of $0.22 against income of $0.11, and a special credit of $0.07 in the 1988-9 period.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.59	d0.01	0.06	0.50
Dec.		d0.16	0.20	0.58
Mar.		d0.51	d2.47	d0.18
Jun.		d7.97	0.33	0.58
		d8.65	d1.85	1.49

Dividend Data

Common dividends were omitted in August, 1989 after having been paid since 1971.

Finances

Auditors said in the Annual Report for fiscal 1989 that as a result of the Chapter 11 filings, the company was in default on substantially all of its debt. They added that these conditions raised substantial doubt about the company's ability to continue as a going concern. Separately, LFC said in December, 1989 that its leasing unit had agreed with various lenders to extend to March 14, 1990 a standstill agreement on $634 million of debt.

LFC's Chapter 11 filings did not include its mortgage banking, commercial leasing, life insurance and its other operating subsidiaries, principally Lomas Corporate Services, Lomas Information Systems, Lomas Management, and Lomas Administrative Services.

Capitalization (9/30/89)

Liabilities Subject to Chapter 11 Proceedings: $2,191,437,000.

Conv. Preferred Stock: $294,166,000; conv. into some 8,540,000 com.

Common Stock: 29,914,000 shs. ($2 par). Institutions hold approximately 52%. Shareholders of record: 3,600.

Office—2001 Bryan Tower, Dallas, Texas 75201 **Tel**—(214) 746-7111 **Chrmn & CEO**—J Hay **Pres & Investor Contact**—T Enloe **Secy**—R Taylor **Dirs**—G H Bishop L D Brinkman, D Briscoe, F M Crossen, T Enloe, J Hay, E K McKinney, Jr., B O Mead, J Newton, N S Rogers, J F Sexton, W R Wallace, J M Wooten **Transfer Agents & Registrars**—MTrust Corp., Dallas; Bank of New York, NYC. **Incorporated** in Delaware in 1960 **Empl**—4,016

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Lone Star Industries

NYSE Symbol LCE Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
16 3/8	37-16 1/4	9	[4]---	[4]---	B-	1.08

Summary

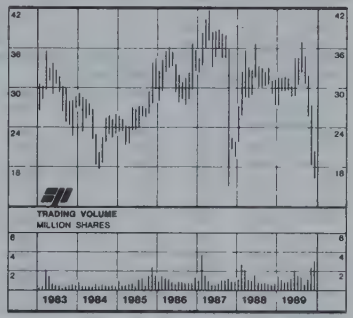
Lone Star is the largest U.S. producer of cement, concrete, sand and gravel, and is a leading producer of crushed stone and precast concrete products. Low cement price realizations led to very poor results in recent years, which led to a November, 1989 restructuring that will result in a fourth quarter after tax charge of $250 million. Cash dividends on the common stock will be suspended because of the restructuring.

Current Outlook

Despite the restructuring, a further loss is projected for continuing operations for 1990, following a large operating loss estimated for 1989.

The payment of future cash dividends is prohibited under curent loan agreements.

Cement shipments for 1990 are expected to be flat because of lackluster new homebuilding activity. Highway and public works markets should hold up well. Cement prices may improve with less pressure from low-priced imports as ocean freight rates increase.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	58	62	125	161
Jun.	96	110	212	246
Sep.	101	107	224	249
Dec.		92	200	227
		371	761	883

Sales for the nine months ended September 30, 1989 declined 8.5%, year to year. The pretax loss widened to $19.1 million from $5.1 million. After tax credits, the net loss was $7.9 million, versus a loss of $3.4 million. Following preferred dividends, the loss per share was $0.71, versus $0.44. Results for the 1988 period exclude a special charge of $0.09 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d1.06	d0.99	d0.86	d0.74
Jun.	0.32	0.30	0.40	1.05
Sep.	0.03	0.25	0.30	0.89
Dec.		2.44	2.08	5.81
		2.00	1.99	7.01

Important Developments

Nov. '89— Lone Star announced a restructuring program that would result in a $250 million net after tax charge against fourth quarter income. As part of the restructuring, the company will sell certain facilities and marginal businesses, including several in the Southwest, and certain other assets. The establishment of the $250 million charge will prevent future payment of cash dividends on common stock.

Aug. '89— LCE reported that some 500,000 concrete railroad ties produced by a subsidiary between 1983 and 1988 had experienced accelerated aging. CSX Transportation filed a $7.5 million lawsuit against LCE, and Amtrack advised LCE that it would hold LCE responsible for defective ties. LCE believes it has substantial insurance coverage.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[1]1987	[1]1986	1985	1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	NA	37.52	37.76	37.59	32.64	31.99	31.99	33.87	36.57	34.91
Earnings[2]	NA	[3]2.00	1.99	[3]7.01	[3]2.72	[3]2.55	d0.26	0.05	[3]4.52	[3]5.25
Dividends	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.85	1.65
Payout Ratio	NA	95%	95%	27%	79%	75%	NM	NM	41%	32%
Prices—High	37	36 3/4	41 3/4	36 3/4	34 1/2	29 1/4	35 5/8	32	37 1/4	38 3/8
Low	16 1/4	21 3/4	15	27 3/8	21 1/4	17 5/8	22 5/8	18 1/8	22 1/8	22 3/8
P/E Ratio—	NA	18-11	21-8	5-4	13-8	11-7	NM	NM	8-5	7-4

Data as orig. reptd. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of -0.09 in 1988, +1.05 in 1987, +0.30 in 1985, +0.08 in 1984, +0.33 in 1983 3. Ful dil. 1.97 in 1988, 6.41 in 1986, 2.68 in 1985, 2.52 in 1984, 4.43 in 1981, 5.01 in 1980 4. See Dividend Data NM-Not Meaningful d-Deficit NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	371	d14	NM	40	33.9	60.1	50	23.7%	38	10.3
[3]1987	761	48	6.3	51	44.2	59.7	50	20.0%	[4]40	5.3
[3]1986	883	114	12.9	48	46.2	50.4	182	35.4%	117	13.3
1985	872	121	13.8	29	44.9	58.2	79	30.8%	55	6.2
1984	1,007	114	11.3	36	47.3	87.7	68	23.0%	52	5.2
1983	919	66	7.1	40	48.9	85.5	5	NM	17	1.9
[3]1982	867	83	9.6	51	47.0	82.4	3	NM	15	1.7
1981	918	95	10.4	94	37.5	65.5	78	27.8%	56	6.1
[3]1980	909	121	13.3	263	33.2	[4]36.5	78	24.3%	59	6.5
[5]1979	793	109	13.7	84	26.6	19.2	76	26.7%	56	7.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	121	224	93	2.4	1,424	2.6%	467	646	1,290	36.2	5.1%
1987	249	440	278	1.6	1,493	2.5%	366	645	1,170	31.3	5.0%
1986	280	448	272	1.6	1,466	8.4%	326	571	1,141	28.5	19.1%
1985	61	250	149	1.7	1,313	3.8%	354	496	1,097	32.3	7.1%
1984	52	293	181	1.6	1,353	3.8%	411	430	1,097	37.5	7.5%
1983	80	298	177	1.7	1,418	1.1%	527	430	1,197	44.0	NM
1982	79	301	141	2.1	1,439	1.1%	594	406	1,256	47.3	0.1%
1981	63	301	145	2.1	1,178	5.0%	410	436	1,030	39.9	11.7%
1980	41	266	131	2.0	1,051	6.5%	312	402	836	37.3	14.6%
1979	19	198	102	1.9	739	7.9%	174	353	600	29.0	17.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1979, and spec. item(s) in 1988, 1987, 1985, 1984, 1983 3. Reflects merger or acquisition 4. Reflects acctg. change 5. Excludes discontinued operations and reflects merger or acquisition d-Deficit NM Not Meaningful

Business Summary

Lone Star is the largest producer of cement and ready-mixed concrete and sand and gravel aggregates, and is a major source of crushed stone aggregates and concrete products. Contributions by business segment in 1988:

	Sales	Profits
Cement & related products ..	82%	59%
Construction aggregates	17%	27%
Other	1%	14%

Foreign operations contributed 6.0% of sales and 40% of pretax income.

Cement and related products operations included the production and distribution of portland, masonary, and other types of cement, and the manufacture and distribution of ready-mixed concrete and concrete products.

Construction aggregates operations include the mining, processing and distribution of sand, gravel and crushed stone. Other businesses include real estate and wholesale lumber operations.

Lone Star has sharply downsized its operations in recent years through joint ventures.

Dividend Data

Future dividends are prohibited by loan agreements, after having been paid since 1934. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47 1/2	Jan. 12	Feb. 27	Mar. 5	Mar. 21'89
0.47 1/2	May 18	May 30	Jun. 5	Jun. 21'89
0.47 1/2	Jul. 20	Aug. 29	Sep. 5	Sep. 21'89
0.47 1/2	Nov. 16	Nov. 29	Dec. 5	Dec. 21'89

Capitalization

Long Term Debt: $405,963,000.

Redeemable Preferred Stock: $37,500,000.

Convertible Preferred Stock: $296,000.

Common Stock: 16,556,473 shs. ($1 par).
Institutions hold about 61%.
Shareholders of record: 10,514.

Office—300 First Stamford Pl., Stamford, Conn. 06912-0014. **Tel**—(203) 969-8600. **Chrmn & CEO**—J. E. Stewart. **Pres**—W. M. Troutman. **VP-Secy**—J. J. Martin. **VP-Treas**—R. J. Neville. **Investor Contact**—J. A. Powers. **Dirs**—D. O. Andreas, R. D. Cross, S. Kaplan, D. Mahoney, A. E. Puckett, W. F. Rockwell, Jr., J. E. Stewart, R. S. Strauss, D. W. Wallace. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Maine in 1919; reincorporated in Delaware in 1969. **Empl**—7,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Telrick

Longs Drug Stores

NYSE Symbol LDG In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
41 7/8	46-34 1/2	15	0.96	2.3%	A	0.92

Summary

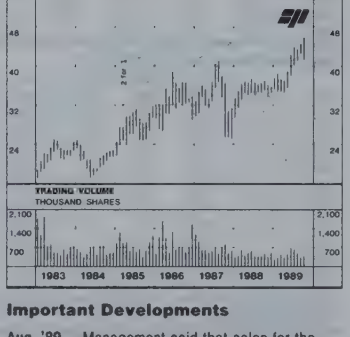
This conservatively financed company has achieved good sales growth through steady additions to its chain of super drug stores, most of which are located in California. Operations are decentralized with each store manager responsible for purchasing and pricing. New store openings coming on stream and continued expense controls should contribute to higher earnings in coming quarters.

Current Outlook

Share earnings for the fiscal year ending January 31, 1990 are projected at $3.00, up from the $2.75 of fiscal 1988-9. Earnings should rise to about $3.35 in fiscal 1990-1.

The quarterly dividend was raised 9.1%, to $0.24 from $0.22, with the July, 1989 payment.

Sales for fiscal 1989-90 should reflect store openings and increased market share; prescription sales should continue to rise. Margins should benefit from a better merchandise mix and careful attention to costs. Per-share earnings will benefit from fewer shares outstanding.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	493	450	422	384
Jul.	503	465	428	389
Oct.	---	461	426	392
Jan	---	550	497	470
	---	1,926	1,772	1,635

Sales for the six months ended July 27, 1989 rose 8.9%, year to year. Gross margins remained about level, and operating and administrative costs and occupancy expenses increased as a percentage of sales; pretax income increased 7.5%. After taxes at 39.3%, versus 40.0%, net income rose 8.8%, to $1.45 a share from $1.34.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.71	0.65	0.52	0.43
Jul.	0.74	0.69	0.59	0.50
Oct.	E0.64	0.58	0.50	0.33
Jan.	E0.91	0.84	0.73	0.53
	E3.00	2.75	2.33	1.78

Important Developments

Aug. '89— Management said that sales for the second quarter of fiscal 1989-90 rose 8% and net income increased 9%. Five new stores were opened during the quarter and several other sites are in various stages of development. At August 15, 1989 the company operated 242 stores. Most new stores are the larger 23,000-25,000 sq. ft. format. LDG had said it was continuing to test different configurations in its cosmetic and photo departments and was investigating new ways to distribute merchandise to stores, as well as looking for improved systems to enhance store autonomy. Directors authorized the repurchase of up to 3 million additional shares; the company said it had repurchased about 63% of the 2 million shares authorized for repurchase in February, 1988.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	**15.46**	14.59	13.74	13.33	12.23	10.32	9.15	8.20	7.24	6.45
Earnings	**2.75**	2.33	1.78	1.74	1.89	1.72	1.46	1.43	1.23	1.27
Dividends	**0.86**	0.79	0.75	0.70	0.62	0.55	0.50 1/2	0.45	0.41	0.36 1/2
Payout Ratio	**31%**	33%	41%	40%	33%	32%	35%	31%	34%	29%
Calendar Years	**1988**	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	**37 3/8**	41	38 3/4	31 3/4	24 7/8	25 1/8	23 1/2	18 1/2	17 1/2	16 1/2
Low	**29 3/8**	25 1/8	26 5/8	21 5/8	17	16 7/8	12 1/2	12 7/8	11 1/8	12 5/8
P/E Ratio—	**14-11**	18-11	22-15	18-12	13-9	15-10	16-8	13-9	14-9	13-10

Data as orig. reptd. Adj. for stk. div(s) of 100% Mar. 1985. E Estimated.

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	**1,925**	**109**	**5.7**	**37.6**	**16.2**	**Nil**	**92.7**	**39.7%**	**55.9**	**2.9**
1988	1,772	103	5.8	41.5	14.3	Nil	88.3	44.3%	49.2	2.8
1987	1,635	88	5.3	41.9	12.6	Nil	74.9	48.5%	38.6	2.4
1986	1,481	85	5.7	49.4	12.1	Nil	72.7	48.1%	37.7	2.5
1985	1,376	88	6.4	35.5	9.3	Nil	78.3	48.8%	40.1	2.9
1984	1,214	79	6.5	27.4	8.2	Nil	71.0	48.8%	36.4	3.0
1983	1,123	68	6.1	20.8	7.0	Nil	61.4	49.7%	30.9	2.8
1982	1,005	63	6.3	28.2	6.0	Nil	59.4	49.0%	30.3	3.0
1981	893	55	6.1	33.5	4.9	Nil	51.0	49.3%	25.9	2.9
1980	773	56	7.2	24.1	4.1	Nil	53.2	49.9%	26.7	3.5

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**21.8**	**250**	**180**	**1.4**	**508**	**11.5%**	**Nil**	**309**	**328**	**Nil**	**18.6%**
1988	20.3	235	156	1.5	474	10.9%	Nil	300	318	Nil	16.9%
1987	13.0	213	137	1.6	442	9.2%	Nil	290	306	Nil	13.5%
1986	23.1	208	109	1.9	411	9.7%	Nil	290	303	Nil	13.6%
1985	26.6	193	90	2.1	361	11.7%	Nil	261	271	Nil	16.5%
1984	25.7	170	91	1.9	323	11.9%	Nil	224	232	Nil	17.2%
1983	14.5	149	82	1.8	287	11.0%	Nil	199	206	Nil	16.4%
1982	12.0	136	90	1.5	273	12.0%	Nil	178	183	Nil	18.1%
1981	13.1	111	75	1.5	232	11.8%	Nil	157	157	Nil	17.4%
1980	12.9	104	66	1.6	206	14.1%	Nil	140	140	Nil	20.5%

Data as orig. reptd.

Business Summary

Longs Drug Stores was operating 236 super drug stores at January 26, 1989, versus 229 a year earlier. The bulk of the stores were in California (200), with the balance in Hawaii (21), Arizona (2), Nevada (6), Colorado (5) and Alaska (2).

All of the stores are self-service, but provide sales assistance in their photo, liquor and prescription drug departments. All have pharmacies. Most are 15,000-40,000 sq. ft. in size (66% selling area), with recent openings typically comprising 23,000 sq. ft. In total, there was 6,046,000 sq. ft. of retail space, versus 5,877,000 sq. ft. a year earlier. Merchandise sales averaged $8.3 million per store in fiscal 1988-9, versus $7.8 million a year earlier. Operations are decentralized, with each store manager responsible for purchasing and pricing.

The merchandise mix consisted of proprietary and related drug items, food and beverages, housewares and household supplies, cosmetics and toiletries, tobacco, magazines, sporting goods, photo finishing and other items. Food products are used extensively to increase traffic and to strengthen the company's reputation for low retail prices.

Dividend Data

Dividends have been paid since 1961. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Nov. 15	Nov. 22	Nov. 29	Jan. 4'89
0.22	Feb. 21	Mar. 1	Mar. 7	Apr. 11'89
0.24	May 16	May 23	May 30	Jul. 5'89
0.24	Aug. 16	Aug. 23	Aug. 29	Oct. 3'89

Next dividend meeting: Nov. 14'89.

Finances

At fiscal 1988-9 year-end some 97 stores were company-owned buildings on company-owned land. An additional 39 stores are company-owned buildings on leased land; land and buildings for the remaining 100 units were leased.

Capitalization

Long Term Debt: None.

Common Stock: 20,438,096 shs. (no par).
The Long family controls about 25% and ESOP owns about 14%.
Institutions hold approximately 35%.
Shareholders of record: 12,400

Office—141 North Civic Drive, Walnut Creek, Calif. 94596 **Tel**—(415) 937-1170 **Pres & CEO**—R. M. Long **VP-Secy**—O. D. Jones **VP-Treas & Investor Contact**—W. G. Combs **Dirs**—J. M. Long (Chrmn), N. C. Adams, R. M. Brooks, W. G. Combs, E. E. Johnston, R. M. Long, T. J. Long, D. E. McHenry, R. A. Plomgren, S. D. Roath, I. W. Rowland, S. B. Stewart, T. R. Sweeney, F. E. Trotter **Transfer Agent & Registrar**—Bank of America, San Francisco. **Incorporated** in California in 1946, reincorporated in Maryland in 1985. **Empl**—12,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Loral Corp.

NYSE Symbol LOR Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
31	37⅞-30¼	11	0.80	2.6%	A+	1.08

Summary

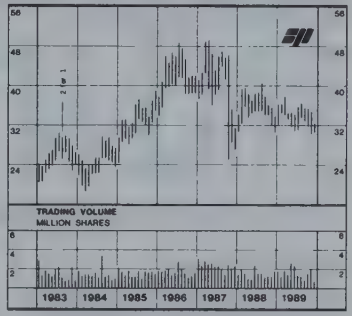
Loral is a major manufacturer of a variety of electronic warfare and communications systems and military computers. Through the acquisition of Goodyear Aerospace in 1987 (part of which was resold in early 1989), LOR broadened the types of defense electronics systems it can produce. LOR purchased the Fairchild Weston defense business in June, 1989, and has agreed to purchase Honeywell's Electro-Optics division. Additional acquisitions are likely.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 are estimated at $3.15 a share, versus 1988-9's $2.41. For fiscal 1990-91 $3.75 a share is projected.

Dividends should continue at least at the current $0.20 quarterly rate.

Sales for fiscal 1989-90 are likely to rise moderately, primarily reflecting the acquisition of Fairchild Weston. Modest growth is likely in Loral electronic warfare programs. Margins will be affected by the charge for the ALR-56M settlement. Reductions of debt from proceeds of sale of the wheel and brake division will reduce interest expense.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	233	256	318	153
Sep.	296	294	337	158
Dec.	---	310	374	165
Mar.	---	327	412	215
	---	1,187	1,441	690

Sales from continuing operations for the six months ended September 30, 1989 decreased 3.9%, year to year. Margins widened, and interest expense was down 48%, resulting in a 30.8% rise in net income to $1.44 a share from $1.11.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.66	0.49	0.64	0.55
Sep.	0.79	0.62	0.70	0.53
Dec.	E0.65	0.63	0.76	0.55
Mar.	E1.05	0.67	0.91	0.73
	E3.15	2.41	3.01	2.35

Important Developments

Dec. '89— Loral was fined $6 million for illegalities concerning awarding of the contract for the ALR-56M advanced radar warning receiver. It will continue as prime contractor, with Litton as second source. A $10.5 million charge will be made against earnings in the December quarter.

Nov. '89— LOR agreed to purchase the Electro-Optics division of Honeywell. The division will have 1989 sales of $130 million and a backlog of $170 million.

Jun. '89— LOR acquired Fairchild Weston for $180 million. Its annual revenues are about $270 million and operating income $22 million.

Apr. '89— LOR sold its aircraft braking systems and engineered fabrics divisions for $455 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	[1]1986	1985	[1]1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	12.17	4.51	0.47	9.49	9.89	9.74	8.50	7.56	6.71	6.32
Earnings[2]	2.41	3.01	2.35	2.21	1.79	1.45	1.29	1.15	1.00	0.92
Dividends	0.70	0.63	0.58	0.51	0.47	0.43	0.39	0.36	0.31½	0.26⅜
Payout Ratio	30%	21%	25%	23%	26%	29%	30%	31%	31%	35%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	40½	49¼	48¾	39	29¾	30½	22½	22⅜	24⅛	13⅜
Low	30½	25	33⅞	24¼	18½	20⅜	11½	12⅞	11⅞	6¾
P/E Ratio—	17-13	16-8	21-14	18-11	17-10	21-14	18-9	19-11	24-12	14-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1983, 100% Mar. 1980. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of + 1.09 in 1989 E-Estimated

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	1,187	183	15.4	41	50.1	39.5	95	36.4%	60.3	5.1
1988	1,441	246	17.0	51	64.9	61.7	122	39.0%	74.3	5.2
1987	690	134	19.4	321	28.8	12.5	99	41.8%	[3]57.5	8.3
[4]1986	664	119	18.0	71	25.6	9.0	91	41.9%	53.0	8.0
1985	502	85	16.8	30	18.0	3.0	71	41.0%	42.1	8.4
[4]1984	418	70	16.6	23	12.8	4.9	60	43.0%	33.9	8.1
1983	281	47	16.8	29	8.2	7.9	47	42.4%	26.8	9.5
1982	255	41	16.0	32	6.4	5.3	41	42.5%	23.7	9.3
[4]1981	213	34	16.1	17	5.1	2.3	36	42.8%	20.5	9.7
1980	153	24	15.9	8	2.9	2.3	24	47.0%	12.4	8.1

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	87.5	898	435	2.1	1,461	4.2%	423	518	979	43.2	12.6%
1988	27.4	631	326	1.9	1,415	5.0%	584	438	1,055	55.3	18.1%
1987	43.1	606	360	1.7	1,467	5.3%	667	363	1,052	63.4	17.0%
1986	54.7	378	229	1.7	696	8.9%	132	309	467	28.3	18.5%
1985	48.3	277	169	1.6	491	9.3%	32	260	322	10.1	17.3%
1984	39.7	233	125	1.9	413	8.7%	32	225	288	11.2	16.1%
1983	53.8	203	101	2.0	327	8.7%	27	176	225	12.0	16.2%
1982	73.1	213	94	2.3	290	9.3%	27	155	196	13.7	16.2%
1981	74.9	174	53	3.3	216	9.5%	23	136	164	14.0	15.3%
1980	74.7	150	45	3.3	175	7.9%	21	109	130	16.1	15.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1989. 2. Excludes discontinued operations. 3. Reflects accounting change. 4. Reflects merger or acquisition

Business Summary

Loral primarily designs, develops and manufactures defense electronic systems. These include radar detection and warning, radar and infrared jamming and expendable countermeasures systems for aircraft and ships; acoustic undersea systems and countermeasures for anti-submarine warfare; guidance and target recognition systems; airborne synthetic aperture radar; anti-submarine warfare and aircraft training simulators; parallel processors; maritime and airborne surveillance systems; airborne antennas; militarized computers and related software and peripherals; information and graphics displays; telemetry tracking and ranging; laser-based military training systems; and microwave integrated components.

Other products include missile ground support systems, fuel tanks, commun ications equipment and aerospace metals.

In fiscal 1989 sales to U.S. Government agencies accounted for 68% and foreign sales accounted for 12% of total sales.

The aircraft braking and engineered materials divisions were sold in early 1989.

Dividend Data

Dividends were initiated in 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Jan. 24	Feb. 16	Feb. 23	Mar. 15'89
0.18	May 16	May 22	May 26	Jun. 15'89
0.20	Jul. 26	Aug. 22	Aug. 28	Sep. 15'89
0.20	Oct. 31	Dec. 11	Dec. 15	Jan. 2'90

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $419,290,000, incl. $99.8 million of debs. conv. into com. at $44.25 a sh.

Common Stock: 25,520,670 shs. ($0.25 par).
About 6% owned by B. L. Schwartz.
Institutions hold approximately 67%.
Shareholders of record: 5,200.

Office—600 Third Ave., NYC 10016 **Tel**—(212) 697-1105 **Chrmn, CEO & Investor Contact**—B. L. Schwartz. **Pres**—F. C. Lanza **VP-Secy**—M. B. Targoff **Treas**—G. E. Dorsey **Dirs**—H. N. Chapin, R. B. Hodes, G. Kekst, F. C. Lanza, M. Ruderman, B. L. Schwartz, E. D. Shapiro, A. M. Shinn, T. J. Stanton, Jr., D. Yankelovich. **Transfer Agent & Registrar**—First Jersey National Bank, Jersey City, N.J. **Incorporated** in New York in 1948 **Empl**—13,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T M Canning, CFA

Lotus Development

4459T

NASDAQ Symbol LOTS (Incl. in Nat'l Market; marginable) Options on ASE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
30¾	33½-18	27	None	None	NR	1.35

Summary

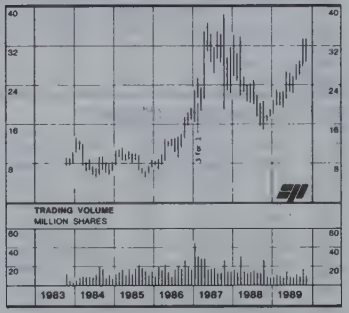
This leading maker of microcomputer applications software is seeking to build upon the success of its best-selling 1-2-3 product with a series of diversification efforts. The extent of future earnings growth depends largely on the success of its new products.

Current Outlook

Earnings for 1990 are projected at $2.15 a share, versus the $1.55 estimated for 1989 and the $1.29 recorded in 1988.

Cash dividends are not currently anticipated.

Revenues through 1990 are expected to benefit from the availability of and upgrades to new versions of the company's flagship 1-2-3 spreadsheet program, increased computer shipments and a strong international marketplace. Margins should widen on the higher volume and restrained growth in spending. Share earnings will further benefit from a stock repurchase plan. LOTS' strategy of diversifying its product line while building on its installed base of more than five million users is being realized, with fast-growing contributors including the CD-ROM and personal information management product lines. The extent of LOTS' earnings growth depends largely on the success of its new products.



Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar	120.0	117.3	84.8	69.3
Jun.	132.2	122.1	94.0	66.2
Sep.	153.9	116.8	101.2	65.6
Dec	---	112.4	115.6	81.8
	---	468.5	395.6	282.9

Sales for the nine months ended September 30, 1989, were up 14%, year to year, aided by the availability of 1-2-3 Releases 3.0 and 2.2. Gross margins narrowed reflecting costs associated with earlier-in-the-year sales and marketing programs and distribution channel incentives aimed at sustaining the company's market position in spreadsheets. Following lower interest and other income (net), pretax profits fell 25%. With taxes at 25.0%, versus 27.0%, net income declined 23%, to $38.5 million ($0.92 a share, on 8.9% fewer shares), from $49.9 million ($1.08).

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.13	0.40	0.31	0.23
Jun.	0.25	0.38	0.36	0.25
Sep.	0.54	0.31	0.42	0.21
Dec.	E0.63	0.21	0.50	0.35
	E1.55	1.29	1.58	1.03

Important Developments

Nov. '89— LOTS began its final beta testing cycle of 1-2-3/G, the graphical version of its spreadsheet designed for the OS/2 and Presentation Manager operating systems. In July, LOTS began shipping its 1-2-3 Release 2.2 spreadsheet, which followed by a month the introduction of 1-2-3 Release 3.0.

Sep. '89— LOTS acquired a 15% interest in Sybase Inc., with a provision to purchase an additional 10%, and announced joint development, marketing and distribution provisions for future products. Sybase is the developer of SQL Server, the database server software product it markets jointly with Ashton-Tate and Microsoft.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982
Tangible Bk. Val.	5.19	3.86	2.16	2.68	2.02	1.25	0 09
Earnings[2]	1.29	[3]1.58	1.03	[3]0.77	0.75	0.33	[4]d0.04
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	34¼	38½	19⅜	11¼	13¼	10⅜	NA
Low	14¾	16⅜	6¾	5⅛	5⅛	6	NA
P/E Ratio—	27-11	24-10	19-7	15-7	18-7	32-18	NA

Data as orig. reptd Adj. for stk. div. of 200% Feb. 1987 1. Refl. merger or acq. 2. Bef. spec. item of +0.01 in 1983. 3. Ful. dil. 1.57 in 1987, 0.76 in 1985. 4. From inception 4-23-82. E-Estimated d-Deficit NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc of Revs.
1988	469	106	22.7	[2]55.2	37.3	4.08	80	26.2%	58.9	12.6
1987	396	123	31.1	[2]26.6	28.0	2.94	103	30.0%	72.0	18.2
1986	283	84	29.9	[2]15.5	20.6	0.95	71	32.0%	48.3	17.1
[3]1985	226	70	31.1	21.4	9.1	0.24	67	43.4%	38.2	16.9
1984	157	63	40.4	24.5	4.7	Nil	66	45.0%	36.0	23.0
1983	53	27	50.8	5.3	0.9	Nil	27	50.0%	13.7	25.9
[4]1982	Nil	d1	NM	0.3	0.1	Nil	d1	Nil	d1.2	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	192	310	84.5	3.7	422	16.3	95	232	338	28.1	27.8
1987	165	225	85.6	2.6	318	26.9	30	202	232	12.9	44.8
1986	93	144	62.9	2.3	209	26.1	30	115	146	20.5	41.1
1985	91	139	45.4	3.1	186	24.6	Nil	139	140	Nil	32.3
1984	59	96	24.2	4.0	122	35.7	Nil	96	98	Nil	46.2
1983	56	73	19.2	3.8	78	33.4	Nil	59	59	Nil	43.9
1982	3	4	0.3	12.9	4	NM	Nil	4	4	Nil	NM

Data as orig. reptd 1. Bef spec item in 1983. 2. Net 3. Refl merger or acq 4. From inception 4-23-82. d-Deficit NM-Not Meaningful.

Business Summary

Lotus Development Corp. engages primarily in the development, production and marketing of applications software and information services for personal computers (PCs).

The company's initial product, 1-2-3, was shipped in January 1983. An integrated software product that combines spreadsheet, database and graphing capabilities into a single program for use with most personal computers, 1-2-3 became the PC software industry's best-selling business application software product soon after its introduction. Lotus shipped its second product, Symphony, in June 1984. Symphony is a general-purpose management tool that integrates spreadsheet technology with graphics, database, word processing and communications. By the end of 1988, the company had sold approximately 4.8 million units of 1-2-3 and Symphony.

Products marketed by the company in addition to 1-2-3 and Symphony include: Freelance Plus and Graphwriter II, both graphics products; Manuscript, a document and word processing product; Agenda and Magellan, both information management products; and Lotus One Source, a PC-based system that combines industry standard financial databases, stored on CD-ROM media.

Lotus hopes to maintain and build upon its large customer base by developing applications and information services products that operate in multiple hardware and operating system environments, including mainframe computers, workstations and networks. A central element of the company's strategy is to provide common mechanisms within these products that promote ease of learning and use.

Lotus markets its products principally through direct sales to dealers and through third-party distributors. While retail remains Lotus' principal distribution channel, the company has begun to establish supplemental sales channels for targeted products and markets. Sales to customers outside the U.S. in 1988 were $159,248,000 (34% of net sales), up from $109,867,000 (28%) the year before.

Dividend Data

Lotus has never paid cash dividends. A three-for-one stock split was effected in 1987. A "poison pill" stock purchase rights plan was adopted during 1988.

Finances

The company said that, through June 30, 1989, it had repurchased about 5.3 million shares under an authorization to buy back up to approximately 6.7 million shares (15%) of its common stock.

Capitalization

Long Term Debt: $167,000,000 (9/89).

Common Stock: 40,912,985 shs. ($0.01 par). Institutions hold about 72%.
Shareholders: 36,000.

Office—55 Cambridge Parkway, Cambridge, Mass 02142 **Tel**—(617) 577-8500 **Chrmn, Pres & CEO**—J. P. Manzi **VP-Fin & CFO**—R. P. Schechter **VP & Secy**—T. M. Lemberg **Investor Contact**—Susan Yeomans **Dirs**—A. V. d'Arbeloff, C. R. Goldberg, L. G. Grasv, J. P. Manzi, A. Papone, C. A. Siuda **Transfer Agent**—Bank of Boston. **Incorporated** in Delaware in 1982 **Empl**—2,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Louisiana Land

NYSE Symbol LLX Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
38⅞	43⅜-31⅛	31	1.00	2.6%	B-	0.89

Summary

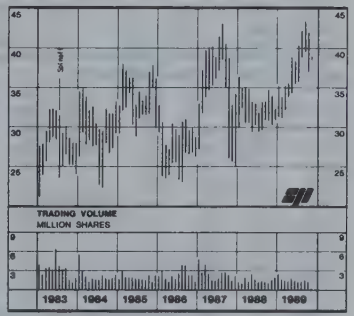
LLX is a major independent crude oil and natural gas producer with the majority of its holdings along the Gulf Coast, and in Louisiana and the Rocky Mountain region, in addition to foreign interests in the North Sea and Canada. The company is completing a restructuring program which has sharply lowered its operating and financing cost structure. LLX is seeking to expand its North American production program in order to exploit projected growth in the U.S. energy markets.

Current Outlook

Share earnings for 1990 are projected at $1.60, versus the $1.50 (including a $0.40 first quarter gain on asset sales) estimated for 1989.

The dividend should continue at $0.25 quarterly.

Revenues for 1990 are expected to show modest improvement, reflecting increased natural gas production and stronger gas pricing. LLX's cost structure has been materially lowered, due to the company's restructuring program. Share earnings comparisons will be enhanced by lower indebtedness and the company's share buyback program. Over the longer term, LLX will be looking to increase its exploration program primarily in Canada.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	196	202	198	254
Jun.	205	191	195	181
Sep.	163	182	211	185
Dec.	---	152	225	207
	---	726	828	827

Revenues for the nine months ended September 30, 1989 fell 1.8%, year to year, owing to lower crude oil and natural gas production. As a result of an improved cost structure, nonrecurring income and the absence of 1988's restructuring costs, net income was $36.7 million ($1.23 a share, excluding a special charge of $0.09), in contrast to a net loss of $71.2 million ($2.29, which excluded a special credit of $1.18).

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.68	0.03	0.22	0.54
Jun.	0.28	d0.55	0.17	0.19
Sep.	0.27	d1.79	0.19	0.17
Dec.	E0.27	0.03	0.23	d1.46
	E1.50	d2.27	0.80	d0.71

Important Developments

Nov. '89— LLX reported share earnings for 1989's third quarter of $0.27, compared with a loss of $1.79 a year earlier. Results for the 1989 period benefited from higher crude oil prices and lower costs which offset lower production resulting from the company's asset disposition program. The program has been designed to divest nonstrategic properties and to lower LLX's cost of production. The program has enabled the company to reduce outstanding indebtedness and to buy back some 2 million common shares in 1989. In 1989, LLX recorded a $12.5 million net gain from the sale of real estate offset in part by a $2.8 million net charge for early debt retirement. In 1988, LLX incurred a $54 million net restructuring charge and a $11.7 million net reserve for pending litigation. Also, in 1988 LLX recorded a $36.9 million special credit from a change in accounting.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.05	18.84	19.38	20.63	21.31	20.54	22.07	21.66	19.63	16.61
Earnings[2]	d2.27	0.80	d0.71	0.38	3.79	2.65	2.01	3.82	4.74	4.45
Dividends	1.00	1.00	1.00	1.00	1.00	1.00	1.60	1.80	1.80	1.38
Payout Ratio	NM	126%	NM	264%	24%	33%	80%	47%	38%	31%
Prices—High	36⅜	43⅛	32¾	38	34⅞	32⅜	32¾	51	63¾	55¼
Low	29⅜	25	23	28¾	22¼	21⅛	19⅝	25⅝	29¾	21⅝
P/E Ratio—	NM	54-31	NM	NM	9-6	12-8	16-10	13-7	13-6	12-5

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.63 in 1984, and spec. item(s) of +1.19 in 1988 NM-Not Meaningful d-Deficit E-Estimated

November 15, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	695	142	20.4	188	153	67.1	d118	NM	d70	NM
1987	784	225	28.7	159	175	72.3	42	40.7%	25	3.2
[3]1986	793	226	28.4	146	188	57.6	d55	NM	d21	NM
1985	1,162	338	29.1	296	191	41.5	d6	NM	10	0.9
[4]1984	1,259	385	30.6	239	183	56.5	220	48.1%	114	9.1
1983	1,220	266	21.8	267	141	49.6	159	40.9%	94	7.7
1982	1,182	198	16.8	441	108	44.0	114	32.8%	76	6.5
1981	1,255	306	24.4	653	93	19.3	236	38.3%	145	11.6
1980	1,036	379	36.6	371	101	5.6	312	42.3%	180	17.4
1979	791	355	44.9	267	70	11.2	300	43.6%	[5]169	21.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26	211	189	1.1	1,429	NM	546	489	1,156	47.2	NM
1987	54	232	200	1.2	1,607	1.5%	545	587	1,325	41.1	4.2%
1986	70	240	174	1.4	1,680	NM	640	604	1,415	45.3	NM
1985	73	283	246	1.1	1,405	0.7%	349	567	1,098	31.7	1.8%
1984	61	278	244	1.1	1,546	7.5%	438	590	1,258	34.8	19.7%
1983	61	299	262	1.1	1,682	6.2%	497	635	1,357	36.6	14.3%
1982	61	258	236	1.1	1,682	4.7%	356	838	1,391	25.6	9.2%
1981	44	280	197	1.4	1,549	10.8%	358	823	1,323	27.1	18.5%
1980	121	283	162	1.7	1,143	16.6%	134	745	957	14.0	26.2%
1979	193	352	180	2.0	1,028	17.6%	161	631	826	19.5	28.6%

Data as orig. reptd. 1. Incl equity in earns of nonconsol subs 2. Bef. results of discontinued opers. in 1984, and spec item(s) in 1988 3. Reflects merger or acquisition 4. Excl. discontinued opers. 5. Reflects accounting change. d-Deficit. NM-Not Meaningful

Business Summary

LLX is a major independent oil and gas producer and owns a small refinery in Mobile, Ala. Copper and gold mining activities were sold in 1984 and real estate holdings have been reduced.

Oper. Profits (Million $)	1988	1987
Domestic petroleum	-$68.2	$97.7
North Sea petroleum	5.1	8.6
Other foreign petroleum	-2.0	0.7

LLX operates onshore in the continental U.S. and the Federal offshore area of the Gulf of Mexico. LLX has working interests in Canada, Colombia, and in the Netherlands and U.K. sectors of the North Sea. LLX also receives royalties, lease bonuses, and income from a net profits interest in production by others of oil and gas properties LLX owns and leases in south Louisiana.

In 1988 production of crude and condensate averaged 38,953 barrels a day (40,648 in 1987), plant products 3,247 b/d (2,696 b/d), and natural gas 264.3 million cubic feet a day (295.1). Net proved reserves at 1988 year-end stood at 85 million barrels of crude and other petroleum liquids (94 million in 1987) and 677 billion cubic feet of natural gas (819).

The July, 1986 acquisition of Inexco Oil (for $6 million in cash, 4.2 million common shares and assumption of $322 million of Inexco long-term debt) added at least 367 billion cubic feet of long-lived domestic natural gas and 11.8 million barrels of petroleum liquids to LLX's proved reserves. Owing in part to the acquisition, LLX's replacement of production with new reserves, has averaged about 138% since 1982.

Dividend Data

Dividends have been paid since 1935. A "poison pill" stock purchase right was declared in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 10	Nov. 25	Dec. 1	Dec. 15'88
0.25	Feb. 16	Feb. 23	Mar. 1	Mar. 15'89
0.25	May 18	May 25	Jun. 1	Jun. 15'89
0.25	Jul. 13	Aug. 25	Aug. 31	Sep. 15'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $464,200,000.

Capital Stock: 28,910,368 shs. ($0.15 par).
Institutions hold about 85%.
Shareholders of record: 12,139.

Offices—909 Poydras St., New Orleans, La. 70112. Tel—(504) 566-6500 Chrmn & Pres—H. L. Steward VP-CFO—R. A. Bachmann Secy & Investor Contact—Suzanne V. Baer Dirs—L. C. Adams, R. A. Bachmann, E. M. de Windt, J. F. Greene, E. M. Kelly, R. B. Long, J. G. Phillips, H. L. Steward, A. R. Taylor, W. R. Timken, Jr., E. L. Williamson, L. H. Wilson. Transfer Agent & Registrar—Bank of New York, NYC Incorporated in Maryland in 1926. Empl—709.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Louisiana-Pacific

NYSE Symbol LPX Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
40⅝	42⅝-28	9	1.00	2.5%	B	1.38

Summary

This company is an important producer of lumber, plywood, particleboard and pulp. LPX has been in the forefront of an industry move to substitute waferboard for plywood production, a move that should enhance future earnings. Recent sales and earnings were helped by production cutbacks at competitors' mills caused by a lack of timber supplies from national forests.

Current Outlook

Earnings for 1990 are projected at $4.25 a share, compared with the $4.75 estimated for 1989.

The $0.25 quarterly dividend will likely be raised in 1990.

Building products sales for 1990 should remain strong, reflecting production curtailments at other producers' mills caused by timber supply shortages. Prices for pulp should remain firm as long as the economy does not deteriorate.

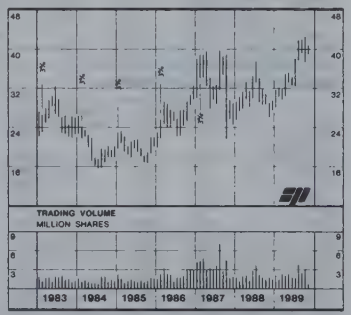
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	467	414	423
Jun.	---	526	474	489
Sep.	---	510	463	532
Dec.	---	---	448	478
	---	---	1,799	1,922

Sales for the nine months ended September 30, 1989 rose 11%, year to year, reflecting higher pulp prices and better than expected wood products sales. Margins widened, and pretax income increased 26%. After taxes at 34.5%, versus 38.5%, net income was up 34%. Share earnings were $3.66, compared with $2.73. Results for the 1988 interim exclude income from discontinued operations of $0.48 a share and a special credit of $3.82 a share from the settlement of the Redwood National Park comdemnation.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.05	1.06	0.74	0.43
Jun.	E1.10	1.27	1.02	0.91
Sep.	E1.05	1.34	0.97	1.11
Dec.	E1.05	E1.08	0.81	0.82
	E4.25	E4.75	3.54	3.27



Important Developments

Oct. '89— The board of directors authorized a common stock repurchase program of up to five million shares. The stock will be used for the LPX employee stock plan and other corporate purposes.

Jun. '89— The company announced plans to construct a new oriented structural board plant in Silsbee, Texas. The plant will have an annual production capacity of 300 million square feet. It will be LPX' sixteenth oriented board plant.

Feb. '89— LPX announced an employee stock ownership plan for all hourly employees whose pension benefits are not subject to collective bargaining. LPX' contribution for 1989 will equal 5% of compensation.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	30.51	27.24	24.86	20.59	19.86	19.56	19.54	20.26	18.78	17.68
Earnings[2]	3.54	3.27	1.72	0.68	1.13	0.76	d0.46	0.73	1.64	2.90
Dividends	0.89	0.79⅜	0.77⅛	0.74⅞	0.72¾	0.70⅝	0.68½	0.64⅞	0.55⅞	0.47
Payout Ratio	25%	24%	45%	111%	65%	94%	NM	91%	34%	16%
Prices—High	37½	39¾	32½	23½	26¼	32⅜	25⅞	25⅞	24	20⅞
Low	25½	21½	19¾	16⅝	15½	21¾	11⅞	13⅝	15	14⅜
P/E Ratio—	11-7	12-7	19-11	34-24	23-14	43-29	NM	36-19	15-9	7-5

Data as orig reptd Adj for stk div(s) of 3% Feb 1987, 3% Feb. 1986, 3% Feb 1985, 3% Feb. 1984, 3% Feb. 1983, 3% Feb 1982, 3% Feb 1981, 3% Feb 1980, 3% Mar. 1979 **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers of +0.48 in 1988, bef spec item(s) of +3.82 in 1988, +3.24 in 1986, +0.79 in 1985, +0.42 in 1982, +1.55 in 1981 E-Estimated. d-Deficit. NM-Not Meaningful

December 5, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,799	366	20.3	183	145	36.0	214	36.9%	[3]135	7.5
1987	1,922	393	20.5	214	148	44.3	208	40.0%	[3]125	6.5
[4]1986	1,506	239	12.9	570	120	19.4	108	40.0%	65	4.3
1985	1,261	145	11.5	153	108	17.5	31	16.9%	26	2.0
1984	1,230	137	11.2	190	91	15.0	76	44.2%	42	3.4
1983	1,102	140	12.7	120	89	16.3	46	39.6%	28	2.5
1982	872	36	4.1	75	68	17.1	d27	NM	d17	NM
1981	1,023	73	7.2	128	81	14.7	37	29.0%	26	2.6
1980	1,196	172	14.4	157	87	11.5	100	40.1%	60	5.0
1979	1,302	253	19.4	193	97	11.7	160	33.6%	106	8.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	256.0	536	163	3.3	1,796	7.3%	370	1,137	1,624	22.8	12.6%
1987	3.8	345	226	1.5	1,971	6.5%	525	1,044	1,729	30.3	12.5%
1986	10.7	310	211	1.5	1,887	3.9%	572	944	1,657	34.5	7.5%
1985	9.6	267	160	1.7	1,397	1.9%	216	775	1,222	17.6	3.3%
1984	8.2	233	146	1.6	1,315	3.3%	178	746	1,154	15.4	5.7%
1983	4.9	242	129	1.9	1,265	2.2%	182	729	1,125	16.2	3.8%
1982	13.6	206	110	1.9	1,242	NM	193	723	1,124	17.2	NM
1981	6.0	217	134	1.6	1,211	2.3%	137	746	1,070	12.8	3.7%
1980	33.1	289	135	2.1	1,114	5.4%	144	687	972	14.8	9.0%
1979	2.4	335	158	2.1	1,101	10.1%	163	646	930	17.5	17.7%

Data as orig reptd **1.** Bef spec. item(s) in 1988, 1986, 1985, 1982, 1981, and results of disc. opers. in 1988. **2.** Excludes discontinued operations **3.** Reflects accounting change. **4.** Reflects merger or acquisition. d-Deficit NM-Not Meaningful.

Business Summary

Louisiana-Pacific is an important producer of lumber, softwood plywood, particleboard, pulp and other wood products. Industry segment contributions in 1988:

	Sales	Profits
Building products	87%	65%
Pulp, paperboard & containers	13%	35%

Export sales accounted for about 20% of sales in 1988, versus 14% the year before.

Building products include redwood lumber (4% of total 1988 sales), other lumber (34%), panel products (35%), and logs, chips, veneer, windows, doors and insulation (14%). LPX is a leading producer of particleboard, waferboard, redwood lumber and other lumber products.

During 1988 LPX produced 2.44 million bd. ft. of lumber; 1,552 million sq. ft. of plywood; 2,013 million sq. ft. of waferboard; 443 million sq. ft. of fiberboard and particleboard; 257 million sq. ft. hardwood veneer; and 381,000 tons of pulp. The company owns 1,538,300 acres of timberland, which supplied 18% of its log requirements in 1988. The company also holds cutting rights to approximately $242 million of government timber.

LPX's Fibreboard subsidiary, a defendant in numerous lawsuits claiming damages from use of asbestos-containing products made by that unit prior to 1971, was spun off to shareholders in June, 1988.

Dividend Data

Dividends have been paid since 1973. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Feb. 6	Feb. 7	Feb. 13	Mar. 1'89
0.25	May 5	May 12	May 18	Jun. 1'89
0.25	Jul. 31	Aug. 8	Aug. 14	Aug. 30'89
0.25	Oct. 30	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $505,700,000.

Common Stock: 38,798,799 shs. ($1 par).
Institutions hold some 37%.
Shareholders of record: 33,000.

Offices—111 S W Fifth Ave., Portland, Ore. 97204 **Tel**—(503) 221-0800 **Chrmn & Pres**—H. A Merlo **Secy**—D R Holman **VP-Treas**—J. C Hart **Investor Contact**—W. L Hebert **Dirs**—J. A. Elorriaga, J. C. Hart, D. R. Holman, D. R. Kayser, H. A Merlo, F. I. Neff, T. C. Oddo, L. C. Simpson, C. E. Yeager. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Delaware in 1972. **Empl**—13,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

Lowe's Companies

1386D

NYSE Symbol LOW Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
30	32⅛-20¾	15	0.52	1.7%	A-	1.26

Summary

This company retails building materials and supplies, lumber, hardware and appliances through some 300 stores, primarily in the southern U.S. Earnings are strongly affected by seasonal and cyclical trends in construction activity, but a shift in emphasis toward the do-it-yourself, home improvement market bodes well for future growth. The dividend was raised 8.3% in December, 1989.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $2.10 a share, up from the $2.00 estimated for fiscal 1989-90.

Dividends were raised 8.3%, to $0.13 quarterly from $0.12, with the December, 1989 declaration.

Sales through fiscal 1990-91 are expected to increase moderately, reflecting LOW's store expansion program and strategic shift in emphasis toward the strong do-it-yourself retail market. Profits will benefit from a more favorable product mix and lower interest expense, but the gain will be restrained by expansion-related costs.

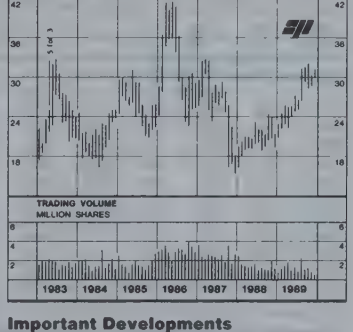
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	602	591	569	534
Jul.	746	705	725	658
Oct.	703	652	646	594
Jan.	---	570	502	497
	---	2,517	2,442	2,283

Sales for the nine months ending October 31, 1989 rose 5.3%, year to year, reflecting more units in operation and higher same store sales. Gross margins widened on a more favorable product mix; however, profits were penalized by expansion related costs and higher employee retirement expenses. Following lower interest expense, pretax income rose 5.4%. After taxes at 31.8%, versus 36.3%, net income advanced 12.9%, to $1.74 a share (on 1.8% fewer shares) from $1.51.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.39	0.39	0.35	0.31
Jul	0.80	0.70	0.62	0.54
Oct.	0.54	0.43	0.43	0.31
Jan.	E0.27	0.32	0.02	0.25
	E2.00	1.83	1.41	1.41



Important Developments

Dec. '89— The company said that its November sales totaled $203.1 million, up 12%, year to year; same store sales rose 11%.

Dec. '89— LOW said that in the first 10 months of fiscal 1989-90 it opened six new stores, relocated nine and closed two, bringing the number of stores in operation at December 1 to 300. Management said that it would continue its store expansion program and during fiscal 1990-91 planned to open about five more new stores and relocate 22.

Oct. '89— The company said that it had completed the purchase of $6 million of LOW common stock for its ESOP. In August, 1988 the company completed its $50 million stock repurchase program (authorized in December, 1987), under which 2,498,950 common shares were repurchased.

Next earnings report expected in mid-March.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	15.80	14.75	13.64	10.99	9.42	8.04	5.96	5.45	5.25	4.91
Earnings[1]	1.83	1.41	1.41	1.64	1.70	1.40	0.75	0.55	0.58	0.77
Dividends	0.45	0.43	0.40	0.36	0.32	0.32	0.29⅜	0.28⅞	0.24⅛	0.20⅛
Payout Ratio	25%	30%	28%	22%	19%	23%	39%	53%	41%	26%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	24⅜	32¾	41½	31⅛	25⅛	32⅛	22⅜	11⅜	9⅞	8⅜
Low	16¼	15¼	22½	20¾	16¼	17⅜	7⅛	6⅜	5½	6½
P/E Ratio—	13-9	23-11	29-16	19-13	15-10	23-12	30-10	21-12	17-9	11-8

Data as orig. reptd. Adj. for stk. div(s). of 66⅔% Apr. 1983, 50% Nov 1981. 1. Bef. spec. item(s) of +0.13 in 1987, -0.07 in 1986. E-Estimated

December 28, 1989
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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	2,517	168	6.7	82	41.2	24.2	106	34.5%	69.2	2.7
1988	2,442	159	6.5	102	38.5	23.1	91	38.4%	56.0	2.3
1987	2,283	152	6.7	139	30.5	20.1	108	49.0%	55.1	2.4
1986	2,073	146	7.1	137	21.8	17.4	113	47.1%	59.7	2.9
1985	1,689	136	8.1	70	14.8	6.1	119	48.4%	61.4	3.6
1984	1,431	110	7.7	39	12.0	5.2	97	47.8%	50.6	3.5
1983	1,034	63	6.1	23	11.2	5.4	48	47.1%	25.1	2.4
1982	888	47	5.3	31	10.5	[2]5.4	33	46.3%	17.9	2.0
1981	884	51	5.7	14	10.3	5.5	36	47.9%	18.9	2.1
1980	905	64	7.1	20	10.1	7.0	47	47.3%	25.0	2.8

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	60.3	578	286	2.0	1,086	6.7%	190	587	800	23.8	12.2%
1988	43.9	552	232	2.4	1,027	5.6%	186	582	795	23.4	10.0%
1987	50.0	547	257	2.1	969	5.8%	153	541	712	21.5	11.3%
1986	87.2	535	252	2.1	857	7.9%	184	407	605	30.4	15.8%
1985	84.2	432	189	2.3	635	10.6%	92	341	445	20.8	19.4%
1984	74.2	378	169	2.2	521	10.7%	52	292	351	14.8	19.9%
1983	25.3	272	135	2.0	394	7.1%	56	199	259	21.8	13.2%
1982	32.1	195	80	2.4	307	5.9%	49	178	226	21.6	10.3%
1981	15.6	210	80	2.6	302	6.3%	52	170	222	23.4	11.5%
1980	23.0	211	85	2.5	300	8.8%	56	159	215	26.1	16.7%

Data as orig. reptd. 1. Bef. spec. item(s) in 1987, 1986 2. Reflects accounting change.

Business Summary

Lowe's Companies is a retail distributor, at discount prices, of building materials, consumer durables, and home center products for the do-it-yourself and home construction markets. As of January 31, 1989 it was operating 296 retail stores in 20 states, located principally in the South Atlantic and South Central regions of the U.S.

Contributions to sales by product line in recent fiscal years:

	1988-9	1987-8
Structural lumber	19%	20%
Building materials	29%	30%
Home decoration	12%	12%
Kitchens & baths	9%	9%
Heating & cooling	5%	5%
Home entertainment	5%	4%
Recreation, garden & farm	9%	8%
Tools	3%	3%
Special orders	9%	9%

At January 31, 1989 Lowe's had total sales floor space of 5,062,865 sq. ft. The average sales floor size was 17,104 sq. ft., versus 16,182 sq. ft. the year before, with the company planning to continue expanding the size of its stores. Total sales per sq. ft. in fiscal 1988-9 were $510, and retail sales per sq. ft. were $301.

In an effort to reduce the impact of construction cycles, Lowe's has been seeking an increase in its retail business in recent years. Building materials sales are seasonal, the largest portion occurring in the spring and summer months.

Dividend Data

Cash dividends were initiated in 1961. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Mar. 28	Apr. 10	Apr. 14	Apr. 28'89
0.12	Jun. 12	Jul. 10	Jul. 14	Jul. 28'89
0.12	Sep. 15	Oct. 6	Oct. 13	Oct. 27'89
0.13	Dec. 11	Jan. 10	Jan. 17	Jan. 31'90

Next dividend meeting: mid-Mar.'90

Capitalization

Long Term Debt: $171,271,000.

Common Stock: 37,199,775 shs. ($0.50 par).
Employees own about 30%.
Institutions hold approximately 48%.
Shareholders of record: 6,602.

Office—Hway 268 East, P.O. Box 1111, North Wilkesboro, N.C. 28656 **Tel**—(919) 651-4000 **Chrmn**—R. L. Strickland **Pres & CEO**—L. G. Herring **VP-Secy**—R. D. Elledge **VP-Treas**—H. B. Underwood **Investor Contact**—W. C. Oxford **Dirs**—W. A. Andres, J. M. Belk, G. E. Cadwgan, L. G. Herring, P. Kuhnlych, R. B. Long, W. H. McElwee, R. G. Schwartz, J. C. Shewmaker, R. L. Strickland **Transfer Agent & Registrar**—Wachovia Bank & Trust Co., Winston-Salem. **Incorporated** in North Carolina in 1952. **Empl**—14,774

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Lubrizol Corp.

1386K

NYSE Symbol LZ Options on Phila (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jul. 5'89	1989					
42	45-35 1/8	12	1.36	3.2%	B+	1.15

Summary

Lubrizol is believed to be the largest supplier to the petroleum industry of chemical additives used in lubricants and fuel. LZ is also engaged in the development and production of seeds for agricultural crops and specialty vegetables oils and their chemical derivatives. Earnings in recent years have remained well below earlier highs, mainly due to lower demand for LZ's chemical additives. However, some recovery has been seen since 1986 with higher chemical sales.

Business Summary

Lubrizol is a specialty chemical company serving the transportation, industrial and agricultural markets. Its principal products are chemical additives for lubricants and fuels. It also produces agricultural crop seeds and related products. Contributions by business segment (operating profits in million $) in 1988:

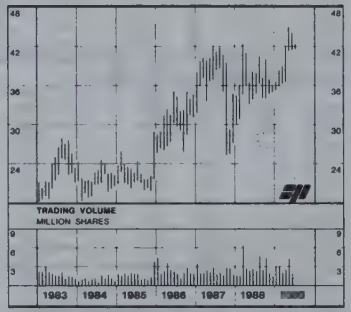
	Sales	Profits
Specialty chemicals	92%	$223.4
Agribusiness	8%	-$40.2

Foreign operations accounted for 53% of sales and 60% of operating profits in 1988.

Specialty chemicals consist of chemical additives for automotive and industrial lubricants, functional fluids and fuels, primarily engine oils, automotive transmission fluids, gear oils, hydraulic fluids, machine oils, metal working compounds and gasoline and diesel fuels used in cars, trucks, buses, off-highway equipment, marine engines, and industrial applications. Other products include corrosion control coatings, plastic and paint additives, and mining chemicals.

Agrigenetics Corp. is engaged in the development and sale of crop seeds and the development of specialty vegetable oils derived from oilseed crops, primarily sunflower. Corn accounted for 52% of seed sales in 1988, soybeans 16%, sorghum 11%, sunflowers 9% and other crops 12%. Export sales were 15% of the total.

Various venture capital interests are held in: Genentech, Inc., a bio-engineering concern; Mycogen Corp., a producer of pesticides; Syntro Corp., a producer of animal vaccines and specialty chemicals; Ocean Genetics, Inc., a marine biotechnology firm; Altus Corp., a maker of higher energy lithium batteries; Creative BioMolecules, Inc., a protein engineering and production company; and Sungene Technologies Corp., a plant biotechnology research firm.



Important Developments

Apr. '89— Both the specialty chemicals and agribusiness units demonstrated strong performances in the first quarter. Specialty chemicals revenues were a record for any quarter. Agribusiness benefited from higher selling prices and greater crop seed sales reflecting projected higher planted acreage. Chemical raw material prices continued upward and testing costs remained high. LZ settled litigation related to Agrigenetics Research Associated Limited Partnerhip.

Oct. '88— LZ settled a patent infringement suit against Exxon Corp., which agreed to pay LZ $80 million in cash and $6 million in trade credits. Exxon recognized the validity of 10 patents owned by LZ, and agreed not to market over 300 accused products. Fourth quarter 1988 earnings include a $53.2 million ($1.37 a share) gain from the settlement.

Next earnings report expected in late July.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	17.48	15.96	14.43	13.09	12.13	12.03	11.79	11.98	11.36	9.43
Earnings[2]	3.40	2.06	1.97	1.49	1.73	1.65	1.21	2.36	2.87	2.33
Dividends	1.30	1.22	1.17	1.16	1.12	1.08	1.08	1.08	0.90	0.80
Payout Ratio	38%	58%	59%	78%	65%	65%	89%	46%	32%	35%
Prices—High	42 3/8	42 1/8	35 1/8	28 7/8	24 1/2	27 1/8	23 3/4	35 1/2	41 3/4	29 7/8
Low	30	25 1/4	25 5/8	19 3/4	18 1/4	18 1/8	14 1/4	20 3/8	24 7/8	20 1/2
P/E Ratio—	12-9	20-12	18-13	19-13	14-11	17-11	20-12	15-9	15-9	13-9

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.23 in 1988.

July 13, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
1988	1,126	162	14.4	55	46.6	6.20	186	29.4%	131	11.7
1987	1,022	153	15.0	42	47.2	6.30	129	37.0%	[2]81	8.0
1986	985	152	15.4	41	42.6	7.90	129	39.2%	[2]78	7.9
[3]1985	913	140	15.4	85	44.6	9.50	103	41.8%	60	6.7
1984	832	129	15.5	30	38.7	5.10	115	41.1%	68	8.1
1983	790	125	15.8	26	37.0	3.40	114	43.1%	65	8.2
[3]1982	801	120	15.0	52	37.2	4.38	87	45.5%	48	5.9
1981	878	161	18.3	75	32.1	2.99	158	41.6%	[2]92	10.5
1980	902	195	21.6	108	23.4	1.33	195	42.9%	112	12.4
1979	725	159	21.9	51	18.4	NA	160	43.2%	91	12.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	124	573	185	3.1	971	13.9%	55.3	664	759	7.3	20.7%
1987	93	513	169	3.0	939	9.0%	56.1	622	746	7.5	13.7%
1986	86	463	163	2.8	878	9.0%	52.6	573	698	7.5	14.3%
1985	63	447	183	2.5	854	7.7%	73.4	519	659	11.1	12.0%
1984	111	376	132	2.8	702	9.8%	30.4	474	558	5.4	14.3%
1983	90	362	130	2.8	683	9.8%	27.2	472	543	5.0	13.9%
1982	25	305	115	2.6	644	7.3%	19.4	462	520	3.7	10.2%
1981	50	342	130	2.6	673	13.9%	25.3	479	535	4.7	19.7%
1980	38	346	137	2.5	651	19.0%	22.8	453	501	4.6	26.9%
1979	27	303	116	2.6	520	18.9%	Nil	375	394	Nil	26.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition. NA-Not Available

Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	345	296	275	277
Jun.		287	267	261
Sep.		265	237	233
Dec.		278	244	215
		1,126	1,022	985

Revenues for the first quarter of 1989 rose 17%, year to year. Specialty chemical shipments rose 15%. Agribusiness benefited from higher selling prices and greater crop seed sales. Despite increased material costs and continued high testing and research expenses, operating profits advanced 22%. In the absence of a $0.12 a share nonrecurring gain, and after taxes at 34.0%, against 36.2%, net income increased 29%. Share earnings were $0.82, versus $0.61, which excludes a special credit of $0.22 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.61	0.65	0.71
Jun.		0.58	0.60	0.48
Sep.		0.28	0.48	0.44
Dec.		1.93	0.33	0.34
		3.40	2.06	1.97

Dividend Data

Dividends have been paid since 1935. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Jul. 25	Aug. 4	Aug. 10	Sep. 9'88
0.34	Oct. 24	Nov. 4	Nov. 10	Dec. 9'88
0.34	Jan. 23	Feb. 6	Feb. 10	Mar. 10'89
0.34	Apr. 24	May 4	May 10	Jun. 9'89

Next dividend meeting: Jul. 24'89.

Finances

In February, 1989 directors authorized the repurchase of up to 2 million LZ common shares. LZ completed a 2 million share buyback program authorized in October, 1987. Capital spending for 1989 was budgeted at about $80 million.

In October, 1988 LZ terminated negotiations with Pony Industries, Inc. for the purchase of the ChemLink division from Pony.

Capitalization

Long Term Debt: $55,196,000.

Common Stock: 38,009,911 shs. (no par).
Institutions hold approximately 63%.
Shareholders of record: 7,880.

Office—29400 Lakeland Blvd., Wickliffe, Ohio 44092 **Tel**—(216) 943-4200. **Chrmn & CEO**—L. E. Coleman. **Pres**—W. G. Bares. **Secy & Investor Contact**—J. I. Rue. **Treas**—W. R. Jones. **Dirs**—W. G. Bares, L. E. Coleman, A. Gillet, D. H. Hoag, T. C. MacAvoy, R. A. Miller, L. S. Salter, R. D. Thompson, K. E. Ware. **Transfer Agent & Registrar**—National City Bank, Cleveland, Ohio. **Incorporated** in Ohio in 1928. **Empl**—4,781.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard O'Reilly, CFA

Luby's Cafeterias

NYSE Symbol LUB In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
26 3/4	28 3/8-23 1/8	16	0.64	2.4%	A	0.76

Summary

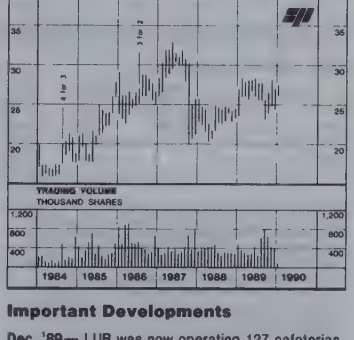
This owner and operator of more than 120 cafeterias, located primarily in Texas, has consistently posted strong profitability and return on equity over the past decade. New cafeteria openings are contributing to revenue growth, and although LUB's margins have recently weakened somewhat, share earnings are expected to continue to rise in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 are estimated at $1.75 a share, up from fiscal 1989's $1.62.

The dividend was raised 14.3%, to $0.16 quarterly from $0.14, with the September, 1989 payment.

Further sales increases are expected in fiscal 1990, aided by more cafeterias in operation. Overall profitability is expected to again be strong, helped by LUB's incentive program for store managers. Near-term expansion is expected to center on Texas. Longer-term, there could a greater emphasis on restaurant development in other states, but this could put LUB into more direct competition with other cafeteria chain companies.



Sales[1] (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov.	73.4	66.9	60.0	55.2
Feb.	---	66.1	59.6	55.2
May	---	75.0	65.8	60.5
Aug.	---	75.2	68.9	62.0
	---	283.3	254.3	232.9

Sales for the three months ended November 30, 1989 increased 9.7%, year to year. Pretax income rose 7.5%, and after taxes at 33.8%, versus 34.0%, net income was up 7.8%. Share earnings were $0.40, versus $0.37.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov.	0.40	0.37	0.35	0.29
Feb.	E0.39	0.36	0.33	0.31
May	E0.48	0.44	0.40	0.34
Aug.	E0.48	0.45	0.43	0.36
	E1.75	1.62	1.51	1.30

Important Developments

Dec. '89— LUB was now operating 127 cafeterias, including three that opened in fiscal 1990's first quarter. The three new cafeterias were in Austin, El Paso, and Bellmead, Tex., and nine other units were under construction. Separately, in August, 1989 LUB was ranked as the third largest cafeteria chain company in the U.S., by Nation's Restaurant News, a trade newspaper. The leader was Morrison's Family Dining, which had systemwide sales of $306 million in its fiscal year ended May, 1989. Morrison's had about 172 units, most of which are in the Southeast. Furr's/Bishop's Cafeterias, L.P., ranked second, with estimated calendar 1989 sales of $285 million, while Piccadilly Cafeterias, which had sales of $276 million in the fiscal year ended June, was fourth.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	8.92	7.88	6.89	6.03	5.24	4.54	3.90	3.39	2.39	1.99
Earnings	1.62	1.51	1.30	1.20	1.07	0.95	0.77	0.67	0.58	0.47
Dividends	0.56	0.50	0.44	0.40	0.36	0.30	0.24	0.19 1/4	0.16	0.12 1/2
Payout Ratio	35%	33%	34%	33%	33%	32%	31%	30%	28%	27%
Prices—High[2]	28 3/8	25 3/4	32 1/8	29 1/8	27 1/8	21 3/8	19 3/8	16 3/8	11 3/8	7 5/8
Low[2]	23 1/4	20 1/4	20	22 1/2	17 3/4	15 3/4	14	9 7/8	7 1/8	4 1/8
P/E Ratio—	18-14	17-13	25-15	24-19	26-16	22-17	25-18	24-15	19-12	16-9

Data as orig. reptd. Adj. for stk. divs. of 50% Aug. 1986, 33 1/3% Sep. 1984, 25% Feb. 1983, 50% Aug. 1981, 25% Aug. 1980. 1. Cafeteria sales, excl. management fees. 2. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Aug. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	283	52.2	18.4	30.0	9.85	0.36	44.4	33.6%	29.5	10.4
1988	254	47.8	18.8	23.6	8.64	0.40	41.2	33.3%	27.5	10.8
1987	233	45.9	19.7	23.2	7.38	0.43	41.8	43.3%	23.7	10.2
1986	215	42.1	19.6	18.5	6.41	0.46	38.4	43.0%	21.9	10.2
1985	196	37.1	18.9	22.4	5.45	0.48	34.7	43.6%	19.6	10.0
1984	171	31.9	18.6	14.5	4.60	0.50	30.7	43.5%	17.4	10.1
1983	141	26.1	18.4	16.4	3.76	0.53	24.9	44.1%	13.9	9.8
1982	127	21.9	17.2	16.1	3.11	0.58	20.5	43.4%	11.6	9.1
1981	108	18.2	16.8	14.6	2.75	0.58	17.2	43.0%	9.8	9.0
1980	90	15.0	16.7	8.3	1.92	0.61	14.1	42.9%	8.0	8.9

Balance Sheet Data (Million $)

Aug. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	15.3	21.9	28.6	0.8	210	14.9%	2.83	163	180	1.6	19.2%
1988	20.2	25.9	23.0	1.1	185	15.9%	3.52	144	160	2.2	20.4%
1987	20.4	24.9	20.4	1.2	162	15.5%	3.93	126	141	2.8	20.1%
1986	25.3	30.3	19.1	1.6	144	16.2%	4.31	110	123	3.5	21.3%
1985	22.8	26.6	17.6	1.5	126	16.7%	4.68	96	107	4.4	22.0%
1984	23.0	26.3	15.7	1.7	109	17.1%	5.12	83	93	5.5	22.6%
1983	19.8	22.3	14.0	1.6	94	15.8%	5.46	71	80	6.8	20.9%
1982	20.3	22.3	11.6	1.9	82	16.0%	5.81	62	70	8.3	22.0%
1981	9.6	11.8	10.8	1.1	59	17.9%	6.13	41	48	12.8	26.4%
1980	12.4	14.5	9.0	1.6	50	17.2%	6.44	34	41	15.7	26.1%

Data as orig. reptd. 1. Reflects acctg. change.

Business Summary

LUB, which is one of the largest cafeteria chain companies in the U.S., operated 124 restaurants at August 31, 1989, of which 99 were in Texas, nine in Oklahoma, nine in Arizaona, four in New Mexico, two in Arkansas, and one in Florida. Number of cafeterias in operation at fiscal year-end:

1989	124	1985	85	1981	59
1988	113	1984	77	1980	56
1987	103	1983	70		
1986	94	1982	64		

Most of the cafeterias are located in suburban shopping areas. The units cater primarily to shoppers and office and store personnel for lunch and to families for dinner. LUB's cafeterias are generally 10,000-11,000 sq. ft. in area and can typically accommodate 300 guests in a carpeted dining room. Most of the cafeterias do business seven days a week, and are open for lunch and dinner. Menus, which are not uniform in all outlets on any particular day, are designed to reflect local and seasonal food preferences and to take advantage of any food purchasing opportunity.

Many of LUB's cafeterias are located in the larger cities of Texas. As of December 1989 LUB had 20 units in Houston, 15 in San Antonio, five in Dallas and four in Austin.

The company has historically increased its number of cafeterias about 10% each year. In fiscal 1990, expansion is expected in Texas and Arizona, including three new units in Houston.

Dividend Data

Quarterly cash dividends have been paid since fiscal 1965 (since March, 1973 on the publicly held shares).

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Apr. 14	Jun. 5	Jun. 9	Jun. 26'89
0.16	Jul. 7	Sep. 1	Sep. 8	Sep. 25'89
0.16	Oct. 18	Dec. 11	Dec. 15	Jan. 2'90
0.16	Jan. 5	Mar. 5	Mar. 9	Mar. 26'90

Next dividend meeting: mid-Apr.'90.

Capitalization

Long Term Debt: $2,832,000.

Common Stock: 18,232,754 shs. ($0.32 par).
Officers & directors own about 26%.
Institutions hold approximately 37%.
Shareholders of record: About 3,643.

Office—2211 Northeast Loop 410, P.O. Box 33069, San Antonio, Tex. 78265. **Tel**—(512) 654-9000. **Chrmn**—J. B. Lahourcade. **Pres & CEO**—R. Erben. **Secy**—J. R. Hale. **SVP-CFO & Investor Contact**—J. Curtis. **Dirs**—A. B. Beal, D. B. Davis, R. Erben, T. H. Griggs, R. R. Hemminghaus, J. B. Lahourcade, R. M. Luby, M. M. Minter, Jr., W. J. Salmon, G. H. Wenglein. **Transfer Agent & Registrar**—MTrust Corp., Dallas. **Incorporated** in Texas in 1959. **Empl**—8,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Lyondell Petrochemical

1389

NYSE Symbol LYO Options on NYSE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
21¼	33½-16¾	NM	1.60	7.5%	NR	NA

Summary

This company, formerly a wholly-owned subsidiary of Atlantic Richfield Co. (ARCO), is a leading producer of a wide variety of petrochemicals, including ethylene, propylene, methanol and aromatics, and refined petroleum products, including gasoline, heating oil, jet fuel and lubricants. Earnings in 1989 were penalized by lower chemical volumes and increased maintenance expenses. In December, 1989 LYO agreed to purchase polyethylene and polypropylene plants, thus entering key derivative markets.

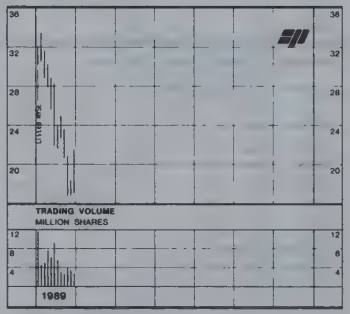
Business Summary

Lyondell Petrochemical is an integrated petrochemical and petroleum processor and marketer. The company was formed in 1985 by the combination of Atlantic Richfield Co.'s Channelview, Texas petrochemical complex and its full conversion Houston Refinery. Sales contributions:

	1988	1987
Petrochemical	41%	35%
Refined products	38%	55%
Other	21%	10%

The Channelview petrochemical complex consists of two large olefins plants, a methanol plant and other processing units. The complex obtains its feedstocks from the Houston refinery and from outside sources. Olefins consists of ethylene (capacity of 3.4 billion pounds per year) used for polyethylene, polyvinyl chloride and polystyrene resins, anti-freeze, and detergents; propylene (2.1 billion pounds) for plastics, fibers, and solvents; and butadiene (420 million) for rubber products, tires, and solvents. LYO is the largest domestic merchant marketer of ethylene and propylene. Aromatics (including those produced at the refinery) include benzene (130 million gallons), used for styrene, fibers and detergents; paraxylene (320 million pounds) for polyester films and fibers; and orthoxylene (240 million) for plasticizers and polyester resins. Methanol (220 million gallons) is used for adhesives, polyester fibers, and as an octane enhancer. The Channelview complex also includes two MTBE units owned by LYO, which manufactures MTBE for ARCO Chemical Co. at one unit. Output from the second plant is used as a gasoline blending components at the Houston refinery.

The Houston refinery, with operable crude capacity of 265,000 barrels per day, produces gasoline, diesel fuel, heating oil, jet fuels, lubricant oils, chemical feedstocks, aromatics, and industrial



products (coke, sulfur, and residual fuel). The refinery has the full conversion capability to process heavier crude oils into a product mix that does not include lower value residual fuels.

Important Developments

Dec. '89— LYO agreed to purchase Rexene Products Co.'s low density polyethylene (capacity of 125 million pounds) and polypropylene (300 million pounds) plants in Bayport, Texas for $88 million. LYO planned to finance the purchase with new debt, thus not reducing the amount of the special dividend LYO plans to pay in early 1990.

Oct. '89— LYO said that the 600 million pound expansions of its two olefins plants were completed and that it expected lower costs for the rest of 1989. However, petrochemical margins were continuing to narrow into the fourth quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988
Tangible Bk. Val.	2.98
Earnings	6.79
Dividends	NA
Payout Ratio	NA
Prices—High	NA
Low	NA
P/E Ratio—	NA

Data as orig reptd 1. Pro forma NM-Not Meaningful NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,696	900	19.2	63	16	23	825	34.2%	543	11.6
1987	3,931	275	7.0	29	13	25	205	40.0%	123	3.1
1986	3,010	296	9.8	18	12	30	236	45.8%	128	4.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	Nil	609	340	1.8	913	65.3%	243	238	538	45.2	291.9%
1987	3	493	316	1.6	750	18.3%	261	134	395	66.1	NA

Data as orig reptd.; prior to 1988 data as reptd. in 1988 Annual Report. 1. Net. NA-Not Available

Net Sales (Million $)

Quarter:	1989	1988	1987
Mar.	1,268	1,157	779
Jun.	1,486	1,227	1,059
Sep.	1,275	1,184	993
Dec.		1,128	1,100
		4,696	3,931

Sales for the first nine months of 1989 rose 13%, year to year, reflecting increased volumes and prices for refined products and increased prices for petrochemicals, partially offset by lower volumes. However, penalized by costs associated with maintenance and expansion programs, reduced olefins volumes and narrower refined margins, operating income declined 14%. With increased interest expense, pretax net fell 21%. After taxes at 33.5%, against 34.4%, net income declined 20%, to $310 million from $386 million. Earnings for the 1989 period were equal to $3.87 a share.

Net income for the third quarter of 1989 fell 54%, year to year, to $73 million from $160 million, reflecting reduced olefins sales volumes and margins and higher maintenance expenses.

Common Share Earnings ($)

Quarter:	1989	[1]1988	1987
Mar.	1.67	---	---
Jun.	1.29	---	---
Sep.	0.91	---	---
Dec.		---	---
		6.79	---

Finances

In January, 1989, in the company's initial public offering, underwriters led by Goldman, Sach & Co. and Salomon Brothers Inc. sold 43 million shares (including 3 million to cover over-allotments) of LYO common stock held by Atlantic Richfield Co. (ARCO) at $30 a share. LYO did not receive any of the net proceeds of $1.22 billion. The sale reduced ARCO's interest in LYO to 46.25%. ARCO intends to maintain ownership of just under 50% in LYO. ARCO may repurchase LYO shares from time to time in the open market. Since March, 1989 ARCO raised its interest in LYO to 49.97%.

In connection with the public offering, on January 17, 1989, LYO made a special distribution of $500 million to ARCO. Funds were provided by a $500 million bank credit agreement. In June, 1989 LYO publicly sold $300 million of notes; proceeds were used to repay bank debt. The distribution resulted in a negative shareholders' equity of $330 million (pro forma) for LYO. In addition, on December 30, 1988 LYO paid a dividend of $207 million to ARCO, all the available cash at the end of December, 1988. On October 24, 1988 LYO paid a dividend of $117 million to ARCO.

In April, 1985 Atlantic Richfield established Lyondell Petrochemical, formed by the combination of its Channelview, Texas petrochemical complex and the Houston refinery. The Channelview complex and the Houston refinery are linked by pipeline.

Dividend Data

Quarterly dividends were initiated in 1989. In addition to regular dividends, LYO intends to distribute, as dividends or otherwise, cash that directors from time to time determine to be in excess of the company's needs. LYO expects to make an initial decision in the first quarter of 1990 following the review of 1989 results.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	May 4	May 15	May 19	Jun. 15'89
0.40	Jul. 21	Aug. 14	Aug. 18	Sep. 15'89
0.40	Oct. 20	Nov. 13	Nov. 17	Dec. 15'89

Capitalization

Long Term Debt: $720,000,000, incl. $220,000,000 capitalized lease obligations.

Common Stock: 80,000,000. ($1 par). Atlantic Richfield owns 49.97%.

1. Pro forma

Office—1221 McKinney Ave., Houston, Texas 77010 **Tel**—(713) 652-7200 **Chrmn**—R E Wycoff **Pres & CEO**—B G Gower **VP-Secy**—J R Pendergraft **VP-Treas**—R S Young **Investor Contact**—W G. Dunlevy **Dirs**— W.T Butler, C Cooper, B G Gower, D C Mecum, II, J.S Morrison, F P Rullo, W.C Rusnack, R.M Shea, D F Smith, P R Staley, R.E. Wycoff. **Transfer Agent & Registrar**—The Bank of New York, NYC **Incorporated** In Delaware in 1985 **Empl**—2,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

M/A-Com, Inc.

1390M

NYSE Symbol MAI Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
5½	9¼-5⅛	NM	4---	4---	B-	1.09

Summary

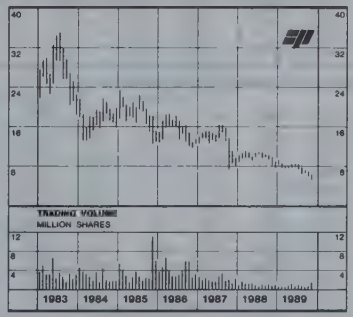
M/A-Com produces components and subsystems for manufacturers of equipment used in the defense and commercial telecommunications markets, and supplies microwave systems for commercial terrestrial and satellite systems. In July, 1989 MAI acquired Adams-Russell Inc., which supplies electronic equipment for the defense industry, for approximately $80 million in cash. Directors omitted the cash dividend in November, 1989.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are tentatively estimated at $0.20 a share, versus the $0.01 reported for fiscal 1989.

Directors omitted the $0.06 quarterly cash dividend on November 15, 1989.

Sales for fiscal 1990 are expected to increase moderately, reflecting primarily the acquisition of Adams-Russell, offset partly by the disposal of certain operations. Sales are likely to continue to be adversely affected by poor market conditions in the defense electronics industry. Margins should should improve, largely reflecting the absence of large cost overruns associated with long-term contracts.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	97.4	112.3	111.1	134.2
Mar.	106.1	107.9	114.5	137.6
Jun.	102.3	101.1	111.3	138.6
Sep.	135.3	102.9	99.2	167.2
	441.1	424.2	436.1	577.5

Sales for the fiscal year ended September 30, 1989 (preliminary) rose 4.0%, year to year. Margins narrowed, and pretax income declined 99%. After taxes at 57.0%, versus 40.0%, net income decreased to $178,000 ($0.01 a share on 12% fewer shares) from $28.4 million ($0.65).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.11	0.15	0.18	0.06
Mar	0.12	0.16	0.12	d0.71
Jun.	0.08	0.16	0.06	0.12
Sep.	d0.31	0.18	d1.34	0.02
	0.01	0.65	d0.88	d0.51

Important Developments

Nov. '89— MAI attributed the fiscal 1989 fourth quarter loss to cost overruns on certain long-term programs and an after tax charge of $1.5 million for restructuring measures. Also cited were flat defense spending, high technical risk, program delays and competition within the defense electronics industry. MAI anticipated that its performance would improve in 1990, with a difficult first half and improvement in the second half.

Aug. '89— MAI agreed to sell its Government Systems division (about 15% of fiscal 1988 sales) for about $70 million to a management group. Earlier, MAI acquired 5,141,951 shares (about 97%) of Adams-Russell Inc. in a cash tender offer of $15.50 a share. Adams-Russell, a defense electronics supplier, had sales of $138 million during the fiscal year ended October 2, 1988.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	1986	1985	1984	1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	NA	8.81	8.55	10.63	10.68	9.85	8.71	7.61	6.58	4.29
Earnings[2]	0.01	0.65	d0.88	d0.51	0.97	0.90	0.76	1.07	1.07	0.77
Dividends	0.24	0.24	0.24	0.24	0.23½	0.21½	0.19	0.15	0.11½	0.09½
Payout Ratio	NM	37%	NM	NM	25%	24%	26%	15%	11%	12%
Prices—High[3]	9¼	11⅛	16⅜	18⅝	23½	21¾	35⅛	27	35½	33⅜
Low[3]	5⅛	7⅝	7¼	11⅝	12½	13⅛	18⅜	11⅞	20¾	9⅞
P/E Ratio—	NM	17-12	NM	NM	24-13	24-15	46-24	24-11	33-19	43-13

Data as orig reptd. Adj for stk div(s) of 100% Oct 1980, 50% Apr 1980. **1.** Reflects merger or acquisition. **2.** Bef results of disc opers of 0.16 in 1987, +0.80 in 1986, -0.05 in 1985, -0.04 in 1983, -0.27 in 1982, -0.02 in 1981, and spec item(s) of -0.09 in 1986, +0.08 in 1982. **3.** Cal yr. **4.** Divd omitted Nov. 15, 1989. d-Deficit NM-Not Meaningful NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	424	56	13.3	23.2	28.3	11.3	30.6	40.0%	18.4	4.3
[2]1987	446	29	6.5	26.7	28.2	7.1	d48.9	NM	d29.3	NM
[2]1986	577	53	9.1	41.1	34.4	13.7	d38.7	NM	d22.2	NM
[3]1985	844	115	13.6	81.3	44.3	16.2	60.4	31.0%	41.7	4.9
1984	768	100	13.1	83.0	36.0	14.7	57.0	33.0%	38.2	5.0
[4]1983	637	85	13.3	85.1	29.0	13.0	50.4	37.7%	31.4	4.9
[2]1982	588	87	14.9	88.4	20.4	12.8	68.2	39.5%	41.3	7.0
[4]1981	515	80	15.5	72.8	14.2	8.4	70.0	41.6%	40.9	7.9
[3]1980	322	51	15.9	36.4	6.5	3.3	43.8	43.1%	24.9	7.7
1979	124	18	14.3	11.4	2.7	1.3	14.0	40.2%	8.4	6.7

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	89	322	122	2.6	483	3.9%	100	217	320	31.1	8.6%
1987	88	403	156	2.6	582	NM	110	269	379	29.0	NM
1986	291	662	261	2.5	895	NM	134	454	605	22.2	NM
1985	53	537	149	3.6	871	5.2%	203	465	703	28.9	9.3%
1984	70	450	138	3.3	742	5.4%	124	426	586	21.2	9.3%
1983	64	378	108	3.5	658	5.0%	128	392	540	23.7	8.6%
1982	62	338	111	3.0	566	7.5%	126	315	448	28.2	14.0%
1981	138	356	105	3.4	518	10.1%	139	264	409	34.1	19.0%
1980	7	158	81	1.9	244	11.6%	18	141	160	11.1	20.7%
1979	2	66	27	2.5	95	10.1%	15	51	66	22.2	17.6%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1987, 1986, 1985, 1983, 1982, 1981, and spec. item(s) in 1986, 1982. **2.** Excludes discontinued operations. **3.** Reflects merger or acquisition. **4.** Excl. disc. opers. and reflects merger or acquisition. d-Deficit NM-Not Meaningful

Business Summary

M/A-Com (formerly Microwave Associates) manufactures microwave and millimeter wave components and integrated assembles for defense applications in radar, electronic warfare, missile guidance and communications systems. Digital equipment and software are manufactured by M/A-Com for defense applications principally in satellite systems. MAI also makes microwave transmission equipment for commercial terrestrial communications applications.

MAI has a broad range of products and technology for complex semiconductor devices, components and circuits, to multi-function assemblies and subsystems. The majority of M/A-Com's component products incorporate microwave semiconductor technology for the generation, transmission, control and reception of microwave energy.

In fiscal 1987 MAI sold its Telecommunications division (fiscal 1986 sales of $120 million), M/A-Com Information Systems, Inc., and several product lines. MAI also withdrew from the telephone switching products business. In fiscal 1986 MAI sold its Cable/Home Communications business (28% of fiscal 1985 revenues) and withdrew from the terrestrial microwave point to multipoint data only transmission business.

Dividend Data

Prior to omission in November, 1989, dividends had been paid since 1977. A "poison pill" stock purchase right was adopted in 1986. Payments in past 12 months.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Nov. 21	Dec. 13	Dec. 19	Jan. 16'89
0.06	Feb. 28	Mar. 14	Mar. 20	Apr. 17'89
0.06	Apr. 26	Jun. 13	Jun. 19	Jul. 17'89
0.06	Aug. 2	Sep. 12	Sep. 18	Oct. 16'89

Directors omitted divd. Nov. 15, 1989.

Finances

From the beginning of fiscal 1986 through December 9, 1988 MAI retired approximately $114 million of debt and repurchased about 20.4 million MAI common shares. Such transactions were financed, in part, through the sale of businesses.

Capitalization

Long Term Debt: $97,911,000.

Common Stock: 23,925,000 shs. ($1 par).
Institutions hold approximately 49%.
Shareholders of record: About 14,200.

Office—7 New England Executive Park, Burlington, Mass 01803 **Tel**—(617) 272-9600 **Pres & Acting CEO**—J J Lynch **VP-Secy**—H E Bradshaw **VP-CFO**—D N Maiorani **Investor Contact**—J C Bothwell, Jr **Dirs**—T F Burke, R T DiBona, N S Gifford, R W Hale, I J Helman, G N Hutton, Jr., G Ingram, Jr., S. S. Kahn, R. E LaBlanc, J. J. Lynch, J. D. Meindl, E. J. Morton, W. F. Pounds, P E Tsongas **Transfer Agent & Registrar**—Bank of Boston, Boston **Incorporated** in Massachusetts in 1950. **Empl**—6,448

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed H Terrence Riley III, CFA

MCA Inc.

NYSE Symbol MCA Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
61½	71⅜-45⅜	23	0.68	1.1%	B+	1.31

Summary

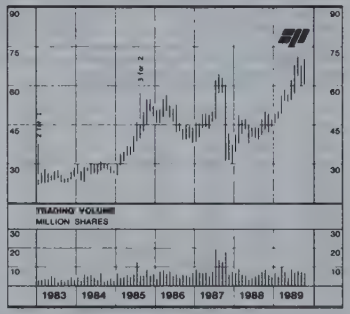
This diversified leisure and entertainment company is a major provider of television programming and theatrical films. Also, its interests include the Universal Studios Tour in California, recorded music, retail and mail order merchandising, book publishing and toy manufacturing. MCA is jointly developing a production facility and tourist attraction in Florida.

Current Outlook

Earnings for 1990 are projected at $2.95 a share, up from 1989's estimated $2.50, which excludes prospective asset sale gains.

The $0.17 quarterly dividend is the minimum expected.

In 1990, earnings are expected to be helped by ancillary market (e.g. home video and pay TV) contributions from recent theatrical movie successes (e.g. "Parenthood," and the upcoming "Back to the Future" sequel). Also, management or takeover-related disruptions at several other major movie companies may help MCA to boost its results from new theatrical releases. Music profits are expected to rise again. There could some impact from the expected 1990 opening of a new 50%-owned Florida theme park.



Gross Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	735	611	533	514
Jun.	861	644	611	523
Sep.	918	807	771	759
Dec.	---	962	674	645
	---	3,024	2,590	2,441

Revenues for the nine months ended September 30, 1989 increased 22%, year to year. Pretax income was up 61%, and after taxes at 37.1%, versus 24.9%, net income rose 35%. Share earnings were $1.65, versus $1.22.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.37	0.37	0.38	0.41
Jun.	0.58	0.11	0.52	0.37
Sep.	0.69	0.74	0.62	0.96
Dec.	E0.86	1.04	0.30	0.28
	E2.50	2.26	1.82	2.02

Important Developments

Oct. '89— MCA had conditionally agreed to sell its 23.6 million restricted shares of movie theater company Cineplex Odeon (CPX) to a company formed by members of CPX management. Conditions included provisions that the proposed acquirer start a tender offer for CPX at a price of not less than $16.40 Can. (about $13.94 U.S.) a share on or before Nov. 22. At this price, MCA's CPX shares (about 49% of the number outstanding) would be worth about $329 million (U.S.), versus a carrying cost on MCA's balance sheet of about $236 million at year-end 1988. Meanwhile, in 1989's third quarter MCA's ownership interest in CPX resulted in an equity charge to MCA's earnings of about $19 million (about $0.26 a share). Also, in October MCA and IBM had agreed to sell their jointly-owned Discovision Associates business for $200 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	17.50	15.73	20.88	18.69	16.74	15.91	14.29	13.01	12.91	11.37
Earnings[2]	2.26	1.82	2.02	2.02	1.31	2.04	2.46	1.26	1.77	1.99
Dividends	0.68	0.68	0.68	0.61	0.58¾	0.58¾	0.52⅛	0.50	0.50	0.45
Payout Ratio	30%	33%	33%	30%	45%	29%	21%	40%	28%	23%
Prices—High	50⅛	64½	56½	54⅞	30⅞	28¾	26	19¾	19⅜	18½
Low	34⅝	30	37⅛	25½	22⅞	21⅞	12¾	12⅞	14¾	12½
P/E Ratio—	22-15	35-16	28-19	27-13	24-18	14-11	11-5	16-10	11-8	9-6

Data as orig. reptd. Adj. for stk. div(s) of 50% Sep 1985, 100% Jan. 1983. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.17 in 1980, +0.57 in 1979. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
[3]1988	3,024	1,137	37.6	[4]876	820	89.7	239	31.0%	165	5.5
[3]1987	2,590	962	37.1	[4]876	749	58.2	191	28.1%	137	5.3
[3]1986	2,441	1,016	41.6	[4]825	819	14.1	204	23.8%	155	6.4
[3]1985	2,099	862	41.1	[4]827	661	15.8	208	28.0%	150	7.1
1984	[5]1,651	626	37.9	750	545	15.5	102	7.0%	95	5.7
1983	[5]1,585	648	40.9	[4]725	478	Nil	201	27.0%	147	9.3
[3]1982	1,588	307	19.3	[4]68	70	2.7	274	35.6%	176	11.1
1981	[5]1,329	186	14.0	[4]52	110	1.5	98	8.5%	[6]90	6.8
[3]1980	1,297	280	21.6	39	132	1.5	157	20.0%	125	9.7
1979	[5]1,266	256	20.2	44	71	1.7	199	30.3%	139	11.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	190	1,954	885	2.2	4,115	4.3%	1,237	1,692	3,019	41.0	10.1%
1987	103	1,470	673	2.2	3,535	4.5%	1,008	1,558	2,677	37.7	8.9%
1986	158	1,157	575	2.0	2,658	6.3%	259	1,582	1,941	13.3	10.4%
1985	143	1,038	566	1.8	2,254	7.1%	80	1,401	1,566	5.1	11.3%
1984	167	888	429	2.1	1,944	5.1%	110	1,222	1,387	7.9	8.0%
1983	250	881	457	1.9	1,768	8.6%	Nil	1,153	1,226	Nil	13.4%
1982	400	961	465	2.1	1,641	11.7%	Nil	1,022	1,096	Nil	18.0%
1981	188	724	328	2.2	1,368	6.5%	Nil	929	955	Nil	9.7%
1980	190	771	316	2.4	1,391	9.2%	Nil	919	1,001	Nil	14.5%
1979	137	659	336	2.0	1,310	11.6%	Nil	800	875	Nil	19.2%

Data as orig. reptd. 1. Incl. equity in earns of nonconsol. subs. 2. Bef. spec. item(s) in 1980, 1979. 3. Reflects merger or acquisition; revs. include other income. 4. Net of curr. yr. retirement and disposals. 5. Incl. other income. 6. Reflects accounting change.

Business Summary

MCA is a diversified entertainment company, whose businesses include the production and distribution of movies, television shows and home video; recorded music and music publishing; toy products; retailing and mail order of gift merchandise; and recreation services. Segment contributions in 1988:

	Revs.	Profits
Filmed entertainment	50%	70%
Music entertainment	22%	18%
Retail & mail order	10%	Nil
Book publishing	6%	7%
Toy products	4%	-10%
Broadcasting & cable	4%	4%
Other	4%	12%

Filmed entertainment includes movies produced and distributed through Universal Pictures. Also, MCA is a leading supplier of TV shows.

MCA's recorded music business includes its own labels. The company also has a 20% interest in Motown Records.

The toy segment consists of LJN Toys. The retail and mail order business includes Spencer Gifts, Intrigue jewelry stores and kiosks, and several A2Z-The Best of Everything Shops.

Also, MCA owns an independent TV station in the metropolitan New York market, publishes books, operates a tour at Universal Studios, and has 50% interests in cable TV channel USA Network and Discovision Associates, which is involved in patent licensing. In addition, MCA has about a 49% equity interest in movie exhibitor Cineplex Odeon.

Dividend Data

Dividends have been paid since 1967. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Dec. 6	Dec. 21	Dec. 28	Jan. 16'89
0.17	Mar. 7	Mar. 22	Mar. 29	Apr. 17'89
0.17	May 9	May 18	May 24	Jun. 12'89
0.17	Aug. 8	Aug. 17	Aug. 23	Sep. 11'89

Capitalization

Long Term Debt: $1,168,813,000 (6/89).

Common Stock: 73,029,411 shs. (no par).
The estate of J.C. Stein holds about 5% and L.R. Wasserman about 7%.
Institutions hold about 58%.
Shareholders of record: About 7,700.

Office—100 Universal City Plaza, Universal City, Calif. 91608 **Tel**—(818) 777-1000 **Chrmn & CEO**—L. R. Wasserman **Pres & COO**—S. J. Shenberg **VP-Secy**—M. Samuel. **VP-Treas, CFO & Investor Contact**—H. M. Haas **Dirs**—H. P. Allen, M. G. Jones, T. V. Jones, C. S. Paul, T. P. Pollock, F. G. Rohatyn, S. J. Shenberg, R. S. Strauss, L. R. Wasserman, T. Wertheimer **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC **Incorporated** in Delaware in 1958 **Empl**—17,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

MCI Communications

4473

NASDAQ Symbol MCIC (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
44	48½-21⅝	20	None	None	B-	0.80

Summary

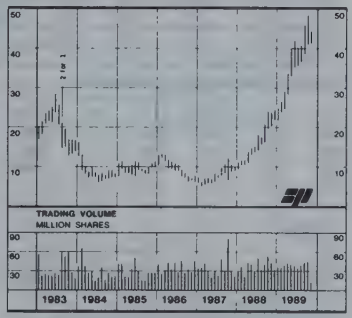
MCI operates the U.S.'s second largest long-distance telephone business, providing domestic and international telecommunications services primarily over its own microwave and optical fiber network. The company has experienced a significant rise in earnings in recent years, mainly reflecting rapid growth in the long distance market and successful efforts at increasing market penetration.

Current Outlook

Earnings for 1990 are projected at $3.25 a share, up from the $2.45 estimated for 1989. Earnings for 1991 are tentatively projected at $4.10 a share.

MCI may choose to initiate common cash dividends sometime in 1990.

Revenues are expected to increase about 23% in 1990, reflecting an increase in calling volume of about 27%, offset partly by rate cuts anticipated to total some 3% to 4%. Operating margins should expand on the higher volume. Interest costs should decrease. Average common shares outstanding should rise slightly.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,500	1,131	955	819
Jun.	1,594	1,219	952	943
Sep.	1,667	1,356	994	910
Dec.		1,431	1,038	920
		5,137	3,939	3,592

Revenues for the nine months ended September 30, 1989, increased 28%, year to year. Operating income rose 92%. After a 7.5% increase in net interest expense, and $18 million of income from antitrust settlements, versus $48 million, pretax income was up 2.3-fold. After taxes at 25.0%, against 16.1%, net income rose to $460 million, from $224 million. After preferred dividends, share earnings were $1.73 a share (on 9.6% fewer shares) and $0.78, respectively, excluding a $0.04 extraordinary charge in the 1989 period.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.55	0.19	0.07	0.08
Jun.	0.56	0.20	0.02	0.06
Sep.	0.62	0.38	0.06	0.12
Dec.	E0.72	0.50	0.14	d1.77
	E2.45	1.27	0.30	d1.57

Important Developments

Oct. '89— The company said that it continued to garner a greater share of the business market during the 1989 third quarter. Nonetheless, residential traffic volumes grew faster than business traffic volumes, due largely to the roll-out of the new PrimeTime calling plan and expansion of operator and payphone services.

Aug. '89— MCI announced it was reducing its basic interstate long distance rates approximately $12 million (annualized), or an average of 1.5%, effective immediately. Residential rates would be cut an average of 1.9%, business/commercial rates by an average of 0.4%, and MCI Card usage rates by 1.0%. MCI indicated that the cuts were being made in response to rate cuts AT&T initiated in connection with that company's new rate cap regulation.

Next earnings report due in early February.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	1986	1985	1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	3.95	4.73	4.43	5.59	5.11	4.87	3.31	1.26	0.15	0.04
Earnings[3]	1.27	0.30	d1.57	0.59	0.25	0.67	[4]0.85	[4]0.46	0.05	0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[5]—High	24½	12⅛	13¼	11⅜	16¼	28½	22⅞	9⅛	3⅝	2⅛
Low	9¾	5	6	7⅜	6	12¾	6½	2¾	1¼	⅞
P/E Ratio—	19-7	40-17	NM	19-13	65-24	42-19	27-8	20-6	79-25	NM

Data as orig. reptd. Adj. for stk. divs. of 100% Aug. 1983, 100% Sep. 1982. 1. Yr. ended Mar. 31 of following calendar year prior to 1984. 2. Refl. merger or acq. 3. Bef. spec. items of -0.04 in 1988, +0.01 in 1987, -0.06 in 1986, -0.11 in 1985, +0.02 in 1980, +0.06 in 1979. 4. Fully dil. 0.82 in 1982, 0.43 in 1981. 5. Cal. yr. E-Estimated d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31[1]	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,137	1,133	22.1	796	549	286	422	15.6%	356	6.9
1987	3,939	706	17.9	619	471	238	106	19.8%	85	2.2
1986	3,592	592	16.5	1,074	451	231	d463	NM	[3]d431	NM
1985	2,542	553	21.8	1,000	347	240	168	16.9%	140	5.5
1984	1,959	440	22.5	1,157	265	223	51	NM	59	3.0
1983	1,665	492	29.6	889	183	186	200	22.0%	156	9.4
[4]1982	1,073	399	37.2	814	104	88	241	29.0%	171	15.9
1981	506	223	44.0	271	[5]56	57	129	33.0%	87	17.1
1980	234	77	33.0	156	26	[5]31	24	20.3%	19	8.0
1979	144	54	37.6	110	17	26	13	46.6%	7	4.9

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	453	1,321	1,522	0.9	5,843	6.8	2,677	959	4,181	64.0	32.6
1987	725	1,356	1,206	1.1	5,380	1.6	2,663	1,353	4,016	66.3	6.5
1986	778	1,399	1,137	1.2	5,258	NM	2,676	1,262	3,938	68.0	NM
1985	853	1,362	1,308	1.0	4,510	3.3	1,696	1,318	3,014	56.3	11.1
1984	865	1,233	641	1.9	3,894	1.6	1,821	1,199	3,020	60.3	5.1
1983	1,133	1,488	481	3.1	3,507	5.6	1,722	1,136	3,027	56.9	16.4
1982	542	713	321	2.2	2,070	11.0	896	766	1,749	51.2	32.4
1981	144	228	186	1.2	860	11.9	400	241	675	59.3	61.4
1980	13	49	74	0.7	467	4.6	243	21	393	61.7	49.7
1979	8	24	58	0.4	310	2.3	173	5	252	68.7	NM

Data as orig. reptd. 1. Yr. ended Mar. 31 of fol. cal. yr. prior to 1984. 2. Bef. spec. items. 3. Refl. acctg. change. 4. Refl. merger or acq. d-Deficit. NM-Not Meaningful.

Business Summary

MCI Communications is the second largest carrier (after AT&T) of intercity voice and data communication services in the U.S. In addition to domestic long-distance services, MCI provides international telephone service to some 150 countries.

Billable calls for 1988 amounted to about 5.4 billion, an increase of 48% from the previous year. Recent growth in billable call volume has been driven primarily by business customers. Long distance telephone services are used for voice communications and the transmission of data, facsimile, teleprinter and other signals. Other services include MCI WATS, MCI PRISM and MCI 800 service. MCI also offers Vnet and private line service for customers with large communication volumes between two or more locations in the U.S.

International record services are offered through the Western Union International subsidiary (acquired in 1982) and RCA Globcom (acquired in May 1988). MCI Mail, begun in 1983, offers electronic mail and document delivery services in the U.S. and internationally.

Domestic service to metropolitan areas is provided over MCI's own coast-to-coast intercity microwave and optical fiber communications system and, to a far lesser extent, over intercity facilities leased from other common carriers.

Dividend Data

No common cash payments have been made. In 1986, MCI said it was not likely to begin paying dividends on its common stock prior to the end of the decade.

Finances

In 1988, MCI invested $896 million in its communication system, an increase of 45% from 1987's spending level. Capital expenditures for 1989 were planned at about $900 million.

In May 1988, MCI acquired RCA Global Communications Inc., which provides worldwide telex, facsimile and high-speed data transmission, from General Electric Co. for about $160 million.

In August 1988, MCI repurchased 47 million of its common shares from IBM for $677.3 million. MCI had issued the shares to IBM in March 1986 in exchange for IBM's Satellite Business Systems unit (SBS). In a separate transaction, IBM purchased two million 7.35% preferred shares from MCI for $400 million.

Capitalization

Long Term Debt: $2,320,000,000 (6/89).

Pfd. Stk.: $400,000,000; held by IBM.

Common Stock: 247,761,892 shs. ($0.10 par). Institutions hold about 71%. Shareholders of record: 60,182.

Offices—1133 19th St., N.W., Washington, D.C. 20036 **Tel**—(202) 872-1600 **Chrmn & CEO**—W. G. McGowan **Vice Chrmn & CEO**—V. O. Wrate **Pres**—B. C. Roberts Jr. **EVP & CFO**—D. F. Akerson. **Secy**—C. Bolton-Smith Jr. **Investor Contact**—J. F. Hayter **Dirs**—C. L. Alexander Jr., M. H. Bader, W. G. English, R. M. Jones, G. S. Macklin, W. G. McGowan, D. R. McKay, B. C. Roberts Jr., C. B. Rogers Jr., R. B. Sayford, J. Whittaker, J. R. Worthington, V. O. Wright **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1968. **Empl**—17,596.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrance Riley III, CFA

MDU Resources Group

NYSE Symbol MDU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
20 3/8	22 1/4-17 7/8	10	1.42	7.0%	A-	0.40

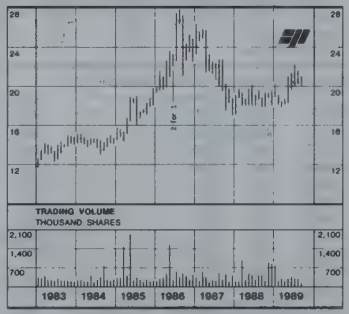
Summary

This integrated energy resource company provides electric and gas utility services at retail to customers in the Dakotas, Montana and Wyoming. MDU also operates a 4,100-mile natural gas transportation system, mines lignite coal and participates in oil and gas exploration and production ventures. Earnings for the first half of 1989 benefited from increased efficiencies in operations and an aggressive gas marketing program.

Business Summary

MDU Resources Group (formerly Montana-Dakota Utilities), through Montana-Dakota Utilities Co., provides gas service to approximately 176,000 customers in 127 communities and electric service to about 110,000 customers in 174 communities in Montana, North Dakota, South Dakota and Wyoming. Important industries in the service area include agribusiness, oil and natural gas production, and coal mining. MDU is also engaged in coal mining and oil production, and operates a 4,100-mile natural gas transportation system. Revenues and operating profit contributions in 1988:

	Revs.	Profits
Natural gas	49%	34%
Electric	36%	43%
Coal	12%	13%
Oil	3%	10%



MDU produces most of its base load power through four lignite-fueled generating stations. Peaking power is furnished by a series of combustion turbines. Electricity provided in Wyoming is purchased from another utility. Electric system generating capacity in 1988 was 439.9 mw and peak load was 386.7 mw, for a capacity margin of 12.1%. In 1988 electric sales totaled 1,844 million kwh, up from 1,737 million kwh in 1987. Average annual revenue per kilowatthour was $0.065 in 1988, versus $0.066 in 1987.

MDU provides natural gas service at retail and, through Williston Basin Interstate Pipeline (wholly owned), sells natural gas at wholesale and provides underground storage and transportation services. It operates 4,100 miles of pipeline in four states. Retail natural gas sales were 32,557 Mdk in 1988, versus 29,684 Mdk in 1987.

Lignite coal mining production (conducted through wholly owned Knife River Coal Mining Co.) amounted to 4,759,000 tons in 1988, versus 3,419,000 tons in 1987. Sales in 1987 were depressed due to the prolonged shutdown of MDU's 22.7% owned Big Stone Generating Station, the mine's major customer. Big Stone returned to production early in 1988. Through Fidelity Oil Group, MDU participates in oil and natural gas exploration and production ventures located throughout the western United States, in the Gulf of Mexico area and Canada, and holds approximately 12.4 million equivalent barrels of oil.

Construction costs for 1989-91 are projected to average $29.1 million annually, including $19.7 million at Montana-Dakota, $5.6 million at Williston Basin and $3.8 million at Knife River. Oil investments during the same period are expected to average about $20 million each year.

Important Developments

Jul. '89— The company said that an unfavorable Federal Energy Regulatory Commission order issued July 11 concerning Williston Basin Interstate Pipeline's cost of service could result in it having to refund $10 million to $12 million, plus interest, to customers.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.75	14.26	14.02	13.31	13.11	12.81	12.03	11.10	10.64	10.35
Earnings[1]	1.81	1.46	1.90	2.14	1.88	1.95	2.04	1.45	1.10	1.38
Dividends	1.42	1.42	1.39	1.32	1.25	1.17	1.06	0.95	0.90	0.78 7/8
Payout Ratio	80%	98%	74%	63%	68%	61%	53%	66%	88%	65%
Prices—High	20 1/8	26 3/8	27 1/8	19 7/8	15 1/8	15	12 1/2	11 5/8	12 3/8	9 7/8
Low	17 1/8	17	19 3/8	14 1/2	13	11 3/4	8 7/8	8 1/8	7 1/8	8
P/E Ratio—	11-9	18-12	15-10	9-7	8-7	8-6	6-4	8-6	11-7	7-6

Data as orig reptd, adj for stk div(s) of 100% Jul 1986 **1.** Bef spec item(s) of -0.70 in 1985, -0.37 in 1984, +0.25 in 1980

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	344	110	32.0	44.5	32.7	27.3	48.8	28.5%	34.9	10.1
1987	326	100	30.6	20.0	30.3	26.2	40.9	31.8%	27.9	8.6
1986	364	117	32.3	34.8	30.1	23.5	60.9	37.8%	37.9	10.4
1985	409	119	29.0	39.9	29.4	20.9	71.9	42.6%	41.2	10.1
1984	357	70	19.4	36.4	21.7	19.6	59.5	39.8%	35.8	10.0
1983	325	61	18.7	81.5	19.8	17.1	60.0	40.0%	36.0	11.1
1982	355	66	18.6	45.6	18.1	15.0	63.2	42.5%	36.4	10.2
1981	228	42	18.6	66.0	15.6	18.5	40.8	37.8%	25.4	11.1
1980	182	31	17.0	95.4	12.9	17.2	27.8	37.0%	17.5	9.7
1979	173	36	20.5	64.0	12.0	13.2	29.1	39.2%	17.7	10.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	44.2	154	144	1.1	977	3.5%	367	280	810	45.3	12.3%
1987	33.6	144	134	1.1	962	2.9%	382	261	805	47.5	10.2%
1986	23.6	147	159	0.9	946	4.1%	360	250	765	47.0	13.8%
1985	8.7	228	259	0.9	888	4.5%	205	231	611	33.6	16.0%
1984	11.9	294	282	1.0	895	3.9%	209	219	595	35.1	14.3%
1983	19.9	178	181	1.0	887	4.3%	332	206	687	48.3	15.5%
1982	7.4	130	145	0.9	774	4.8%	286	188	613	46.7	17.3%
1981	4.4	120	131	0.9	709	3.9%	286	168	565	50.6	13.2%
1980	7.9	95	93	1.0	573	3.2%	208	158	470	44.2	9.7%
1979	16.4	80	73	1.1	458	4.0%	167	131	377	44.2	11.9%

Data as orig. reptd. **1.** Bef. spec. item(s) in 1985, 1984, 1980.

[1]Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	113.8	118.9	104.8	123.0
Jun.	73.7	74.0	73.5	81.3
Sep.		63.7	60.8	61.8
Dec.		87.3	86.5	97.4
		343.8	325.5	363.5

Operating revenues for the six months ended June 30, 1989 fell 2.8%, year to year, reflecting decreased natural gas revenues and reduced air conditioning loads. Fuel, purchased power and natural gas costs declined, and operating income increased 13%. Following only slightly higher interest charges, pretax income was up 19%. After taxes at 31.3%, against 29.7%, net income rose 16%. Following preferred dividends, share earnings were $1.14 versus $0.99.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.86	0.72	0.58	0.87
Jun.	0.28	0.27	0.21	0.40
Sep.		0.29	0.17	0.11
Dec.		0.52	0.50	0.53
		1.81	1.46	1.90

1. Incl oil & coal revs in all years

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35 1/2	Nov. 3	Dec. 2	Dec. 8	Jan. '89
0.35 1/2	Feb. 9	Mar. 3	Mar. 9	Apr. '89
0.35 1/2	May 4	Jun. 2	Jun. 8	Jul. '89
0.35 1/2	Aug. 3	Sep. 8	Sep. 14	Oct. '89

Next dividend meeting: early Nov. '89.

Finances

At June 30, 1989 MDU had borrowed $13.5 million under a $25 million revolving credit and term loan agreement. It also had available unutilized lines of credit totaling $40 million.

Capitalization

Long Term Debt: $228,108,000.

Red. Preferred Stock: $2,600,000.

Cum. Preferred Stock: $15,000,000.

Common Stock: 18,984,654 shs. ($5 par).
Institutions hold about 16%.
Shareholders of record: 19,300.

Office—400 North Fourth St., Bismarck, N.D. 58501 **Tel**—(701) 222-7900 **Chrmn & Pres**—J. A. Schuchart **VP-CFO & Investor Contact**—H. J. Mellen, Jr. **Secy**—L. H. Loble II **Dirs**—J. R. Maichel, H. J. Mellen Jr., R. L. Muus, J. L. Olson, S. W. Orr, Jr., J. A. Schuchart, C. L. Scofield, H. A. Scott, Jr., J. T. Simmons, S. F. Staples, Jr., Sister T. Welder **Transfer Agent & Registrar**—Norwest Bank Minnesota, South St. Paul **Incorporated** in Delaware in 1924 **Empl**—1,830

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard Spiegel

MNC Financial

NYSE Symbol MNC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 15'89	1989					
56⅛	58½-43⅜	9	2.32	4.1%	A	0.96

Summary

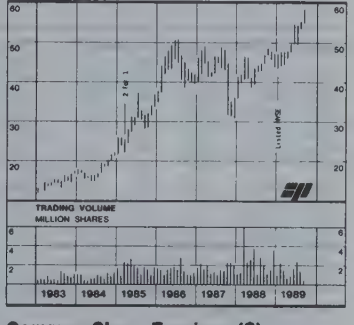
This bank holding company owns the largest bank in Maryland, and in 1987 expanded into Washington, D.C. and Virginia through acquisitions. The rapid growth of recent years was aided by a strong regional economy and expansion of credit card operations, from which MNC derives a significant portion of earnings. Operating efficiencies could help maintain earnings growth despite a cooling economy. In July, 1989 MNC agreed to acquire Equitable Bancorporation for stock. A 2-for-1 stock split has been declared.

Current Outlook

Earnings for 1990 could reach $7.20 a share, up from 1989's estimated $6.65, both unadjusted for the pending 2-for-1 stock split.

Dividends were raised 22%, to $0.58 quarterly from $0.47½ (both unadjusted), with the September, 1989 payment.

Fueled by MNC's nationwide credit card business, and benefiting from the relatively robust Baltimore/Washington market, loan growth is expected to remain strong into 1990. As credit card receivables are sold, earnings on receivables sold should continue at almost the same level, though in the form of fee income rather than interest. MNC's leadership in marketing credit cards to "affinity" groups and further gains in market share could result in continued very rapid growth of this business. The profitability of lending to consumers and small businesses could rise with improving loan quality and efficiencies from integrating American Security. The proposed acquisition (expected to be completed in early 1990) of Equitable Bancorporation, a $5 billion Baltimore based concern will likely restrain earnings growth in 1990, but should lead to contributions in 1991.



Review of Operations

Net interest income for the six months ended June 30, 1989 rose 3.8%, year to year, reflecting a 5.7% growth in earning assets and a narrower net interest margin (4.18%, versus 4.28%). Provision for loan losses was 49% lower, at $41 million. Aided by rapid growth of fee income from service fees from securitization and sales of credit card receivables and other loan assets, noninterest income rose 27%. With noninterest expense up 17%, pretax earnings rose 48%. After taxes at 31.7%, versus 25.1%, net income was up 35%, to $3.21 a share ($3.19 fully diluted; unadjusted) from $2.51 ($2.43), which excludes a $0.42 special credit.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.56	[1]1.02	1.19	1.16
Jun.	1.64	1.49	1.09	1.23
Sep.	E1.70	1.68	1.40	1.28
Dec.	E1.75	1.67	1.51	1.32
	E6.65	5.86	5.19	4.99

Important Developments

Jul. '89— MNC and Equitable Bancorporation (EB), a Baltimore bank, entered into an agreement providing for the merger of EB into MNC. Under terms of the agreement, each EB common share (about 15 million shares) would be exchanged for 0.705 MNC share (unadjusted), and each Class B EB share (343,000) would receive 0.673 MNC share (unadjusted).

Next earnings report due in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	[2]1987	1986	[2]1985	1984	1983	1982	1981	1980	[3]1979
Tangible Bk. Val.	36.85	33.09	30.04	26.08	23.36	21.08	19.50	18.06	16.20	14.56
Earnings[4]	5.86	5.19	4.99	4.11	3.01	2.35	2.56	2.46	2.14	1.75
Dividends	1.73	1.43	1.15	0.95	0.74	0.66	0.61	0.54	0.47	0.41
Payout Ratio	30%	28%	23%	23%	25%	28%	24%	22%	22%	24%
Prices—High	48⅜	49⅛	50⅞	37¼	22⅛	17⅜	14½	12⅝	10¼	9⅝
Low	35⅞	30¾	34¾	21½	14¾	11¾	9½	9⅛	6¼	7¼
P/E Ratio—	8-6	9-6	10-7	9-5	7-5	7-5	6-4	5-4	5-3	6-4

Data as orig. reptd. Adj. for stk. div. of 100% Mar. 1985. 1. Bef. spec. item of +0.42. 2. Refl. merger or acquisition. 3. Refl. acctg. change 4. Ful. dil. 5.68 in 1988, 5.00 in 1987, 4.67 in 1986, 3.86 in 1985, 2.84 in 1984, 2.25 in 1983, 2.43 in 1982, 2.39 in 1980. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	630	46	365	156	58.0	234	27.3%	[1]170	4.31	1.00	16.8
[2]1987	552	63	272	117	57.0	203	26.6%	149	4.47	1.00	17.0
1986	370	61	172	87	55.7	120	23.3%	92	5.71	1.11	18.7
[2]1985	326	43	125	67	57.9	98	25.2%	73	5.90	1.03	17.7
1984	276	28	74	56	60.7	65	24.2%	49	5.98	0.80	14.5
1983	203	24	57	25	66.8	47	18.1%	39	5.55	0.77	12.5
1982	188	29	43	14	64.5	47	13.2%	41	5.95	0.93	14.9
1981	178	18	34	15	62.6	51	25.8%	38	6.03	0.98	15.7
1980	148	18	29	13	64.3	36	14.8%	31	5.37	0.82	14.7
[3]1979	126	18	24	14	64.7	26	4.2%	25	5.18	0.74	12.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Earning Assets: Com'l Loans	Earning Assets: Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	18,015	726	2,128	6,265	7,025	2.14	2,228	10,081	104.8	500	1,104	5.88
1987	16,658	1,168	2,469	5,497	6,369	1.74	2,221	9,020	102.9	300	942	5.80
1986	9,513	312	1,089	3,210	4,035	1.66	1,863	4,488	112.2	238	542	5.80
1985	7,792	71	840	2,586	3,531	1.53	1,526	3,621	116.8	341	465	5.63
1984	7,286	411	611	2,208	2,812	1.25	1,483	2,890	113.0	213	364	5.26
1983	5,740	826	511	1,712	1,701	1.14	1,179	2,335	95.2	192	328	5.84
1982	5,055	751	538	1,489	1,414	1.08	995	1,931	98.5	169	300	5.89
1981	4,501	776	454	1,146	1,465	1.13	858	2,301	81.7	97	263	5.85
1980	4,063	444	360	1,073	1,529	0.97	973	1,978	86.8	76	233	5.61
1979	3,732	208	525	837	1,559	0.93	932	1,777	86.4	66	208	5.87

Data as orig. reptd.; 1. Before special credit 2. Refl. merger or acq. 3. Refl. acctg. change

Business Summary

MNC Financial (formerly Maryland National Corp.) owns Maryland National Bank, the largest bank in that state, with 150 offices, American Security Bank in Washington, D.C. (30 offices), Virginia Federal S & L (16 offices) and Maryland Bank, which conducts extensive credit card operations (3.1 million accounts) that provide a substantial proportion of earnings. The company also engages in providing services for smaller corporations, real estate lending and retail banking. Trust operations are also important, and include $7.5 billion of assets under management. Nonbank subsidiaries engaged in leasing, mortgage banking, consumer finance and corporate finance provided 5% of earnings in 1988.

During 1988, average earning assets of $15.7 billion were divided: commercial loans and leases 36%, real estate loans 19%, consumer loans 22%, foreign loans 2%, investment securities 15%, money-market investments 6%. Average sources of funds were: demand deposits 16%, savings accounts 19%, time deposits 32%, short-term borrowings 23%, long-term debt 2%, equity 6% and other 2%.

At year-end 1988, nonperforming assets were $197 million (1.53% of loans)—including $92 million of Brazilian loans—versus $202 million (1.75%) a year earlier. The reserve for loan losses was 2.14% of loans, versus 1.74%. Net chargeoffs during 1988 were 0.82% of average loans, against 0.76% in 1987.

Dividend Data

Cash has been paid in each year since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47½	Dec. 13	Dec. 19	Dec. 23	Dec. 30'88
0.47½	Feb. 14	Mar. 13	Mar. 17	Mar. 31'89
0.47½	Jun. 13	Jun. 19	Jun. 23	Jun. 30'89
0.58	Sep. 12	Sep. 18	Sep. 22	Sep. 29'89
2-for-1	Sep. 12	Oct. 5	Sep. 22	Oct. 4'89

Next dividend meeting: mid-Dec. '89.

Finances

In December, 1988 $2.552 billion of credit card receivables sold by MNC were outstanding.

Capitalization

Long Term Debt: $476,041,000.

$11.25 Conv. Pfd. Stk.: 15,980 shs. ($100 red. value); conv. into 6.66 com. shs.

Common Stock: 30,792,000 shs. ($2.50 par). Institutions hold about 50%.
Shareholders of record: 13,524.

Office—10 Light St (P O Box 987), Baltimore, Md. 21203 **Tel**—(301) 244-6737 **Chrmn & CEO**—A P Hoblitzell Jr **Vice Chrmn**—W H Daiger Jr **Pres**—D. J. Callahan III. **VP & Secy**—E. J. Stark **VP, Treas & Investor Contact**—David L. Spilman **Dirs**—A F. Brimmer, G L Bunting Jr., D. J. Callahan III, O. T. Carr Jr., J. V. Charyk, B. R. Civiletti, A. J. Clark, W. H Daiger Jr., J. C. Eanes Jr., R. A. Ehasberg, M. J. Estrin, S. W. Fantle, T. M. Gibbons, D. Hirschorn, A. P. Hoblitzell Jr., E. K. Hoffman, F. X. Knott, F. P. Lucier, H. M. Meyerhoff, G. G. Radcliffe, O. S. Travers Jr., H. K. Wells **Transfer Agent & Registrar**—Maryland National Bank, Baltimore **Incorporated** in Maryland in 1968, bank chartered in 1933 **Empl**—8,708.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard M. Levine, CFA

Management Science America 4502

NASDAQ Symbol MSAI (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89 1989						
10⅛	12⅛-7½	NM	None	None	B-	1.84

Summary

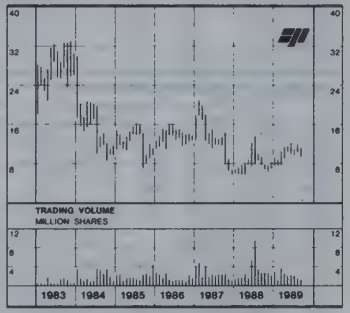
This company is a leading independent supplier of manufacturing, financial, government and other industry-oriented mainframe software. Results for 1988 were penalized by lower-than-expected revenues and by restructuring charges; however, the company returned to profitability in the first half of 1989, aided by cost-reduction measures and a lower tax rate.

Current Outlook

Earnings for 1990 are estimated in the area of $1.00 a share, up from the $0.75 projected for 1989 and in contrast to the $2.02 loss reported for 1988.

Cash dividends are not currently anticipated.

Revenues through 1990 are expected to rise modestly, year to year, aided by an expanded product line and a growing software consulting business. Margins are expected to widen, owing to the higher volume and stringent cost-control efforts. The company is focusing its software development efforts to conform with IBM's Systems Application Architecture (SAA). IBM's recent 5% investment in MSAI is a marketing plus.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	63.2	62.9	53.4	29.4
Jun.	67.2	68.9	82.6	47.6
Sep.	---	58.9	56.8	38.8
Dec.	---	59.3	65.7	77.7
	---	250.0	258.5	193.5

Revenues for the six months ended June 30, 1989, rose 1.5%, year to year, as a 15% gain in support services outweighed a 16% decline in software license fees, which reflected a change in marketing strategy and price allocation to place increased emphasis on support services. Margins narrowed as higher customer support expenses outweighed other well-controlled costs, and despite higher investment income (net), pretax profits declined 23%. After taxes at 10.0%, versus 13.1%, net income was $6,512,000 ($0.36 a share), against $8,207,000 ($0.48).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.13	0.14	d0.13	d0.02
Jun.	0.23	0.34	1.02	0.33
Sep.	E0.19	d1.70	d0.45	0.01
Dec.	E0.20	d0.81	d0.53	0.71
	E0.75	d2.02	d0.01	1.03

Important Developments

May '89— International Business Machines announced that it had acquired a 5% equity interest in MSAI for $10,140,000 (882,060 shares at $11.50 each).

Feb. '89— During 1988, the company recorded restructuring charges totaling $32.6 million to reflect staff reductions, facility consolidations and adjustments in the valuation of certain capitalized software.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[1]1984	1983	[1]1982	[1]1981	1980	1979
Book Value	1.53	3.23	8.22	7.56	7.25	7.29	3.67	2.64	1.05	0.74
Earnings[2]	d2.02	d0.01	1.03	0.39	0.77	0.63	0.62	0.42	0.31	0.23
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	13½	21	16¼	16¼	30	33	20⅞	13	NA	NA
Low	5¾	5⅝	10⅞	7	8½	18	8⅛	8	NA	NA
P/E Ratio—	NM	NM	16-11	42-18	39-11	52-29	34-14	31-19	NA	NA

Data as orig. reptd. Adj. for stk. div. of 100% Dec. 1982. 1. Refl. merger or acq. 2. Bef. spec. items of -4.10 in 1987 & results of disc. ops. of -0.76 in 1984. NM-Not Meaningful d-Deficit E-Estimated NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	250	7.9	3.2	5.6	11.1	0.48	d33.6	Nil	d33.6	NM
[2]1987	259	8.5	3.3	17.3	10.3	1.55	0.9	NM	d0.2	NM
[3]1986	193	36.3	18.8	27.3	6.7	0.25	36.1	47.2%	[2]18.7	9.7
1985	152	6.3	4.1	16.8	4.1	0.15	10.6	35.0%	6.9	4.5
[3,4]1984	142	19.9	14.1	5.9	3.3	0.13	25.4	46.1%	13.7	9.7
1983	139	16.1	11.6	9.0	2.8	0.21	19.1	43.8%	10.8	7.7
[3]1982	96	10.9	11.3	5.4	1.9	0.26	14.2	36.8%	9.0	9.3
[3]1981	67	6.3	9.4	3.1	1.4	0.77	10.1	45.7%	5.5	8.2
1980	45	0.1	0.2	5.7	0.6	0.28	5.7	43.4%	3.2	7.1
1979	38	6.2	16.5	0.8	0.9	0.01	5.4	53.4%	2.5	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	47.1	83	143	0.6	180	NM	4.76	31	36	13.1	NM
1987	31.4	78	138	0.6	207	NM	3.05	66	70	4.4	NM
1986	84.3	153	97	1.6	261	8.4	3.72	152	164	2.3	13.1
1985	94.0	140	48	2.9	182	4.0	Nil	130	134	Nil	5.4
1984	79.4	130	35	3.8	162	8.5	Nil	124	127	Nil	11.0
1983	82.8	132	34	3.9	160	8.5	0.61	124	127	0.5	11.5
1982	26.2	59	23	2.6	76	13.6	1.16	51	53	2.2	20.4
1981	19.9	40	15	2.7	52	12.6	1.60	35	37	4.3	22.7
1980	2.8	18	12	1.5	28	14.8	4.27	11	16	27.4	34.6
1979	2.3	13	8	1.6	16	18.5	Nil	8	8	Nil	36.1

Data as orig. reptd. 1. Bef. spec. items in 1987. 2. Refl. acctg. change 3. Refl. merger or acq. 4. Excl. disc. ops. d-Deficit. NM-Not Meaningful.

Business Summary

Management Science America, Inc. develops, markets and supports standard computer applications software packages primarily for mainframe computers. MSAI has licensed about 24,500 software packages to more than 7,500 customers.

MSAI offers a broad line of applications software packages for general business and specific industries. These include financial and human resources applications for general business, as well as functionally specific applications for manufacturers, financial institutions, governmental organizations, healthcare providers, educational institutions, distributors and insurance firms. The company also provides various consulting services related to the installation and utilization of its software packages.

Most of the company's applications are structured around its proprietary technology—Information Expert. This technology achieves a high level of systems integration, permitting users to combine information from multiple applications (including their own), those provided by MSAI and those provided by other software vendors. Information Expert provides tools that make it easy for nontechnical users to access mainframe information, create reports, design screens and link personal computers to mainframes. For data processing professionals, Information Expert provides facilities for applications design, prototyping and development. During the third quarter of 1988, MSAI committed to make its products compliant with IBM's Systems Application Architecture (SAA).

MSAI licenses rather than sells its products, with most licenses granted with nontransferable rights for an indefinite term. To receive support from the company after the first year, customers must pay an annual fee, which varies by product. Support fees accounted for about 61% of MSAI's revenues in 1988, versus some 51% in 1987. Revenues outside of North America totaled $59.1 million (24% of total revenues), against $50.0 million (19%) in 1987.

Dividend Data

No cash dividends have been paid. A "poison pill" stock purchase right was adopted in 1988.

Finances

During 1988, the company spent $58.9 million (24% of total revenues) on product development, versus $52.7 million (20%) in 1987.

Capitalization

Long Term Debt: $4,306,000 (6/89).

Common Stock: 17,663,837 shs. ($0.0025 par).
Officers & directors own 26%.
Institutions hold about 42%.
Shareholders: About 4,000.

Office—3445 Peachtree Rd., N.E., Atlanta, Ga. 30326. **Tel**—(404) 239-2000. **Chrmn, Pres & CEO**—J. P. Imlay Jr. **VP-Secy & Treas**—I. S. Mosley Jr. **Exec VP & CFO**—W. F. Evans. **Investor Contact**—David Colmans. **Dirs**—C. D. Conlee, S. A. Denning, W. M. Graves, R. E. Hicks, J. P. Imlay Jr., J. W. Scruggs, C. W. Spangle. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Georgia in 1963. **Empl**—2,369.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Manor Care

1411H

NYSE Symbol MNR Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
12½	17⅛-12⅜	22	0.132	1.1%	A	1.02

Summary

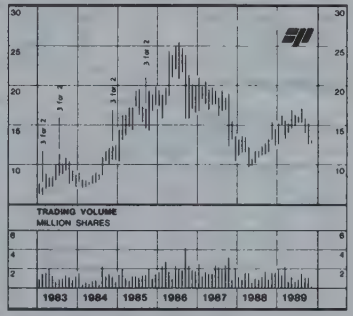
Manor Care is one of the nation's largest nursing home companies, operating some 157 facilities throughout the country. It also owns Quality Inns, which owns, operates, and franchises motels in the U.S. and abroad. Longer-range prospects are enhanced by expected benefits from an ambitious expansion program coupled with a higher-than-industry average of private pay patients in its homes.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 are projected at about $0.70 a share, up from the $0.60 reported for fiscal 1988-9.

Dividends are expected to continue at $0.033 quarterly.

Revenues for fiscal 1989-90 should show another good advance, with gains likely for both healthcare and lodging. Nursing home operations should benefit from maturation of newer facilities and rate increases. The lodging business is expected to be helped by further expansion in its franchise network. Margins should benefit from the better volume and cost efficiencies.



Operating Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	173.1	148.0	133.0	126.9
Nov.	---	149.6	134.0	127.5
Feb.	---	149.2	129.1	120.6
Mar.	---	170.2	138.3	126.9
	---	617.0	534.3	501.8

Revenues for the three months ended August 31, 1989 increased 17%, year to year. Although operating profits rose, earnings comparisons were hurt by the absence of a net $0.04 a share nonrecurring gain from the sale of property included in the 1988-9 period. Net income fell 4.1%, to $0.17 a share from $0.18.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.17	0.18	0.28	0.25
Nov.	E0.16	0.13	0.23	0.26
Feb.	E0.17	0.13	d0.63	0.24
May	E0.20	0.15	0.11	0.28
	E0.70	0.60	Nil	1.04

Important Developments

Sep. '89— Commenting on its performance for the first quarter of fiscal 1989-90, the company noted that the 18.4% rise in healthcare revenues was due to an increase in Medicare census and the opening of new facilities. The company opened 28 new nursing facilities over the past two and one-half years as part of its internal expansion program and it expected to open seven additional homes during the remainder of 1989-90. MNR said that the 11% gain in operating earnings for the first quarter was due primarily to the maturing of new facilities. As of the end of fiscal 1988-9, the 28 new nursing homes had a combined overall occupancy rate of 62% and a combined private pay and Medicare census of 91% of occupied beds. Lodging revenues in the first quarter increased 10.8%, aided by expansion in the franchise network.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	1986	1985	[1]1984	1983	[1]1982	[1]1981	1980
Tangible Bk. Val.	5.23	4.78	5.08	4.34	3.46	2.83	2.35	1.49	1.33	0.70
Earnings[2]	0.60	Nil	1.04	0.96	0.76	0.58	0.46	0.30	0.27	0.15
Dividends	0.13¼	0.13¼	0.12⅝	0.11¼	0.10¼	0.09⅜	0.07¾	0.06¾	0.04¼	0.04⅜
Payout Ratio	22%	NM	12%	12%	13%	16%	18%	22%	16%	28%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	15⅜	21	25½	19⅞	12½	11⅜	7⅛	4⅞	2⅝	1⅜
Low	9⅝	10⅜	15¾	10⅜	7	6⅛	2⅜	1⅞	1	½
P/E Ratio—	26-16	NM	25-15	21-11	16-9	20-11	15-5	16-6	10-4	8-3

Data as orig. reptd. Adj. for stk. divs. of 50% Oct. 1985, 50% Dec. 1984, 50% Jul. 1983, 50% Feb. 1983, 25% Sep. 1981, 50% Feb. 1981, 8% Feb. 1980, 50% Jan. 1980. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.15 in 1988, -0.06 in 1987, +0.13 in 1980. E-Estimated. d-Deficit. NM-Not Meaningful.

November 17, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	617	107	17.4	86	40.3	46.6	36.1	36.2%	23.0	3.7
1988	534	103	19.3	140	31.2	39.2	3.7	99.0%	Nil	NM
1987	502	111	22.1	97	27.9	34.9	75.8	45.3%	41.5	8.3
1986	483	115	23.8	55	26.7	34.9	68.4	44.1%	38.3	7.9
1985	454	103	22.7	49	23.2	39.6	53.9	44.0%	30.2	6.6
[2]1984	364	78	21.5	131	17.7	32.2	39.5	42.0%	22.9	6.3
1983	346	72	20.7	33	16.4	32.9	31.0	43.7%	17.2	5.0
[2]1982	261	51	19.6	31	12.0	27.7	20.7	45.9%	[3]10.3	3.9
[2]1981	92	18	19.3	10	4.2	6.8	[4]13.1	41.7%	7.6	8.3
1980	53	9	16.6	1	2.0	4.2	[4]6.2	43.6%	3.5	6.5

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	47.9	146	104	1.4	835	2.8%	435	202	710	61.3	11.9%
1988	38.0	129	94	1.4	797	NM	439	184	687	63.9	NM
1987	10.0	95	80	1.2	701	6.4%	337	203	604	55.9	22.0%
1986	17.6	101	86	1.2	604	6.5%	276	173	501	55.1	24.6%
1985	17.0	87	68	1.3	579	5.3%	313	138	489	64.0	24.1%
1984	35.0	83	71	1.2	561	4.5%	340	112	474	71.7	22.3%
1983	54.2	95	51	1.9	455	3.6%	285	93	387	73.7	22.5%
1982	19.5	66	57	1.2	426	3.5%	296	51	359	82.3	21.4%
1981	23.3	37	21	1.8	154	5.9%	85	45	133	63.4	22.1%
1980	7.9	15	12	1.3	69	5.7%	39	16	57	68.7	26.1%

Data as orig. reptd. 1. Bef. spec. items in 1988, 1987, 1980. 2. Reflects merger or acquisition. 3. Reflects acctg. change. 4. Incl. equity in earns of nonconsol. subs. NM-Not Meaningful.

Business Summary

Manor Care is a holding company whose subsidiaries include Manor Healthcare Corp., one of the nation's largest nursing home operators, and Quality Inns, a major hotel chain. Contributions by business segment in fiscal 1988-9 were as follows:

	Revs.	Profits
Healthcare	82%	76%
Lodging	18%	24%

As of August 31, 1989 Manor Care operated 157 nursing centers with some 21,000 beds in 28 states, providing skilled nursing and convalescent care, principally to residents over age 65. The company also operated one acute care general hospital in Texas. In fiscal 1988-9 healthcare patient days totaled 6,046,000, up from 5,865,000 in the preceding fiscal year. Average nursing center occupancy at the company's mature facilities was 88% in fiscal 1988-9, down from 89% in the prior year. Private pay patients represented about 56% of total nursing home occupancy and 62% of nursing home revenues in fiscal 1988-9; Medicaid patients 32% and 21%, respectively; and Medicare patients 12% and 17%.

As of the end of August, 1989 the company had some 1,029 hotels with a total of about 114,000 rooms in its Quality Inns franchise network. It also owned directly 10 hotels. Facilities are primarily in the U.S. but also located in Canada, Mexico, Europe, India, Australia, and New Zealand.

Dividend Data

Dividends have been paid since 1975.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.033	Dec. 16	Feb. 9	Feb. 15	Feb. 27'89
0.033	Apr. 25	May 9	May 15	May 26'89
0.033	Jun. 28	Aug. 9	Aug. 15	Aug. 25'89
0.033	Nov. 3	Nov. 9	Nov. 15	Nov. 27'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $430,993,000, incl. $99 million of debs. conv. into com. at $30.468 a sh.

Common Stock: 38,542,207 shs. ($0.10 par). The Bainum family controls some 35%. Institutions hold about 43%. Shareholders of record: 3,941.

Office—10750 Columbia Pike, Silver Spring, Md. 20901 **Tel**—(301) 681-9400 **Chrmn & CEO**—S. Bainum, Jr. **Vice Chrmn**—S. Bainum **VP-Secy**—J. H. Rempe **VP-Fin & Treas**—J. A. MacCutcheon. **Investor Contact**—Tracy Y. Munn **Dirs**—J. R. Anderson, S. Bainum, S. Bainum, Jr., J. W. Barr, A. W. Mathis, Jr., C. A. Renschler, J. E. Robertson **Transfer Agent & Registrar**—Riggs National Bank of Washington, D.C. **Incorporated** in Delaware in 1968; reincorporated in Delaware in 1981 **Empl**—19,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B. Saffas

Manufacturers Hanover

1412

NYSE Symbol MHC Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
42	44 1/8-27 3/4	4	3.28	7.8%	A-	0.89

Summary

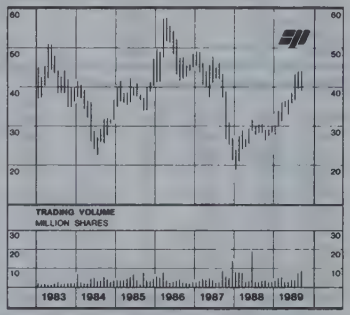
This bank holding company emphasizes both retail banking and lending to corporations, including capital markets activities and other corporate finance services, specialized lending and significant international banking operations. In September, 1989 MHC announced a plan to sell 60% of CIT Group, raise approximately $620 million in equity capital, and increase reserves for loan losses by $950 million. MHC expects to post a $475 million net loss for 1989.

Current Outlook

Earnings for 1990 could reach $6.00 a share, versus the $9.40 a share loss estimated for 1989.

The $0.82 quarterly dividend is expected to be maintained, despite 1988's projected loss.

MHC's aggressive capital rebuilding strengthens earnings potential in 1990 and in future years, but will result in a huge loss in 1989. The $950 million addition to reserves for possible credit losses for LDC debt brings reserves to a healthier 36% (from 22%) of the $6.8 billion in medium and long-term loans outstanding. However, further reserving may be needed in 1990 (a number of MHC's competitors are reserved in excess of 40%). While the sale of 60% of CIT provides capital, removes leverage from the balance sheet, and reduces goodwill charges from the income statement, it could restrain longer-term growth. The planned sale of some $620 million in new equity (an additional 14.6 million shares at the current price) will be dilutive to share earnings.



Review of Operations

Net interest income for the six months ended June 30, 1989 fell 2.4%, year to year, primarily reflecting 1988's sale of a consumer finance unit. The provision for loan losses was 28% lower at $199 million. Including 1988's $329 million gain from the sale of subsidiaries, noninterest income fell 36%. With noninterest expense down 1.5%, pretax earnings fell 47%. After taxes at 38.5%, versus 43.9%, net income was down 42%. Share earnings were $3.70, compared with $6.83, before an extraordinary gain of $3.69 in the 1988 period.

Common Share Earnings ($)

Quarter:	1989	1988	[1]1987	1986
Mar.	1.84	1.99	1.68	2.14
Jun.	1.87	4.82	d32.96	1.99
Sep.	Ed15.00	3.42	2.73	2.29
Dec.	E1.89	4.00	0.18	2.38
	Ed9.40	14.25	d27.04	8.80

Important Developments

Sep. '89— MHC announced a four-step plan to strengthen its balance sheet and increase its reserve for possible credit losses. The plan includes a $950 million increase to reserves for refinancing countries (to 36% of medium and long-term outstandings); the sale of a 60% interest in CIT Group for $1.28 billion, to Dai-Ichi Kangyo Bank, Ltd (DKB); the sale to DKB of 2.7 million MHC common shares (a 4.9% stake, and includes a standstill agreement for 10 years) for $120 million; and a public offering of up to $500 million in new MHC common stock, which is expected to be completed by year-end. MHC said the reserve additions would result in an expected $775 million net loss in the third quarter, and a $475 million loss for the year. MHC said these initiatives were part of its strategic plan to focus on regional banking in the tri-state area and wholesale banking on a global basis.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[2]1984	1983	[2]1982	1981	[2]1980	[2]1979
Tangible Bk. Val.	46.51	30.61	60.57	51.92	49.33	64.27	59.34	55.02	50.89	46.78
Earnings[3]	14.25	d27.04	8.80	8.38	7.12	8.37	7.78	7.48	6.87	6.42
Dividends	3.28	3.28	3.25	3.21	3.17	3.07	2.95	2.77	2.57	2.34
Payout Ratio	23%	NM	37%	38%	45%	37%	38%	37%	37%	36%
Prices—High	31 5/8	49 1/8	57 3/4	47 3/8	41 1/2	51	45	40 1/4	35 1/2	37 3/4
Low	18 3/4	21 1/8	41 1/8	33 7/8	22 1/2	34 3/4	26	30 1/2	26 1/2	29 29/32
P/E Ratio—	2-1	NM	7-5	6-4	6-3	6-4	6-3	5-4	5-4	6-5

Data as orig reptd. 1. Does not reconcile because of changes in no. of shs. outstanding. 2. Reflects merger or acquisition. 3. After gains (losses) on sec. trans. of +0.21 in 1988, +0.64 in 1987, +0.44 in 1986, +1.05 in 1985, +0.96 in 1984, +0.57 in 1983, -0.04 in 1982, -0.13 in 1981, -0.04 in 1980, +0.01 in 1979, bef. spec. item(s) of +4.02 in 1988, -0.81 in 1986. E-Estimated. d-Deficit. NM-Not Meaningful.

October 3, 1989

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	1,992	56	1,889	502	53.9	1,278	41.2%	752	3.01	1.02	30.5
1987	1,911	92	1,383	2,237	69.3	d1,238	NM	d1,140	2.86	NM	NM
1986	2,031	145	1,394	859	60.4	443	7.4%	411	3.18	0.54	15.4
1985	2,112	129	998	623	60.3	597	31.8%	407	3.37	0.54	16.1
[3]1984	1,866	121	763	395	62.9	565	37.6%	353	3.25	0.50	14.1
1983	1,600	108	590	228	63.2	540	37.7%	337	3.26	0.55	16.4
[3]1982	1,418	145	500	159	63.7	443	33.4%	295	3.10	0.50	15.0
1981	1,128	151	467	135	61.4	378	33.2%	252	2.88	0.46	14.0
[3]1980	1,057	123	281	78	60.1	378	39.6%	229	3.25	0.48	13.9
[3]1979	948	124	216	106	55.6	342	38.2%	212	3.38	0.51	14.3

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	66,710	5,805	6,348	23,866	27,008	4.79	7,662	34,052	117.5	8,136	2,857	NA
1987	73,348	5,850	6,158	25,873	31,954	4.77	8,287	36,890	123.1	8,473	2,061	2.5
1986	74,397	5,770	4,631	27,384	31,538	1.79	10,580	34,965	123.6	7,357	3,123	3.1
1985	76,526	4,631	3,694	28,847	32,608	1.39	10,086	36,175	126.4	7,867	2,897	2.8
1984	75,714	4,694	3,044	27,230	33,890	1.08	8,913	35,293	131.7	7,036	2,637	2.9
1983	64,332	3,044	2,913	20,975	28,477	0.90	9,232	33,052	114.2	2,547	2,271	2.9
1982	64,041	4,693	2,527	19,287	26,808	0.81	8,950	34,875	104.2	1,788	2,074	3.0
1981	59,109	6,371	3,011	17,273	23,710	0.80	9,051	33,411	95.8	1,207	1,900	3.3
1980	55,522	8,253	2,693	13,303	20,008	0.82	13,386	28,359	79.2	908	1,709	3.4
1979	47,675	5,647	2,553	10,726	16,719	0.89	13,984	24,172	71.5	851	1,555	3.6

Data as orig reptd. 1. Bef. results of disc. oper. and/or spec. item(s) in 1988 and 1986. 2. Refl. acctg. change. 3. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Manufacturers Hanover Corp. is the seventh largest banking organization in the U. S. Contributions to net income and assets by sector in 1988:

	Net Inc.	Assets
Wholesale banking	60%	69%
Asset-based finance	1%	20%
Retail banking	39%	11%

The wholesale banking segment provides services to corporations nationwide, and abroad, including credit, corporate finance, transaction processing, trust, trade finance and correspondent banking; investment banking services such as bond and currency trading, risk management products, and limited underwriting through Manufacturers Hanover Securities Corp. as well as venture capital and acquisition finance. The asset-based finance segment provides specialized financing such as equipment leasing and real estate lending to mid-sized corporations, partly through the CIT Group. Retail banking services are provided through 222 branches in New York and include extensive credit card operations (6 million cardholders).

At year-end 1988 nonperforming assets were $3.6 billion (7.2% of loans), including $2.3 billion of LDC loans, against $3.6 billion (6.5%; including $1.7 billion LDC) a year earlier. The reserve for loan losses was 4.78% of loans, against 4.77%. Net chargeoffs during 1988 were 1.49% of average loans, against 1.06% in 1987.

Dividend Data

Dividends have been paid since 1852. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.82	Dec. 21	Dec. 23	Jan. 2	Jan. 25'89
0.82	Mar. 21	Mar. 27	Apr. 1	Apr. 25'89
0.82	Jun. 20	Jun. 26	Jul. 1	Jul. 25'89
0.82	Sep. 19	Sep. 25	Oct. 1	Oct. 25'89

Next dividend meeting: late-Dec. '89.

Capitalization

Long Term Debt: $8,282,000,000.

Nonred. Preferred Stock: $479,500,000.

Common Stock: 51,706,031 shs. ($1 par).
Institutions hold about 49%.
Shareholders of record: 34,397.

Office—270 Park Ave., NYC 10017 **Tel**—(212) 286-6000 **Chrmn & CEO**—J. F. McGillicuddy **VP-Secy**—M. J. Trachtenberg **VP-Investor Contact**—J. L. Borden **Dirs**—R. E. Allen, F. A. Bennack Jr., M. C. Bergerac, W. S. Cashel, Jr., G. R. Durham, E. A. Farley, H. H. Henley, Jr., B. Hilton, T. M. Macioce, J. P. Mascotte, J. F. McGillicuddy, J. K. McKinley, R. E. Mercer, E. D. Miller, G. B. Munroe, J. R. Stafford, W. B. Thomas, M. v. N. Whitman **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC and San Francisco. **Incorporated** in Delaware in 1968; Bank incorporated in 1905 **Empl**—22,960

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

MAPCO Inc.

NYSE Symbol MDA Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
34 3/4	42 3/4–27 1/8	12	1.00	2.9%	B	0.67

Summary

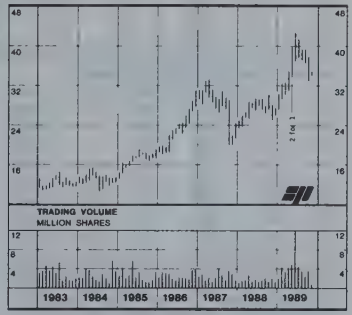
This company is involved in a broad range of energy-related activities, including refining, gas liquids transmission, coal production, propane distribution, and the operation of retail gasoline outlets in 11 states. Through early November, 1989, MDA repurchased 7,000,000 shares (or 16%) of its common stock under a 12.5 million share buyback program (29%) authorized in April.

Current Outlook

Profits for 1990 are projected at $3.40 a share, versus the $2.95 anticipated for 1989.

Dividends, which were doubled in mid-1989 to $0.25 quarterly, are unlikely to be lifted in 1990.

Refining profits should continue to advance in 1990, reflecting high plant operating rates and an increased proportion of sales to MDA's retail gasoline outlets. Pipeline profits could be flat as slackening gas demand by domestic petrochemical firms outweighs the commencement of shipments through a new line extension in Illinois. The coal segment will benefit from a strong export market, the acquisition of South Atlantic Coal and rising output at MDA's Dotiki mine. Profits for gas products will be flat. While comparisons will benefit from share repurchases, heavier interest expense will be offsetting.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	468	440	366	424
Jun.	535	448	384	386
Sep.	530	457	410	373
Dec.	---	457	476	387
	---	1,802	1,637	1,570

Revenues for 1989's first nine months, rose 14%, year to year. Net income was down 1.2%, but share earnings were $2.20 (on fewer shares), versus $2.19 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.89	0.87	0.41	0.43
Jun.	0.72	0.74	0.13	0.60
Sep.	0.58	0.59	0.54	0.47
Dec.	E0.76	0.75	0.30	0.35
	E2.95	2.94	1.38	1.84

Next earnings report expected in early February.

Important Developments

Nov. '89— MDA acquired South Atlantic Coal Co. from Jno. McCall Coal. Co. for an undisclosed amount. The acquisition of South Atlantic, which produces about 2.2 million tons of coal annually, will lift coal sales by approximately 20%. MDA said that it was also negotiating with McCall Coal for the acquisition of additional coal properties presently producing about 3.6 million tons annually.

Nov. '89— MDA reported that it had repurchased through early November some 7,000,000 shares of its common stock (16%), including 2.5 million for a company ESOP, as part of 12.5 million (adjusted) share (29%) buyback program authorized in April. The buybacks represent part of a multi-point plan designed to enhance shareholders value. Other steps taken included a 2-for-1 stock split and a doubling of cash dividends.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	15.31	12.69	11.38	10.16	12.36	11.07	10.43	10.00	9.10	8.62
Earnings[2]	2.94	1.38	1.84	1.80	0.68	0.87	1.34	1.76	2.24	1.92
Dividends	0.50	0.50	0.50	0.50	0.50	0.70	0.90	0.90	0.82 1/2	0.70
Payout Ratio	17%	35%	27%	28%	74%	80%	67%	51%	37%	37%
Prices—High	30 1/4	33 3/8	31 1/8	19 1/8	15 3/8	14 5/8	17 1/8	22 1/2	26	18 3/4
Low	23 3/8	20	18	13 1/8	10 1/2	10 3/4	10 1/4	13 7/8	15 3/4	13 3/8
P/E Ratio—	10–8	24–15	17–10	11–7	23–15	17–12	13–8	13–8	12–7	10–7

Data as orig reptd. Adj. for stk div(s). of 100% May 1989. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +1.38 in 1984, and spec. item(s) of +1.23 in 1987, -0.10 in 1986, +0.06 in 1983. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,736	249	14.4	63	71.3	32.3	[2]170	31.0%	[3]117	6.7
1987	1,581	206	13.1	64	88.3	37.3	[2]81	29.3%	[3]57	3.6
1986	1,570	232	14.7	43	72.2	41.9	[2]128	38.7%	[3]78	5.0
1985	1,908	246	12.9	100	65.9	45.5	[2]162	35.8%	104	5.5
[4]1984	2,032	199	9.8	98	87.3	49.3	[2]65	36.6%	41	2.0
1983	2,065	202	9.8	87	81.4	61.4	[2]80	36.7%	50	2.4
1982	1,993	265	13.3	209	91.2	71.8	[2]117	37.0%	74	3.7
1981	2,179	235	10.8	226	68.5	66.8	134	27.8%	97	4.4
[5]1980	1,770	263	14.8	287	54.0	45.5	186	34.3%	122	6.9
[5]1979	858	190	22.2	119	45.2	27.0	121	40.4%	72	8.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	121	351	247	1.4	1,376	8.5%	292	611	1,114	26.2	20.9%
1987	138	377	291	1.3	1,365	4.3%	318	512	1,041	30.6	11.8%
1986	99	387	235	1.6	1,405	5.2%	391	490	1,140	34.3	16.9%
1985	190	576	523	1.1	1,611	7.3%	409	438	1,067	38.3	21.6%
1984	93	780	397	2.0	1,793	2.3%	428	761	1,369	31.2	5.7%
1983	23	415	270	1.5	1,641	2.9%	514	643	1,362	37.8	8.1%
1982	18	463	310	1.5	1,723	4.4%	625	582	1,403	44.5	12.9%
1981	38	448	320	1.4	1,613	6.2%	540	558	1,275	42.3	18.2%
1980	10	460	311	1.5	1,478	8.9%	509	502	1,148	44.4	25.0%
1979	20	235	175	1.3	876	9.0%	276	329	699	39.5	23.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1984 and spec. item(s) in 1987, 1986, 1983. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Reflects merger or acquisition.

Business Summary

MAPCO is a diversified energy concern. Contributions (in million $) to operating profits:

	1988	1987	1986
Transportation	$87.2	$53.1	$58.9
Petroleum	58.6	18.0	48.2
Coal	51.8	49.7	71.9
Gas Products	27.1	19.9	18.9

MAPCO's Mid-America Pipeline unit transports natural gas liquids through a 6,985-mile system extending from Rocky Mountain area to markets in the Southwest and Midwest. A 1,097-mile line moves anhydrous ammonia from the Southwest to Central U.S. MDA also holds a 45% interest in the 740-mile Seminole Pipeline, which transports gas liquids within Texas. Total throughput in 1988 was 201 million bbls., versus 189 million bbls. in 1987. MDA also has interests in underground facilities capable of storing 13 million bbls. of natural gas liquids and a gas liquids fractionator.

MDA operates a 90,000 bbl.-per-day refinery in Alaska and a 60,000 bbl.-per-day facility in Tennessee. MDA retails gasoline and convenience items through 245 Delta Express outlets in 9 southeastern states and 15 MAPCO Express outlets in Alaska. A 10% interest is held in producing properties in Indonesia.

MDA produced 9.7 million tons of coal in 1988 from six mines in Kentucky, Maryland and Illinois. Coal reserves at 1988 year-end aggregated 414 million tons.

MAPCO Gas Products distributes propane, gas liquids and fertilizers through 129 company-owned Thermogas outlets as well as franchised dealers in 11 states. MDA also processes and sells, and engages in gas liquids trading.

Dividend Data

Dividends have been paid since 1965. A dividend reinvestment plan is available. A "poison pill" stock purchase right, adopted in 1986, was amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 10	Nov. 16	Nov. 22	Dec. 9'88
0.25	Jan. 25	Feb. 17	Feb. 24	Mar. 24'89
2-for-1	Apr. 17	May 15	Apr. 27	May 12'89
0.25	Apr. 17	Jun. 6	Jun. 12	Jun. 23'89
0.25	Jul. 26	Aug. 21	Aug. 25	Sep. 22'89

Next dividend meeting: Nov. 29'89.

Capitalization

Long Term Debt: $416,216,000.

Common Stock: 39,876,000 shs. ($1 par). Institutions hold approximately 65%. Shareholders of record: 5,900.

Office—1800 S Baltimore Ave., Tulsa, Okla. 74119. **Tel**—(918) 581-1800. **Chrmn & Pres**—J. E. Barnes. **Secy**—R. M. Parr. **VP-Treas**—J. Davis. **VP-Investor Contact**—D. S. Leslie. **Dirs**—J. E. Barnes, J. C. Davis, W. N. Deramus III, H. A. Fischer, W. K. Goettsche, M. T. Hopkins, R. M. Howe, P. C. Lauriger, Jr., D. L. Mellish, R. L. Parker, H. J. Schmidt, S. F. Segnar. **Transfer Agents**—Harris Trust Co., NYC; First National Bank, Chicago. **Incorporated** in Del. in 1958. **Empl**—5,040.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Marriott Corp.

1420K

NYSE Symbol MHS Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
33¼	41¼-29¾	18	0.28	0.8%	A+	1.16

Summary

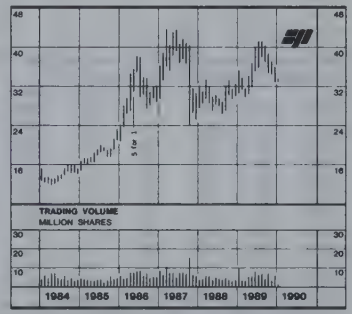
In December, 1989 this hotel and food service company announced that it would be largely disposing of its restaurant operations, which include the Roy Rogers fast-food chain. In addition, the repurchase of 10 million MHS shares was authorized. The sale of restaurant operations will negatively impact near-term earnings from continuing operations, but MHS's restructuring is expected to improve long-term growth prospects.

Current Outlook

Earnings from continuing operations for 1990 are projected at $2.10 a share, up from 1989's estimated $1.60, which includes a number of unusual items.

The dividend was raised 16.7%, to $0.07 quarterly from $0.06, with the January, 1990 payment.

Earnings from continuing operations for 1990 are expected to benefit from higher lodging profits, the absence of restructuring charges, lower net interest expense, and fewer shares outstanding. This is expected to more than offset the absence of MHS's airline catering business, whose sale and operation is expected to contribute roughly $270 million to 1989's pretax profits. MHS's long-term growth may be helped by development of retirement communities and more overseas hotels.



Sales (Million $)

Period:	[3]1989	1988	1987	1986
12 Wks. Mar. ...	1,786	1,631	1,412	1,032
12 Wks. Jun.	1,887	1,703	1,496	1,090
12 Wks. Sep. ...	1,930	1,670	1,498	1,295
16 Wks. Dec. ...	---	2,366	2,117	1,850
	---	7,370	6,522	5,267

For the 36 weeks ended September 8, 1989 pretax income from continuing operations (including income from MHS's airline catering business, which was recently sold) was up about 6.0%, year to year. With about 6.1% fewer common shares outstanding, share earnings were $1.29, versus $1.14.

Common Share Earnings ($)

Period:	[4]1989	1988	1987	1986
12 Wks. Mar. ...	---	0.36	0.30	0.25
12 Wks. Jun.	---	0.53	0.47	0.38
12 Wks. Sep. ...	[5]1.29	0.50	0.42	0.36
16 Wks. Dec. ...	E0.31	0.56	0.48	0.41
	E1.60	1.95	1.67	1.40

Important Developments

Dec. '89— MHS announced a major restructuring, including plans to dispose of most of its restaurant holdings; the completed sale of its airline catering business; restructuring charges and writeoffs related to continuing operations of $225 million to $250 million; and authorization by directors to repurchase 10 million MHS common shares. Including the catering business, but excluding most of MHS's restaurants, MHS's restated 1988 earnings from continuing operations were $1.59 a share, versus the $1.95 originally reported. In 1989 a gain of more than $200 million from the sale of the catering business was expected to largely offset MHS's unusual charges, enabling earnings from continuing operations to be up slightly. MHS said that it believed the restructuring will help future earnings from continuing operations to grow 15% to 20% a year.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	[1]1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	NA	1.76	2.38	4.50	6.24	5.04	4.48	3.68	3.07	2.34
Earnings[2]	NA	1.95	1.67	1.40	1.24	1.00	0.83	0.69	0.64	0.52
Dividends	0.25	0.21	0.17	0.13⅜	0.11⅜	0.09⅜	0.07⅝	0.06⅜	0.05⅛	0.04¼
Payout Ratio	NA	10%	9%	9%	9%	9%	9%	9%	8%	7%
Prices—High	41¼	33⅜	43¾	39	23⅜	16	16¼	12½	9½	7½
Low	29¾	26¼	24	20⅝	14¾	11¾	10	8½	5⅞	3⅜
P/E Ratio—	NA	17-13	26-14	28-15	19-12	16-12	20-12	18-9	15-9	14-6

Data as orig. reptd. Adj. for stk. div(s) of 400% Jun. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.03 in 1984 3. Includes results from restaurant operations now considered discontinued operations. 4. From continuing operations 5. 36 wks. E-Estimated NA Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	7,370	671	9.1	1,542	185	272	383	39.4%	232	3.1
1987	6,522	620	9.5	1,288	167	177	399	44.1%	223	3.4
[3]1986	5,266	519	9.9	1,163	141	148	360	46.8%	192	3.6
[3]1985	4,242	440	10.4	979	112	167	296	43.4%	167	3.9
[4]1984	3,525	384	10.9	674	99	134	236	42.7%	135	3.8
1983	3,037	350	11.5	499	96	[5]93	198	41.8%	115	3.8
[3]1982	2,541	306	12.0	721	86	[5]99	154	38.6%	94	3.7
1981	2,000	257	12.9	358	66	[5]76	139	38.0%	86	4.3
1980	1,719	223	13.0	239	56	[5]59	120	40.0%	72	4.2
[3]1979	1,510	202	13.4	159	51	35	123	42.3%	71	4.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	7.0	990	1,292	0.8	5,981	4.3%	2,857	710	4,036	70.8	32.0%
1987	15.6	919	1,123	0.8	5,370	4.7%	2,499	811	3,746	66.7	26.0%
1986	26.7	828	1,018	0.8	4,579	4.7%	1,663	991	3,051	54.5	20.9%
1985	46.8	640	802	0.8	3,664	5.1%	1,192	849	2,355	50.6	21.8%
1984	22.7	430	574	0.7	2,905	5.1%	1,115	676	2,071	53.9	21.2%
1983	92.3	401	494	0.8	2,501	5.0%	1,072	628	1,947	55.0	20.0%
1982	89.8	382	428	0.9	2,063	5.3%	889	516	1,573	56.5	20.0%
1981	41.2	267	287	0.9	1,455	6.3%	608	422	1,142	53.2	23.1%
1980	27.4	218	237	0.9	1,214	7.0%	561	312	949	59.2	22.7%
1979	21.3	178	188	0.9	1,080	7.3%	392	414	871	45.0	18.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984. 3. Reflects merger of acquisition. 4. Excl. disc. opers. 5. Net of interest income.

Business Summary

Marriott Corp. owns, operates and manages hotels, is engaged in a wide range of contract food services, and operates restaurants. In December, 1989 said it planned to dispose of most its restaurant holdings. Approximate contributions by segment to sales and profits in 1988:

	Sales	Profits
Lodging	42%	52%
Contract services	44%	31%
Restaurants	13%	17%

At year-end 1988 MHS's lodging business included 451 hotels with 117,789 rooms. This included 188 traditional full-service Marriott hotels, 4 Marriott Suites properties, 130 Residence Inns, 111 Courtyard hotels, 18 Fairfield Inns.

MHS is also the leading U.S. supplier of contract food services. Food service operations include emmployee cafeterias, hospitals, and schools. In December, 1989 MHS completed the sale of its airline catering tbusiness for more than $500 million.

The restaurants to tbe sold by MHS include the Roy Rogers chain (about 600 units, including 358 company-operated), and 434 family restaurants, which operated under the Bob's Big Boy, Wag's, Howard Johnson's, Allie's, and Bickford's names. The MHS-operated restaurants (excluding Roy Rogers franchises) were expected to have 1989 sales of about $840 million. Restaurant operations to be retained by MHS include airport and travel plaza operations and Hot Shoppes units in the Washington, D.C. area.

Also, MHS has a growing presence in the management and development of retirement communties. As of late 1988 MHS was managing nine such communities.

Dividend Data

Dividends were resumed in 1978. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Feb. 3	Mar. 28	Apr. 3	Apr. 24'89
0.06	Jun. 1	Jun. 30	Jul. 7	Jul. 24'89
0.06	Aug. 3	Sep. 26	Oct. 2	Oct. 23'89
0.07	Dec. 7	Dec. 20	Dec. 27	Jan. 16'90

Capitalization

Long Term Debt: $3,187,000,000 (9/89).

Common Stock: About 104,200,000 shs. ($1 par) (12/89).

The Marriott family owns or has interests in about 23%.

Institutions hold some 31%.

Shareholders of record: 55,606.

Office—10400 Fernwood Rd., Bethesda, Md. 20058 **Tel**—(301) 380-9000 **Chrmn & Pres**—J. W. Marriott, Jr. **EVP-CFO**—W. J. Shaw **VP & Secy**—W. O. Kates **Investor Contact**—Laura Paugh **Dirs**—S. D. Colton, F. Deane, Jr., G. M. Grosvenor, A. S. Marriott, J. W. Marriott, Jr., R. E. Marriott, T. R. Piper, H. L. Vincent, Jr. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Delaware in 1929 **Empl**—229,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Marsh & McLennan

NYSE Symbol MMC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
84¾	89¾-55⅛	21	2.50	3.0%	A	0.74

Summary

This holding company owns Marsh & McLennan, the world's largest insurance and reinsurance brokerage concern. Other subsidiaries provide employee benefit consulting, investment management, and other services. The continued competitive nature of the insurance marketplace, particularly the commercial property-casualty segment, depressed earnings for the first nine months of 1989.

Business Summary

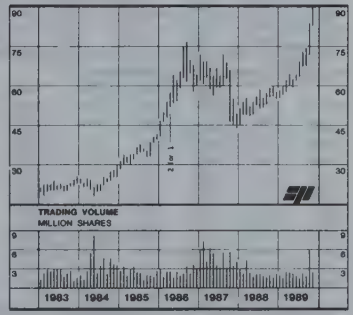
Operating through subsidiaries, Marsh & McLennan Companies provides professional advice and related services in the areas of insurance and reinsurance, consulting, and investment management to clients throughout the world. Contributions by business segment in 1988:

	Revs.	Profits
Insurance services	61%	67%
Consulting	28%	16%
Investment management	11%	17%

In 1988, 29% of revenues and 27% of operating income was derived from foreign operations.

MMC advises clients in risk assessment and represents them in the design and implementation of arrangements that transfer risk to insurance underwriters or through alternative funding methods. Services, provided mostly to corporations, include counseling on risk management problems and administrative services for captive insurance companies. Reinsurance services are provided to insurance underwriters worldwide through Guy Carpenter & Co. and C.T. Bowring Reinsurance Ltd. Marsh & McLennan Group Associates designs, distributes and administers a wide range of insurance and financial services.

William M. Mercer-Meidinger is the world's largest employee benefit consulting firm. National Economic Research Associates provides consulting services on a broad range of microeconomic issues including antitrust and trade regulation for the energy, telecommunications, entertainment and public utility industries. Clayton Environmental Consultants analyzes environmental risks. Lippincott & Margulies provides clients with corporate identity programs and communications strategies. In December, 1987 MMC acquired Temple, Barker & Sloane, Inc. a general management consulting firm.



Investment management activities are concentrated in the Boston-based Putnam organization, with $40.9 billion of assets under management at December 31, 1988.

Important Developments

Oct. '89— MMC signed a definitive agreement to acquire, for an undisclosed amount, a controlling interest in Gradman & Holler, a major West German insurance brokerage firm. MMC, which already owns about 15% of G&H, said the acquisition will enable it to capitalize on business opportunities arising from the unification of the European market. Commenting on third-quarter earnings, management said that increased demand for consulting and investment management services was not enough to offset continued weakness in the insurance market and the effects of a stronger dollar, and profits were lower.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	[1]1983	[2]1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	6.57	6.74	5.14	5.27	3.78	5.12	4.48	4.34	4.27	4.18
Earnings[3]	4.09	4.06	3.30	2.23	0.81	[4]1.33	1.68	1.64	1.56	1.48
Dividends	2.42½	2.27½	1.70	1.27½	1.15	1.10	1.05	1.00	0.90	0.80
Payout Ratio	59%	56%	52%	71%	176%	83%	61%	62%	66%	54%
Prices—High	59¾	72	76¾	41¾	29¾	25½	22⅜	21⅜	17¾	18⅛
Low	45¼	43¾	40⅝	28⅛	17⅞	18⅝	14⅞	14⅞	13⅜	14⅞
P/E Ratio—	15-11	18-11	23-12	19-13	37-22	19-14	13-9	13-9	11-9	12-10

Data as orig reptd Adj for stk div(s) of 100% May 1986, 100% Nov. 1980. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef spec item(s) of +0.20 in 1979 4. Restated

November 27, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	[3]2,272	596	26.2	374	80.9	27.8	516	42.6%	296	13.0
1987	[3]2,147	620	28.9	116	70.1	13.0	567	46.7%	302	14.1
1986	[3]1,804	536	29.7	103	55.5	5.3	501	51.5%	243	13.5
1985	[3]1,368	352	25.8	[4]53	38.8	14.1	330	50.6%	163	11.9
1984	1,101	244	22.2	[4]54	30.0	14.5	141	58.5%	59	5.3
[5]1983	960	220	23.0	[4]34	24.8	13.4	196	52.0%	94	9.8
[6]1982	924	229	24.8	[4]30	22.7	26.2	249	51.7%	120	13.0
1981	847	225	26.5	[4]36	24.1	46.2	240	50.1%	[6]120	14.2
[5]1980	677	175	25.9	148	16.5	22.1	208	51.5%	101	14.9
[5]1979	531	148	27.9	15	8.5	Nil	166	50.5%	82	15.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	252	788	626	1.3	1,830	17.4%	266	755	1,038	25.7	38.9%
1987	344	847	638	1.3	1,634	19.4%	16	792	872	1.9	42.2%
1986	278	822	658	1.2	1,477	19.4%	15	639	738	2.0	42.0%
1985	229	624	446	1.4	1,030	17.5%	10	515	584	1.7	36.6%
1984	245	499	419	1.2	827	4.1%	10	371	408	2.5	14.1%
1983	1,412	1,649	1,504	1.1	1,964	6.7%	11	450	461	2.4	20.5%
1982	141	386	288	1.3	837	13.6%	92	457	550	16.8	24.3%
1981	109	339	251	1.3	993	11.6%	175	567	742	23.6	21.3%
1980	132	383	232	1.6	1,063	12.8%	274	556	830	33.0	22.0%
1979	111	250	119	2.1	391	23.0%	Nil	272	272	Nil	32.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol subs 2. Bef spec. item(s) in 1979. 3. Incl. other inc. 4. Net of curr. yr. retirement and disposals. 5. Reflects merger or acquisition. 6. Reflects accounting change.

Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	623	595	560	444
Jun.	606	570	539	453
Sep.	607	563	534	462
Dec.		544	514	445
		2,272	2,147	1,804

Total revenues for the nine months ended September 30, 1989 rose 6.2%, ye ar to year, reflecting a 20% increase in revenues from consulting services, a 2.7% gain in investment management fees and a 0.7% rise in insurance services revenues. Margins narrowed, and pretax income fell 1.8%. After taxes at 43.0%, versus 42.5%, net income was down 2.7%. Share earnings were $3.33 on fewer shares, versus $3.38.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.23	1.28	1.25	0.89
Jun.	1.08	1.06	1.06	0.87
Sep.	1.02	1.04	1.04	0.87
Dec.		0.71	0.71	0.67
		4.09	4.06	3.30

Dividend Data

Dividends have been paid since 1923. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62½	Nov. 17	Jan. 11	Feb. 15'89	
0.62½	Mar. 16	Apr. 5	Apr. 11	May 15'89
0.62½	May 18	Jul. 5	Jul. 11	Aug. 15'89
0.62½	Sep. 19	Oct. 4	Oct. 11	Nov. 15'89

Next dividend meeting: Nov. 21'89.

Finances

In January, 1989 MMC authorized the repurchase of an additional 2.5 million shares of common stock. No shares had been repurchased thereunder as of June 30, 1989. MMC completed the repurchase of approximately 5 million shares under authorizations announced in October, 1987 and January, 1988.

Capitalization

Long Term Debt: $298,200,000.

Common Stock: 71,911,378 shs. ($1 par).
Institutions hold about 59%.
Shareholders of record: 15,462.

Office—1221 Ave. of the Americas, NYC 10020. Tel—(212) 997-2000 Chrmn & CEO—F. J. Tasco. Pres—A. J. C. Smith. VP-Secy—G. F. Van Gundy VP-CFO—F. J. Borelli Investor Contact—J. M. Bischoff (212) 997-4441. Dirs—R. H. Blum, F. J. Borelli, R. Clements, P. Coster, R. E. Heckert, R. S. Hickok, R. M. G. Husson, L. J. Lasser, D. R. McKay, R. J. Newhouse, Jr., A. C. Nielsen, Jr., G. Putnam, J. M. Regan, Jr., A. S. Simmons, A. J. C. Smith, F. J. Tasco, R. J. Ventres, R. L. Wroughton Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC Incorporated in Delaware in 1923, reincorporated in Delaware in 1969 Empl—22,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Martin Marietta

NYSE Symbol ML Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
41	53½-37¾	8	1.35	3.3%	A-	1.20

Summary

Following extensive restructuring in recent years, Martin Marietta now emphasizes its strengths in technological areas such as defense electronics and space. A broad mix of programs in electronics and missiles and growth expected for Titan launch vehicle sales, as well as growth in information systems, should permit continued earnings gains despite the poor outlook for defense spending.

Current Outlook

Earnings for 1990 are projected at $6.50 a share, up from the $5.95 estimated for 1989.

Dividends should continue at least at the current $0.33¾ quarterly rate.

Moderate sales growth appears likely in 1990. Astronautics group sales will benefit from further boosts for space launches and manned space systems with some improvement in margins likely. Slightly higher missiles and electronics revenues are also likely to be accompanied by moderately higher margins for several important programs. A moderate pick-up is possible for information systems following a decline in 1989. Interest expense may be lower, but the tax rate should be higher.

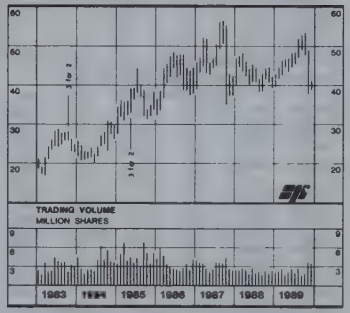
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,316	1,296	1,139
Jun.	---	1,434	1,442	1,373
Sep.	---	1,423	1,455	1,313
Dec.	---	---	1,535	1,340
	---	---	5,727	5,165

Sales for the first nine months of 1989 declined 0.5%, year to year. Margins widened, but including a gain on sale of an investment of $2.55 a share in the 1988 period, net income was down 21.2%, to $4.41 a share from $5.57.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.30	1.12	0.96	0.80
Jun	E1.80	1.64	1.53	1.31
Sep.	E1.60	1.65	3.08	1.02
Dec.	E1.80	E1.54	0.45	1.12
	E6.50	E5.95	6.02	4.25



Important Developments

Dec. '89— Directors authorized the repurchase of 3.5 million common shares, including one million from the company's retirement trust.

Nov. '89— Martin Marietta was awarded an Air Force contract valued at $1.6 billion for 18 additional Titan IV launch vehicles, bringing the total to 41, with an option for eight more. The initial launch was on June 14, with launches to continue through 1995.

Oct. '89— The backlog at September 30, 1989 was $11.6 billion, compared with $10.6 billion a year earlier.

Aug. '89— ML reported that it planned to sell the remaining 1,800 acres of property held by a subsidiary in Orlando, Florida.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[3]1983	1982	1981	1980	1979
Tangible Bk. Val.	22.73	17.16	15.19	12.42	9.13	12.53	6.89	13.97	12.38	10.83
Earnings[3]	6.02	4.25	3.67	4.36	3.15	2.82	1.30	2.39	2.23	2.10
Dividends	1.10	1.05	1.00	0.97⅞	0.89⅜	0.86⅜	0.85⅜	0.80	0.68¾	0.58¾
Payout Ratio	18%	25%	27%	22%	29%	34%	65%	33%	31%	28%
Prices—High	48¼	56½	48½	44⅜	30⅞	28¾	20⅞	22¾	21½	13⅞
Low	38¼	35	32¼	27⅜	20⅛	16¾	9⅞	12⅝	11⅞	8¾
P/E Ratio—	8-6	13-8	13-9	10-6	10-6	10-6	16-8	9-5	10-5	7-4

Data as orig. reptd. Adj. for stk. div(s) of 50% Jul 1985, 50% Oct 1983, 50% Oct. 1981 **1.** Reflects accounting change **2.** Reflects merger or acquisition **3.** Bef. results of discs. opers of -7 03 in 1984, and spec. item(s) of +0.73 in 1988 E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	5,727	595	10.4	339	199	45	475	32.7%	320	5.6
1987	5,165	580	11.2	270	173	30	380	39.3%	231	4.5
1986	4,753	484	10.2	292	153	26	327	38.2%	[3]202	4.3
1985	4,410	426	9.7	316	132	41	418	40.4%	249	5.7
[4]1984	3,920	400	10.2	205	114	37	309	43.0%	176	4.5
[5]1983	3,899	331	8.5	212	162	110	227	37.7%	141	3.6
1982	3,527	228	6.5	391	155	86	92	0.2%	92	2.6
1981	3,294	339	10.3	489	117	28	283	29.4%	200	6.1
1980	2,619	342	13.1	353	112	12	279	32.5%	188	7.2
1979	2,061	350	17.0	231	84	12	300	40.6%	178	8.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	77	1,291	909	1.4	3,319	10.5%	484	1,201	2,157	22.4	30.4%
1987	154	1,130	814	1.4	2,794	8.9%	282	908	1,730	16.3	26.8%
1986	195	1,005	830	1.2	2,471	8.6%	228	843	1,524	14.9	26.1%
1985	138	969	771	1.3	2,258	10.9%	220	708	1,394	15.8	39.8%
1984	30	852	804	1.1	2,224	7.0%	347	511	1,340	25.9	26.1%
1983	25	968	806	1.2	2,738	4.3%	614	730	1,876	32.7	22.4%
1982	25	938	696	1.3	2,838	4.6%	1,235	322	2,117	58.3	20.8%
1981	84	884	465	1.9	2,546	8.8%	360	1,200	2,054	17.5	17.6%
1980	103	799	452	1.8	2,069	9.8%	163	1,103	1,596	10.2	18.1%
1979	225	786	541	1.5	1,774	10.8%	136	969	1,224	11.1	19.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of discont. opers. in 1984 and spec. item(s) in 1988. **3.** Reflects accounting change **4.** Excl. discont. opers. **5.** Reflects merger or acquisition

Business Summary

Martin Marietta's business segment contributions for 1988 were:

	Sales	Profits
Astronautics	43%	14%
Electronics & Missiles	36%	34%
Information Systems	13%	38%
Materials	7%	12%
Other	1%	2%

Sales to the U.S. Government accounted for 85% of total 1988 sales.

Astronautics activities include production of space launch vehicles (Titan), spacecraft, space- and ground-based strategic systems, Space Shuttle external tanks and electronics and instrumentation. The Electronics and Missiles segment produces missiles and launching systems, electronic systems for guidance and air defense, electro-optical systems for targeting and navigation, undersea systems, ordnance and aircraft components.

The Information Systems segment designs and services information management and engineering systems for command, control and communications; air traffic control; telecommunications; and communications networks.

The Materials segment produces aggregates (crushed stone and gravel) for construction and magnesia refractory materials used in steel, chemical and other industries.

Other activities include management of U.S. Department of Energy uranium facilities.

Dividend Data

Dividends have been paid since 1954. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Feb. 23	Feb. 28	Mar. 6	Mar. 31'89
0.27½	Apr. 27	May 30	Jun. 5	Jun. 30'89
0.33¾	Jun. 23	Aug. 29	Sep. 5	Sep. 29'89
0.33¾	Oct. 26	Nov. 28	Dec. 4	Dec.29'89

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $477,470,000.

Common Stock: 52,990,178 shs. ($1 par).
Institutions hold approximately 59%.
Shareholders of record: 41,120.

Office—6801 Rockledge Drive, Bethesda, Md 20817 **Tel**—(301) 897-6000 **Chrmn & CEO**—N. R. Augustine. **Pres**—A. T. Young **Secy**—J. K. Henry **VP-Treas**—R. W. Powell, Jr **Investor Contact**—W. D. Keough. **Dirs**—L. J. Adams, L. Alexander, N. R. Augustine, J. J. Byrne, A. J. Clark, E. I. Colodny, J. L. Everett III, E. L. Hennessy, Jr., C. B. Hurtt, M. R. Laird, J. K. McKinley, T. G. Pownall, J. W. Vessey, Jr. **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Maryland National Bank, Baltimore. **Incorporated** in Maryland in 1961 **Empl**—67,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T M Canning, CFA

Masco Corp.

1429K

NYSE Symbol MAS Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
26¼	31⅛-24⅛	13	0.52	2.0%	A	1.33

Summary

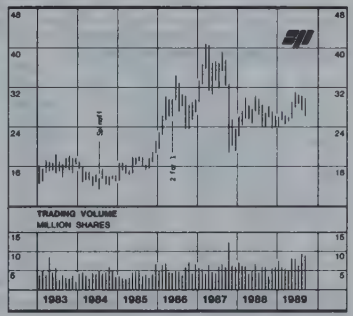
This leading manufacturer of building and home improvement products has expanded into the home furnishings area in recent years with the acquisitions of Henredon Furniture, Drexel Heritage, and Lexington Furniture. In May, 1989 MAS acquired Universal Furniture Ltd. for about 19.1 million common shares. MAS owns 42% of Masco Industries, which it spun off in 1984. Earnings for 1989 should rise only slightly, but there should be substantial earnings improvement in 1990.

Current Outlook

Earnings for 1989 are estimated at $2.05 a share, up from 1988's $2.03 (as restated to reflect the May, 1989 Universal Furniture acquisition). Earnings for 1990 could reach $2.35 a share.

The quarterly dividend was raised 8.3%, to $0.13 from $0.12, with the August, 1989 payment.

Acquisitions, favorable demographics, strength in the home improvement area, and increased market share in the furniture industry should boost revenues for 1989, despite a slowdown in the housing industry. However, margins will narrow on a less profitable and wider product mix, as well as pricing pressures. Interest expense will rise.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	785	599	450	314
Jun.	791	616	489	338
Sep.	---	614	541	379
Dec.	---	610	543	421
	---	2,439	2,023	1,452

Sales for the first half of 1989 rose 9.5%, year to year. Results for both periods were restated to reflect the May 1989 acquisition of Universal Furniture. Margins narrowed and pretax income fell 18%. After taxes at 30.0%, versus 33.1%, net income declined 14.3%, to $0.98 a share from $1.14.

Common Share Earnings ($)

Quarter:	[3]1989	1988	1987	1986
Mar.	0.55	0.60	0.42	0.35
Jun.	0.50	0.60	0.50	0.40
Sep.	E0.60	0.54	0.50	0.40
Dec.	E0.45	0.36	0.23	0.41
	E2.05	2.10	1.65	1.56

Important Developments

Jul. '89— MAS attributed the sales gain for the second quarter of 1989 to higher sales of kitchen, bathroom, and home furnishings products. However, earnings were hurt by higher interest rates, inflationary pressures and moderated consumer spending, all of which MAS said would continue to hurt margins over the near term. Earnings were also penalized by the absence of net realized marketable securities gains. MAS said that the slowing growth in the economy should result in lower interest rates and favorably affect its markets in 1990. Separately, MAS made two acquisitions during the second quarter of 1989, including Sherle Wagner International, a decorative high-end bathroom products company, and StarMark, Inc. a manufacturer of medium priced kitchen and bathroom cabinetry.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	1984	1983	[1]1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	7.11	5.96	5.91	7.00	6.06	5.41	4.32	4.03	3.19	2.62
Earnings[2]	2.10	1.65	1.56	1.28	1.00	0.97	0.75	0.87	0.76	0.70
Dividends	0.44	0.38	0.34	0.29	0.25	0.22	0.20	0.18	0.16	0.14½
Payout Ratio	21%	23%	22%	23%	25%	23%	28%	21%	20%	19%
Prices—High	30⅝	40⅞	34½	21¼	16⅞	18½	14⅝	10⅝	8¾	8⅞
Low	22	18⅝	19½	13	11⅜	12½	8⅞	7	5	4⅞
P/E Ratio—	14-10	25-11	22-13	17-10	17-11	19-13	19-9	12-8	11-7	10-7

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1986, 100% Dec. 1982. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.14 in 1982 3. Does not reconcile due to change in no. of shares outstanding E-Estimated

October 5, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,439	471	19.3	95	74.6	93.7	421	31.6%	288	11.8
[3]1987	2,023	420	20.7	159	63.3	75.2	336	34.6%	219	10.8
[3]1986	1,452	308	21.2	191	43.8	74.7	331	38.5%	203	14.0
[3]1985	1,154	234	20.3	52	34.5	62.5	269	38.8%	164	14.3
1984	1,020	235	23.0	39	33.7	46.1	190	39.0%	116	11.4
1983	1,059	237	22.3	47	49.0	40.8	176	39.6%	107	10.1
[3]1982	856	190	22.2	130	41.4	40.2	135	42.5%	[4]78	9.1
1981	877	202	23.0	65	36.4	39.9	151	41.4%	88	10.1
[3]1980	766	183	23.9	57	30.0	38.7	137	43.6%	77	10.1
[3]1979	726	167	23.0	59	24.7	26.1	132	44.8%	73	10.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	143	1,138	378	3.0	2,999	9.7%	999	1,546	2,621	38.1	19.5%
1987	304	1,100	481	2.3	2,850	8.6%	938	1,371	2,369	39.6	17.2%
1986	213	787	210	3.8	2,226	10.0%	810	1,157	2,016	40.2	18.9%
1985	313	730	160	4.5	1,817	10.1%	636	979	1,657	38.4	18.0%
1984	252	538	104	5.2	1,296	8.9%	398	765	1,192	33.4	15.3%
1983	209	669	129	5.2	1,271	8.3%	368	729	1,142	32.2	15.8%
1982	203	622	235	2.6	1,222	7.0%	373	589	987	37.7	13.9%
1981	138	506	125	4.1	940	9.7%	308	492	815	37.7	19.5%
1980	137	467	118	4.0	862	9.5%	328	406	745	44.1	20.7%
1979	136	431	92	4.7	755	10.5%	316	339	663	47.7	23.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1982. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Business Summary

Masco Corp. manufactures building, home improvement, home furnishings and consumer products. The company was reorganized in 1984, when 50% of the former industrial products segment was spun off to shareholders as Masco Industries, and the company embarked on an active acquisition program in the home furnishings area. Segment contributions in 1988:

	Sales	Profits
Building and home improvement products	64%	69%
Home furnishings and other consumer speciality products	36%	31%

MAS believes it is the largest U.S. manufacturer of faucets, plumbing supplies, kitchen and bathroom cabinets. Faucets are sold under the Delta, Peerless, Epic and Artistic Brass brands. MAS also produces kitchen and bathroom cabinets under the Merillat and Fieldstone names, plumbing products under the Brass-Craft and Plum Shop names, kitchen appliances under the Thermador and Waste King names, bathroom and spa items under the Aqua Glass and Hot Spring Spas trademarks and locks and builder's hardware under the Baldwin and Weiser names.

Through a series of acquisitions, MAS has become a leading domestic manufacturer of furniture and other home furnishings products. MAS produces high-end traditional furniture sold under the Henredon trademark, and medium high-end furniture sold under the Drexel Heritage name. Furniture is also produced through the Lexington Furniture Industries Group, Marge Carson, Inc., and Maitland-Smith, Ltd. MAS also produces upholstery fabrics through Robert Allen Fabrics and Ametex Fabrics. Other products include trailer hitches, stabilizers, steel consoles and workstations, and brass giftware.

Dividend Data

Dividends have been paid since 1944.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Dec. 15	Jan. 9	Jan. 13	Feb. 13'89
*Stk.	Dec. 29	Feb. 15	Jan. 10	Feb. 14'89
0.12	Mar. 24	Apr. 10	Apr. 14	May 15'89
0.13	Jun. 30	Jul. 17	Jul. 21	Aug. 7'89
0.13	Sep. 14	Oct. 16	Oct. 20	Nov. 13'89

*0.01 common share of Trimas Corp.

Capitalization

Long Term Debt: $1,100,220,000 (6/89) incl. $250 million of debs. conv. into com. at $42.80 a sh.

Common Stock: 156,144,000 shs. ($1 par). Some 8.5% owned by Manoogian family. Institutions hold approximately 48%. Shareholders of record: 8,400.

Office—21001 Van Born Rd., Taylor, Mich. 48180. **Tel**—(313) 274-7400 **Chrmn & CEO**—R. A. Manoogian **Pres**—W. B. Lyon. **VP-Secy**—G. Bright **Treas & Investor Contact**—J. C. Nicholls, Jr. **Dirs**—E. L. Koning, W. B. Lyon, A. Manoogian, R. A. Manoogian, J. A. Morgan, A. Simone **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC; National Bank of Detroit. **Incorporated** in Delaware in 1962 **Empl**—27,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Elizabeth Vandeventer

Matsushita Electric Industrial 1433

NYSE Symbol MC

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
166½	198⅛–158	22	10.735	10.4%	NR	0.43

Summary

Matsushita is Japan's largest producer of consumer electric and electronic products. Worldwide export sales accounted for about 42% of sales in fiscal 1988-9. Earnings have increased in recent years as MC successfully responded to the strength of the yen by increasing production outside Japan, developing new products, and strengthening its cost-competitiveness and marketing power.

Business Summary

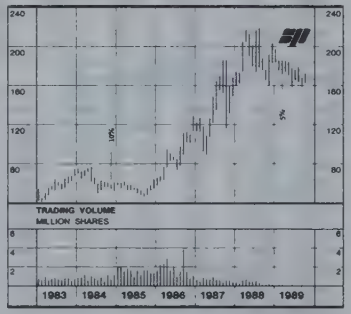
Matsushita Electric Industrial is Japan's largest manufacturer of electric and electronic products for household use. Consolidated net sales were derived as follows in recent fiscal years:

Products	1988-9	1987-8
Video equipment	29%	30%
Audio equipment	9%	8%
Home appliances	14%	15%
Communications & industrial equipment	20%	21%
Energy & kitchen products	5%	5%
Electronic components	13%	12%
Other	10%	9%

Export sales, to more than 130 countries, contributed about 42% of sales in fiscal 1988-9.

Video equipment includes: video tape recorders, color and black-&-white TV sets, video projection systems, and video disc players. Audio: radios, radio/cassette recorders, tape recorders, stereo equipment, compact disc players, and electronic organs. Home appliances: refrigerators, air conditioners, home laundry equipment, vacuum cleaners, microwave ovens, electric fans, and heaters.

Communications/industrial equipment includes: office automation, communications and measuring equipment, electric motors, industrial robots, and welding and air conditioning equipment. Energy and kitchen-related: dry batteries, lead-acid storage batteries, lithium and solar cells, gas appliances, kitchen sinks and cabinets, and solar energy equipment. Electronic components: semiconductors, transistors, diodes, cathode-ray tubes, image pickup tubes, electric lamps, tuners, capacitors, resistors, speakers, photographic equipment and printed circuits.



Products are marketed under various trademarks including Panasonic, Quasar, National and Technics.

Important Developments

Aug.'89— MC said that its fiscal 1989-90 first quarter results were aided by active private capital investment in Japan, but penalized by relatively slow consumer spending. While the international environment remained competitive, results were aided by increased overseas production.

May '89— MC said that it expected sales in fiscal 1989-90 to rise about 5%, to 5.76 trillion yen and consolidated net income to be up about 8%, to 231 billion yen. MC also said that it was planning capital investments of 325.4 billion yen, versus the 229.2 billion yen spent in fiscal 1988-9.

Next earnings report expected in mid-November.

Per ADS Data ($)

Yr. End Mar. 31[2]	[4]1989	1988	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	NM	NM	70.86	54.27	40.83	37.14	30.65	32.24	29.53	22.99
Earnings	7.57	6.41	5.25	6.33	5.27	4.27	3.36	3.97	3.54	2.43
Dividends	0.79⅜	0.61¼	0.52½	0.39¼	0.30⅜	0.38⅝	0.29¾	0.29¾	0.33⅛	0.38⅞
Payout Ratio	10%	10%	10%	6%	6%	9%	9%	7%	10%	16%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High[3]	219	186⅜	129	64¼	76¾	74⅝	53½	65	34⅜	26½
Low[3]	159¼	88¾	57⅛	46¼	49⅜	40⅞	31¼	30⅞	18½	19⅞
P/E Ratio—	29-21	29-14	25-11	10-7	15-9	17-10	16-9	16-8	10-5	11-8

Data as orig. reptd. Translated at historical exchange rates. Adj. for stk. div(s) of 5% Mar. 1989, 10% Nov. 1984, 10% Nov. 1981, 10% Nov. 1980, 10% Nov. 1978. 1. Decl. in past 12 mos. (approx., adj.), net of 15% Japanese withholding tax. 2. Years ended Nov. 20 prior to 1988. 3. Cal. yr. 4. Reflects acctg. change. NM-Not Meaningful.

October 27, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Mar. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1989	41,699	4,810	11.5	2,411	1,650	674	4,099	53.0%	1,617	3.9
1988	38,552	3,520	9.1	1,402	1,222	452	3,450	52.6%	1,303	3.4
1986	28,067	2,926	10.4	938	1,013	345	2,706	54.1%	1,004	3.6
1985	24,890	3,682	14.8	1,257	918	301	3,396	54.6%	1,214	4.9
1984	19,347	2,989	15.4	1,016	629	224	2,740	54.7%	977	5.0
1983	16,901	2,328	13.8	612	520	213	2,110	53.9%	774	4.6
1982	14,037	1,897	13.5	619	444	211	1,650	53.1%	604	4.3
1981	15,617	2,113	13.5	917	426	202	1,954	53.7%	709	4.5
1980	13,690	1,606	11.7	610	305	186	1,520	51.3%	585	4.3
1979	9,643	1,070	11.1	297	202	135	1,025	50.8%	401	4.2

Balance Sheet Data (Million $)

Mar. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	12,516	26,751	16,243	1.6	48,499	3.7%	4,711	21,716	30,385	15.5	7.8%
1988	12,287	22,101	10,278	2.2	38,731	3.9%	2,389	19,818	26,818	8.9	7.7%
1986	6,637	14,999	8,370	1.8	26,826	4.1%	867	13,321	17,363	5.0	8.5%
1985	5,074	12,306	7,326	1.7	21,499	10.5%	770	10,153	13,326	5.8	22.2%
1984	4,081	10,063	6,326	1.6	16,972	6.2%	656	7,503	9,941	6.6	13.6%
1983	3,249	8,557	5,304	1.6	14,621	5.7%	171	6,788	8,557	2.0	12.5%
1982	2,356	7,101	4,500	1.6	12,207	0.8%	189	5,520	7,013	2.7	1.9%
1981	2,703	8,009	5,224	1.5	13,333	5.6%	161	5,770	7,296	2.2	12.8%
1980	2,270	6,849	4,274	1.6	11,636	5.6%	276	5,129	6,540	4.2	12.8%
1979	1,908	5,203	3,181	1.6	8,729	4.4%	278	3,762	4,858	5.7	10.0%

Data as orig. reptd. Translated at historical exchange rates. 1. Yrs. ended Nov. 20 prior to 1988. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change.

Net Sales[1] (Billion $)

Period:	1989-90	1988-9	1987-8	1985-6
3 Mos. Jun.	9.72	10.00	7.83	6.34
6 Mos. Sep.		19.90	16.07	13.74
9 Mos. Dec.		33.31	30.34	21.84
12 Mos. Mar.		41.70	38.55	28.07

Sales (in yen) for the three months ended June 30, 1989 rose 6.1%, year to year. The increase reflected gains of 16% for communication and industrial equipment, 11% for electronic components including semiconductors, 9% for energy and kitchen-related products, 4% for video equipment, 3% for home appliances, and 2% for audio equipment, which outweighed a 2% decline in home appliance sales. The gain in pretax income was limited to 0.2%. After taxes, minority interest and equity in the earnings of affiliated companies, net income was up 1.5%. Earnings per ADS (both translated at the rate of Y144=$1), were $1.71, against $1.69 (adjusted for the March 1989 5% stock dividend).

ADS Earnings[1] ($)

Period:	1989-90	1988-9	1987-8	1985-6
3 Mos. Jun.	1.71	1.84	1.15	1.50
6 Mos. Sep.		3.62	2.55	2.96
9 Mos. Dec.		6.27	5.24	4.38
12 Mos. Mar.		7.57	6.41	5.25

1. Prior to 1987-8 periods ended 3 Mos. Feb.; 6 Mos. May; 9 Mos. Aug.; 12 Mos. Nov.

Dividend Data

Cash dividends have been paid in each year since 1950. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
5% Stk	---	Mar. 23	Mar. 30	Jun. 5'89
0.4549*	---	Mar. 23	Mar. 30	Jul. 18'89
0.2805†	---	Sep. 22	Sep. 28	---

*Net after 15% Japanese tax.
†Approx.; net after 15% Japanese tax.

Finances

In October, 1989 MC issued 200 billion yen (about $1.42 billion) of 1.3% unsecured debentures convertible into MC common at 2,454 yen a share.

Capitalization

Long Term Debt: $4,711,386,000 (3/31/89).

Minority Interests: $3,957,280,000 (3/31/89).

Common Stock: 1,955,629,195 shs. (Y50 par). Each American Depositary Share represents 10 com. shs. Institutions hold some 844,000 ADRs.

Office—Kadoma, Osaka, Japan. Chrmn—M. Matsushita. Pres—A. Tanii. U.S. Investor Contact—Stan Igaki, 375 Park Ave., Suite 3608, NYC 10152. Tel (212) 371-4116. Managing Dirs—S. Donishi, M. Hirata, M. Matsushita, H. Mizuno, Y. Morishita, T. Murase, S. Nishuma, S. Sakuma, K. Seki, H. Takahashi, A. Tanii, K. Toyama, K. Toyonaga. Depositary & Transfer Agent for American Depositary Receipts—Morgan Guaranty Trust Co., NYC. Inc. in Japan in 1935. Empl—193,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Mattel, Inc.

NYSE Symbol MAT Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
17⅞	20⅞-9⅜	13	None	None	C	1.45

Summary

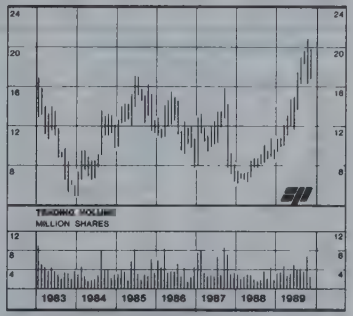
Mattel is one of the world's largest toy makers. Its products include the long-lived Barbie doll, Hot Wheels, and Disney infant and preschool toys. Following a return to profitability in 1988, earnings are projected to more than double in 1989 due to higher sales of each of the company's major product lines and well controlled costs. Further growth in 1990 will likely be restrained by a projected resurgence of competition and a probable slowing in sales of Nintendo video games that the company distributes in Canada and other countries.

Current Outlook

Earnings in 1990 should approximate $1.60 a share, up from the $1.55 projected for 1989.

Resumption of common dividends, omitted in 1983, is unlikely.

Sales for 1990 are likely to increase moderately, aided by new products. The gain will likely be restrained by pressure on Barbie sales due to increased competition from new dolls and other girls' toys. Following sharply higher sales in the past two years, the gain in the Hot Wheels line should moderate, as should growth of the Disney toys, that have been highly sucessful since being introduced in 1987. However, a significant decline in sales from distributing Nintendo video games is likely as interest in video games begins to wane. Margins are projected to be well maintained as costs to support new product introductions and slowing growth of certain lines are offset by the lower sales from distributing Nintendo video games, which carry lower margins than other products.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	195	189	212	199
Jun.	272	207	256	243
Sep.	410	307	318	344
Dec.	---	288	234	272
	---	990	1,020	1,059

Sales for the nine months ended July 1, 1989 rose 25%, year to year, reflecting strong growth in all major product lines. Margins widened on the higher volume, and pretax income increased 96%. After taxes at 25.5%, versus 36.9%, net income advanced 132%, to $1.19 a share from $0.53.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.09	0.01	d0.02	d0.08
Jun.	0.33	0.07	0.03	0.01
Sep.	0.76	0.45	0.13	0.34
Dec.	E0.37	0.22	d2.09	d0.53
	E1.55	0.75	d2.26	d0.20

Important Developments

Oct. '89— MAT said that retail trade and consumer sales for its products remained very strong and that prospects for the fourth quarter were good. It added that its asset management program had allowed cash net of debt to increase $115 million over the year-earlier level.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	1986	1985	1984	1983	1982	1981	1980	[2]1979
Tangible Bk. Val.	2.73	2.19	2.48	2.09	d1.98	d10.85	11.02	9.16	7.38	7.59
Earnings[3]	0.75	d2.26	d0.20	1.00	1.17	0.57	1.78	1.68	0.12	1.38
Dividends	Nil	Nil	Nil	Nil	Nil	0.15	0.30	0.30	0.30	0.30
Payout Ratio	Nil	Nil	Nil	Nil	Nil	24%	15%	15%	266%	18%
Prices—High[4]	10¾	15⅞	15½	17⅛	13⅝	16⅞	31½	12½	16¾	10¾
Low[4]	6⅛	6⅜	7¾	9⅛	4⅞	4⅞	10⅛	6	6⅜	6⅝
P/E Ratio—	14-8	NM	NM	17-10	12-4	30-9	18-6	7-4	NM	8-5

Data as orig reptd 1. Prior to 1984 yrs and Jan 31 of fol cal yr 2. Reflects merger or acquisition 3. Bef results of disc opers of -20 71 in 1983, and spec item(s) of -0.50 in 1987, +0.42 in 1985, +0.91 in 1984, +0.46 in 1983. 4. Cal. yr. d-Deficit. E-Estimated. NM-Not Meaningful.

November 21, 1989
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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	990	131	13.2	25.2	31.4	55.2	58	37.5%	35.9	3.6
1987	1,020	69	6.8	19.1	15.9	65.4	d64	NM	d92.5	NM
1986	1,059	98	9.3	24.8	10.4	[3]56.6	38	102.5%	d1.0	NM
1985	1,051	146	13.9	27.9	8.8	[3]43.9	108	45.9%	58.1	5.5
1984	881	139	15.7	13.7	7.3	53.3	84	46.4%	44.8	5.1
[4]1983	633	88	13.9	23.0	6.5	53.4	28	38.6%	[5]17.2	2.7
1982	1,342	140	10.4	30.9	15.0	45.7	71	39.9%	42.4	3.2
1981	1,134	144	12.7	22.6	16.0	51.4	76	48.5%	39.1	3.4
1980	916	71	7.8	17.5	14.0	39.0	17	53.0%	7.9	0.9
[6]1979	805	100	12.4	16.0	12.3	27.2	61	50.0%	30.6	3.8

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	104	488	216	2.3	693	4.9%	243	131	456	53.4	30.5%
1987	87	546	323	1.7	775	NM	247	105	433	57.0	NM
1986	89	588	253	2.3	706	NM	283	95	439	64.5	NM
1985	167	625	232	2.7	725	8.7%	277	74	480	57.6	58.2%
1984	85	445	195	2.3	513	5.9%	174	d56	305	56.9	NM
1983	169	552	598	0.9	611	2.5%	131	d195	d3	NM	112.6%
1982	18	594	331	1.8	757	5.7%	120	272	415	28.9	13.7%
1981	15	478	243	2.0	647	6.5%	147	233	391	37.6	15.1%
1980	31	386	183	2.1	550	1.4%	156	205	368	42.3	0.9%
1979	29	385	164	2.3	548	7.4%	169	205	384	44.1	16.2%

Data as orig reptd 1. Prior to 1984 yrs. ended Jan. 31 of fol cal. yr. 2. Bef. results of disc. opers in 1983, and spec. item(s) in 1987, 1985, 1984, 1983. 3. Net of interest income 4. Excludes discontinued operations. 5. Reflects accounting change. 6. Reflects merger or acquisition d-Deficit NM-Not Meaningful.

Business Summary

Mattel is one of the largest manufacturers and marketers of toys in the world.

The long-lived Barbie fashion doll line is the company's largest product line. Its sales exceeded $450 million worldwide in 1988. Other continuing lines for 1989 are Hot Wheels cars and playsets, pre-school toys utilizing the Disney license, Lil Miss Makeup, Boglins puppets, Lady Lovely Locks and the Heart Family. Important new product introductions are being made in each of these lines for 1988, including a sharp expansion in the number of Disney pre-school toys.

Major new product introductions for 1989 are the Food Fighters action figure line, the Cherry Merry Muffin 6¹/₄" dolls, Baby Turtle Tots stuffed animals, the Baby Rose Tender Love doll, the P. J. Sparkle doll that features twinkling lights, Men of Metal male action figures and badges and the Power Glove, an accessory for the Nintendo video game system that allows the hand to function as a joy stick. In addition, the He Man male action figure line will be reintroduced.

The Nintendo video game system is distributed in Canada, Italy and Australia.

Operations outside North America accounted for 53% of sales and 39% of operating income in 1988.

Dividend Data

Dividends on the common were omitted in late 1983 after having been resumed in 1978. A "poison pill" stock purchase right was adopted in 1986.

Finances

MAT has an agreement a secured credit line of $135 million through March 31, 1991 to finance the short-term working capital needs of its domestic operations. Short-term credit lines for foreign operations total approximately $200 million.

Capitalization

Long Term Debt: $240,160,000.

Subsid. Preferred Stock: $62,500,000.

Common Stock: 48,275,998 shs. ($1 par).
Warburg, Pincus & Co. owns about 17%.
Institutions hold about 47%.
Shareholders: 17,550.

Office—5150 Rosecrans Ave, Hawthorne, Calif 90250 **Tel**—(213) 978-5150 **Chrmn & CEO**—J. W. Amerman **VP-Secy**—T. P. Reams **VP, Treas & Investor Contact**—Michael G. McCafferty. **Dirs**—J. W. Amerman, T. A. Friedman, C. J. Lee, R. M. Loeb, E. H. Malone, L. I. Pincus, R. J. Riordan, W. D. Rollnick, J. L. Vogelstein. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in California in 1948; reincorporated in Delaware in 1968 **Empl**—11,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H. Valentine, CFA

Maxus Energy

1434U

NYSE Symbol MXS Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
9⅝	10⅜–6⅝	NM	None	None	C	1.04

Summary

MXS is an independent crude oil and natural gas producer operating in North American onshore basins, the Gulf of Mexico, Indonesia and other areas. MXS (formerly Diamond Shamrock Corp.) spun off to shareholders in April, 1987 its refining and marketing business as part of a restructuring plan. The company is continuing to divest marginal activities in order to enhance operating margins and to reduce overhead expenses. Potential weakness in near-term energy prices may defer the company's return to profitability beyond 1990. Early restoration of the common dividend is not expected.

Current Outlook

A loss of $0.75 per share is estimated for 1990, excluding a gain on the planned sale of certain Indonesian interests. A share loss of $0.75 is also expected for 1989.

Resumption of common dividends, eliminated after the 1987 spin-off, is unlikely over the near term.

Revenues in 1990 should be about flat as potentially soft crude oil prices offset some volume increases. A weak energy pricing environment is expected to defer earnings beyond 1990.

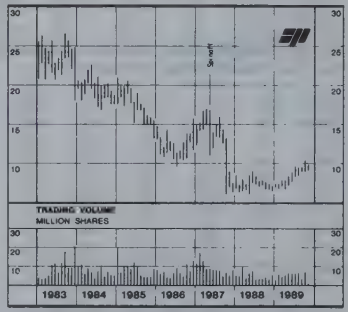
Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	146	163	152	731
Jun.	150	152	157	635
Sep.	147	131	169	557
Dec.	---	129	154	590
	---	575	632	2,513

Revenues for the nine months ended September 30, 1989 were off 0.6%, year to year, due to the sale of North American nonstrategic assets. Reflecting a gain on the sale of nonstrategic U. S. properties and improving pricing, pretax income was $1.0 million, against a loss of $43.2 million. After taxes, including increased Indonesian taxes in 1989, the net loss was $27.0 million, versus a loss of $47.0 million. Following preferred dividends, the per-share losses were $0.69, versus $0.92 (restated), which excludes a special charge of $0.78.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.25	d0.24	d0.06	d0.22
Jun.	d0.09	d0.28	d4.66	0.20
Sep.	d0.35	d0.53	d0.46	d1.45
Dec.	Ed0.06	d0.16	d0.74	d0.42
	Ed0.75	d1.21	d5.67	d1.86



Important Developments

Nov. '89— In 1989's third quarter MXS's pretax loss narrowed to $5.5 million, versus $36.3 million in the 1988 period. In 1989's third quarter crude oil prices averaged about $16.92 per barrel, up from $14.34 per barrel in the year-earlier quarter. Natural gas prices were $1.64 per mcf, compared with $1.55 per mcf a year earlier. The company's worldwide crude oil and liquids production amounted to 58,831 barrels per day, up from 53,814 bpd a year ago. The increase included production from fields in Indonesia. U.S. crude oil production was down in 1989's third quarter, due primarily to the sale of North American nonstrategic assets. Worldwide gas production for the third quarter was 258 million cf a day, down from 302 MMcf a day a year earlier, due mostly to North American asset sales.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	[1]1984	[2]1983	1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	d2.87	d1.06	9.72	11.69	18.80	18.59	21.02	20.16	20.56	17.51
Earnings[3]	d1.21	d5.67	d1.86	d5.09	1.78	d0.76	2.37	3.68	3.66	3.37
Dividends	Nil	0.10	[4]0.70	[4]0.15¾	1.76	1.76	1.76	1.70	1.62	1.51
Payout Ratio	Nil	NM	NM	NM	98%	NM	74%	46%	45%	45%
Prices—High	9	17	15¾	21	22⅝	26⅝	25¾	39⅝	38⅞	31⅛
Low	6	9½	13¼	16¾	18	16½	23¾	23⅛	19	19
P/E Ratio—	NM	NM	NM	NM	13-9	NM	11-7	11-6	11-6	9-6

Data as orig. reptd. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.56 in 1987, +0.70 in 1986, +0.57 in 1982, -1.74 in 1981, and spec. item(s) of -0.78 in 1988, +0.05 in 1983. 4. Plus approx. 0.45 in 1986 & 0.45 in 1985 in Diamond Shamrock Offshore Partners units. NM-Not Meaningful. d-Deficit. E-Estimated.

November 21, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	575	231	40.1	160	269	95	d107	NM	d62	NM
[3]1987	632	301	47.6	181	336	95	d447	NM	d487	NM
[4]1986	2,513	330	13.1	321	457	149	d228	NM	d196	NM
1985	4,102	240	5.9	549	402	148	d497	NM	d605	NM
[5]1984	4,483	1,076	24.0	553	457	192	514	52.9%	242	5.4
[4]1983	4,026	544	13.5	413	483	144	d30	NM	d60	NM
1982	3,177	475	15.0	613	218	106	231	35.4%	150	4.7
[6]1981	3,376	593	17.6	521	171	99	376	38.8%	[5]230	6.8
[4]1980	3,143	516	16.4	381	161	[5]76	330	38.9%	201	6.4
[4]1979	2,357	465	19.7	257	154	71	276	35.5%	[5]178	7.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	42	198	256	0.8	1,720	NM	870	d214	1,374	63.3	NM
1987	37	228	250	0.9	1,901	NM	796	d49	1,524	52.2	NM
1986	91	545	468	1.2	3,517	NM	1,138	1,149	2,830	40.2	NM
1985	67	900	801	1.1	4,618	NM	1,460	1,483	3,591	40.7	NM
1984	78	878	733	1.2	5,396	4.3%	1,246	2,451	4,428	28.1	9.1%
1983	154	1,167	846	1.4	6,024	NM	1,823	2,485	4,931	37.0	NM
1982	83	789	475	1.7	3,194	4.8%	925	1,407	2,696	34.3	10.8%
1981	44	993	491	2.0	3,016	7.5%	855	1,350	2,510	34.0	16.8%
1980	28	912	423	2.2	2,793	7.5%	845	1,242	2,346	36.0	17.4%
1979	31	798	414	1.9	2,418	7.0%	751	1,019	1,968	38.1	16.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, 1982, 1981, and spec. item(s) in 1988, 1983. 3. Excludes discontinued operations and reflects accounting change. 4. Reflects merger or acquisition. 5. Reflects accounting change. 6. Excl. disc. opers. and reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Following the April, 1987 spin-off of its refining and marketing operations, MXS is principally an exploration and production company operating primarily in North America and Indonesia, as well as in certain other foreign areas. Through its 82% interest in Diamond Shamrock Offshore Partners (DSP), an oil and gas limited partnership, MXS participates in drilling in the Gulf of Mexico.

In 1988 net production of crude and oil condensate averaged 57,400 barrels a day, natural gas production 311 million cubic feet a day. Net proved reserves at 1988 year-end were 200,400,000 barrels of oil and condensate (16% U.S., 71% Indonesian, 5% Canadian and 8% other foreign), and 790 billion cubic feet of natural gas (87% U.S., 10% Canadian and 3% Indonesian).

In 1988 MXS replaced 255% of its worldwide production with new reserves.

Dividend Data

Common dividends, paid since 1932, were eliminated by Maxus Energy following the April, 1987 spin-off of Diamond Shamrock R&M. The company redeemed its stock purchase rights on September 29, 1988 with a payment of $0.05 per right to holders of record September 12.

Finances

Under a restructuring plan, Diamond Shamrock Corp. (DIA, which is now MXS) holders of record April 30, 1987 received one common share of Diamond Shamrock R&M (refining and marketing) for every four DIA shares held (after DIA tendered for 20,000,000 of its own shares at $17 each).

In the 1987 second quarter MXS took a $380 million write-down of nonoil and gas assets, entailing geothermal operations and Alaskan coal assets. Effective January 1, 1989 MXS sold its Canadian subsidiary for a net gain of $16.6 million. In October, 1989 MXS agreed to sell a 10% interest in a production-sharing contract in Indonesia for $100 million, reducing its interest to 24.27%.

Capitalization

Long Term Debt: $800,600,000.

$9.75 Red. Conv. Pfd. Stk.: $300,000,000. (privately held.)

$4 Conv. Preferred Stock: 4,334,858 shs. ($1 par); ea. conv. into 2.29751 com. shs.

Common Stock: 90,498,661 shs. ($1 par).
Institutions hold about 51%.
Shareholders of record: 50,010.

Office—717 North Harwood St., Dallas, Texas 75201 Tel—(214) 953-2000 Chrmn & Pres—L. Blackburn. Secy—D. Wadsworth. SVP-Fin & Treas—D. C. Mielke. Investor Contact—J. L. Sahlberg. Dirs—J. D. Barnes, D.L. Black, C.L. Blackburn, B.C. Burchfiel, P. E. Coldwell, B. B. Dice, R. A. Hay, A. C. Holmes, G. L. Jackson, J. T. Kimbell, W. T. York. Transfer Agent—AmeriTrust Co., Cleveland, Ohio. Incorporated in Delaware in 1928. Empl—1,977.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

May Department Stores

NYSE Symbol MA Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
45½	52⅝–34⅝	13	1.42	3.1%	A+	1.41

Summary

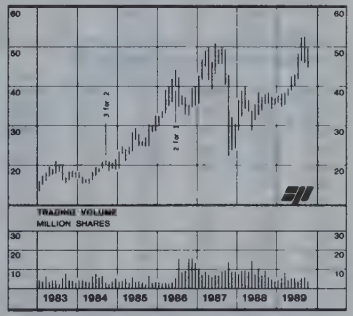
May Department Stores is one of the largest retailing companies in the U.S., operating 14 department store companies, two regional discount chains and a nationwide chain of shoe stores. Earnings growth should continue benefiting from improved apparel sales and the May, 1988 acquisitions of Filene's Department Stores, based in Boston, and Foley's, based in Houston. In October, 1989 MA announced that it has signed an agreement to sell its Caldor discount units for $500 million and plans to spin off to shareholders its Venture discount operations.

Current Outlook

Share earnings for the fiscal year ending January 31, 1990 are projected at $3.80, versus the $3.42 of fiscal 1988-9. Earnings could approximate $4.20 in fiscal 1990-1.

Dividends are expected to continue at $0.35½ quarterly.

Sales in fiscal 1989-90 should reflect acquisitions, May's ongoing expansion program and more acceptable fashion trends. Increased productivity, cuts in overhead and divisional consolidations should lead to better margins. Share earnings will reflect fewer shares outstanding.



Revenues[1] (Billion $)

13 Weeks:	1989-90	1988-9	1987-8	[2]1986-7
Apr.	1.99	2.19	2.34	2.19
Jul.	2.04	2.68	2.36	2.28
Oct.	---	2.82	2.51	2.49
Jan.	---	4.05	3.37	3.36
	---	11.74	10.58	10.33

Revenues from continuing operations for the 26 weeks ended July 29, 1989 rose 18%, year to year. Gross margins widened and expense ratios improved. Interest expense rose significantly, and pretax income advanced 17%. After taxes at 35.7%, versus 34.4%, net income rose 14%, to $0.96 a share (on 10% fewer shares) from $0.79. Results exclude income from discontinued operations of $0.05 a share, versus $0.04.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	[2]1986-7
Apr.	0.45	0.40	0.41	0.29
Jul.	0.50	0.42	0.40	0.30
Oct.	E0.73	0.71	0.57	0.47
Jan.	E2.12	1.89	1.52	1.38
	E3.80	3.42	2.90	2.44

Important Developments

Oct. '89— MA said that it reached an agreement to sell its Caldor discount chain to management for $500 million in cash plus assumption of $52 million in debt and capitalized leases. It will also acquire a 20% equity interest in the new Caldor. MA planned to distribute to shareholders its Venture discount operations in a tax-free spinoff. Earlier, management said that these divestitures would allow MA to focus on its higher return and faster growing department store and specialty shoe store businesses. In fiscal 1988-9 Caldor had sales of $1.6 billion and operating earnings of $50 million; Venture's sales were $1.3 billion with operating earnings of $81 million. Over the next five years MA plans to spend $3.7 billion on expansion, including 68 new department stores and 700 (net) Payless ShoeSource stores.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	[3]1989	1988	[3]1987	1986	1985	1984	1983	1982	1981	[3]1980
Tangible Bk. Val.	16.24	17.73	16.48	16.44	14.86	13.26	11.81	10.84	9.95	9.24
Earnings[4]	3.42	2.90	2.44	2.69	2.48	2.16	1.63	1.44	1.34	1.31
Dividends	1.24½	1.11½	1.01½	0.92	0.78¼	0.65¼	0.59¾	0.55½	0.50¼	0.45¾
Payout Ratio	37%	38%	41%	34%	31%	30%	37%	38%	38%	35%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	40	50⅞	44⅛	32½	21⅝	21	16½	10¾	9½	9⅜
Low	28¾	22¼	30	19⅛	15¼	13½	7¾	7⅞	6	7⅜
P/E Ratio—	12-8	18-8	18-12	12-7	9-6	10-6	10-5	7-5	7-4	7-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Jul. 1986, 50% Oct. 1984. **1.** Net sales prior to 1987-8. **2.** Incl. Associated Dry Goods. **3.** Reflects merger or acquisition. **4.** Bef. results of disc. opers. of +0.21 in 1989. E-Estimated.

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Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1989	11,742	1,345	11.5	423	330	254	781	35.6%	503	4.3
1988	10,581	1,125	10.6	501	270	146	743	40.2%	444	4.2
[4]1987	10,376	1,058	10.2	503	263	166	668	42.9%	381	3.7
1986	5,080	611	12.0	293	126	74	434	45.7%	235	4.6
1985	4,762	545	11.4	225	109	62	395	45.8%	214	4.5
1984	4,229	485	11.5	179	99	63	341	45.1%	187	4.4
1983	3,670	389	10.6	159	89	62	260	45.6%	142	3.9
1982	3,413	360	10.5	152	82	52	237	46.7%	126	3.7
1981	3,173	330	10.4	134	75	54	219	46.5%	117	3.7
[4]1980	2,977	329	11.1	141	71	[5]50	218	47.8%	114	3.8

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	124	4,168	2,074	2.0	8,144	7.0%	2,483	3,050	5,936	41.8	17.4%
1988	172	3,381	1,560	2.2	6,181	7.2%	1,192	2,723	4,373	27.3	16.7%
1987	469	3,525	1,604	2.2	6,209	6.0%	1,136	2,595	4,367	26.0	14.7%
1986	175	1,922	934	2.1	3,442	7.3%	636	1,418	2,371	26.8	17.2%
1985	140	1,832	910	2.0	3,047	7.3%	533	1,289	2,004	26.6	17.5%
1984	217	1,729	821	2.1	2,845	6.8%	563	1,159	1,896	29.7	17.0%
1983	143	1,518	723	2.1	2,625	5.7%	590	1,033	1,776	33.2	14.3%
1982	50	1,338	652	2.1	2,388	5.4%	538	954	1,611	33.4	13.8%
1981	140	1,285	602	2.1	2,259	5.3%	545	881	1,534	35.5	13.7%
1980	83	1,149	560	2.1	2,107	5.2%	596	815	1,519	39.2	13.3%

Data as orig. reptd. **1.** Incl. sales of leased depts. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Bef. results of disc. opers. in 1988. **4.** Reflects merger or acquisitions. **5.** Reflects accounting change

Business Summary

May Department Stores became one of the nation's largest retailing companies through its 1986 acquisition of Associated Dry Goods. Its three principal segments consist of 14 department store companies, two regional discount store companies (which the company plans to sell), and one national specialty store. Segment contributions in 1988-9:

	Sales	Profits
Department stores	65%	75%
Discount stores	25%	12%
Specialty	10%	13%

Department stores included Lord & Taylor, Foley's, May Co. California, Hecht's, Famous-Barr, Filene's, Kaufmann's, L.S. Ayres, G. Fox, May Company, California, May Company, Ohio, Meier & Frank, Sibley's, May D&F, and Goldwaters. Robinson's of Florida and the Sycamore division were sold in fiscal 1987-8.

Specialty businesses consisted of Volume Shoe, which operates principally under the trade name of Payless ShoeSource with 2,602 outlets at the end of fiscal 1988-9. In June, 1989 MA said that it was exploring the possible sale of its discount operations: the Caldor chain with 119 stores in the Northeast and Venture with 73 outlets in the Midwest. MA sold its Loehmann's division in fiscal 1988-9.

In 1988 the company formed a partnership with Melvin Simon & Associates and The Prudential Life Insurance Co. for the operation of May Centers, Inc., which included the 29 shopping centers it owned or had a partnership interest in.

Dividend Data

Dividends have been paid since 1911.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32	Oct. 21	Nov. 25	Dec. 1	Dec. 15'88
0.32	Feb. 17	Feb. 23	Mar. 1	Mar. 15'89
0.35½	Mar. 15	May 25	Jun. 1	Jun. 15'89
0.35½	Jun. 16	Aug. 28	Sep. 1	Sep. 15'89

Next dividend meeting: late Oct.'89.

Capitalization

Long Term Debt: $2,841,000,000.

ESOP Preference Shares: $400,000,000.

Common Stock: 138,445,409 shs.($1.66⅔ par).
Institutions hold approximately 58%.
Shareholders of record: 45,500.

Office—611 Olive St., St. Louis, Mo. 63101 **Tel**—(314) 342-6300 **Chrmn & CEO**—D. C. Farrell **Pres**—T. A. Hays **Secy**—R. A. Brickson **VP-Treas & Investor Contact**—J. R. Kniffen **Dirs**—R. L. Battram, T. S. Carroll, D. C. Farrell, T. A. Hays, L. E. Honig, H. L. Kaplan, P. Kolton, J. T. Loeb, E. H. Meyer, M. T. Muse, R. E. Palmer, A. E. Pearson, D.C. Platten, R. R. Shinn, W. P. Stiritz, R. D. Storey, M. L. Weidenbaum, E. E. Whitacre, Jr. **Transfer Agent & Registrar**—Boatmen's Trust Co., St. Louis, Mo. **Incorporated** in New York in 1910 **Empl**—143,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Maytag Corp.

NYSE Symbol MYG Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
20¾	26¾ - 18⅞	16	[1]0.90	[1]4.3%	A	1.14

Summary

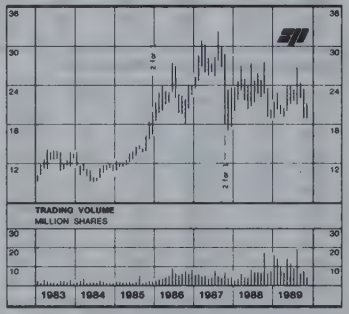
This company is a leading producer of laundry equipment, and also manufactures a broad line of kitchen appliances under the Maytag, Magic Chef, Admiral and Jenn-Air names. In January, 1989 MYG entered the international market by acquiring Chicago Pacific Corp., a manufacturer of furniture and Hoover appliances, for about $940 million. In July, 1989 Chicago Pacific's furniture division was sold for about $213 million. Earnings for 1989 will be restricted mainly by higher interest charges and weak European operations, but profits should rebound somewhat in 1990.

Current Outlook

Earnings for 1990 are projected at $1.35 a share, up from 1989's estimated $1.20.

The quarterly dividend should remain at $0.22½. A $0.05 extra was paid in December, 1989.

Sales for 1990 should rise moderately, mainly reflecting increased volume in North American markets, partly due to successful new product introductions. Foreign sales may be flat. Benefits from higher prices and manufacturing efficiencies from the overall increased volume may be offset by increased competitive pressures. Interest costs should increase somewhat.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	679	437	479	406
Jun.	814	481	489	452
Sep.	796	491	494	452
Dec.	---	477	447	414
	---	1,886	1,910	1,724

Net sales for the first nine months of 1989 rose 63%, year to year, reflecting the Chicago Pacific acquisition, greater unit sales, and higher prices. Following greater selling and marketing expenses, higher interest charges, lower operating profits at the U.K. unit, and a slightly higher tax rate, net income declined 10%, to $0.89 a share (on 35% more shares) from $1.34, which exludes income from discontinued operations of $0.04.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.35	0.41	0.49	0.39
Jun.	0.27	0.46	0.51	0.22
Sep.	0.28	0.47	0.51	0.40
Dec.	E0.30	0.43	0.40	0.37
	E1.20	1.77	1.91	1.38

Important Developments

Oct. '89— MYG said that its U.S. appliance sales were strong in the third quarter, but sales in the U.K. continued to be off, causing consolidated earnings for the entire company to be under pressure. The company said that sales of major appliances and floor care products in North America were up on volume increases, partly reflecting new product introductions; but prices increases effected in 1989 were not sufficient to offset higher selling and marketing expenses and new product introduction costs. Meanwhile, U.K. sales of Hoover appliances and floor care products continued to be down, reflecting general economic conditions in that country. MYG said that it was restructuring Hoovers' two major manufacturing operations in the U.K. as a result, and was designing a new, more efficient washing machine line.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[2]1986	1985	1984	1983	[2]1982	1981	[2]1980	1979
Tangible Bk. Val.	6.55	5.43	6.53	4.73	4.22	4.00	3.58	3.44	3.42	3.09
Earnings[3]	1.77	1.91	1.38	1.33	1.16	1.10	0.67	0.67	0.67	0.85
Dividends	0.95	0.95	0.85	0.82½	0.75	0.67½	0.53⅞	0.53⅞	0.52½	0.52½
Payout Ratio	54%	50%	60%	62%	64%	62%	80%	79%	84%	62%
Prices—High	27⅝	32⅜	27½	19⅞	13⅞	14¼	9⅞	7½	7½	7¼
Low	18⅞	17	18	10⅞	9⅛	9¼	5⅜	6	5½	5¾
P/E Ratio—	16–11	17–9	20–13	15–8	12–8	13–8	15–8	11–9	11–8	8–7

Data as orig. reptd. Adj. for stk. div(s) of 100% Oct. 1987, 100% Jan. 1986. 1. Excl. 0.05 extra in Nov. 1989. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +0.30 in 1988, -0.03 in 1986, and spec. item(s) of -0.07 in 1988. E-Estimated

December 7, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,886	261	13.8	[3]98.1	34.5	19.7	[4]215	37.0%	136	7.2
1987	1,909	301	15.8	46.0	36.6	10.8	262	41.7%	153	8.0
[5]1986	1,724	253	14.7	47.1	34.0	12.6	220	45.9%	[6]119	6.9
1985	684	144	21.1	30.3	15.1	4.0	133	45.9%	72	10.5
1984	643	126	19.5	19.5	14.0	4.1	117	45.9%	63	9.8
1983	597	122	20.4	18.0	13.2	4.4	113	46.5%	61	10.2
[7]1982	441	72	16.2	27.6	10.9	2.1	69	46.3%	37	8.4
1981	409	64	15.7	8.5	9.1	Nil	68	45.1%	37	9.2
[7]1980	349	64	18.2	21.1	7.1	Nil	65	45.3%	36	10.2
1979	369	83	22.5	9.9	6.5	Nil	83	45.7%	45	12.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	10.5	564	246	2.3	1,330	12.4%	518	501	1,072	48.3	29.6%
1987	15.0	522	236	2.2	855	18.5%	141	415	605	23.3	33.4%
1986	40.8	546	216	2.5	877	16.5%	46	551	643	7.2	25.1%
1985	55.6	198	58	3.4	365	20.7%	24	257	307	7.9	29.6%
1984	47.4	177	52	3.4	330	19.6%	24	229	278	8.7	28.3%
1983	65.7	198	55	3.6	322	20.3%	24	222	267	9.1	28.8%
1982	50.0	165	39	4.2	274	14.7%	22	198	235	9.5	19.1%
1981	58.9	141	28	5.1	229	16.4%	Nil	190	202	Nil	19.8%
1980	62.1	146	30	4.9	235	15.7%	Nil	195	205	Nil	19.1%
1979	61.3	128	31	4.2	203	23.6%	Nil	164	172	Nil	29.0%

Data as orig. reptd. 1. Bef. results of disc. opers in 1988, 1986, and spec. item(s) in 1988. 2. Excludes discontinued operations. 3. Net of curr. yr retirement and disposals. 4. Incl. equity in earns. of nonconsol. subs. 5. Excludes discontinued operations and reflects merger or acquisition. 6. Reflects accounting change. 7. Reflects merger or acquisition.

Business Summary

Maytag is engaged in two industry segments — appliances (88% of sales and 77% of operating profits in 1988) and vending equipment (12% and 23%, respectively).

Home appliances include washers and dryers, gas and electric ranges, microwave ovens, refrigerators, freezers, dishwashers, food waste disposals, and dehumidifiers. Important trademarks include Maytag, Magic Chef (acquired May, 1986), Admiral, Jenn-Air, Hardwick and Norge. In January, 1987 the company sold its Toastmaster subsidiary for $52 million, and in December, 1988 sold its Magic Chef Air Conditioning subsidiary for $75.3 million.

Maytag's products are sold to all major market segments including the replacement market, the new home and apartment building market, the manufactured housing (mobile home) market, recreational vehicle market and the private label market. Most products are sold directly to dealers and through independent distributors.

Dixie-Narco produces soft drink vending equipment. Its products are sold to all major bottlers.

In January, 1989 Maytag acquired Chicago Pacific Corp. for about $940 million. Through The Hoover Company, Chicago Pacific is a worldwide manufacturer and marketer of major appliances and floor care products. In July, 1989, MYT sold Chicago Pacific's six furniture companies (Pennsylvania House, Kittinger, McGuire, Brown Jordan, Gunlock, and Charter Group subsidiaries) for $202.5 million cash and $10.9 million in debt.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available.A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22½	Feb. 9	Feb. 23	Mar. 1	Mar. 15'89
0.22½	May 11	May 25	Jun. 1	Jun. 15'89
0.22½	Aug. 10	Aug. 28	Sep. 1	Sep. 15'89
0.22½	Nov. 6	Nov. 27	Dec. 1	Dec. 15'89
0.05 Ext.	Nov. 6	Nov. 27	Dec. 1	Dec. 15'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $920,461,000.

Common Stock: 107,434,768 shs. ($1.25 par).
Institutions hold about 35%.
Shareholders of record: 26,638.

Office—403 West 4th St North, Newton, Iowa 50208 **Tel**—(515) 792-8000 **Chrmn & CEO**—D J Krumm **Secy**—D C Byers, Sr **Exec VP & CFO**—J. A. Schiller **Dirs**—E C. Cazier, Jr., H L. Clark, Jr., F. W. Considine, C. W. Creagan, L. Crown, H. L. Hahn, L. A. Hadley, H. Kapnick, D J. Krumm, L. B. Maytag, R. D. Ray, W. A. Reynolds, S. B. Rymer, Jr., J. T. Schanck, J. A. Schiller, J. A. Swright, N.E. Stearns, Jr., P. S. Wilmott **Transfer Agent & Registrar**—First National Bank, Boston, Mass **Incorporated** in Delaware in 1925 **Empl**—12,913.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

McDermott International

NYSE Symbol MDR Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 20'89 21⅛	1989 26¼-14⅝	NM	1.00	4.7%	B-	1.31

Summary

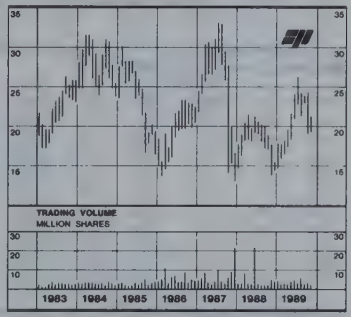
This energy services company builds power generation systems for utilities and offshore structures for the oil industry. MDR's power generation segment has sustained the company in recent years, as the marine construction business has been depressed by lagging demand and overcapacity. Over the longer term an improved outlook for natural gas and greater overseas crude oil production should strengthen offshore drilling fundamentals. Directors cut the dividend 45% in November, 1988; maintenance of the current $0.25 quarterly rate may hinge upon a turnaround in the offshore drilling industry.

Current Outlook

A loss of about $1.80 a share is projected for the fiscal year ending March 31, 1991, down from the loss of $2.20 estimated for fiscal 1989-90, excluding extraordinary income.

The $0.25 quarterly dividend cannot be considered secure.

The smaller loss forecast for fiscal 1990-1 reflects projected stronger margins in the power generation segment and an improved outlook for natural gas drilling and overseas marine services.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	651	512	581	757
Sep.	688	546	527	823
Dec.	---	614	608	812
Mar.	---	751	636	898
	---	2,423	2,352	3,289

Revenues for the six months ended September 30, 1989 advanced 42%, year to year (fiscal 1988-9 restated), owing mostly to greater activity in the marine segment. Margins improved, and the net loss narrowed to $46.1 million ($1.23 a share, excluding income from discontinued operations of $0.05) from $62.9 million ($1.70, excluding a $0.69 loss from discontinued operations and a $1.42 gain from an accounting change).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	d0.65	d0.91	d0.56	5.45
Sep.	d0.58	d0.79	d8.17	d0.64
Dec.	Ed0.60	d0.86	3.15	d0.57
Mar.	Ed0.37	d0.53	d0.66	d1.87
	Ed2.20	d3.09	d6.23	2.36

Important Developments

Sep. '89— MDR formed the B & W Nuclear Service Co., a joint venture with Framatome S.A., which acquired 50% of the new company for about $50 million. In October, MDR closed on the sale of the Bailey Controls operations to Finmeccanica Societa Finanziaria Per Azioni for $295 million. The gain on the sales will be recognized in the December, 1989 quarter. For three months ended September 30, 1989 the power generation segment earned $17.0 million, versus $12.1 million in the year-earlier quarter, owing to gains in the power generation and defense groups. The marine services segment recorded an operating loss of $16.0 million, versus a $14.5 million loss in the year-earlier period, reflecting nonrecurring charges in the current period, compared with nonrecurring income a year earlier.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	[1]1985	1984	1983	[2]1982	1981	1980
Tangible Bk. Val.	11.51	15.29	21.95	23.24	23.21	25.24	24.19	22.71	19.01	17.45
Earnings[3]	d3.09	d6.23	2.36	1.52	0.51	3.06	1.37	4.98	2.08	1.77
Dividends	1.40	1.80	1.80	1.80	1.80	1.80	1.80	1.65	1.45	1.25
Payout Ratio	NM	NM	76%	118%	350%	55%	131%	33%	70%	78%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	21⅛	33⅛	23⅜	30⅛	31⅝	26⅜	38⅛	41⅞	46⅝	41¾
Low	13¾	13	13⅝	16⅜	23¾	16⅜	14¾	27⅛	19⅛	15⅞
P/E Ratio—	NM	NM	10-6	20-11	62-47	9-5	28-11	8-5	22-9	15-9

Data as orig reptd. Adj for stk div(s) of 100% Jan 1978 **1.** Reflects merger or acquisition **2.** Reflects acctg change **3.** Bef results of disc opers of -0.79 in 1989, -0.93 in 1988, -5.96 in 1987, and spec item(s) of +1.42 in 1989, +0.11 in 1988, +0.83 in 1987, +0.06 in 1986, +0.32 in 1985, +0.14 in 1983. NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	2,423	70	2.9	60	114	130	d107	NM	d115	NM
[3]1988	2,352	83	3.5	51	131	[4]136	d291	NM	d231	NM
[3]1987	3,289	67	2.0	133	159	[4]118	109	5.5%	87	2.7
1986	3,257	58	1.8	299	146	130	Nil	NM	56	1.7
[5]1985	3,234	27	0.8	188	136	100	d55	NM	19	0.6
1984	3,089	298	9.6	148	177	88	141	3.2%	121	3.9
1983	3,708	319	8.6	190	140	62	172	52.5%	51	1.4
[6]1982	4,843	546	11.3	167	135	82	421	49.3%	213	4.4
1981	3,600	297	8.3	272	121	67	214	50.1%	107	3.0
1980	3,283	217	6.6	257	111	[4]59	153	42.4%	88	2.7

Balance Sheet Data (Million $)

Mar. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	104	1,088	1,225	0.9	3,294	NM	933	597	1,890	49.3	NM
1988	145	1,496	1,523	1.0	3,825	NM	840	741	2,109	39.8	NM
1987	97	1,458	1,831	0.8	4,383	2.0%	781	1,035	2,346	33.3	7.8%
1986	106	1,500	1,498	1.0	4,351	1.3%	913	1,204	2,719	33.6	4.7%
1985	112	1,603	1,485	1.1	4,181	0.5%	732	1,203	2,560	28.6	1.5%
1984	171	1,561	1,394	1.1	3,981	3.1%	621	1,252	2,451	25.3	9.8%
1983	144	1,462	1,383	1.1	3,821	1.3%	525	1,221	2,301	22.8	4.2%
1982	534	2,332	1,531	1.5	4,030	5.4%	419	1,175	2,361	17.8	16.5%
1981	447	2,244	1,541	1.5	3,900	2.9%	436	1,045	2,233	19.5	7.4%
1980	538	2,061	1,178	1.7	3,551	2.4%	472	1,017	2,265	20.8	5.8%

Data as orig reptd. **1.** Incl equity in earns of nonconsol subs **2.** Bef results of disc opers in 1989, 1988, 1987, and spec item(s) in 1989, 1988, 1987, 1986, 1985, 1983. **3.** Excl. disc. opers. **4.** Net of interest inc. **5.** Reflects merger or acquisition. **6.** Reflects acctg change d-Deficit NM-Not Meaningful.

Business Summary

This energy services company builds structures for the oil and gas industry and power generation systems. Foreign operations accounted for 23% of revenues in fiscal 1988-9 and an operating loss of $24.1 million. Industry segment contributions (profits in million $) in fiscal 1988-9:

	Revs.	Profits
Power generation	76%	$61.6
Marine construction	24%	-60.9

The power generation systems and equipment segment is composed of three groups. The power generation group builds and services power generation and environmental control equipment. The unit also provides research and development for MDR and its customers. The industrial products and services group manufactures control systems, and boiler cleaning and heat exchange equipment. The defense and nuclear power group is a major supplier to the U.S. Naval Reactors Program and to the U.S. Department of Energy.

The marine construction segment manufactures, transports and installs offshore structures and pipelines for the oil and gas industry. The segment also builds and repairs seagoing and inland vessels, and provides energy-related services for onshore and offshore projects.

As a result of the adoption of FAS No. 96, Accounting for Income Taxes, effective April 1, 1988 MDR recorded an extraordinary gain of $52.6 million ($1.42 a share) in fiscal 1988-9.

Dividend Data

Dividends have been paid since 1955. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 15	Mar. 9	Mar. 15	Apr. 1'89
0.25	Jun. 6	Jun. 14	Jun. 20	Jul. 1'89
0.25	Aug. 8	Sep. 11	Sep. 15	Oct. 1'89
0.25	Nov. 9	Dec. 11	Dec. 15	Jan. 1'90

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $933,505,000.

Minority Interest: $21,689,000.

Subsid. $2.20 Cum. Pfd. Stk: 2,818,941 shs., conv. into one com. plus $0.10 a sh.

Subsid. $2.60 Cum. Pfd. Stk: 3,724,629 shs.

Common Stock: 37,443,520 shs. ($1 par).
Institutions hold about 67%.
Shareholders of record: 9,174.

Warrants: To purchase 5,995,695 com. shs. at $25 cash or $25 face amt. of debs. per sh.

Office—1010 Common St., New Orleans, La. 70112 **Tel**—(504) 587-5400 **Chrmn & CEO**—R E. Howson **Secy**—K J Gilly **Treas**—R A Jolliff. **Investor Contact**—George A Stoddart (212) 679-3960 **Dirs**—T D Barrow, J F. Bookout, J E. Cunningham, J L. Dutt, R E Howson J A Hunt, J A Lynott, J H Macdonald, J A Morgan, W T Seawell, W B Shaw, W O Spencer, J B Tweedy **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, NYC **Incorporated** in Panama in 1959. **Empl**—28,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G Graves

McDonald's Corp.

1447K

NYSE Symbol MCD Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
30⅛	33-23	16	0.31	1.0%	A+	1.03

Summary

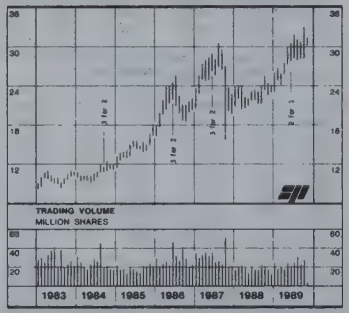
Aggressive expansion and creative merchandising over the years have enabled McDonald's to maintain its position as the dominant force in the fast-food industry. Continuation of these strategies, including an emphasis on international markets, is expected to help future results. The stock was split 2-for-1 in June, 1989.

Current Outlook

Earnings for 1990 are estimated at $2.20 a share, up from the $1.95 expected for 1989.

The dividend is expected to remain at $0.07¾ quarterly.

Revenue growth of about 10% is expected in 1990, largely due to new unit openings and further strength in international results. MCD is expected to maintain its leadership position in the fast-food industry, but there could be some pressure on margins from higher labor costs. Testing of a pizza product could lead to a broad introduction in the future, but a national debut is not expected in 1990. MCD's sizable revenue stream from franchises and large real estate holdings give it a hedge against future inflation.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,382	1,228	1,068	941
Jun.	1,548	1,426	1,246	1,077
Sep.	1,632	1,461	1,314	1,134
Dec.	---	1,451	1,266	1,088
	---	5,566	4,894	4,240

Revenues for the nine months ended September 30, 1989 increased 11%, year to year. Pretax income rose 11%, and after taxes at 37.3%, versus 38.3%, net income was up 12%, to $1.49 a share from $1.31, as adjusted.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.38	0.34	0.28	0.24
Jun.	0.53	0.47	0.39	0.34
Sep.	0.59	0.51	0.43	0.37
Dec.	E0.45	0.41	0.34	0.30
	E1.95	1.72	1.45	1.24

Important Developments

Oct. '89— MCD was testing a pizza product, which could lead to a major menu addition in the future. In May, 1989 MCD nationally introduced a new chicken sandwich. Meanwhile, in 1989's third quarter systemwide sales were up 9.3%, year to year. International sales rose 17%, while U.S. sales increased 5.9%. In the third quarter, profitability at company-operated restaurants benefited from lower relative food costs, partially offset by higher occupancy costs. At September 30, 1989 MCD had 10,873 restaurants, up from 10,190 a year earlier. Of the total, 8,100 were in the U.S. and 2,763 were located in other areas. MCD operated 2,640 of the restaurants, while franchisees and affiliates operated 7,385 and 848, respectively.

Next earnings report expected late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.25	7.03	5.84	5.25	4.60	4.03	3.51	3.17	2.64	2.17
Earnings[1]	1.72	1.45	1.24	1.11	0.98	0.85	0.74	0.65	0.55	0.47
Dividends	0.27¼	0.24¼	0.21½	0.19⅝	0.16⅞	0.14⅜	0.11¾	0.09⅜	0.07⅜	0.05⅛
Payout Ratio	16%	17%	17%	18%	17%	17%	16%	14%	13%	11%
Prices—High	25½	30⅝	25⅝	18¼	12½	11⅛	9¾	7¼	5¼	5⅛
Low	20⅜	15¾	16¼	11⅜	9⅛	8⅛	5¾	4¾	3⅝	3⅞
P/E Ratio—	15-12	21-11	21-13	16-10	13-9	13-10	13-8	11-7	9-7	11-8

Data as orig reptd. Adj. for stk. div(s). of 100% Jun. 1989, 50% Jun 1987, 50% Jun. 1986, 50% Sep. 1984, 50% Oct 1982 1. Bef spec item(s) of +0.13 in 1987 E-Estimated

November 14, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.[1]	% Net Inc.of Revs.
1988	5,521	1,573	28.5	1,489	335	267	1,046	38.3%	646	11.7
1987	4,853	1,413	29.1	1,059	292	225	959	42.7%	549	11.3
1986	4,144	1,173	28.3	965	248	189	848	43.4%	480	11.6
1985	3,695	1,065	28.8	830	208	157	782	44.6%	433	11.7
1984	3,366	966	28.7	672	185	135	707	45.0%	389	11.6
1983	3,001	840	28.0	682	165	123	628	45.4%	343	11.4
1982	2,715	729	26.9	532	143	109	548	44.9%	301	11.1
1981	2,477	667	26.9	427	133	104	482	45.0%	265	10.7
1980	2,184	575	26.3	416	113	102	403	45.1%	221	10.1
1979	1,912	483	25.2	459	92	83	345	45.3%	189	9.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	184	516	1,004	0.5	8,159	8.6%	3,111	3,413	7,067	44.0	20.5%
1987	183	484	856	0.6	6,982	8.5%	2,685	2,917	6,042	44.4	20.5%
1986	205	473	799	0.6	5,968	8.8%	2,131	2,448	5,089	41.9	20.7%
1985	155	369	663	0.6	5,043	9.4%	1,638	2,187	4,297	38.1	21.0%
1984	75	255	514	0.5	4,230	9.9%	1,268	1,943	3,638	34.9	21.1%
1983	66	231	430	0.5	3,727	9.8%	1,171	1,755	3,225	36.3	21.0%
1982	44	200	378	0.5	3,263	9.8%	1,056	1,529	2,817	37.5	20.8%
1981	40	176	353	0.5	2,899	9.5%	926	1,371	2,483	37.3	21.1%
1980	113	234	333	0.7	2,643	8.8%	970	1,141	2,251	43.1	21.1%
1979	141	247	274	0.9	2,354	8.8%	966	952	2,025	47.7	21.6%

Data as orig reptd. 1. Bef. spec. item(s) in 1987

Business Summary

McDonald's Corp. operates, licenses and services the world's largest chain of fast-food restaurants. At December 31, 1988 there were 7,907 units in the U.S. and 2,606 units in foreign countries, mostly Japan, Canada, West Germany, the United Kingdom and Australia. Contributions by geographic area in 1988:

	Revs.	Profits
United States	67%	71%
Europe	18%	13%
Canada	10%	9%
Other	5%	8%

Units in operation at year-end:

Operated by:	1988	1987	1986	1985
Company	2,600	2,399	2,301	2,165
Franchisees	7,110	6,760	6,406	6,150
Affiliates	803	752	703	586
Total	10,513	9,911	9,410	8,901

The restaurants offer a substantially uniform menu including hamburgers, fries, chicken, fish, specialty sandwiches, beverages and desserts; most units also serve breakfast.

Franchise fees under domestic arrangements executed between 1970 and 1986 are generally 11.5% of sales, including 8.5% for rent and a 3.0% service fee. Licensees also make sizable investments in start-up costs.

Dividend Data

Dividends were initiated in 1976. A dividend reinvestment plan is available. A new "poison pill" preferred stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22¼*	Dec. 15	Dec. 21	Dec. 28	Jan. 17'89
0.14	Feb. 17	Feb. 22	Feb. 28	Mar. 20'89
0.15½	May 19	May 24	May 31	Jun. 19'89
2-for-1	May 19	Jun. 19	Jun. 2	Jun. 16'89
0.07¾	Oct. 12	Nov. 24	Nov. 30	Dec. 18'89

*Represents redemption of com. sh. purchase right.

Capitalization

Long Term Debt: About $3,100,000,000, incl. capital lease obligations.

Conv. 7% Preferred Stock: $200,000,000 principal amount owned by ESOP.

Common Stock: 371,965,706 shs. (no par). Institutions hold some 59%. Shareholders of record: 63,300.

Office—McDonald's Plaza, Oak Brook, Ill 60521 Tel—(312) 575-3000 Chrmn—F. L. Turner Pres & CEO—M. R. Quinlan EVP-Secy—D. P. Horwitz Investor Contact—S. Vunovich Dirs—R. M. Beavers, Jr., J. R. Cantelupo, G. C. Gray, J. M. Greenberg, D. P. Horwitz, D. G. Lubin, G. Newman, M. R. Quinlan, E. H. Rensi, P. D. Schrage, B. F. Smith, R. N. Thurston, F. L. Turner, B. B. Vedder, Jr., E. C. Walker, D. B. Walkerstein Transfer Agent & Registrar—The First National Bank of Chicago. Incorporated in Delaware in 1965.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

McDonnell Douglas

NYSE Symbol MD Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
61	94½-61¼	19	2.82	4.6%	A	0.78

Summary

The company is the leading factor in fighter aircraft for the U.S. military. It also produces commercial jetliners, missiles and space systems, and provides data processing services. Combat aircraft and missile sales should remain at relatively high levels in the near future, but longer term, some programs will be affected by Federal budget cuts. Transport aircraft sales are benefiting from demand for the MD-80 and the MD-11. Earnings during 1989 were down sharply, reflecting aircraft production problems, interest expense and costs of new aircraft programs, but an earnings recovery is likely in 1990.

Current Outlook

Earnings for 1990 are projected at $7.00 a share, versus the $1.35 estimated for 1989.

Dividends should continue at least at $0.70½ quarterly.

Sales for 1990 could rise 10%-12%. Transport aircraft revenues should provide most of the gain, reflecting an expected pickup in MD-80 deliveries and initial deliveries of the MD-11. Margins should recover as the serious production problems of 1989 are overcome. Combat aircraft revenues should be down, reflecting lower deliveries of some models, but margins should improve. Some gains are also likely for space systems and missiles. Remaining portions of information systems could be up moderately.

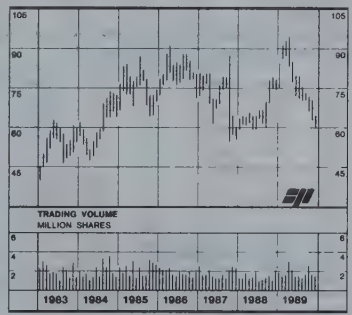
¹Revenues (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	---	3.31	2.99
Jun.	---	⁴6.61	3.61	3.49
Sep.	---	3.72	3.81	3.16
Dec.	---	---	4.34	3.50
	---	---	15.07	13.15

Revenues from continuing operations for the first nine months of 1989 were about unchanged, year to year. Primarily reflecting losses on transport aircraft and higher interest expense, there was a loss from continuing operations of $26 million ($0.68 a share), against net income of $220 million ($5.73 a share).

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.30	d0.25	1.33	1.06
Jun.	E1.60	d1.25	1.83	2.39
Sep.	E2.00	0.84	2.18	1.98
Dec.	E2.10	E2.01	3.79	2.32
	E7.00	E1.35	9.13	7.75



Important Developments

Dec. '89— South Korea announced that it would procure 120 F/A-18s, 72 of which are to be co-produced in South Korea, subject to U.S. approval.

Nov. '89— MD announced a new transport, the MD-90, partially based on the MD-80. It will be available in three sizes of 114, 150 and 180 seats. Delta Air Lines ordered 50 and took options on 110 for delivery beginning in 1994.

Nov. '89— MD sold its Tymnet data communications network to British Telecommunications for $355 million. It also plans to sell the North American field service business and will convert the Information Systems International unit into a public company.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	²1988	1987	1986	1985	³1984	³1983	1982	³1981	1980	1979
Tangible Bk. Val.	81.23	76.71	70.12	55.01	47.66	52.39	47.24	42.93	39.50	36.75
Earnings	9.13	7.75	6.86	8.60	8.10	6.91	5.44	4.44	3.65	5.06
Dividends	2.56	2.32	2.08	1.84	1.62	1.42	1.24	1.06	0.90	0.75
Payout Ratio	28%	29%	30%	21%	20%	20%	22%	23%	24%	14%
Prices—High	79⅜	87½	91⅛	87	73¾	62¾	44½	49⅝	52⅞	36¾
Low	59	54½	71	64¼	47⅝	39¾	28⅜	22½	25¼	20
P/E Ratio—	9-6	11-7	13-10	10-7	9-6	9-6	8-5	11-5	14-7	7-4

Data as orig. reptd. 1. Sales prior to 1988. 2. Reflects accounting change. 3. Reflects merger or acquisition. 4. Six months. d-Deficit. E-Estimated

January 4, 1990
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
²1988	15,069	1,339	8.9	654	496	³339	507	31.0%	350	2.3
1987	13,289	917	6.9	727	397	³129	446	29.9%	²313	2.4
1986	12,772	874	6.8	704	369	³102	462	40.0%	278	2.2
1985	11,618	901	7.8	654	312	95	541	36.1%	346	3.0
⁴1984	9,819	780	7.9	804	286	62	474	31.3%	325	3.3
⁴1983	8,242	606	7.4	713	211	10	435	36.9%	275	3.3
1982	7,412	485	6.5	319	173	27	325	33.9%	215	2.9
⁴1981	7,454	396	5.3	334	142	70	232	23.8%	177	2.4
1980	6,125	196	3.2	284	100	15	158	8.3%	145	2.4
1979	5,332	304	5.7	188	77	11	311	35.9%	199	3.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	115	NA	NA	NA	11,885	3.4%	2,387	3,186	5,573	42.8	11.4%
1987	53	5,397	4,797	1.1	8,536	3.9%	769	2,970	3,739	20.6	11.0%
1986	78	4,941	4,307	1.1	7,911	3.6%	759	2,845	3,604	21.1	10.1%
1985	79	4,475	4,031	1.1	7,268	5.1%	603	2,635	3,238	18.6	13.8%
1984	34	3,600	3,807	0.9	6,191	5.9%	41	2,344	2,384	1.7	14.6%
1983	407	2,940	2,664	1.1	4,792	5.8%	60	2,068	2,128	2.8	14.0%
1982	287	3,279	2,732	1.2	4,622	4.8%	70	1,820	1,890	3.7	12.4%
1981	15	3,014	2,639	1.1	4,364	4.3%	71	1,654	1,725	4.1	11.1%
1980	11	2,920	2,311	1.3	3,900	3.9%	76	1,513	1,588	4.8	9.9%
1979	327	2,581	1,916	1.3	3,381	6.1%	87	1,378	1,465	5.9	15.4%

Data as orig. reptd.; finance subs. consol. after 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change 3. Net of interest inc. 4. Reflects merger or acquisition. NA-Not Available.

Business Summary

McDonnell Douglas is a leading producer of military and commercial aircraft. Sales and operating earnings (million $) for 1988:

	Sales	Profits
Combat aircraft	40%	$403
Transport aircraft	32%	127
Space systems and missiles	16%	177
Financial services	3%	64
Information systems	9%	-76

Sales to the U.S. Government, including foreign military sales, accounted for 65% of 1988 sales.

Combat aircraft include the F/A-18 multi-role aircraft for the U.S. Navy and Marines, and for Canada, Australia and Spain; the F-15 fighter for the USAF and several foreign nations; and the AV-8B Harrier II VSTOL plane for the U.S. Marine Corps and the Royal Air Force in a 60-40 partnership with British Aerospace. MD also makes the AH-64 helicopter for the U.S. Army.

Transport aircraft include several models of the MD-80, and under development, the three-engined MD-11 long-range derivative of the DC-10. In 1988 the DC-10/KC-10 program ended and production of the C-17 Air Force transport began.

Missiles and space programs include the U.S. Navy's Harpoon antiship missile, the Tomahawk cruise missile, the Delta launch vehicle and the Payload Assist Module.

Information systems include computer processing, software and turnkey systems.

Dividend Data

Dividends have been paid since 1950.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.70½	Jan. 27	Feb. 27	Mar. 3	Apr. 3'89
0.70½	Apr. 28	May 30	Jun. 5	Jul. 3'89
0.70½	Jul. 28	Aug. 28	Sep. 1	Oct. 2'89
0.70½	Oct. 27	Nov. 28	Dec. 4	Jan. 2'90

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $4,645,000,000.

Common Stock: 38,272,088 shs. ($1 par).
Some 39% owned by officers and directors.
Institutions hold approximately 43%.
Shareholders of record: 34,310.

Office—P O Box 516, St Louis, Mo 63166 **Tel**—(314) 232-0232 **Chrmn & CEO**—J F McDonnell **Pres**—G A Johnston **VP-Secy**—J T Sant **VP-Fin**—J G Brown **Investor Contact**—K R Velten. **Dirs**—J H Biggs, B A Bridgewater, W E Cornelius, W H Danforth, D W Douglas, Jr., J B Goodman, G A Johnston, J F McDonnell, J S. McDonnell III, S. N McDonnell **Transfer Agents**—Chase Manhattan Bank, NYC; Co's Office **Registrars**—Boatmen's Trust Co., St. Louis; Chase Manhattan Bank, NYC **Incorporated** in Maryland in 1939 **Empl**—121,421

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. Canning, CFA

McGraw-Hill, Inc.

NYSE Symbol MHP Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
55⅝	86⅛-53½	14	2.00	3.6%	NR	1.33

Summary

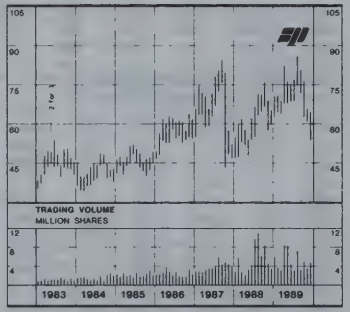
McGraw-Hill is a major supplier of informational products and services for businesses, education and industry through a broad range of media. It also operates four TV stations. In December, 1989 the company announced a reorganization of its operating structure involving costs and charges of about $152 million (net) or about $3.12 a share. MHP is the parent company of Standard & Poor's.

Current Outlook

Earnings for 1990 should advance from the depressed earnings expected for 1989.

The $0.50 quarterly dividend is expected to be raised in 1990.

Revenues for 1990 should be aided by acquisitions, new products and services, and improving conditions in several areas, including magazine advertising. Gains should be posted despite several weak areas, including construction. A substantial improvement in operating income should reflect revenue growth, effective cost controls, and a more profitable business mix. A recently-formed educational publishing joint venture and a revolutionary new textbook customizing system augur well for longer-term market share and profits.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	396	372	333
Jun.	[1]819	444	426	378
Sep.	452	471	455	419
Dec.		507	499	447
		1,818	1,751	1,577

Revenues for the nine months ended September 30, 1989 rose 6.4% from the year-earlier level, as restated to reflect formation of the joint venture school publishing firm. In the absence of a profit on the sale of Nikkei/McGraw Hill, pretax earnings fell 27%. After taxes at 35.3%, versus 55.4%, net income advanced 5.8%, to $2.83 a share (before a $0.16 special credit) from $2.69.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.48	0.56	0.44	0.55
Jun.	1.04	0.92	0.79	0.73
Sep.	1.31	1.21	1.03	0.93
Dec.		1.13	1.01	0.83
		3.83	3.27	3.04

Important Developments

Dec. '89— MHP announced a realignment of its operating units, the elimination of more than 1,000 full-time positions, the shutdown of general book operations, and certain write-downs and unusual charges associated with Data Resources and other units, to reduce costs and improve future performance. The actions will result in a charge to fourth-quarter earnings of about $152 million, or $3.12 a share, after taxes. MHP said earnings for 1990 should range between $3.50-$4.00 a share, excluding any nonrecurring gains.

Oct. '89— MHP introduced a textbook customizing system that provides the purchaser complete flexibility in selecting and formatting contents of books and materials. MHP expects the new system to enhance its market share over time.

Jun. '89— MHP and Macmillan, Inc. (MLL), an indirect subsidiary of Maxwell Communication Corp., combined their grade school and vocational educational publishing businesses in a 50/50 joint venture firm named Macmillan/McGraw-Hill School Publishing Co., headquartered in Chicago.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[2]1985	[2]1984	[2]1983	[2]1982	1981	[2]1980	[2]1979
Tangible Bk. Val.	8.56	8.53	10.03	10.51	8.90	8.54	6.99	6.15	4.88	3.77
Earnings	3.83	3.27	3.04	2.92	2.86	2.52	2.20	1.97	1.74	1.55
Dividends	1.84	1.68	1.52	1.40	1.24	1.08	0.94	0.84	0.76	0.64
Payout Ratio	48%	49%	50%	48%	43%	43%	43%	43%	44%	41%
Prices—High	76	84½	64	52	48¾	53⅞	40½	28	23⅛	17
Low	46¾	43	46½	39¾	34	35	22½	19¾	12⅛	11⅞
P/E Ratio—	20-12	26-13	21-15	18-14	17-12	21-14	18-10	14-10	13-7	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun 1983 **1.** Six mos. **2.** Reflects merger or acquisition.

January 3, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,818	341	18.7	44.6	66.2	[2]5.29	380	51.1%	186	10.2
1987	1,751	334	19.1	52.3	65.6	[2]4.51	299	44.9%	165	9.4
1986	1,577	331	21.0	42.4	51.5	4.53	296	47.9%	[3]154	9.8
[4]1985	1,491	305	20.5	48.8	43.3	2.68	284	48.2%	147	9.9
[4]1984	1,402	291	20.7	49.8	34.8	2.59	282	48.8%	144	10.3
[4]1983	1,295	255	19.7	49.2	27.7	2.00	247	48.8%	126	9.8
[4]1982	1,194	222	18.6	42.0	24.8	1.87	215	48.8%	110	9.2
1981	1,110	202	18.2	37.9	22.5	4.63	191	48.8%	98	8.8
[4]1980	1,000	189	18.9	20.9	20.8	8.47	171	49.2%	86	8.6
[4]1979	880	159	18.0	25.2	15.0	5.76	153	49.2%	77	8.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	24	884	726	1.2	1,758	10.9%	1.9	923	992	0.2	21.2%
1987	50	793	676	1.2	1,638	10.9%	3.9	825	887	0.4	20.0%
1986	52	751	504	1.5	1,463	11.2%	6.4	861	909	0.7	18.8%
1985	137	695	418	1.7	1,274	12.0%	1.3	777	819	0.2	20.0%
1984	108	622	394	1.6	1,177	12.9%	2.3	698	754	0.3	21.9%
1983	127	592	362	1.6	1,053	12.6%	3.5	616	662	0.5	21.8%
1982	77	506	331	1.5	945	12.0%	11.3	541	589	1.9	21.2%
1981	65	470	318	1.5	879	11.8%	14.5	496	543	2.7	21.0%
1980	29	395	286	1.4	786	11.3%	17.5	437	482	3.6	20.9%
1979	26	361	293	1.2	743	11.3%	20.1	388	432	4.7	21.0%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Net of interest income. **3.** Refl. acctg. change. **4.** Refl. merger or acquisition.

Business Summary

McGraw-Hill is a major provider of informational products and services through publications, information services and financial services. Segment contributions in 1988 (prior to the late 1989 realignment of operations):

	Revs.	Profits
Publishing	40%	28%
Information services	37%	60%
Financial services	23%	12%

In December, 1989 MHP announced several moves to reduce costs and improve future performance. The actions included a realignment of operating units so as to replace the internal structure of three operating companies with two groups; the elimination of over 1,000 full-time positions; the shut down of general book operations; and certain other writeoffs. The costs associated with these actions amounted to $152 million after taxes, or $3.12 a share.

One of the two new groups consists of financial services, including Standard & Poor's Corp., Data Resources, commodity services, and international trade and logistics management services; Business Week magazine; aerospace and defense information services; and four television stations in Denver, San Diego, Indianapolis and Bakersfield (California).

The second group includes construction information services; computers and communications information services; professional publishing; legal information services; and educational publishing. Grade school and vocational publishing is conducted through a 50/50 joint venture, Macmillan/McGraw-Hill School Publishing Co.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 25	Feb. 17	Feb. 24	Mar. 10'89
0.50	Apr. 26	May 22	May 26	Jun. 12'89
0.50	Jul. 26	Aug. 22	Aug. 28	Sep. 12'89
0.05*	Oct. 26	Oct. 31	Nov. 6	Nov. 15'89
0.50	Oct. 25	Nov. 21	Nov. 28	Dec. 12'89

*Redemption of stock purchase right.

Capitalization

Long Term Debt: $1,028,000.

$1.20 Conv. Preference Stock: 1,884 shs. ($10 par); red. at $40; conv. into 3.3 com.

Common Stock: 48,671,045 shs. ($1 par).
The McGraw family controls about 11%.
Institutions hold approximately 56%.
Shareholders of record: 7,372.

Office—1221 Avenue of the Americas, NYC 10020 **Tel**—(212) 512-2000. **Chrmn, Pres & CEO**—J. L. Dionne. **EVP-Secy**—R. N. Landes **EVP-CFO**—R. J. Bahash **SVP-Investor Contact**—Mary A. Cooper. **Dirs**—V. R. Alden, J. L. Dionne, J. T. Hartley, G. B. Harvey, D. Johnston, P. O. Lawson-Johnston, D. L. Luke III, W. J. McGill, H. W. McGraw III, J. L. McGraw, A. J. Pifer, L. D. Rice, P. J. Rizzo, J.H. Ross, A. O. Way **Transfer Agents**—Manufacturers Hanover Trust Co., NYC; Manufacturers Hanover Trust Co. of California, San Francisco. **Inc.** in New York in 1925 **Empl**—16,255

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

McKesson Corp.

NYSE Symbol MCK Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
36⅝	39¾-29⅝	16	1.44	3.9%	A	0.92

Summary

This company is a leading distributor of drugs, health and beauty aids, and general merchandise. MCK also owns 83% of Armor All Products Corp., a producer of car care products. In December, 1989 the company made a proposal to acquire the remaining interest in its 86%-owned PCS, Inc. subsidiary for $15 a share. PCS provides prescription drug claims processing services.

Current Outlook

Share earnings for the fiscal year ending March 31, 1991 should rise to $2.85 from the estimated $2.50 of 1989-90.

The $0.36 quarterly dividend is the minimum expected.

Revenues for fiscal 1990-91 should increase about 10%, mainly due to a strong drug distribution business. Margins should widen modestly in the drug distribution business, reflecting tight cost controls and efficiencies from computerization. Increased productivity in the service merchandising segment will be offset by expenditures in the other businesses.

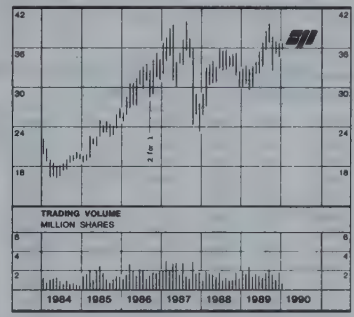
Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	1,818	1,650	1,712	1,556
Sep.	1,859	1,721	1,757	1,637
Dec.	---	1,798	1,931	1,765
Mar.	---	1,877	1,883	1,712
	---	7,046	7,283	6,672

Revenues for the six months ended September 30, 1989 rose 9%, year to year. Gross margins narrowed and selling, distribution and administrative expenses decreased as a percentage of sales. Pretax income increased 7%. After taxes at 38.0%, versus 40.0%, and minority interest, net income rose 17%. Share earnings were $1.16 (on 4.2% fewer shares), versus $1.05, which excludes a loss from discontinued operations of $0.01.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.55	0.56	0.49	0.47
Sep.	0.59	0.49	0.55	0.51
Dec.	E0.66	0.56	0.66	0.82
Mar.	E0.70	0.61	0.53	0.37
	E2.50	2.22	2.23	2.17



Important Developments

Dec. '89— MCK said that it made a proposal to the board of directors of PCS, Inc. to acquire all the shares of PCS not owned by McKesson for $15 a share. The offer is subject to the approval of PCS directors and a special committee of directors formed to consider McKesson's proposal. Management said that the proposed acquisition was intended to provide PCS with the flexibility to operate its business in a manner that would provide effective cost containment services for health plan sponsors, while minimizing the potential conflicts with the customers of McKesson's drug distribution business. The company said that the outlook for the second half of fiscal 1989-90 was good and it was on target with its stated objective of increasing share earnings by 10%-12% annually.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	1990	[1]1989	1988	[1]1987	[1]1986	1985	1984	[1]1983	[1]1982	1981
Tangible Bk. Val.	NA	8.58	9.28	10.40	8.94	12.47	12.78	12.07	11.66	11.34
Earnings[2]	NA	2.22	2.23	2.17	1.98	1.78	1.73	1.88	2.14	2.17
Dividends	NA	1.44	1.28	1.26	1.20	1.20	1.20	1.20	1.12	1.00
Payout Ratio	NA	62%	56%	58%	64%	68%	69%	64%	53%	47%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	39¾	35⅞	40⅛	35¼	26⅞	22⅛	25½	22⅝	20¼	17½
Low	29⅝	25¾	23¼	24⅜	18½	16¼	18⅞	14½	15¾	10⅜
P/E Ratio—	NA	16-12	18-10	16-11	14-9	12-9	15-11	12-8	9-7	8-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Oct. 1986. **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of +0.16 in 1989, -0.10 in 1987, +0.02 in 1985, +0.16 in 1984, -0.20 in 1983, +0.16 in 1982. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Mar. 31	Net Sales	Oper. Inc.	% Oper. Inc. of Sales	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1989	7,046	275	3.9	104.1	61.7	47.1	167	39.7%	94.0	1.3
1988	7,283	281	3.9	87.6	57.7	44.6	179	43.9%	95.0	1.3
[3,4]1987	6,672	247	3.7	65.9	43.1	44.4	173	44.2%	94.1	1.4
[4]1986	6,264	229	3.7	84.9	57.4	42.8	149	47.8%	[5]77.9	1.2
[3]1985	4,887	179	3.7	65.1	44.5	24.6	122	47.6%	64.2	1.3
[3]1984	4,260	155	3.6	58.5	34.9	19.2	117	45.9%	63.0	1.5
[3,4]1983	4,054	154	3.8	63.0	35.0	31.6	115	44.9%	63.2	1.6
[3,4]1982	4,493	168	3.7	73.1	38.0	34.8	123	44.3%	[5]68.6	1.5
1981	4,133	147	3.6	62.6	33.2	28.5	115	39.6%	69.3	1.7
[3]1980	3,662	125	3.4	55.7	30.0	29.1	94	38.2%	58.3	1.6

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**47.8**	**1,221**	**925**	**1.3**	**2,106**	**4.4%**	**414**	**685**	**1,180**	**35.1**	**13.8%**
1988	55.5	1,415	1,007	1.4	2,255	4.3%	438	696	1,248	35.1	13.2%
1987	47.7	1,451	952	1.5	2,208	4.2%	396	754	1,256	31.6	12.8%
1986	45.7	1,364	897	1.5	2,176	4.0%	490	686	1,279	38.3	11.8%
1985	43.5	1,021	676	1.5	1,545	4.3%	234	547	870	26.9	11.6%
1984	45.3	848	612	1.4	1,411	4.4%	187	540	799	23.3	11.6%
1983	46.7	849	541	1.6	1,373	4.5%	263	496	831	31.7	12.7%
1982	43.3	852	555	1.5	1,385	5.2%	305	465	829	36.7	14.7%
1981	34.5	824	545	1.5	1,275	5.4%	221	454	730	30.2	15.6%
1980	33.9	779	516	1.5	1,203	4.7%	242	393	687	35.2	14.9%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1989, 1987, 1985, 1984, 1983, 1982, 1980. **3.** Excludes discontinued operations. **4.** Reflects merger or acquisition. **5.** Reflects accounting change.

Business Summary

McKesson Corp. (formerly Foremost-McKesson) is a leading distributor of drugs and toiletry products, bottled water, health and beauty aids, and household goods. Contributions to business segments in fiscal 1988-9:

	Revs.	Profits
Drug & health care	83%	63%
General merchandise	14%	16%
Beverage	3%	21%

The drug and health care group is the nation's largest distributor of ethical and proprietary drugs, toiletries, fragrances and sundries. MCK has emphasized electronic order entry systems and a wide range of computerized merchandising and assets management services for drug retailers and hospitals. PCS, Inc. (86% owned) provides prescription drug claims processing and consulting services.

The general merchandise segment distributes health and beauty aids, housewares, hardware and other general merchandise to supermarkets and drug and convenience stores. Armor All Products Corp. (83% owned) markets products used in the automobile aftermarket. In 1988, MCK combined its office products business with Stationers Distributing Co., retaining a 20% equity interest in the new company.

MCK processes and sells bottled water and sells and leases water dispensers and coolers. In 1988 MCK sold its wine and spirits operations.

Dividend Data

Dividends have been paid since 1962. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.36	Feb. 1	Feb. 23	Mar. 1	Apr. 3'89
0.36	May 3	May 25	Jun. 1	Jul. 3'89
0.36	Jul. 26	Aug. 28	Sep. 1	Oct. 2'89
0.36	Nov. 1	Nov. 27	Dec. 1	Jan. 2'90

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $521,900,000.

Conv. Preferred Stock: $7,200,000.

Common Stock: 40,006,786 shs. ($2 par).
Institutions hold about 54%.
Shareholders of record: 28,050.

Office—One Post St., San Francisco, Calif. 94104. **Tel**—(415) 983-8300. **Chrmn & CEO**—A. Seelenfreund. **Pres & COO**—R. R. Melson. **VP-Secy**—N. A. Miller. **VP-Treas**—G. A. Scholz. **Investor Contact**—Maryle Boonstoppel (415) 983-9044. **Dirs**—R. R. Dockson, N. E. Harlan, J. R. Harvey, G. M. Keller, L. L. Luttgens, R. R. Melson, J. R. Rensch, A. Seelenfreund, E. Solomon, J. P. Sticht, M. Toon. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Maryland in 1926; reincorporated in Delaware in 1987. **Empl**—17,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen Sack

Mead Corp.

NYSE Symbol MEA Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
36⅞	46⅝-35⅝	10	0.88	2.4%	B	1.36

Summary

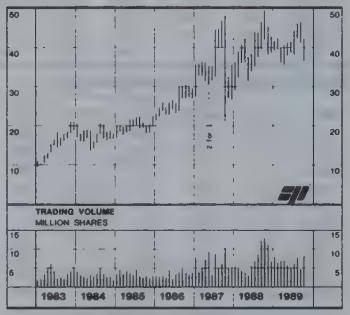
Mead is a major integrated producer of white papers, paperboard and converted products, and also makes construction materials and operates a large paper distribution business. While earnings will continue to be cyclically influenced by changes in general economic activity, recently completed capacity additions and cost-cutting measures enhance long-term prospects.

Current Outlook

Earnings for 1990 are projected at $3.25 a share, compared with 1989's estimated $3.45, which includes a nonrecurring gain of $0.23.

Dividends are expected to continue at $0.22 quarterly.

Sales for 1990 should show some modest gains on volume increases, assuming continued stability in the general economy. Prices for most paper and packaging products should remain firm, but meaningful price increases are unlikely. Little change in margins and profits is expected.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,129	1,085	957
Jun.	---	1,207	1,160	1,078
Sep.	---	1,198	1,174	1,111
Dec.	---	---	1,045	1,063
	---	---	4,464	4,209

Sales for the nine months ended October 1, 1989 increased 3.3%, year to year. Primarily in the absence of a large gain (equal to $1.50 a share) on the 1988 sale of 50% share of Brunswick Pulp and Paper Co., pretax earnings fell 50%. After taxes at 38.4%, versus 40.0%, and higher equity in net earnings of jointly-owned companies, net income was down 40%. Earnings per share were $2.83, compared with $4.69.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.75	0.81	1.01	0.55
Jun.	E0.90	0.96	1.12	0.82
Sep.	E0.90	1.06	2.56	1.55
Dec.	E0.70	E0.62	0.85	0.55
	E3.25	E3.45	5.54	3.47

Important Developments

Oct. '89— Third quarter 1989 earnings included a gain of $0.23 a share from the sale of Mead Release Products. Earnings for the quarter were diluted by $0.04 a share from the acquisition of Michie Co. Earnings in the third quarter of 1988 included a gain of $1.50 a share from the sale of Brunswick Pulp and Paper and $0.13 in earnings from Brunswick operations.

Aug. '88— Mead sold its Mead Release Products subsidiary to Rexham Industries for $38 million cash. Sales of the subsidiary were $29 million in 1988.

Dec. '88— Mead acquired Michie Co., a legal publishing firm with 1988 sales of $34 million. The acquisition, which greatly expands Mead Data Central's services to legal markets, will dilute 1989 earnings by about $0.25 a share.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	24.82	17.19	14.43	16.63	15.72	14.30	14.15	16.84	16.26	14.86
Earnings[2]	5.54	3.47	1.75	1.51	2.27	0.52	d1.19	2.00	2.42	2.71
Dividends	0.73½	0.64½	0.60	0.60	0.52½	0.50	0.87½	0.96⅜	0.91⅜	0.82½
Payout Ratio	13%	19%	34%	40%	23%	102%	NM	48%	38%	31%
Prices—High	49½	48⅜	30½	22½	20⅝	21	11⅝	16½	15¼	14⅞
Low	29	21	21⅜	16⅞	13⅛	9½	6⅞	10½	9⅞	11½
P/E Ratio—	9-5	14-6	17-12	15-11	9-6	40-18	NM	8-5	6-4	5-4

Data as orig reptd. Adj. for stk. div(s) of 100% Jun 1987. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.17 in 1988, -1.06 in 1986, +0.13 in 1983; bef. spec. item(s) of -0.02 in 1987, -0.12 in 1986, +0.10 in 1983, -0.46 in 1982. E-Estimated. d-Deficit. NM-Not Meaningful.

November 1, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,464	547	12.3	631	170	74	582	37.5%	364	8.2
1987	4,209	504	12.0	175	168	82	385	43.3%	218	5.2
[3]1986	3,218	365	11.3	290	123	71	226	51.6%	[4]109	3.4
1985	2,740	308	11.2	299	130	74	137	31.8%	94	3.4
1984	2,720	386	14.2	185	122	67	219	36.2%	139	5.1
[5]1983	2,367	208	8.8	83	101	90	38	21.5%	30	1.3
1982	2,667	98	3.7	135	99	111	d101	NM	d62	NM
1981	2,900	195	6.7	312	76	76	146	26.5%	107	3.7
1980	2,707	246	9.1	253	68	[4]45	195	34.1%	129	4.8
1979	2,570	260	10.1	128	63	40	235	39.9%	141	5.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	34	960	674	1.4	3,541	11.2%	924	1,568	2,811	32.9	25.8%
1987	45	959	628	1.5	2,917	7.7%	765	1,246	2,242	34.1	18.9%
1986	19	821	635	1.3	2,721	4.4%	804	1,059	2,042	39.4	10.4%
1985	18	529	480	1.1	2,245	4.2%	505	1,034	1,728	29.2	9.3%
1984	126	650	500	1.3	2,205	6.4%	531	970	1,666	31.9	15.0%
1983	41	602	462	1.3	2,087	1.3%	598	860	1,582	37.8	3.4%
1982	35	609	441	1.4	2,239	NM	855	745	1,749	48.9	NM
1981	17	613	403	1.5	2,193	5.3%	739	885	1,777	41.6	12.2%
1980	25	537	398	1.4	1,867	7.3%	495	855	1,460	33.9	15.6%
1979	52	560	360	1.6	1,637	8.8%	418	771	1,270	32.9	19.1%

Data as orig reptd. 1. Incl equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1986, 1983, and spec. item(s) in 1987, 1986, 1983, 1982. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excludes discontinued operations. d-Deficit. NM-Not Meaningful

Business Summary

Mead is a major integrated producer of white papers, coated paperboard, packaging systems and school and office supplies, and operates large paper distribution and electronic publishing businesses. Industry segment contributions (profits in million $) in 1988 were:

	Sales	Profits
Paper	26%	$211
Packaging & paperboard	20%	160
Distribution & other	46%	60
Pulp	1%	37
Electronic publishing	7%	34

The company makes white papers, including bond and writing papers, technical papers, and grades used in the printing and publishing fields. A wide range of specialty and industrial paperboard items, packaging systems, corrugated containers and school supplies are also produced. Mead also operates electronic publishing services.

MEA affiliates make pulp, lumber, and other building materials. The acquisition of Crown Zellerbach's distribution group in September, 1986 greatly expanded Mead's distribution business.

At December 31, 1988 some 1,366,000 acres of timberland in the U.S. were owned or controlled and affiliates held cutting rights on additional acreage in Canada.

Dividend Data

Dividends have been paid since 1940. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Oct. 31	Nov. 4	Nov. 10	Dec. 1'88
0.19	Jan. 26	Jan. 31	Feb. 6	Mar. 1'89
0.22	Apr. 27	May 2	May 8	Jun. 1'89
0.22	Jul. 27	Aug. 1	Aug. 7	Sep. 1'89

Next dividend meeting: Oct. 28 '89.

Finances

MEA received a $218 million letter of credit facility in December, 1988 from a group of international banks to finance its acquisition of Michie Co.

Capitalization

Long Term Debt: $907,600,000.

Common Stock: 63,218,405 shs. (no par).
Institutions hold about 60%.
Shareholders of record: 23,300.

Office—Courthouse Plaza N.E., Dayton, Ohio 45463. **Tel**—(513) 222-6323 **Chrmn & CEO**—B. R. Roberts **Pres**—S. C. Mason **Secy**—G. J. Maly, Jr. **Treas**—W. D. Bloebaum, Jr. **Investor Relations**—F. Houck. **Dirs**—J. C. Bogle, J. G. Breen, V. L. Gregory, Jr., B. C. Jordan, S. C. Mason, N. S. Mead, C. S. Mecham, Jr., P. F. Miller, Jr., B. R. Roberts, W. M. Spencer III, J. R. Spicola, T. B. Stanley, Jr. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Ohio in 1930 **Empl**—21,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

Measurex Corp.

NYSE Symbol MX

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
26¼	32-24¾	12	0.40	1.5%	B+	1.00

Summary

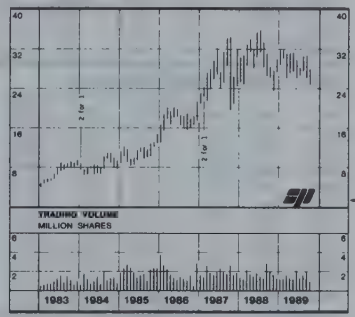
This company manufactures and services computer integrated manufacturing systems that control continuous batch manufacturing processes serving such industries as paper, plastics, and metals. Share earnings are expected to continue to advance through fiscal 1990, reflecting higher sales and a stock repurchase program.

Current Outlook

Earnings for the fiscal year ending November 30, 1990 are projected at $2.40 a share, up from the $2.20 estimated for fiscal 1989.

Dividends should remain at $0.10 quarterly.

Modest revenue growth is expected to continue through fiscal 1990, aided by the cost-effective and productivity-enhancing nature of the company's products. While margins may continue to be restrained by higher R&D expenses, profits should be aided by volume efficiencies and increased other income. Share earnings are expected to be bolstered by a stock repurchase program.



Operating Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	68.5	62.0	51.1	44.7
May	72.0	65.8	57.6	47.4
Aug.	72.0	68.3	57.7	49.8
Nov.	---	69.1	60.9	50.9
	---	265.2	229.4	192.7

Revenues for the nine months ended September 3, 1989 rose 8.3%, year to year. Margins narrowed on higher product development and sales and marketing expenses, but with higher other income, pretax income advanced 8.1%. After taxes at 20.2%, versus 26.4%, net income increased 14%, to $1.59 a share from $1.38.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.51	0.41	0.34	0.27
May	0.54	0.47	0.31	0.27
Aug.	0.54	0.50	0.34	0.28
Nov.	E0.61	0.57	0.40	0.30
	E2.20	1.95	1.39	1.12

Important Developments

Sep. '89— MX reported that system backlog at September 3 totaled $110 million, up 11% from $99 million the year earlier.

Sep. '89— MX announced new system orders for the third quarter of fiscal 1989 totaled some $40 million, unchanged with orders in the year-earlier interim. New system orders for the first nine months of fiscal 1989 totaled $139 million, up 4.5% from $133 million in the year-earlier period.

Jul. '89— The company announced that in the first half of fiscal 1989 it had repurchased about 405,600 Measurex common shares, raising to about 1,225,100 the number of shares bought back under authorizations to repurchase 2 million shares.

Next earnings report expected mid-January.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.02	9.24	8.20	7.15	6.26	5.63	5.29	5.42	5.42	5.00
Earnings[2]	1.95	1.39	1.12	0.97	0.73	0.33	d0.10	0.15	0.53	0.71
Dividends	0.27	0.22½	0.16½	0.12	0.10	Nil	0.09½	0.12½	0.12½	0.12½
Payout Ratio	14%	15%	15%	12%	14%	Nil	NM	84%	24%	17%
Prices—High[3]	35⅞	34½	21½	14⅞	11	9½	4¾	7	10⅛	12¼
Low[3]	23½	19½	12⅞	8⅜	6½	3⅞	3⅜	3½	5¼	7¼
P/E Ratio—	18-12	25-14	19-12	15-9	15-9	29-12	NM	46-23	19-10	17-10

Data as orig. reptd. Adj. for stk. div(s) of 100% Mar. 1987, 100% Jan. 1984. **1.** Reflects merger or acquisition **2.** Bef. spec. item(s) of +0.10 in 1984, +0.08 in 1982 **3.** Cal. yr. E-Estimated. d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	265	49.7	18.7	10.3	9.82	1.14	48.7	24.0%	37.1	14.0
1987	227	37.8	16.6	6.9	8.72	1.14	37.5	28.6%	26.8	11.8
1986	193	32.0	16.6	7.3	7.45	1.04	30.9	31.7%	21.1	10.9
1985	177	29.6	16.8	9.9	6.38	[3]0.78	30.0	41.0%	17.7	10.0
[4]1984	160	24.4	15.2	7.2	6.37	1.33	25.9	50.8%	[5]12.8	8.0
1983	123	13.4	10.9	4.9	5.63	1.67	8.9	46.0%	4.8	3.9
1982	118	6.0	5.1	8.2	5.02	2.90	d0.6	NM	d1.4	NM
1981	120	10.5	8.8	6.3	4.17	4.82	3.6	42.0%	2.1	1.8
1980	122	18.4	15.0	5.6	3.84	5.22	10.8	32.0%	7.3	6.0
1979	119	20.8	17.4	10.4	2.16	4.83	14.5	31.6%	9.9	8.3

Balance Sheet Data (Million $)

Nov. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	148	247	71.7	3.5	303	13.1%	5.9	204	232	2.6	19.7%
1987	107	204	63.2	3.2	259	11.1%	5.9	170	195	3.0	16.7%
1986	88	169	47.9	3.5	225	10.0%	6.1	152	177	3.4	14.8%
1985	71	139	40.5	3.4	193	9.6%	6.2	129	153	4.0	14.7%
1984	56	123	44.9	2.7	173	7.8%	6.5	110	128	5.1	12.2%
1983	21	74	32.1	2.3	126	3.9%	6.8	81	94	7.2	6.1%
1982	3	67	30.4	2.2	119	NM	9.3	75	88	10.5	NM
1981	3	80	30.4	2.6	129	1.6%	14.6	77	99	14.8	2.7%
1980	2	78	29.2	2.7	132	5.4%	18.2	76	102	17.7	10.1%
1979	3	97	33.5	2.9	136	8.0%	27.3	68	103	26.6	15.5%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1984, 1982 **3.** Net of interest income. **4.** Reflects merger or acquisition. **5.** Reflects acctg. change. d-Deficit. NM-Not Meaningful

Business Summary

Measurex makes and services computer integrated manufacturing (CIM) systems. These sensor-based computerized systems, which control continuous, batch and discrete manufacturing processes and provide plantwide and millwide information, are designed to increase productivity, reduce raw material usage and energy consumption, and improve product quality and uniformity. Principal industries served are pulp and paper, plastics, metals, rubber, chemicals, glass, pharmaceuticals, and food processing.

Revenue contributions by industry in recent years:

	1988	1987	1986	1985
Pulp and paper	78%	77%	78%	80%
Other	22%	23%	22%	20%

Foreign operations accounted for 63% of sales in fiscal 1988.

A leader in sensor technology for the process industries, MX offers over 70 sensors that monitor various physical properties of products including weight, moisture, gloss, opacity and spacing.

Sensors are integrated into the company's computer-based process control and CIM systems.

Products and systems include the VISION 2002 ET, VISION 2002 Network, SuperVISION 2002 UT, Measurex 2002 ET, Measurex 4000M, and Profile (Cross-Direction) Control.

The Automation Systems subsidiary is involved in programs to develop CIM systems for discrete manufacturing industries such as automotive, aerospace, and electronic production.

Dividend Data

Dividends were initiated in 1977, omitted in late 1982, and resumed in late 1983. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Dec. 14	Dec. 21	Dec. 28	Jan. 11'89
0.10	Mar. 20	Mar. 30	Apr. 5	Apr. 19'89
0.10	Jun. 20	Jun. 28	Jul. 5	Jul. 19'89
0.10	Sep. 19	Sep. 28	Oct. 4	Oct. 18'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $5,116,000.

Common Stock: 18,520,665 shs. (no par).
Institutions hold approximately 77%.
Shareholders of record: 1,812.

Office—One Results Way, Cupertino, Calif. 95014 **Tel**—(408) 255-1500 **Pres & CEO**—D. A. Bossen **Secy**—C. V. Orden **Treas**—W. G. Lumpkin **Investor Contact**—R. B. Byrum **Dirs**—P. Bancroft III, D. C. Baum, D. A. Bossen, O. L. Hoch, J. W. Larson, J. W. McKittrick, G. Tyson **Transfer Agent & Registrar**—Bank of America, San Francisco. **Incorporated** in California in 1968, reincorporated in Delaware in 1984 **Empl**—2,620

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Medtronic, Inc.

NYSE Symbol MDT Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
59½	70-38½	16	0.70	1.2%	A	1.00

Summary

Medtronic is the world's leading producer of implantable cardiac pacemakers. It also makes nonimplantable pacemakers, related support systems, artificial heart valves, and neurological devices. Longer-range prospects are enhanced by a strong list of superior cardiac products, marketed by one of the largest medical device sales forces in the world. The shares were split 2-for-1 in August, 1989.

Current Outlook

Earnings for the fiscal year ending April 30, 1990 could reach $4.00 a share, up from fiscal 1988-9's $3.65, which includes a $0.15 net nonrecurring gain. All per-share data adjusted for the August, 1989 2-for-1 split.

Dividends on the split shares should continue at $0.17½quarterly.

Bolstered by higher sales of pacemakers and other established cardiac and neurological products and contributions from new products, sales and profits for fiscal 1989-90 should post further advances. Ambitious R&D efforts coupled with superior marketing should lead to continued above-average earnings growth in the years ahead.

Net Sales (Million $)

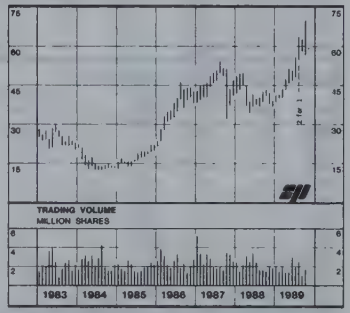
Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	191.9	175.8	144.6	116.2
Oct.	---	181.2	152.2	120.1
Jan.	---	186.8	167.3	121.8
Apr.	---	197.9	189.2	143.9
	---	741.7	653.3	502.0

Sales for the three months ended July 31, 1989 increased 9.1%, year to year. Profit comparisons, however, were hurt by restructuring costs and the absence of a nonrecurring gain of $0.15 a share included in the 1988-9 period. Net income fell 3.8%. Share earnings were $0.91, versus $0.95, as adjusted.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.91	0.95	0.72	0.63
Oct.	E0.95	0.86	0.78	0.64
Jan.	E1.02	0.90	0.81	0.65
Apr.	E1.12	0.95	0.87	0.72
	E4.00	3.65	3.16	2.63

Next earnings report expected in late November.



Important Developments

Oct. '89— The U.S. Supreme Court said that it will review the key issue in patent litigation between Medtronic and Eli Lilly & Co. involving MDT's PCD device for the treatment of tachyarrhythmia (too-rapid heartbeat). In March, 1989 an appellate court reversed a lower court's decision which had ruled that testing of MDT's PCD device was an infringement of Eli Lilly & Co. patents.

Aug. '89— The FDA approved MDT's Synergyst II dual chamber pacer with automatic rate responsive capability. In July MDT received FDA clearance to sell its Legend third generation, single chamber, rate responsive pacemaker. MDT is presently conducting studies overseas on pacers with oxygen and pressure sensing capabilities, looking toward development of a multiple sensor pacer.

Per Share Data ($)

Yr. End Apr. 30	[2]1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	17.69	14.86	12.15	10.46	10.88	10.35	8.97	7.82	6.74	5.60
Earnings[1]	3.65	3.16	2.63	2.31	1.52	1.82	1.67	1.52	1.35	1.26
Dividends	0.60	0.52	0.44	0.40	0.38	0.36	0.32	0.28	0.24	0.15
Payout Ratio	16%	16%	17%	17%	25%	20%	19%	18%	18%	12%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	49⅞	54¼	46¼	22	22¼	30	28⅛	21¾	26¾	17⅜
Low	34¼	32	21½	12¾	12¼	20¼	16⅝	15⅜	13¾	7⅝
P/E Ratio—	14-9	17-10	18-8	10-6	15-8	16-11	17-10	14-10	20-10	14-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1989, 100% Aug. 1980 **1.** Bef. results of disc. opers. of -0.48 in 1986, -0.26 in 1985 **2.** Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	742	174	23.4	56.3	26.4	8.26	150	35.2%	97.4	13.1
1988	653	155	23.7	37.7	24.8	5.70	131	34.0%	86.5	13.2
1987	502	132	26.3	27.0	26.4	4.10	109	32.1%	[3]73.8	14.7
[4]1986	403	100	24.7	16.5	23.3	4.13	92	26.5%	67.4	16.7
[4]1985	379	65	17.1	26.1	26.1	[5]3.64	48	2.3%	46.8	12.4
1984	423	91	21.5	27.2	21.9	3.45	77	23.1%	59.1	14.0
[2]1983	396	91	22.9	33.6	22.0	6.35	72	24.6%	54.1	13.7
1982	335	75	22.5	34.7	15.0	4.91	67	29.5%	[3]47.4	14.1
1981	314	67	22.2	18.5	7.6	[5]4.88	60	30.6%	41.9	13.4
1980	270	59	21.8	13.6	5.7	3.84	53	27.3%	38.7	14.3

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	51	421	232	1.8	760	13.9%	7.8	474	495	1.6	22.4%
1988	79	421	189	2.2	641	14.8%	9.1	396	425	2.1	22.7%
1987	114	366	126	2.9	560	13.7%	5.5	387	410	1.3	20.3%
1986	135	355	133	2.7	527	13.9%	15.3	349	380	4.0	20.4%
1985	137	322	101	3.2	467	10.5%	9.7	329	352	2.8	14.6%
1984	116	320	86	3.7	460	13.5%	11.8	335	360	3.3	18.9%
1983	75	279	91	3.1	417	13.4%	13.2	292	313	4.2	19.8%
1982	72	266	93	2.9	375	13.7%	15.2	245	268	5.7	20.8%
1981	58	225	72	3.1	313	14.6%	13.8	210	228	6.1	21.8%
1980	31	179	62	2.9	257	16.7%	10.4	173	187	5.6	24.9%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1986, 1985. **2.** Reflects merger or acquisition. **3.** Reflects accounting change. **4.** Excludes discontinued operations. **5.** Net of interest income.

Business Summary

Medtronic is the world's leading producer of implantable cardiac pacemakers. Several other cardiovascular and neurological proucts are also sold. Sales by business segment in fiscal 1988-9:

	Sales
Pacemakers and related products and services	71.5%
Nonpacing cardio- vascular products	15.1%
Other products	13.4%

Foreign operations accounted for about 42% of sales and 43% of profits in 1988-9.

Cardiac pacemakers consist of implantable pulse generators (IPGs) that generate electrical impulses and leads which conduct these impulses to the heart. The pulse generator is implanted under the skin in the chest or abdomen and is connected to the heart by a lead. MDT's product line includes pacemakers that can be noninvasively programmed by a physician to adjust sensing, electrical pulse intensity, duration, rate and other factors, as well as pacers that can sense in both the upper and lower chambers of the heart and produce impulses appropriate to heart activity. Important products include Minix, one of the world's smallest pacers; the Synergyst line of dual-chamber, rate responsive pacers; and Legend, a third-generation rate responsive pacer.

Nonpacing cardiovascular products consist of prosthetic heart valves, membrane oxygenators, therapeutic catheters such as angioplasty catheters, vascular grafts and related items. Other products include transcutaneous electrical nerve stimulation (TENS) devices, implantable electrodes and other neurological products to relieve pain and stimulate muscles. An implantable drug delivery system is also sold.

Dividend Data

Dividends were initiated in 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Nov. 22	Jan. 4	Jan. 10	Jan. 31'89
0.30	Mar. 1	Apr. 4	Apr. 10	Apr. 28'89
0.35	Jun. 22	Jul. 3	Jul. 10	Jul. 31'89
2-for-1	Jun. 22	Aug. 31	Aug. 10	Aug. 30'89
0.17½	Sep. 21	Oct. 3	Oct. 10	Oct. 31'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $7,814,000.

Common Stock: 26,908,000 shs. ($0.10 par). Institutions hold approximately 74%. Shareholders of record: 6,426.

Office—3055 Old Highway Eight, Minneapolis, Minn 55440. **Tel**—(612) 574-4000. **Chrmn & CEO**—W. R. Wallin. **Pres**—W.W George. **VP-Secy**—W. E. Drake. **VP-Finance**—W. W Chorske. **Investor Contact**—Elizabeth Combs. **Dirs**—E. E. Bakken, F. C. Blodgett, F. J. Dixon, W.W George, B. P. Healy, V. H. Heath, T. E. Holloran, G. D. Nelson, R. L. Schall, G. W. Simonson, R. A. Swalin, W. R. Wallin. **Transfer Agents & Registrars**—Norwest National Bank, Minneapolis; Norwest Trust Co., NYC. **Incorporated** in Minnesota in 1957. **Empl**—6,303.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H B Saftlas

Mellon Bank

1467H

NYSE Symbol MEL Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
28⅞	38⅛-25	6	1.40	4.9%	B+	0.93

Summary

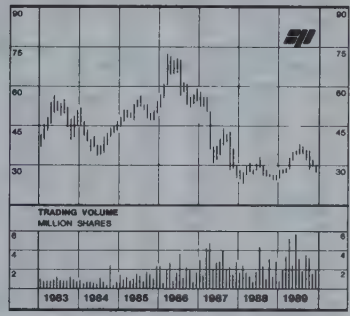
This Pittsburgh-based bank holding company is the 16th largest in the nation. In view of a serious deterioration in loan quality, new management restructured the corporation in 1988, spinning off $1 billion of problem loans to shareholders and recapitalizing the bank with $525 million of new equity. Relief from the burden of problem loans, cost-cutting efforts, and tax credits should boost earnings in 1989 and beyond. In December, 1989 MEL agreed to acquire 54 Philadelphia area branches from Meritor Savings Bank for approximately $335 million.

Current Outlook

Earnings for 1990 could approximate $5.00 a share, up from the $4.65 projected for 1989.

Dividends should continue at $0.35 quarterly.

Excluding the proposed PSFS acquisition, asset growth should be minimal in 1990, reflecting modest increases in loans. Most revenue growth will depend on MEL's success at developing its strengths in providing electronics-based services, such as trust and cash management. Problem real estate loans are on the rise accounting for about 1.4% of loans at September 30, versus 0.95% at year-end 1988. Long-term LDC loans are adequately (46%) reserved for. Cost-cutting efforts should benefit profits. The Philadelphia bank, should be aided longer-term by efficiencies gained through the melding of 54 PSFS branches. Deposit market share in Philadelphia will grow from 5% to 14%. MEL has $305 million in tax benefits to offset future taxes.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.5%, year to year, as loan quality improved. The provision for loan losses was 44% lower, at $150 million. With noninterest income marginally lower and noninterest expense down 14%, reflecting lower expenses on foreclosed properties, pretax earnings were $194 million, against a loss of $93 million. After taxes at 9.8%, versus taxes of $20 million, net income was $175 million ($3.47 a share, $3.41 fully diluted), versus a net loss of $113 million ($4.87, no dilution).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.15	0.65	d2.31	2.13
Jun.	1.16	0.75	d20.67	1.87
Sep.	1.16	d6.27	0.47	1.78
Dec.	E1.18	1.05	d8.68	0.42
	E4.65	d3.65	d31.19	6.20

Important Developments

Dec. '89— MEL's Philadelpia bank subsidiary, Mellon Bank (East), signed a definitive agreement with Meritor Savings Bank to purchase 54 area branches of PSFS, the nation's oldest savings bank. MEL is expected to assume deposits of $5.2 billion and acquire assets of almost $4.9 billion. The purchase price, subject to certain adjustments, is expected to be approximately $335 million, but no less than $309 million. MEL expects to finance the purchase by issuing a combination of common stock, preferred stock and debt. MEL said that it expected to receive regulatory approval in the first part of 1990. Separately, in October MEL authorized a 250,000 common share repurchase program.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[2]1985	[1]1984	[1]1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	30.24	30.66	83.76	80.47	56.29	53.67	54.19	49.69	45.94	42.10
Earnings[3]	d3.65	d31.19	6.20	7.13	5.64	7.44	6.83	5.88	5.73	4.92
Dividends	1.40	1.74	2.76	2.68	2.60	2.44	2.24	2.09	1.89	1.84
Payout Ratio	NM	NM	45%	38%	46%	33%	33%	36%	33%	37%
Prices—High	33¼	58	72½	56½	52	56½	44¾	40	32¼	31⅞
Low	22¾	25⅛	51⅞	44½	33½	36¾	27½	30⅞	22	25½
P/E Ratio—	NM	NM	12-8	8-6	9-6	8-5	7-4	7-5	6-4	6-5

Data as orig. reptd. 1. Reflects merger or acquisition 2. Reflects acctg. change. 3. Alt. gains/losses on securities trans. of +0.16 in 1988, +0.48 in 1987, +2.66 in 1986, +1.56 in 1985, +0.08 in 1984, +0.24 in 1982, -0.42 in 1982, -0.53 in 1981, -0.09 in 1980, -0.23 in 1979. NM-Not Meaningful d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	838	51	720	321	79.5	d37	NM	d65	3.24	NM	NM
1987	823	104	777	1,056	82.3	d846	NM	d844	3.16	NM	NM
[1]1986	941	153	571	316	68.8	186	1.3%	183	3.70	0.54	9.8
[2]1985	872	106	400	148	70.0	251	19.7%	202	3.81	0.67	13.0
[1]1984	747	119	345	117	68.3	152	NM	159	3.80	0.57	11.0
1983	615	110	280	52	63.2	218	15.8%	184	3.57	0.76	14.7
[2]1982	446	103	166	68	53.8	144	6.6%	134	3.29	0.69	13.2
1981	366	87	117	37	53.1	124	7.1%	116	3.19	0.68	12.4
1980	327	64	103	28	52.3	138	18.4%	112	3.24	0.77	13.1
1979	311	55	81	27	52.0	124	22.1%	96	3.68	0.78	12.1

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	31,153	5,341	3,163	8,728	10,256	4.79	4,173	17,152	89.0	1,933	877	2.94
1987	30,525	3,428	3,783	9,387	10,812	5.59	4,404	17,144	93.7	1,933	863	4.10
1986	34,499	3,361	3,809	10,927	12,601	2.10	4,396	17,252	108.7	1,766	1,753	5.13
1985	33,406	2,841	3,060	10,865	11,453	1.62	3,884	14,699	120.1	1,145	1,639	4.86
1984	30,603	3,591	1,706	9,296	10,391	1.54	4,085	14,912	103.6	852	1,502	4.91
1983	26,433	4,246	1,742	7,050	8,439	1.56	3,245	12,448	98.7	582	1,384	5.01
1982	20,294	4,165	1,407	5,585	5,978	1.43	2,127	10,201	93.8	493	1,068	5.21
1981	18,448	3,962	1,376	4,712	5,396	1.29	2,882	8,956	85.4	462	977	5.52
1980	16,157	3,895	1,121	3,710	4,442	1.41	2,726	8,163	74.9	405	901	5.88
1979	13,508	2,920	856	3,122	3,904	1.63	2,907	6,596	73.9	426	826	6.40

Data as orig. reptd. 1. Incl. merger or acquisition. 2. Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Mellon Bank Corp. is the parent of Mellon Bank, Pennsylvania's largest bank and the 16th largest in the nation. It also owns four other Pennsylvania banks, and one each in Maryland and Delaware. Retail offices total 347. Trust operations are important ($88 billion of assets under management), as are data processing services. The Mellon Financial Services unit is engaged in commercial and consumer finance, mortgage banking and leasing (147 offices in 19 states). International operations account for 18% of assets.

At year-end 1988, earning assets of $27.9 billion were divided: loans 68%, investment securities 11%, money market investments 21%. Average sources of funds were noninterest-bearing deposits 13%, other domestic deposits 45%, foreign deposits 10%, short-term borrowings 18%, long-term debt 6%, equity 4%, and other 4%.

At year-end 1988 nonperforming assets were $964 million (5.0% of related assets), including $452 million of LDC loans, down from $1,665 million (8.1% of related assets) a year earlier. The reserve for loan losses was 4.79% of loans, down from 5.59%. Net chargeoffs during 1988 were 2.79% of average loans (reflecting the restructuring), against 1.96% in 1987.

Dividend Data

Cash has been paid each year since 1895. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Jan. 20	Jan. 24	Jan. 30	Feb. 15'89
0.35	Apr. 18	Apr. 24	Apr. 28	May 15'89
0.35	Jul. 18	Jul. 24	Jul. 28	Aug. 15'89
0.35	Oct. 17	Oct. 24	Oct. 30	Nov. 15'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $1,813,000,000.

Preferred Stock: $412,000,000.

Conv. Preferred Stock: 10,552,003 shares (Series D), each conv. into .7609 common shrs. Held by Warburg Pincus & Co.

Common Stock: 36,616,976 shs. ($0.50 par). Institutions hold about 60%; the Mellon family owns some 11%.
Shareholders of record: 20,233.

Warrants: To purchase 3 million shs. at $25 ea.

Office—One Mellon Bank Center, Pittsburgh, Pa. 15258. Tel—(412) 234-5000. Chrmn & CEO—F. V. Cahouet. Pres—A. P. Terracciano. Vice Chrmn & Treas—W. K. Smith. VP-Secy—M. G. McGuinn. Investor Contact—C. M. Johnston. Dirs—H. O. Beaver, Jr., F. V. Cahouet, R. H. Daniel, E. Donley, C. F. Fetterolf, T. C. Graham, I. J. Gumberg, B. Jordan, J. C. Marous, Jr., A. W. Mathieson, S. P. Mellon, N. W. Pearson, D. S Shapira, H. R. Sharbaugh, R. M. Smith, W. K. Smith, L. H. Sullivan, A. P. Terracciano, W. W. von Schack, W. J. Young. Transfer Agent & Registrar—Mellon Bank, Pittsburgh. Incorporated in 1971; bank originally chartered in 1902. Empl—15,510.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

Melville Corp.

NYSE Symbol MES Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
42½	53⅝-36⅞	13	1.30	3.1%	A+	1.35

Summary

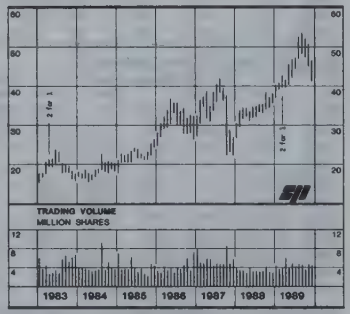
This company is one of the largest diversified specialty retailers, selling footwear, apparel, health and beauty aids, toys and games, and household items. MES has phased out most of its footwear manufacturing operations. A strong record of long-term earnings growth has been established, and further progress is expected in coming years, aided by increasing contributions from newly acquired, higher margin, specialty businesses.

Current Outlook

Share earnings for 1990 are projected to rise to about $4.00 from 1989's estimated $3.50.

The $0.32½ quarterly dividend is the minimum expected.

Sales growth in 1990 should reflect store expansion and modest same store increases. Margins stand to benefit from new, higher margin businesses and cost controls, offset somewhat by highly competitive pricing. Longer term, increasing contributions from new, higher margin businesses should contribute to earnings growth. Further acquisitions are possible.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,529	1,394	1,074	1,028
Jun.	1,675	1,470	1,449	1,245
Sep.	1,831	1,625	1,393	1,260
Dec.	---	2,291	2,014	1,730
	---	6,780	5,930	5,626

Sales for the nine months ended September 30, 1989 rose 12%, year to year. Gross margins narrowed slightly, and SG&A expenses were about the same percentage of sales. Following higher interest and other expenses, pretax income was up only 4.2%. After taxes at 31% in each period, and minority interest, net income rose 7.2%, to $1.40 a share from $1.37.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.22	0.21	0.08	0.10
Jun.	0.56	0.55	0.59	0.43
Sep.	0.62	0.61	0.48	0.44
Dec.	E2.10	1.89	1.49	1.24
	E3.50	3.26	2.63	2.20

Important Developments

Oct. '89— Management said that operating results for the third quarter of 1989 were aided by the apparel sector; sales and earnings of the toy business continue to be sluggish after strong performances over the past three years. The nine months operating results reflected additional interest and goodwill amortization costs associated with the Bermans Specialty Stores acquisition last year. In June MES adopted an Employee Stock Ownership Plan, funded through an ESOP Trust which used the proceeds of a $357.5 million loan (guaranteed by MES) to purchase about 6.7 million shares of a new class of convertible preference stock. The proceeds from the issuance of stock were earmarked to repurchase shares. As of September 30, 1989, 4.4 million common shares were repurchased.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	12.84	12.08	10.51	9.02	7.88	6.71	5.84	5.18	4.75	3.94
Earnings[2]	3.26	2.63	2.20	2.04	1.80	1.68	1.37	1.32	1.14	1.01
Dividends	1.05	0.88	0.78	0.72	0.66	0.54½	0.51	0.45	0.40	0.35
Payout Ratio	32%	34%	36%	35%	37%	32%	37%	34%	36%	35%
Prices—High	38⅜	42	36⅞	26½	22¾	23⅞	19⅛	12	10½	8
Low	26⅝	22⅛	24⅝	17⅝	15⅜	15¼	9¼	8⅛	6	6½
P/E Ratio—	12-8	16-8	17-11	13-9	13-9	14-9	14-7	9-7	9-5	8-6

Data as orig reptd. Adj. for stk. div(s). of 100% in Mar. 1989, 100% in May 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.09 in 1985. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	6,780	672	9.9	188	87.0	4.2	586	32.1%	355	5.2
1987	5,930	596	10.0	129	76.0	4.6	519	36.8%	285	4.8
1986	5,262	548	10.4	121	67.7	4.7	480	40.4%	[3]238	4.5
[4]1985	4,775	509	10.7	102	64.6	9.2	439	39.0%	220	4.6
1984	4,423	457	10.3	112	62.8	18.1	379	38.0%	190	4.3
1983	3,923	421	10.7	82	55.6	19.0	348	37.7%	176	4.5
1982	3,262	341	10.5	99	47.8	20.9	276	36.9%	142	4.4
[2]1981	2,761	302	10.9	114	37.3	7.0	265	38.1%	136	4.9
1980	2,332	256	11.0	81	28.5	[3]4.1	225	37.4%	115	4.9
1979	2,023	228	11.3	59	24.1	2.7	201	37.6%	101	5.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	298	1,694	824	2.1	2,736	14.3%	48	1,706	1,913	2.5	22.4%
1987	342	1,489	569	2.6	2,231	13.5%	58	1,459	1,662	3.5	20.9%
1986	327	1,351	535	2.5	1,999	12.5%	65	1,263	1,464	4.5	20.1%
1985	305	1,205	493	2.4	1,807	12.7%	89	1,102	1,314	6.8	21.1%
1984	188	1,017	427	2.4	1,611	12.2%	117	955	1,184	9.9	21.3%
1983	183	934	441	2.1	1,493	12.8%	123	828	1,051	11.7	23.0%
1982	122	748	353	2.1	1,247	11.9%	105	701	893	11.8	21.6%
1981	157	716	333	2.1	1,134	13.4%	117	608	800	14.6	24.1%
1980	174	606	229	2.6	889	13.6%	76	514	657	11.6	24.2%
1979	150	541	204	2.6	773	14.0%	86	422	567	15.2	26.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1985. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Excludes discontinued operations

Business Summary

Melville is one of the country's largest, diversified specialty retailers, operating 13 separate retail divisions at 1988 year-end with a total of 6,540 stores. Contributions by product line in 1988:

	Sales	Profits
Apparel	33%	36%
Footwear	24%	23%
Drug, health, & beauty aids	27%	21%
Toys & household items	16%	20%

Apparel is sold through the company's Chess King (clothing for young men), Marshalls (brand name apparel for men, women and children at reduced prices), Wilsons Suede & Leather (for men and women) chains, and Accessory Lady.

Footwear is sold through Thom McAn, Fan Club/Open Country, and Pimento stores, and Meldisco (leased departments in K Mart stores).

Drug, health and beauty aids are sold by CVS (Consumer Value Stores) and Freddy's deep discount drug stores (acquired 1984). Toys, games and hobby products are sold through Kay-Bee Toy & Hobby outlets. The household furnishings division includes Linens 'n Things (brand name linens, towels and bath items at reduced prices), and two recent acquisitions: This End Up Furniture, a manufacturer and marketer of moderately priced furniture, and Prints Plus, a California-based chain selling posters and prints.

Dividend Data

Dividends have been paid since 1916.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	Jan. 11	Mar. 15	Feb. 23	Mar. 14'89
0.32½	Apr. 11	Apr. 18	Apr. 24	May 1'89
0.32½	Jul. 12	Jul. 18	Jul. 24	Aug. 1'89
0.32½	Oct. 11	Oct. 18	Oct. 24	Nov. 1'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $394,767,000,000, incl. $40.4 million of capital leases.

Minority Interest: $82,911,000.

$4 Cum. Pfd. Stock: 17,269 shs. ($100 par).

Conv. Preference Stock: $357,500,000; conv. into 6.7 million common shares. All owned by ESOP.

Common Stock: 109,746,115 shs. ($1 par). Institutions hold approximately 77%. Shareholders of record: 8,400.

Office—3000 Westchester Ave., Harrison, N.Y. 10528 **Tel**—(914) 253-8000 **Chrmn, CEO & Pres**—S. P. Goldstein **VP-Secy**—A. V. Richards **Treas**—J. A. Markum **Dirs**—H. L. Battle, Jr., A. J. Bloostein, J. J. Creedon, M. A. Friedman, S. P. Goldstein, R. D. Huth, M. H. Jordan, T. Levitt, D. F. McCullough, J. W. McKee, Jr., F. Melville, F. C. Rooney, Jr., P. C. Stewart, M. C. Woodward, Jr. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1914. **Empl**—96,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Mercantile Stores

NYSE Symbol MST In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
44⅝	50½-42	12	0.92	2.1%	A+	1.18

Summary

This department store company operates some 80 outlets in 42 predominantly Southern and Midwestern markets under locally prominent names. MST's strategy of strengthening its position through internal consolidation, store renovation, and paring operating costs to sharpen its competitive edge should enhance the earnings potential of its existing store base. Modest expansion into adjacent markets, coupled with continued investment in existing stores, should generate moderate earnings growth over the next few years.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 should rise to $4.05 a share from the $3.92 of 1988-9. Share earnings could approximate $4.45 in fiscal 1990-91.

The $0.23 quarterly dividend is the minimum expected.

Store expansion in fiscal 1989-90 within existing and adjacent markets and remodelings should boost sales modestly; the gain, however, could be offset by the discontinuance of furniture and carpet departments. Gross margins may narrow slightly, reflecting increased occupancy costs and competitive pricing. Interest expense should decline slightly. Investment in computer technology should benefit margins over time.

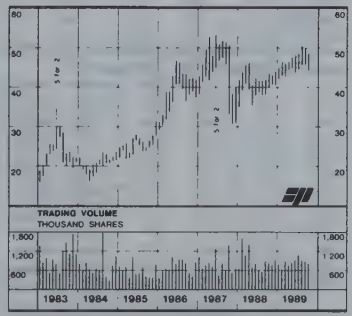
Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	479	465	445	416
Jul.	505	490	476	449
Oct.	---	544	526	491
Jan.	---	786	708	673
	---	2,266	2,156	2,028

Sales for the six months ended July 31, 1989 rose 3.0%, year to year; comparable store sales were up 2.0%. Gross margins narrowed, and SG&A expenses increased slightly as a percentage of sales. Pretax income decreased 6.3%. After taxes at 38.9%, versus 38.8%, net income declined 6.5%, to $1.18 a share from $1.26.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.73	0.75	0.74	0.58
Jul.	0.45	0.51	0.48	0.39
Oct.	E1.18	1.10	1.03	0.74
Jan.	E1.69	1.56	1.27	1.30
	E4.05	3.92	3.52	3.02



Important Developments

Sep. '89— Management said that comparable store sales for the second quarter of fiscal 1989-90 increased 2.1%. Separately, as part of a strategic plan, the company has extensively remodeled and expanded existing stores and reallocated selling space; furniture and carpet departments were discontinued in seven stores. In the past two years 19 stores have been remodeled. In fiscal 1989-90 one new 67,000 square foot store is scheduled to be completed, plus expansions of 13 stores. In fiscal 1991-2 MST planned to open three new stores, totaling 545,000 square feet, and close one small (40,000 square foot) store. MST expected to spend about $175-$200 million over the next five years for investments in hardware, software and data processing.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	**26.62**	23.68	20.84	18.40	16.13	14.29	12.43	10.78	9.56	8.64
Earnings	**3.92**	3.52	3.02	2.78	2.30	2.26	1.90	1.57	1.15	1.16
Dividends	**0.77⅓**	0.67½	0.58	0.51	0.46	0.40	0.32	0.23	0.23	0.20
Payout Ratio	**20%**	19%	19%	18%	20%	18%	17%	15%	20%	17%
Calendar Years	**1988**	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	**46⅛**	53⅜	46⅞	31¼	23⅝	30¼	19½	9⅛	6½	6⅝
Low	**34¾**	30⅝	29⅛	21⅞	16⅛	15⅞	8½	5½	4⅞	5⅜
P/E Ratio—	**12-9**	15-9	16-10	11-8	10-7	13-7	10-5	6-3	6-4	6-5

Data as orig reptd Adj for stk div(s). of 150% Jun 1987, 150% Jun 1983 E-Estimated

October 27, 1989

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Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	**2,266**	**281**	**12.4**	**92.6**	**47.5**	**23.1**	**237**	**39.0%**	**144**	**6.4**
1988	2,156	275	12.7	65.1	47.1	23.0	227	43.0%	[2]130	6.0
1987	2,028	266	13.1	73.7	46.8	23.7	[3]216	48.6%	111	5.5
1986	1,880	240	12.8	52.6	43.3	21.6	[3]196	47.8%	102	5.4
1985	1,707	215	12.6	53.2	38.7	18.6	[3]162	47.6%	85	5.0
1984	1,626	205	12.6	39.8	33.4	14.7	[3]160	47.8%	83	5.1
1983	1,428	169	11.8	41.3	28.9	13.1	[3]134	47.8%	70	4.9
1982	1,269	143	11.3	22.0	26.1	12.8	[3]111	47.9%	58	4.6
1981	1,108	111	10.0	35.6	23.0	12.8	[3]80	46.8%	42	3.8
1980	1,068	109	10.2	40.0	20.6	13.7	[3]80	46.7%	43	4.0

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**87**	**1,080**	**233**	**4.6**	**1,452**	**10.3%**	**197**	**981**	**1,200**	**16.4**	**15.6%**
1988	102	1,028	210	4.9	1,353	9.9%	205	872	1,123	18.3	15.8%
1987	99	937	198	4.7	1,262	9.2%	206	768	1,045	19.7	15.4%
1986	68	848	246	3.5	1,151	9.5%	211	678	906	23.3	16.1%
1985	69	703	218	3.2	997	8.8%	166	594	778	21.3	15.1%
1984	68	649	211	3.1	928	9.7%	172	527	717	23.9	16.9%
1983	51	510	180	2.8	780	9.4%	122	458	600	20.4	16.4%
1982	83	454	167	2.7	711	8.5%	128	397	544	23.5	15.5%
1981	75	395	151	2.6	653	6.8%	132	352	502	26.2	12.7%
1980	43	341	121	2.8	587	7.6%	131	318	466	28.2	14.2%

Data as orig. reptd 1. Incl sales of leased depts. 2. Reflects accounting change 3. Incl equity in earns. of nonconsol subs

Business Summary

As of January 31, 1989 Mercantile Stores operated 78 department stores in 16 states under 12 locally prominent trade names, and two specialty stores.

All stores carry a wide assortment of goods. The company has developed and marketed private label goods and offers well-known national brands, which recently has been augmented by the addition of higher quality designer apparel. Since the percentage of sales of higher-priced merchandise is accelerating, the average sale and price point in stores has increased significantly.

The chain stores are McAlpin's, Cincinnati, Ohio; Castner Knott Dry Goods Co., Nashville, Tenn.; The Jones Store Co., Kansas City, Mo. area; Joslins, Denver, Colo. and Gayfers, Mobile, Ala. Also, the Lion stores in the Toledo, Ohio area; Bacons, Louisville, Ky.; JB White, Augusta, Ga. Others are in Fargo, N.D.; Duluth, Minn.; and Billings, Mont.

The company also operates 16 free standing beauty salons. A partnership position is held in six operating shopping center joint ventures.

Store space at January 31, 1989 totaled 11,791,000 sq. ft. Average sales per square foot were $192. Since fiscal 1978-9, average sales per store advanced from $12.7 million to $28.8 million

The retail business is highly seasonal with the fourth quarter, which includes the Christmas selling season, the most significant. For the fiscal year ended January 31, 1989, the fourth quarter accounted for 34% of net sales and 40% of net income.

Dividend Data

Dividends have been paid since 1940.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Sep. 9	Nov. 23	Nov. 30	Dec. 15'88
0.20	Jan. 5	Feb 22	Feb 28	Mar 15'89
0.23	Apr. 3	May 25	Jun 1	Jun 15'89
0.23	Jun. 1	Aug. 25	Aug. 31	Sep. 15'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $192,309,000.

Common Stock: 36,844,050 shs ($0.36⅔ par).
Management controls about 40%.
Institutions hold approximately 37%.
Shareholders of record: 9,517.

Office—1100 N Market St., Wilmington Del. 19801 **Tel**—(302) 575-1816 **Pres & COO**—R D Ciskie **Secy**—D F Murphy **VP-Treas & CFO**—D L Nichols. **Investor Contact**—W A Heineman (212) 560-0291 **Dirs**—D.R.Huhn (Chrmn), H. K. H Brodie, J A Herdeg, H W Jockers J C. Lovell, R C McPherson, G H Milliken, M K Milliken, R Milliken, G S Moore, F G. Rodgers **Transfer Agent & Registrar**—Harris Trust Co of N.Y **Incorporated** in Delaware in 1919

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Merck & Co.

NYSE Symbol MRK Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
77	80 3/4-56 1/4	21	1.80	2.3%	A+	0.85

Summary

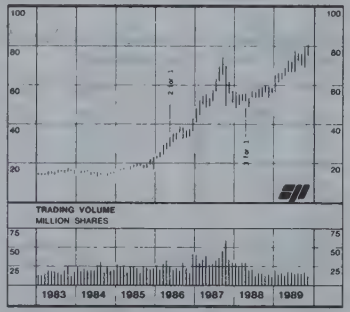
This company is the world's largest ethical drug manufacturer, producing a wide range of human and animal pharmaceuticals as well as specialty chemical and environmental products. Although expenses related to expansion of the U.S. sales force and other strategic long-term actions are expected to slow near- term earnings gains, Merck's profit growth should still be at well above-average rates for the foreseeable future.

Current Outlook

Earnings for 1990 are projected at about $4.60 a share, up from the $3.77 estimated for 1989.

Some increase in the dividend, presently at $0.45 quarterly, is likely in mid-1990.

Sales for 1990 should rise, supported by growth in established drugs, greater contributions from an impressive list of new products (including Losec for gastrointestinal ailments and Plendil cardiovascular) and an expanded sales force. Continued strength is seen for the key Vasotec, Mevacor, Primaxin, and Pepcid drug lines. Margins should benefit from the better volume, a more favorable product mix, and productivity improvements.



Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar	1,571	1,437	1,111	921
Jun	1,585	1,500	1,249	1,005
Sep	1,633	1,469	1,307	1,054
Dec	---	1,534	1,394	1,149
	---	5,940	5,061	4,129

Sales for the nine months ended September 30, 1989 increased 8.7%, year to year, aided by new drug products. Profitability benefited from the better volume and productivity improvements. Pretax income rose 24%. After taxes at 34.7%, against 35.5%, net income was up 25%. Share earnings were equal to $2.85, versus $2.28.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.86	0.69	0.49	0.37
Jun	1.00	0.80	0.57	0.41
Sep	0.99	0.79	0.58	0.41
Dec	E0.92	0.77	0.58	0.42
	E3.77	3.05	2.23	1.62

Important Developments

Nov. '89— Merck said that its near-term earnings growth will be slowed somewhat by several long-term strategic actions and investments. These include significant expansion of the U.S. sales force; the exchange of income-producing Sinemet and Elavil drugs to other companies for future benefits; and rising R & D outlays (indicated at $755 million for 1989, up 13% from the year before). Merck is presently awaiting FDA approval to market Plendil, an extended-release cardiovascular; and Losec, an antiulcer drug. New products in the research pipeline include Proscar, a drug used to reduce enlarged prostates; MK-217, a treatment for bone disease; and two AIDS products. In October, MRK's over-the-counter (OTC) medications joint venture with Johnson & Johnson agreed to acquire the OTC business of ICI Americas for $450 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.69	4.83	5.76	5.84	5.47	5.10	4.97	4.51	4.16	3.68
Earnings	3.05	2.23	1.62	1.26	1.12	1.02	0.94	0.89	0.92	0.84
Dividends	1.38	0.90	0.66 3/4	0.55	0.50 7/8	0.47 1/2	0.46 3/4	0.44 1/4	0.39 5/8	0.33 3/8
Payout Ratio	45%	40%	41%	43%	45%	47%	50%	49%	43%	39%
Prices—High	59 5/8	74 3/8	43 1/4	23	16 3/8	17 1/2	14 3/4	17 1/4	14 3/8	12 1/2
Low	48	40 3/4	22 1/2	15	13	13 5/8	10 3/4	12 3/4	9 3/4	10 1/2
P/E Ratio—	20-16	33-18	27-14	18-12	15-12	17-13	16-11	19-14	16-11	15-12

Data as orig reptd Adj for stk div(s) of 200% May 1986, 100% May 1986 1. Reflects merger or acquisition. E-Estimated

December 1, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	5,939	2,056	34.6	373	189	76.5	1,915	34.7%	1,207	20.3
1987	5,061	1,558	30.8	254	189	56.4	1,434	34.8%	906	17.9
[1]1986	4,129	1,208	29.3	211	167	44.6	1,098	36.2%	676	16.4
1985	3,548	1,003	28.3	238	164	68.0	860	36.9%	540	15.2
1984	3,560	948	26.6	274	152	91.9	[2]779	37.7%	493	13.8
1983	3,246	871	26.8	273	149	84.3	[2]692	35.4%	[3]451	13.9
1982	3,063	763	24.9	295	134	63.3	599	31.0%	415	13.6
1981	2,929	696	23.8	323	105	35.3	586	32.0%	398	13.6
[1]1980	2,734	750	27.4	256	91	37.3	656	36.3%	415	15.2
1979	2,385	718	30.1	189	82	28.4	608	37.0%	382	16.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,550	3,389	1,909	1.8	6,127	20.4%	143	2,856	3,878	3.7	48.4%
1987	1,148	3,007	2,209	1.4	5,680	17.1%	167	2,117	3,248	5.2	39.5%
1986	966	2,511	1,417	1.8	5,105	13.7%	168	2,569	3,585	4.7	26.3%
1985	842	2,310	1,203	1.9	4,902	11.5%	171	2,634	3,611	4.7	21.1%
1984	744	2,180	1,103	2.0	4,591	11.3%	179	2,544	3,440	5.2	20.0%
1983	371	1,733	998	1.7	4,215	11.5%	385	2,435	3,186	12.1	19.4%
1982	313	1,677	817	2.1	3,648	11.9%	337	2,204	2,802	12.0	19.8%
1981	227	1,616	871	1.9	3,310	13.0%	241	2,001	2,422	10.0	20.7%
1980	302	1,462	638	2.3	2,866	15.2%	211	1,863	2,208	9.6	23.6%
1979	317	1,358	605	2.2	2,614	15.7%	214	1,683	1,989	10.7	24.5%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change

Business Summary

Contributions by business segment in 1988 were:

	Sales	Profits
Human/animal health	92%	97%
Specialty chemical	8%	3%

Foreign operations contributed about 50% to sales and 41% to earnings in 1988.

Important drug categories are anti-hypertensives and cardiovasculars (31% of total 1988 sales), which include Vasotec ACE inhibitor, Mevacor cholesterol-lowering agent, Moduretic, and Aldomet; antibiotics (13%), of which Primaxin and Mefoxin are the largest; anti-inflammatories/analgesics (13%) such as Clinoril, Indocin and Dolobid; ophthalmologicals (6%), including Timoptic for glaucoma; anti-ulcerants (5%), of which Pepcid is the largest; and vaccines/biologicals (4%), including vaccines for hepatitis B. Animal medicinals (8%) for the control and alleviation of disease in livestock, small animals and poultry include Ivomec for the control of parasites. Other products include drugs for Parkinson's disease, muscle relaxants, psychotherapeutics, agriculturals and poultry breeding stock. Drug products are sold through over 6,000 sales personnel worldwide.

The specialty chemicals group consists of Calgon Corp. and the Kelco division. Products are used for a wide variety of applications including water treatment, the manufacture of paints and paper, oil field drilling, food additives and cleaning products.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Nov. 22	Nov. 29	Dec. 5	Jan. 3'89
0.41	Feb. 28	Mar. 2	Mar. 8	Apr. 3'89
0.41	May 23	May 30	Jun. 5	Jul. 5'89
0.45	Jul. 25	Aug. 29	Sep. 5	Oct. 2'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $101,900,000.

Minority Interest: $510,800,000.

Common Stock: 395,373,305 shs. ($0.02 1/6 par). Institutions hold some 55%.
Shareholders of record: 68,500.

Office—126 East Lincoln Ave., Rahway, N.J. 07065 **Tel**—(201) 574-4000 **Chrmn & Pres**—P. R. Vagelos. **Secy.**—C. A. Abramson. **VP-Treas**—Judy C. Lewent **Investor Contact**—Mary Dermody (201) 594 6883 **Dirs**—H. B. Atwater, Jr., W. G. Bowen, F. T. Cary, C. K. Davis, L. C. Elam, C. E. Exley, Jr., J. Genest, M. S. Heiskell, J. J. Horan, J. E. Lyons, J. K. McKinley, A. W. Merck, R. F. Mettler, P. G. Rogers, R. S. Ross, P. R. Vagelos, D. Weatherstone **Transfer Agent & Registrar**—Bank of New York, NYC **Incorporated** in New Jersey in 1934 **Empl**—32,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Meredith Corp.

NYSE Symbol MDP In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 12'89	1989					
35¼	39¼-29⅞	20	0.64	1.8%	A-	1.10

Summary

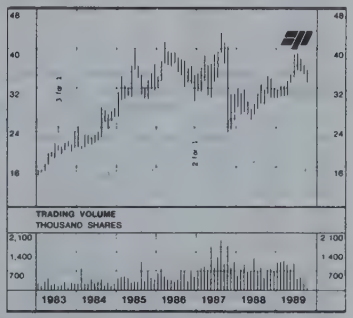
Meredith derives the bulk of its earnings from the publishing of magazines (primarily Better Homes and Gardens, Ladies' Home Journal, Metropolitan Home, and Country Home), printing activities through 50% owned Meredith/Burda Inc., and its ownership of seven TV stations. Soft business conditions and higher costs and expenses, including start-up and acquisition costs, are restricting revenue gains and profits.

Current Outlook

Earnings for the fiscal year to end June 30, 1990 are expected to rise moderately to about $1.85 a share from the $1.75 of fiscal 1989.

The $0.16 quarterly dividend may be raised to $0.17 within the next several quarters in spite of earnings softness.

Revenues for fiscal 1990 are likely to rise only moderately, as gains will continue to be restricted by a soft TV and magazine advertising climate and competitive pricing and lackluster demand in the printing business. Publishing margins should benefit from relatively flat paper prices, but rising other costs and start-up expenses will limit profitability. Programming expenses will continue to hurt broadcasting profits.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	190.5	144.0	138.4	116.5
Dec.	195.9	174.2	152.5	129.3
Mar.	196.7	166.2	151.5	145.4
Jun	208.9	194.1	156.4	142.1
	792.0	678.5	598.7	533.4

Revenues for the fiscal year ended June 30, 1989 rose 17%, year to year, boosted largely by acquisitions. Profitability was hurt by higher paper, postage and programming costs, and operating income was up 1.5%. After other items, including higher interest expense, and taxes at 36.4% versus 33.3%, net income fell 9.3%.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	0.56	0.58	0.50	0.84
Dec.	0.54	0.77	0.22	0.74
Mar.	0.25	0.21	0.62	0.41
Jun.	0.40	0.35	0.43	0.51
	1.75	1.91	1.77	2.49

Important Developments

Sep. '89— Meredith said that during fiscal 1989 it launched a new subscription magazine, Country America, for country music fans and those who enjoy the country way of life. The venture is in association with The Nashville Network and Group W Satellite Comunications. Meredith also launched Better Homes and Gardens Traditional Home, also a subscription title. Developments in the book group included successful launches of children's project books and a book club for the U.S. country life-style market. The company also began a custom marketing program aimed at tailoring promotional packages for clients' specific needs by pooling its magazine, book, broadcasting, custom publishing and commercial printing operations.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	[1]1986	1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	6.90	8.85	6.92	9.15	8.50	6.75	6.90	5.81	4.66
Earnings[3]	1.75	1.91	1.77	2.49	2.27	2.04	1.78	1.43	1.36	1.15
Dividends	0.64	0.60	0.53	0.50	0.45	0.38	0.31¾	0.28½	0.24½	0.21
Payout Ratio	37%	31%	30%	20%	20%	19%	18%	20%	18%	19%
Prices[4]—High	39¼	34½	43¼	41⅜	40	28⅛	23⅜	15⅛	11⅛	9⅛
Low	29⅞	25½	23	29¼	26	19½	14⅜	8⅞	7⅞	5½
P/E Ratio—	22-17	18-13	24-13	17-12	18-11	14-10	13-8	11-6	8-6	8-5

Data as orig reptd Adj. for stk. div(s). of 100% Dec. 1986 (Class B Stk.) 200% Aug. 1983. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. spec. item(s) of +0.56 in 1988, -0.10 in 1987. 4. Cal. yr. NA-Not Available

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	**678**	**55.9**	**8.2**	[3]**10.3**	**15.2**	**2.85**	**54.9**	**33.3%**	[4]**36.6**	**5.4**
1987	599	73.2	12.2	[3]22.4	15.2	5.83	60.1	43.6%	33.9	5.7
[5]1986	533	69.9	13.1	[3]20.0	14.8	7.35	77.2	38.8%	47.2	8.9
1985	475	63.4	13.3	28.5	13.0	5.74	69.7	38.7%	42.7	9.0
[4]1984	451	57.8	12.8	20.1	11.7	5.61	63.5	39.5%	38.4	8.5
1983	448	54.8	12.2	42.2	10.7	4.01	55.6	40.1%	33.3	7.4
1982	449	59.4	13.2	15.5	10.6	3.75	50.4	46.6%	26.9	6.0
1981	403	50.8	12.6	21.9	9.4	3.61	43.4	41.1%	25.6	6.3
1980	349	46.9	13.5	15.0	10.3	3.15	38.4	44.3%	21.4	6.1
1979	318	38.9	12.2	21.5	8.9	3.14	29.8	45.3%	[4]16.3	5.1

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**5.5**	**176**	**141**	**1.2**	**646**	**6.0%**	**16.9**	**362**	**415**	**4.1**	**10.6%**
1987	26.2	169	87	1.9	566	5.8%	8.2	330	405	2.0	10.6%
1986	12.2	158	103	1.5	591	8.7%	58.0	304	424	13.7	16.6%
1985	36.9	152	83	1.8	488	9.3%	43.5	265	359	12.1	17.3%
1984	41.1	152	70	2.2	432	9.1%	46.3	229	315	14.7	18.0%
1983	23.2	132	71	1.9	416	8.6%	50.1	197	279	18.0	18.2%
1982	45.3	154	74	2.1	354	8.1%	32.4	167	227	14.2	17.1%
1981	22.5	126	56	2.2	316	8.6%	33.8	151	209	16.2	18.1%
1980	15.8	106	52	2.0	277	8.2%	29.5	131	182	16.2	17.5%
1979	18.5	104	45	2.3	246	7.2%	29.6	113	163	18.1	15.3%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988, 1981. 3. Net of curr. yr. retirement & disposals. 4. Reflects accounting change. 5. Reflects merger or acquisition.

Business Summary

Contributions by business segment:

Fiscal 1989:	Revs.	Profits
Publishing	69%	66%
Broadcasting	14%	30%
Real estate	13%	7%
Allied products/services	4%	-3%

The magazine division publishes 13 subscription based magazines including Better Homes and Gardens, Successful Farming, Ladies Home Journal, SAIL, Metropolitan Home, Better Homes and Gardens Country Home, Better Homes and Gardens WOOD, Better Homes and Gardens Traditional Home, Country America and Midwest Living. MDP also publishes 20 special interest publications focusing on home improvement, home decorating, food, crafts, gardening, and family life. MDP is a contract printer of magazines, and engages in commercial printing through 50% owned Meredith/Burda.

The company owns seven TV stations, including WTVH-TV in Syracuse, N.Y.; KVVU in Henderson, Nevada; KCTV in Kansas City, Mo.; KPHO-TV in Phoenix, Ariz.; WNEM-TV in Bay City-Saginaw-Flint, Mich.; WOFL-TV in Orlando-Daytona Beach; and KSEE-TV in Fresno, Calif. Four of the TV stations are network affiliated. Through MMT Sales, the company acts as sales agent to national advertisers for 60 TV stations. The book division publishes over 175 home and family service books. Allied activities include real estate marketing, and a family relocation service.

Dividend Data

Dividends have been paid since 1947. Payments on the common and Class B in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Nov. 14	Nov. 18	Nov. 25	Dec. 15'88
0.16	Jan. 23	Feb. 17	Feb. 24	Mar. 15'89
0.16	May 10	May 22	May 26	Jun. 15'89
0.16	Aug. 16	Aug. 21	Aug. 25	Sep. 15'89

Next dividend meeting: Nov. 13'89.

Capitalization

Long Term Debt: $44,206,000, incl. $23.1 million of film rental contracts.

Common Stock: 13,982,539 shs. ($1 par).

Class B Common Stock: 4,680,510 shs. ($1 par); 10 votes per sh; limited transfer.; conv. sh. for sh into com.

Institutions hold about 60% of the com. and Cl. B com. stk.; incl. part of the 33% controlled by Meredith interests.

Shareholders of record: 2,875.

Office—1716 Locust St., Des Moines, Iowa 50336. **Tel**—(515) 284-3000. **Chrmn**—R. A. Burnett. **Pres & CEO**—J. D. Rehm. **VP-Secy**—T. G. Fisher. **Treas**—M. A. Sell. **VP-Fin & Investor Contact**—J. F. Stack. **Dirs**—R. A. Burnett, P. M. Grieve, F. B. Henry, R. E. Lee, R. S. Levitt, E. T. Meredith III, J. D. Rehm, J. D. Sparks, G. D. Thornton, B. S. Uehling, D. Yankelovich. **Transfer Agent & Registrar**—Registrar & Transfer Co., Cranford, N.J. **Incorporated** in Iowa in 1905. **Empl**—4,118.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Meridian Bancorp

NASDAQ Symbol MRDN (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
19⅞	26½-17½	9	1.20	6.0%	A	0.82

Summary

The fourth largest bank holding company in Pennsylvania, Meridian Bancorp owns Meridian Bank, First National Bank of Pike County and Delaware Trust Co. (acquired in early 1988), with a total of more than 180 retail branch offices in eastern Pennsylvania and Delaware. The cash dividend was increased 9.1% effective with the January 1990 payment.

Business Summary

Meridian Bancorp, Inc., formed in 1983 through the merger of American Bancorp, Inc. and Central Penn National Corp., is the fourth largest bank holding company in Pennsylvania. Its principal banking subsidiary, Meridian Bank, has a total of 154 branch offices, with operations in 13 eastern Pennsylvania counties. First National Bank of Pike County (acquired in 1986) has six branch offices serving northeastern Pennsylvania. Delaware Trust Company (acquired January 1, 1988) operates 24 branches in three Delaware counties. The company also has various nonbanking subsidiaries supplying financial and real estate services.

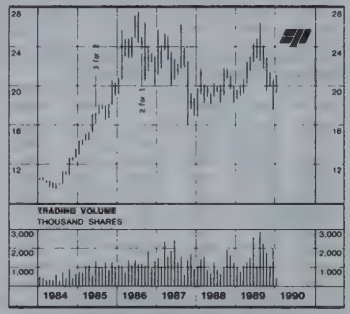
At December 31, 1988, consolidated gross loans of $6.17 billion were divided as follows:

Commercial, financial & agricultural	55%
Consumer	29%
Real estate/mortgage	8%
Real estate/construction	8%

At December 31, 1988, the reserve for possible loan losses was $84,268,000 ($66,077,000 a year earlier), equal to 1.37% (1.20%) of loans outstanding. Net loan chargeoffs in 1988 totaled $14,611,000 (0.25% of average loans), compared with $21,402,000 (0.41%) the year before. Nonperforming assets were $64,398,000 (1.02% of loans outstanding) at the end of 1988, versus $61,465,000 (1.05%) a year earlier.

Consolidated total deposits of $7.13 billion at the end of 1988 were divided: demand 18%, NOW accounts 8%, savings deposits 10%, money-market deposits 22%, time 32% and CDs of $100,000 or more 10%.

Interest and fees on loans contributed 63% of total income for 1988, interest on investment securities 14%, other interest income 5%, title insurance 6%, trust income 2%, service charges on deposit accounts 2% and other noninterest income 8%.



On a tax-equivalent basis, the average yield on total interest-earning assets was 10.22% in 1988 (9.98% in 1987), while the average rate paid on interest-bearing liabilities was 6.54% (6.09%), for a net interest spread of 3.68% (3.89%).

Important Developments

Oct. '89— The company agreed to pay a premium of about $30.5 million in cash to assume some $2 billion of deposits and $434 million of other liabilities of Hill Financial Savings Association, Red Hill, Pa. Meridian also acquired about $904 million of Hill's assets and would receive assistance of some $1.55 billion from the U.S. government's Resolution Trust Corporation (RTC), representing the difference between the amount of liabilities assumed and assets purchased.

Sep. '89— The company dropped its more than $700 million bid to acquire First Pennsylvania Corp., following the signing of a definitive merger agreement between First Pennsylvania and CoreStates Financial Corp.

Per Share Data ($)

Yr. End Dec. 31	[1,3]1988	[1]1987	[2]1986	[2]1985	[1,3]1984	[2]1983	[2]1982	1981	[2]1980	1979
Tangible Bk. Val.	16.12	17.18	15.65	13.85	11.51	12.49	12.41	12.13	11.21	10.18
Earnings[3]	2.21	2.43	2.48	2.34	1.92	1.57	1.69	1.73	1.68	1.55
Dividends	1.10	1.00	0.95	0.87½	0.75	0.73⅜	0.66⅝	0.65⅛	0.59¼	0.55⅛
Payout Ratio	50%	41%	38%	37%	39%	47%	40%	38%	35%	36%
Prices—High	21⅞	26¼	27⅝	20⅝	13⅝	11¾	10½	8⅞	10	11
Low	16¾	16	19⅛	12⅞	9⅜	8¼	7⅜	7	7⅞	9⅛
P/E Ratio—	10-8	11-7	11-8	9-6	7-5	7-5	6-4	5-4	6-5	7-6

Data as orig. reptd. Adj. for stk. div. of 100% Aug. 1986, 50% Jun. 1985. **1.** Refl. acctg. change **2.** Refl. merger or acq. **3.** Ful. dil. 2.14 in 1988, 2.30 in 1987, 2.34 in 1986, 2.20 in 1985, 1.88 in 1984

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1,2]1988	333	33.2	172	32.8	69.7	100	14.0%	86.1	4.58	0.99	13.6
[1]1987	256	39.5	185	20.1	72.8	75	6.2%	70.0	4.67	1.01	13.8
[2]1986	229	55.4	163	15.8	70.2	71	3.0%	69.1	4.90	1.09	15.6
[2]1985	209	33.1	101	14.3	68.3	62	7.3%	57.6	4.72	1.02	16.3
[1,2]1984	156	28.0	43	10.2	65.6	41	0.3%	41.3	4.58	0.95	15.3
[2]1983	131	26.5	29	8.7	64.5	32	0.5%	32.3	4.74	0.89	13.2
[2]1982	84	20.6	17	10.5	56.1	22	NM	22.5	5.04	1.01	14.3
1981	70	17.7	14	8.9	57.2	18	NM	20.3	4.76	1.02	14.7
[2]1980	65	21.5	11	9.0	53.3	15	NM	19.6	4.96	1.05	15.9
1979	58	19.5	12	8.3	51.3	15	NM	17.6	4.99	1.06	15.9

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	9,523	365	1,874	3,395	2,940	1.33	1,260	5,865	88.6	115	627	6.95
1987	7,255	290	1,396	2,843	2,002	1.20	1,019	4,614	85.7	115	498	6.91
1986	6,801	222	1,448	2,686	1,743	1.29	1,074	4,379	80.9	117	453	6.56
1985	6,230	255	1,530	2,223	1,503	1.35	886	3,965	76.2	117	377	5.82
1984	5,494	316	1,323	1,867	1,424	1.34	891	3,689	70.5	127	283	5.95
1983	3,728	127	973	1,427	909	1.34	562	2,528	73.3	57	256	6.75
1982	2,471	137	653	844	694	1.25	325	1,775	70.6	43	169	7.07
1981	2,052	83	442	769	650	1.11	327	1,427	77.9	33	147	6.93
1980	1,930	NA	461	740	614	1.01	349	1,339	77.7	15	131	6.63
1979	1,793	NA	406	669	577	0.81	349	1,227	79.0	15	116	6.64

Data as orig. reptd. **1.** Refl. acctg. change. **2.** Refl. merger or acq. NM-Not Meaningful. NA-Not Available

Review of Operations

Net interest income for the nine months ended September 30, 1989, advanced 9.8%, year to year, primarily because of strong growth in the consumer and commercial loan portfolios of the company's three banks. The provision for possible loan losses declined 29%. Noninterest income and noninterest expense increased 2.7% and 10%, respectively, and pretax income also expanded 10%. After taxes at 18.7%, against 15.7%, net income was up 6.3%, to $68,385,000 ($1.75 a share; $1.70 fully diluted), from $64,343,000 ($1.66; $1.60). Results in the current interim were penalized by an after-tax loss of $6.2 million from title insurance operations (due to several large claims and the establishment of additional reserves), which was partially offset by a significant improvement in mortgage banking operations.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.62	0.48	0.60	0.45
Jun.	0.56	0.55	0.56	0.69
Sep.	0.57	0.63	0.70	0.64
Dec.		0.55	0.58	0.70
		2.21	2.43	2.48

Dividend Data

Dividends have been paid since 1828. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Feb. 24	Mar. 9	Mar. 15	Apr. 1'89
0.27½	May 24	Jun. 9	Jun. 15	Jul. 1'89
0.27½	Jul. 28	Sep. 11	Sep. 15	Oct. 1'89
0.30	Nov. 28	Dec. 11	Dec. 15	Jan. 1'90

Finances

In September 1989, the company completed the redemption of its outstanding Series A preferred stock.

In January 1988, the company acquired Delaware Trust Co. (assets of $1.3 billion) for 9,370,000 Meridian common shares. In November 1986, Meridian acquired First National Bank of Pike County, Pa. (assets of $127 million) for 810,000 common shares.

In November 1989, Meridian filed an application with the Federal Reserve for approval of a $665,000 investment (a 22.5% stake) in Roderick Sutherland & Partners PLC, a Scottish brokerage firm serving institutional clients.

Capitalization

Long Term Debt: $116,648,000 (9/89).

Common Stock: 40,280,281 shs. ($5 par). Institutions hold about 51%.
Shareholders: 20,114 (12/88).

Office—35 N Sixth St., P.O. Box 1102, Reading, Pa. 19603 **Tel**—(215) 320-2000. **Chrmn & CEO**—S. A. McCullough **Pres & COO**—E. S. Ketchum **Secy**—W. L. Gaunt. **Vice Chrmn & CFO**—T. L. Troupe. **Investor Contact**—W. Sturgis Corbett **Dirs**—J. H. Austin Jr., D. E. Breidegam, C. Coriess, J. W. Erving, F. D. Hafer, J. H. Jones, E. S. Ketchum, S. D. Kline Jr., S. A. McCullough, C. H. Norris Jr., R. M. Palmer, D. H. Polett, L. R. Pugh, P. R. Roedel, D. G. Ruffer, W. R. Schultz, R. B. Seidel, J. M. von Seldeneck, H. F. Still Jr., G. Strawbridge Jr., A. A. Summers **Transfer Agent & Registrar**—Company itself. **Formed** in 1969; bank chartered in 1828 **Empl**—5,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

J. Lang

Merrill Lynch

NYSE Symbol MER Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
27⅝	36¾-23½	7	1.00	3.6%	B+	1.72

Summary

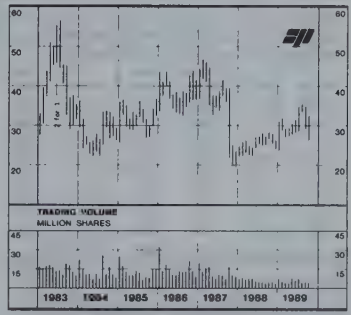
Merrill Lynch & Co. owns one of the largest firms in the securities industry, and is also engaged in insurance and other financial services. Earnings through the first nine months of 1989 were erratic, reflecting softness in certain core businesses and the volatility of the marketplace. Diversity of products and services as well as cost cutting could boost earnings in 1990.

Current Outlook

Earnings for 1990 could reach $2.10 a share, compared with the $1.75 estimated for 1989.

The $0.25 quarterly dividend is the minimum expected.

The reluctance of retail customers to commit to an oftentimes volatile market could limit earnings gains in 1990. However, while this higher margined business is expected to remain sluggish, MER has a menu of alternative products to sell to clients, including life insurance, annuities, and money market accounts. This strategy should further the company's goal of keeping client assets under its roof. Investment banking results will hinge upon a strong M&A and LBO environment (which is not certain given higher equity valuations and concerns regarding the junk bond market). While MER remains the largest underwriter of debt and equity securities worldwide (about a 10% share), margins will likely remain narrowed. Continued cost cutting will help buffer MER in a slowing martketplace.



Total Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.80	2.41	2.70	2.17
Jun.	2.91	2.49	2.44	2.33
Sep.	2.83	2.80	3.02	2.33
Dec.	---	2.85	2.71	2.76
	---	10.55	10.87	9.61

Total revenues for the nine months ended September 30, 1989 rose 21%, year to year. Commissions advanced 10%, while interest and dividends were up 46%, principal transaction revenues declined 11%, and investment banking fell 10%. Insurance and asset management increased 27%, and 15% respectively. Total expenses were up 22%, and pretax income fell 13%. After taxes at 42.9%, versus 43.9%, net earnings were off 12%. Following preferred dividends, share earnings were $1.23, compared with $1.45, before income from discontinued operations of $0.04 against $0.22.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.29	0.62	1.00	0.85
Jun.	0.58	0.47	0.76	0.86
Sep.	0.36	0.58	1.78	0.88
Dec.	E0.52	2.69	0.02	1.84
	E1.75	4.29	3.58	4.44

Important Developments

Oct. '89— MER said results for the third quarter reflected industrywide softness in some of its core businesses. Commissions increased 21% due to higher trading volumes and strong mutual fund sales. Principal transaction revenues were off 19% reflecting lower trading revenues in fixed income securities. Investment banking revenues fell 22% primarily due to lower levels of underwriting. Higher investment income led to a 16% advance in insurance revenues, while increased assets under management boosted asset management fees 12%.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	34.08	31.36	25.63	21.63	20.18	20.08	17.21	15.04	12.87	10.79
Earnings[1]	4.29	3.58	4.44	2.26	1.03	2.68	3.80	2.57	2.76	1.63
Dividends	1.00	0.95	0.80	0.80	0.80	0.78	0.66	0.60	0.52	0.46
Payout Ratio	23%	27%	18%	35%	78%	29%	17%	23%	19%	28%
Prices—High	28⅜	46¾	43¾	36¾	36⅜	56½	35⅝	22⅛	19⅝	10⅞
Low	22⅛	19½	32⅜	25½	22	27½	10½	14⅜	7⅞	7¾
P/E Ratio—	7-5	13-5	10-7	16-11	35-21	21-10	9-3	9-6	7-3	7-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun 1983 1. Bef. spec. item(s) of -0.14 in 1986 E-Estimated

October 25, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Commissions	Int. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On [2]Assets	% Return On [2,3]Equity
1988	1,602	4,066	10,547	3,634	93.9	639	27.5%	463	4.4	0.8	14.8
1987	2,400	3,475	10,868	3,031	96.1	429	9.0%	391	3.6	0.7	12.9
1986	2,149	3,047	9,606	2,698	92.0	773	39.3%	469	4.9	0.9	17.5
1985	1,573	2,590	7,117	2,218	94.9	364	38.4%	224	3.2	0.6	10.2
1984	1,217	2,452	6,038	2,109	98.8	70	NM	95	1.6	0.3	5.0
1983	1,523	1,792	5,687	1,433	93.1	393	41.4%	230	4.0	1.0	13.2
1982	1,133	1,944	5,026	1,608	89.0	555	44.4%	309	6.1	1.6	24.7
1981	922	1,835	4,038	1,511	91.7	333	39.2%	203	5.0	1.3	19.1
1980	1,012	1,131	3,022	879	87.9	366	44.5%	203	6.7	1.7	23.2
1979	642	763	2,052	638	90.4	196	39.5%	119	5.8	1.2	15.9

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Cash Items	Rec.	[4]Secs. Owned	Sec. Borrowed	Due Brokers & Cust.	Other Liabs.	Capitalization Debt	Capitalization [3]Equity	Capitalization Total
1988	64,403	4,273	34,852	19,040	34,390	8,802	11,443	6,283	3,484	9,768
1987	55,193	2,839	32,529	14,521	29,401	8,360	8,840	5,261	3,331	8,592
1986	53,013	1,871	32,254	15,515	28,675	8,978	7,698	4,787	2,876	7,662
1985	48,117	1,354	28,589	15,397	26,348	9,394	6,313	3,722	2,341	6,063
1984	30,840	1,014	18,145	8,521	17,734	4,234	4,630	2,163	2,079	4,242
1983	26,139	1,159	15,700	6,828	13,533	4,078	5,376	1,264	1,888	3,152
1982	20,697	1,260	11,921	5,371	9,424	4,063	5,021	757	1,433	2,190
1981	17,682	1,013	10,684	4,213	8,758	3,318	3,940	502	1,164	1,666
1980	13,246	1,252	8,694	2,057	5,589	2,968	3,353	367	969	1,337
1979	10,556	991	6,503	2,141	4,552	3,052	1,891	277	784	1,062

Data as orig. reptd. 1. Bef. spec. item(s) in 1986 2. As reptd. by Co. 3. Common. 4. At mkt. value NM-Not Meaningful

Business Summary

Merrill Lynch & Co. is a diversified financial services company which, through subsidiaries, provides investment, financing, real estate, insurance and related services. Its chief subsidiary, Merrill Lynch, Pierce, Fenner & Smith (MLPF&S) is one of the largest in the securities industry.

Segment contributions to pretax earnings in recent years were:

	1988	1987	1986
Investment & financing services	83%	57%	84%
Real estate	4%	15%	4%
Insurance	13%	28%	12%

MLPF&S, directly and through subsidiaries, is a broker in securities, option contracts, commodity and financial futures contracts, and selected insurance products; a dealer in corporate and municipal securities; and an investment banker. MER manages mutual funds, provides investment advisory services and engages in international banking outside the U.S.

Real estate services includes financing, mortgage banking and servicing, brokerage, and relocation services. Insurance operations include the sale and underwriting of mortgage cancellation insurance, single premium whole life insurance and annuity contracts.

Dividend Data

Dividends have been paid since 1971. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Oct. 24	Oct. 31	Nov. 4	Nov. 23'88
0.25	Jan. 23	Jan. 30	Feb. 3	Feb. 22'89
0.25	Apr. 28	May 2	May 8	May 24'89
0.25	Jul. 24	Jul. 31	Aug. 4	Aug 23'89

Finances

At June 30, 1989 MLPF&S's regulatory net capital of $895 million was 11.9% of aggregate debit balances, and was $745 million in excess of the minimum required.

Capitalization

Long Term Debt: $7,188,305,000.

Preferred Stock: $300,000,000 (liquid. pref.).

Common Stock: 101,416,941 shs. ($1.33 1/3 par).
Institutions hold about 50%.
Shareholders of record: 17,000

Office—World Financial Center, NYC 10281-1332 **Tel**—(212) 449-1000 **Chrmn & CEO**—W. A. Schreyer **Pres**—D. P. Tully **Secy**—S. M. M. Miller **VP-CFO**—T. H. Patrick **VP-Treas**—D. B. Brunson **Investor Contact**—C. E. Melrose **Dirs**—W. O. Bourke, J. F. Burlingame, M. von Clemm, J. K. Conway, S. L. Hammerman, R. A. Hanson, E. H. Harbison, Jr., J. P. Kenney, J. H. Lorie, C. A. Sanders, W. A. Schreyer, B. F. Smith, J. L. Steffens, D. P. Tully, L. H. Wilson **Transfer Agents & Registrars**—Co.'s office; Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1973 **Empl**—43,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Microsoft Corp.

4608M

NASDAQ Symbol MSFT (Incl. in Nat'l Market; marginable) Options on ASE & Pacific

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
84 3/4	89 1/4-45 3/4	26	None	None	NR	NA

Summary

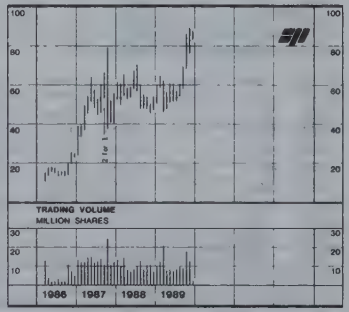
Microsoft develops and markets a diverse line of systems and applications microcomputer software—including its MS-DOS operating system, the most widely used operating system for IBM PC and IBM-compatible microcomputers. The company has introduced MS-OS/2, a long-awaited operating system designed to harness the capabilities of personal computers based on the Intel 80286 and 80386 microprocessors. Results for fiscal 1990 should benefit from continued strength across the company's broad product line and from robust international operations.

Current Outlook

Earnings for fiscal 1990 are estimated at $3.85 a share, up from the $3.03 of fiscal 1989.

Cash dividends are not anticipated.

Revenues for fiscal 1990 are expected to exceed $1 billion, reflecting strength across all product segments with particular strength in international markets. MSFT is a leading provider of applications software for the Apple Macintosh, and its development efforts on applications for IBM and IBM-compatible PCs have produced several strong products, including the popular Word and Excel programs. Margins are expected to narrow, owing to continued high R&D expenses and a shift in the product mix away from systems software products toward applications programs, which require higher selling costs. Future plans to deliver a similar graphical user interface across DOS, OS/2 and UNIX bode well for long-term earnings growth.



Net Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep	235.2	176.4	102.6	66.8
Dec.		209.9	155.9	81.0
Mar.		197.0	161.8	98.4
Jun.		220.2	170.5	99.8
		803.5	590.8	345.9

Net revenues for the three months ended September 30, 1989, advanced 33%, year to year, reflecting strong demand across all product groups, particularly in international markets. Gross margins widened on manufacturing efficiencies which outweighed a less favorable product mix; however, profits were restrained by higher R&D and marketing costs. Fcllowing higher other income (net), pretax income rose 36%. After taxes at 32.0% in both periods, net income also rose 36%, to $49,588,000 ($0.87 a share), from $36,582,000 ($0.65).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.87	0.65	0.38	0.29
Dec.	E1.01	0.85	0.63	0.35
Mar.	E1.00	0.73	0.67	0.35
Jun.	E0.97	0.80	0.54	0.31
	E3.85	3.03	2.22	1.30

Important Developments

Jul. '89— A federal judge significantly narrowed the scope of the Apple (AAPL) vs. Microsoft (MSFT) and Hewlett-Packard lawsuit, ruling that all but 10 of the 189 items APPL claimed infringed on its copyrights were covered by a 1985 agreement between AAPL and MSFT. The 10 remaining items relate solely to the use of overlapping windows and certain characteristics of icons in Windows 2.03.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982
Tangible Bk Val	10.01	6.85	4.54	2.73	1.24	0.70	NA	NA
Earnings	3.03	2.22	1.30	0.78	0.52	0.35	0.15	0.09
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[1]—High	89 1/4	70 1/2	79 1/4	25 5/8	NA	NA	NA	NA
Low	45 3/4	45 1/4	23 3/4	10 1/2	NA	NA	NA	NA
P/E Ratio—	29-15	32-20	61-18	33-13	NA	NA	NA	NA

Data as orig reptd Adj for stk div of 100% Sep 1987 1. Cal. yr NA-Not Available E-Estimated

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Income Data (Million $)

Year Ended Jun. 30	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	804	258	32.2	89.4	24.2	2.30	251	32.0%	171	21.2
1988	591	190	32.2	71.5	17.3	1.50	184	32.6%	124	21.0
1987	346	120	34.8	58.1	7.6	0.83	121	40.8%	72	20.8
1986	198	67	33.7	13.5	5.7	NA	66	40.5%	39	19.9
1985	140	44	31.6	[1]6.6	3.5	NA	43	43.7%	24	17.2
1984	97	31	32.0	[1]5.8	2.1	NA	28	43.3%	16	16.3
1983	50	12	23.3	[1]3.2	1.0	NA	11	41.4%	6	13.0
1982	24	NA	NA	NA	NA	NA	6	37.3%	3	14.3

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	301	469	159	3.0	721	27.9	Nil	562	562	Nil	36.1
1988	183	345	118	2.9	493	31.5	Nil	375	375	Nil	40.0
1987	132	213	47	4.6	288	31.0	2.01	239	241	0.8	37.5
1986	103	148	30	5.0	171	31.7	1.88	139	141	1.3	38.7
1985	19	52	11	4.9	65	42.8	Nil	53	54	Nil	56.6
1984	3	38	17	2.3	48	44.1	0.44	31	31	13.9	70.0
1983	NA	NA	NA	NA	24	33.2	Nil	15	15	Nil	56.6
1982	NA	NA	NA	NA	15	NA	Nil	8	8	Nil	NA

Data as orig reptd 1. Net. NA-Not Available.

Business Summary

Microsoft Corporation develops, markets and supports a wide range of microcomputer software, including operating systems, languages and application programs, as well as books, CD-ROM products and hardware, for business and professional use.

Net revenues by product group in recent fiscal years were:

	1989	1988
Systems/language software	44%	47%
Applications software	42%	40%
Hardware & books	14%	13%

Products are sold through four primary channels—domestic OEM (14% of fiscal 1989 revenues), domestic retail (29%), international OEM (18%) and international retail (37%)—and through Microsoft Press and other channels (2%).

Microsoft markets three proprietary operating systems for microcomputers: MS-DOS, MS-OS/2 and XENIX. MS-DOS is a single-user, single-tasking operating system designed initially for the IBM PC with its 16-bit Intel 8088 microprocessor chip. Microsoft Operating System/2 (MS-OS/2) is designed to run on the new generation of computers based on the Intel 80286 and 80386 computer chips MS-OS/2 provides increased memory for running applications and is multitasking. XENIX is a UNIX-based multi-user operating system.

LAN Manager is an OS/2-based network software enabling the user to run DOS on UNIX workstations or a network server that is running under OS/2.

Microsoft's Windows provides an operating environment that allows users to run several programs at the same time and offers drop down menus, icons and mixed text and graphics.

Microsoft has developed and markets many microcomputer language products, including BASIC, "C," FORTRAN and COBOL. Applications software is offered in six product categories—word processing, spreadsheet, file management, graphics, communications and project management—for the MS-DOS, MS-OS/2 and Apple Macintosh environments, with Microsoft particularly strong in the Macintosh arena.

The Microsoft Mouse, a handheld pointing device, is the company's principal hardware product. Publishing-related activities include computer-oriented books and CD-ROM products.

Dividend Data

No cash has been paid.

Finances

During fiscal 1989, Microsoft spent about $110.2 million (13.7% of revenues) on R&D, versus $69.8 million (11.8%) the year before.

Capitalization

Long Term Debt: None (9/89).

Common Stock: 55,315,000 shs. ($0.001 par). Officers & directors own about 47%, incl 37% held by William H. Gates III. In addition, Paul G. Allen owns about 17%.
Institutions hold about 19%.
Stockholders of record: 7,635 (7/89).

Office—One Microsoft Way, Redmond, Wash 98052 8399 **Tel**—(206) 882-8080 **Chrmn & CEO**—W H Gates III **Pres**—J A Shirley **SVP-Fin, Treas & CFO**—F. J. Gaudette **Investor Contact**—Raymond B. Ferguson **Dirs**—W. H. Gates III, D. F. Marquardt, R. D. O'Brien, W. G. Reed,Jr., J. A. Shirley **Transfer Agent**—First Interstate Bank, Ltd., Calabasas, Calif. **Incorporated** in Washington in 1981, reincorporated in Delaware in 1986 **Empl**—4,037.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C Wood

Millipore Corp.

NYSE Symbol MIL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
34¼	37⅜-29¼	17	0.40	1.2%	A	1.19

Summary

Millipore is a leader in the field of separations technology, manufacturing and marketing a wide array of products used primarily in the analysis and purification of fluids in the life sciences research, drug production, environmental testing, beverage processing and other areas. Expansion in major markets and a steady flow of new products should enable MIL to extend its favorable sales and earnings growth record in the years ahead.

Current Outlook

Earnings for 1990 are expected to rise to $2.30 a share from the $2.00 estimated for 1989.

Some increase in the dividend, presently at $0.10 quarterly, is likely by mid-1990.

Sales for 1990 should show more rapid growth than in 1989, aided by projected stability in foreign currency exchange (MIL typically derives close to 60% of its sales overseas) and greater contributions from new products, especially in the life sciences research area. Despite some softening likely in certain industrial markets, continued strong product demand is expected from the food and beverage and drug fields. Margins should well maintained on the better volume.

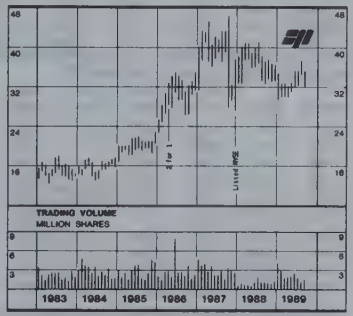
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	160.8	145.4	116.6	100.0
Jun.	167.0	155.3	129.6	109.5
Sep.	---	150.7	128.3	109.0
Dec.	---	170.5	154.2	124.6
	---	621.9	528.7	443.1

Sales for the six months ended June 30, 1989 advanced 9.0%, year to year. Costs and expenses, however, were sharply higher, and the gain in net income was held to 3.5%. Share profits were $0.93, versus $0.90.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.45	0.43	0.35	0.30
Jun.	0.48	0.47	0.40	0.33
Sep.	E0.45	0.46	0.39	0.32
Dec.	E0.62	0.60	0.56	0.45
	E2.00	1.96	1.70	1.40



Important Developments

Aug. '89— Millipore agreed to sell its Process Water division (1988 sales of about $45 million) to Eastern Enterprises for approximately $54 million in cash. The sale was expected to be completed during the fourth quarter of 1989.

Aug. '89— The company noted that its research and development expenses for the first half of 1989 exceeded $27 million, up 20% from those of the comparable year-earlier period. MIL added that so far in 1989 it had introduced 22 new products, ranging from RNA synthesis chemistry kits to a new VAX-based chromatography data and control station that can link four chromatography systems in a busy research center. Separately, the company said that it expected to see improvements in both sales and earnings by year's end.

Next earnings report expected late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	[1]1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	12.56	11.73	10.27	8.87	7.79	7.04	6.56	5.66	5.35	4.69
Earnings[2]	1.96	1.70	1.40	1.15	1.11	0.76	0.60	0.37	0.70	0.86
Dividends	0.35	0.31	0.27	0.23½	0.21½	0.19	0.17	0.15½	0.13½	0.11½
Payout Ratio	18%	18%	19%	20%	19%	25%	28%	42%	19%	13%
Prices—High	41⅛	46½	35	22⅞	17¾	18⅛	15⅞	18⅞	19⅞	15⅞
Low	32⅝	27⅛	22⅝	16¾	12⅞	12⅜	7⅜	7⅞	13⅛	12½
P/E Ratio—	21-17	27-16	25-16	20-15	16-12	24-16	26-12	51-21	28-19	19-14

Data as orig. reptd. Adj. for stk. div. of 100% Apr. 1986. 1. Refl. merger or acq. 2. Bef. results of disc. ops. of +0.63 in 1982, +0.03 in 1981. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	622	99.3	16.0	47.8	23.5	8.14	72.7	25.0%	54.5	8.8
1987	529	86.8	16.4	44.1	22.1	4.46	63.6	25.0%	47.7	9.0
[1]1986	443	71.5	16.1	[2]32.5	18.7	4.49	52.1	25.0%	[3]39.1	8.8
1985	367	57.5	15.6	24.1	15.3	3.70	42.2	24.9%	31.7	8.6
1984	332	47.9	14.4	19.4	12.6	3.61	36.3	16.0%	30.5	9.2
1983	292	39.6	13.5	18.8	11.2	3.81	28.2	26.8%	20.7	7.1
[1,4]1982	272	31.6	11.6	14.0	9.5	5.63	22.9	28.9%	[3]16.3	6.0
[4]1981	254	26.3	10.4	21.7	8.8	7.73	13.1	24.6%	9.9	3.9
[1]1980	265	40.6	15.3	26.9	7.9	5.64	28.9	36.0%	18.5	7.0
[1]1979	153	32.9	21.5	15.2	4.8	1.48	27.5	38.7%	16.8	11.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	36.2	347	98	3.6	576	10.3%	105	366	471	22.3	15.7%
1987	28.4	301	135	2.2	480	10.9%	5	331	337	1.6	15.5%
1986	38.9	255	90	2.8	398	10.4%	12	290	302	4.0	14.5%
1985	45.4	225	79	2.8	346	9.8%	13	245	262	5.1	13.8%
1984	41.6	190	69	2.8	301	10.6%	11	214	229	4.6	15.0%
1983	30.1	168	64	2.6	275	7.7%	11	193	212	5.0	11.1%
1982	33.4	152	53	2.9	257	6.4%	16	178	204	8.0	9.8%
1981	4.1	153	58	2.7	251	4.0%	34	151	194	17.8	6.7%
1980	3.3	151	56	2.7	241	9.0%	36	142	185	19.4	13.9%
1979	4.5	85	25	3.4	127	14.1%	6	92	102	5.6	19.6%

Data as orig. reptd. 1. Refl. merger or acq. 2. Net. 3. Refl. acctg. change. 4. Excl. disc. ops.

Business Summary

Millipore Corp. is a leader in the field of separations technology, manufacturing a wide range of products used primarily in the analysis and purification of fluids. Sales by principal product groups were divided as follows in recent years:

	1988	1987
Analytical products	61%	61%
Purification products	39%	39

The U.S. accounted for 41% of sales and 69% of profits in 1988; Europe for 30% and 15%; Pacific nations for 18% and 12%; and other areas for 11% and 4%.

Analytical products are used to detect, identify and quantify the chemical, physical or biological components of a sample. For purification applications, the company's products are used in manufacturing and research operations to isolate and purify specific components or to remove contaminants.

The principal separation technologies utilized by the company are based on membrane filters (representing products accounting for 51% of 1988 sales) and high pressure liquid chromatography or HPLC (42%). Membranes are used to filter either the wanted or unwanted particulate or molecular matter contained in a fluid. Other technologies (7%) include deionization and electrophoresis.

Membrane- based products include disc and cartridge filters and housings, filter-based test kits and ancillary equipment and supplies. HPLC instruments include injectors, pumps, columns, detectors, controllers and data analyzers.

Products are sold to industrial customers (68% of 1988 sales), which include pharmaceutical, biotechnology, chemical, food and beverage, and environmental testing firms; universities and government (23%); and clinical laboratories, hospitals and other medical research institutions (9%).

Dividend Data

Cash has been paid each year since 1966. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Nov. 18	Dec. 23	Dec. 30	Jan. 30'89
0.09	Feb. 17	Mar. 27	Mar. 31	Apr. 28'89
0.10	Jun. 15	Jun. 26	Jun. 30	Jul. 28'89
0.10	Sep. 22	Sep. 26	Oct. 2	Oct. 30'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $105,418,000.

Common Stock: 27,892,090 shs. ($1 par).
Institutions hold about 69%.
Shareholders of record: 4,900.

Office—80 Ashby Rd., Bedford, Mass 01730 **Tel**—(617) 275-9200 **Chrmn & Pres**—J. A. Gilmartin. **VP-CFO**—D. A. Berthiaume **Clerk**—J E Beard **Investor Contact**—John S. Glass **Dirs**—C. D Baker, J. H. Bush, D W Freed, J. A. Gilmartin, M Hoffman Jr, G. D Laubach, P R Lawrence, A. T Lyman Jr., S. Muller, T. O Pyle, J. K. Spring, W E C Wacker. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Massachusetts in 1954 **Empl**—5,832.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Herman Saftlas

Minnesota Mining

NYSE Symbol MMM Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
75¼	80⅜-60⅛	14	2.60	3.5%	A	0.98

Summary

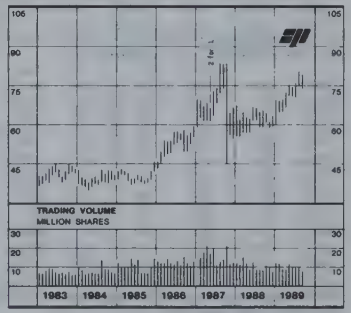
MMM is a highly diversified manufacturer of industrial, commercial, health care, and consumer products which share similar technological, manufacturing and marketing resources. The company seeks to derive 25% of annual sales from products introduced within the most recent five years. Revenue growth in the 1989 second half is expected to be impaired by the slowing U.S. economy and a stronger dollar. Profitability should continue to benefit from cost reduction and productivity improvement programs.

Current Outlook

Earnings for 1989 are estimated at $5.55 a share, versus 1988's $5.09. Earnings for 1990 could increase to $6.15 a share.

Dividends should continue at the current rate of $0.65 quarterly.

Unit volume growth is expected to slow in the second half of 1989. Increased penetration of international markets will help cushion MMM from adverse currency effects which could impact full-year 1989 earnings by about $0.25 per share. In the United States, further economic slowing will make it difficult to achieve the unit-volume growth that MMM averaged in the 1989 first half. Margins should continue to benefit from efforts to control costs and improve productivity. The tax rate is expected to decline slightly. Per share earnings growth should continue to benefit from a stock repurchase program.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.02	2.60	2.21	2.07
Jun.	3.03	2.71	2.38	2.19
Sep.	---	2.69	2.47	2.24
Dec.	---	2.58	2.38	2.11
	---	10.58	9.43	8.60

Revenues for the six months ended June 30, 1989 rose 5.8%, year to year; 1988 revenues were restated to reflect the consolidation of a Japanese joint venture. International unit volume was up 13%, and domestic volume grew 4%. Profitability benefited from cost reduction and productivity improvement programs, and pretax earnings advanced 8.2%. After taxes at 39.8%, versus 40.9%, net income increased 10%. Share earnings were up 13%, to $2.92 on 2.8% fewer shares outstanding from $2.58.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.43	1.22	0.93	0.79
Jun.	1.49	1.36	1.05	0.86
Sep.	E1.36	1.30	1.09	0.94
Dec.	E1.27	1.21	0.95	0.82
	E5.55	5.09	4.02	3.40

Important Developments

Jun. '89— Directors authorized the repurchase of up to 10 million MMM shares between May 31, 1989 and June 1, 1990. These purchases, expected to be made on the open market, will be used to replace shares sold to the ESOP, for employee stock purchase plans, and other corporate needs. Separately, in the 1989 second quarter MMM filed a $400 million shelf registration with the SEC.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	24.58	22.24	19.53	17.49	16.40	15.77	15.05	14.43	14.05	12.58
Earnings	5.09	4.02	3.40	2.89	3.14	2.84	2.69	2.87	2.89	2.80
Dividends	2.12	1.86	1.80	1.75	1.70	1.65	1.60	1.50	1.40	1.20
Payout Ratio	41%	46%	53%	60%	54%	58%	60%	52%	48%	43%
Prices—High	67½	83½	59½	45⅞	42⅞	45⅛	39¾	32½	31½	33
Low	55¼	45	43	36⅞	34⅜	36⅛	24½	24	22⅞	24⅛
P/E Ratio—	13-11	21-11	17-13	16-13	14-11	16-13	15-9	11-8	11-8	12-9

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	10,581	2,515	23.8	841	632	95	1,882	38.7%	1,154	10.9
1987	9,429	2,142	22.7	721	564	95	1,565	41.3%	918	9.7
1986	8,602	1,917	22.3	703	507	106	1,348	42.2%	[2]779	9.1
1985	7,846	1,644	21.0	767	444	104	1,097	39.5%	664	8.5
1984	7,705	1,689	21.9	701	403	91	1,253	41.5%	733	9.5
1983	7,039	1,505	21.4	557	366	74	1,112	40.0%	667	9.5
1982	6,601	1,373	20.8	608	325	84	1,014	37.8%	631	9.6
[3]1981	6,508	1,451	22.3	561	282	79	1,153	41.6%	[2]673	10.3
[3]1980	6,080	1,453	23.9	524	253	62	1,195	43.3%	678	11.2
1979	5,440	1,401	25.7	450	222	56	1,173	44.2%	655	12.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	897	4,741	2,371	2.0	8,922	13.7%	406	5,514	6,184	6.6	22.0%
1987	594	4,229	1,931	2.2	8,031	12.0%	435	5,060	5,807	7.5	19.3%
1986	545	3,961	1,823	2.2	7,348	11.2%	436	4,463	5,285	8.2	18.4%
1985	192	3,473	1,579	2.2	6,593	10.5%	431	4,008	4,803	9.0	17.1%
1984	182	3,402	1,448	2.3	6,094	12.4%	330	3,814	4,482	7.4	19.6%
1983	237	3,119	1,208	2.6	5,760	11.9%	358	3,698	4,372	8.2	18.5%
1982	150	2,915	1,205	2.4	5,514	11.5%	340	3,548	4,150	8.2	18.0%
1981	154	3,011	1,267	2.4	5,422	12.9%	327	3,449	4,006	8.2	19.9%
1980	209	2,872	1,063	2.7	5,046	14.1%	346	3,295	3,831	9.0	21.7%
1979	263	2,648	970	2.7	4,575	15.1%	357	2,950	3,462	10.3	23.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition

Business Summary

Minnesota Mining's many major product lines are separated into four major business segments. Business sector contributions in 1988:

	Sales	Profits
Industrial & electronic	36%	39%
Information imaging technologies	28%	16%
Life sciences	22%	26%
Commercial & consumer	14%	19%

Foreign operations accounted for 40% of both sales and operating profits in 1988.

The industrial and electronics sector markets a broad range of pressure sensitive tapes, coated abrasives, cleaning and finishing materials, roofing granules, films, carpet protectors, specialty chemicals and products for electro-telecommunications markets.

The information and imaging technologies segment makes a diskettes, data ca rtridges, videotape, printing plates, color proofing systems, medical diagnostic products, amateur photographics films, and micrographic systems, as well as overhead projectors, transparency films and graphics for truck fleets and architectural uses.

The life sciences segment makes a broad line of medical, surgical, orthopedic, pharmaceutical and dental products as well as a variety of traffic control and personal safety products, including reflective materials, tapes for diapers, respiratory protection devices, garment insulating materials, filtration products and films that help prevent document forgery.

The commercial and consumer segment provides Post-it notes, Scotch tapes, office supplies, computer data media, auto body repair and refinishing products, products for the construction industry, and a line of carbonless paper.

Dividend Data

Dividends have been paid since 1916. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.53	Nov. 14	Nov. 18	Nov. 25	Dec. 12'88
0.65	Feb. 6	Feb. 17	Feb. 24	Mar. 12'89
0.65	May 9	May 22	May 26	Jun. 12'89
0.65	Aug. 14	Aug. 21	Aug. 25	Sep. 12'89

Capitalization

Long Term Debt: $415,000,000.

Common Stock: 217,689,273 shs. (no par).
Institutions hold about 66%.
Shareholders: 113,000.

Office—3M Center, St. Paul, Minn. 55144-1000. **Tel**—(612) 733-1110. **Chrmn & CEO**—A. F. Jacobson **VP-Secy**—A. D Levi. **VP-Treas**—R D Ebbott. **Investor Contact**—Joan C. McBride **Dirs**—E. A. Brennan, L. D. DeSimone, C. Dietz, A. J. Huber, A. F. Jacobson, L. W. Lehr, J. A. McMahon, M. J. Monteiro, L. L. Morgan, A. E. Murray, J. G. Ordway, Jr., N. T. Pace, P. G. Peterson, F. A. Smith. **Transfer Agents & Registrars**—Norwest Bank Minnesota, South St. Paul. **Incorporated** in Delaware in 1929. **Empl**—82,818.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Minnesota Power & Light

NYSE Symbol MPL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
25¼	27⅝-22⅞	11	1.78	7.0%	A	0.52

Summary

This moderate-sized utility serves an important mining area, which includes the Mesabi Iron Range; taconite producers accounted for 47% of revenues in 1988. Because of the long-term outlook of below capacity operation of the taconite mines in its territory, MPL has sought to diversify operations. In July, 1989 the company sold its telephone properties for $90 million in cash.

Business Summary

Minnesota Power & Light provides electric service in a 26,000 square-mile area in central and northeastern Minnesota. A subsidiary, Superior Water, Light, & Power (SWL&P), provides electric, water, and gas service in Superior, Wisc., and adjacent areas. Contributions to electric revenues (85% of total revenues in 1988) by customer class in recent years:

Revenues	1988	1987	1986	1985
Residential	12%	12%	13%	12%
Commercial	11%	11%	11%	11%
Industrial	67%	64%	63%	66%
Other	10%	13%	13%	11%

Revenues from sales to taconite processing customers accounted for 47% of electric operating revenues in 1988 (47% in 1987 and 46% in 1986).

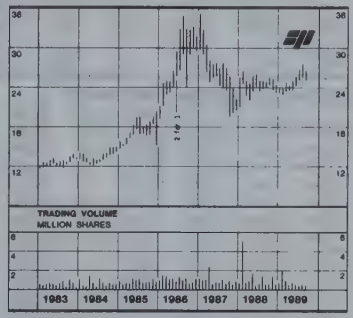
The fuel mix in 1988 was 62% steam (mostly coal), 4% hydro, and 34% purchased. Peak load in 1988 was 1,181 mw and system capability was 1,564 mw, for a capacity margin of 24%. Average residential rates were 5.42¢ per kwh (5.44¢ in 1987) on average annual usage of 8,488 kwh (8,004).

In March, 1989 MPL estimated construction expenditures for 1989-93 at $247 million, including $46 million for 1989. All construction expenditures for 1989-93 were expected to be funded internally.

Wholly-owned Minnesota Paper, Inc. is an equal participant in a joint venture with Pentair Duluth Corp. in Lake Superior Paper Industries, which recently constructed a $400 million paper mill in Duluth, Minn. that initiated operations on March 1, 1988.

Topeka Group, Inc. manages a diversification program for MPL. Activities include water and wastewater treatment utilities in the southeastern U.S.

In November, 1988 the company acquired Baukol-Noonan, Inc., which is engaged in surface mining and the sale of lignite coal in North Dakota, for 1.2 million common shares. Two electric generating companies consume substantially all of Baukol-Noonan's production of lignite coal under supply contracts which expire in 2027.



Important Developments

Aug. '89— MPL said it had reached an agreement with Boise Cascade under which MPL will install a $42 million cogeneration facility to provide energy for Boise's paper mill in International Falls, Minn. Earlier, MPL announced it had agreed to sell a 20% equity interest in its Clay Boswell Power Plant Unit 4 to a consortium of municipally owned electric utilities in Wisconsin.

Jul. '89— The company completed the sale of its Universal Telephone, Inc. subsidiary to Century Telephone Enterprises, Inc. for $90 million in cash. MPL expected the sale to contribute approximately $1.10 to $1.20 a share to earnings for 1989.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.49	16.29	15.62	14.35	13.31	12.55	11.87	11.33	10.97	10.87
Earnings	2.35	2.34	2.77	2.34	2.03	1.91	1.76	1.53	1.28	1.46
Dividends	1.72	1.66	1.52	1.38	1.28	1.20	1.14	1.06	1.02	0.97
Payout Ratio	73%	71%	55%	59%	63%	63%	65%	70%	80%	66%
Prices—High	26½	35¼	34⅞	20½	15	13⅞	12¼	9⅝	9⅞	10⅝
Low	21	19½	19⅛	14⅝	11⅞	11⅝	8⅞	7½	7½	9
P/E Ratio—	11-9	15-8	13-7	9-6	7-6	7-6	7-5	6-5	8-6	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1986

October 10, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On [3]Com. Equity
1988	460	40.2	26.1	84.1%	2.99	0.3	15.4%	72.9	15.8	8.9	14.1
1987	426	38.7	25.7	84.4%	2.60	0.5	9.8%	70.0	16.4	8.7	14.5
1986	395	37.7	21.4	82.3%	3.37	0.1	23.8%	82.6	20.9	9.9	18.2
1985	413	37.3	23.0	82.2%	3.08	0.2	28.2%	69.4	16.8	9.3	16.7
1984	417	33.9	17.4	82.9%	2.97	0.2	32.6%	59.3	14.2	8.9	15.4
1983	374	31.3	16.3	81.0%	3.24	0.3	43.2%	54.1	14.5	8.9	15.4
1982	364	27.4	16.5	79.4%	---	0.9	46.9%	48.4	13.3	9.3	14.8
1981	369	30.5	17.0	80.0%	---	1.1	50.5%	41.6	11.3	8.9	13.4
1980	331	22.6	14.5	81.0%	---	7.8	44.3%	34.3	10.4	8.6	11.4
1979	281	13.6	14.6	82.1%	---	15.0	38.0%	35.0	12.5	9.1	13.3

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,350	85	944	7.9	1,323	509	48.1	60.5	5.7	488	46.2
1987	1,263	44	902	7.4	1,275	489	48.3	66.5	6.6	456	45.1
1986	1,204	39	884	7.9	1,229	461	47.1	83.5	8.6	434	44.3
1985	1,173	30	885	8.2	1,179	459	48.8	83.5	8.9	397	42.3
1984	1,149	28	888	8.3	1,115	456	50.8	83.5	9.3	358	39.9
1983	1,049	26	839	8.5	1,001	403	49.6	83.5	10.3	326	40.1
1982	1,026	32	845	8.9	948	403	51.5	83.5	10.7	295	37.8
1981	1,001	39	842	8.8	869	379	51.7	83.5	11.4	271	36.9
1980	965	58	833	7.7	833	392	53.8	83.7	11.5	253	34.7
1979	906	162	793	7.0	782	384	54.5	83.7	11.9	237	33.6

Data as orig. reptd. 1. Times int. exp. and pfd divs. covered (pretax basis). 2. Based on income bef. interest charges. 3. As reptd. by co

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	117.5	119.9	101.1	104.0
Jun.	112.2	113.1	107.1	99.0
Sep.		111.2	110.8	95.9
Dec.		116.2	107.1	96.6
		460.5	426.1	395.5

Operating revenues for the six months ended June 30, 1989 advanced 1.1%, year to year (1988 restated), reflecting strong demand for electric power. The cost of fuel for electric generation decreased significantly, and operating income was up 13%. In the absence of a $5.6 million gain on a sale of capacity, net income rose 2.4%. After preferred dividends, share earnings were $1.10, versus $1.07.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.62	0.59	0.77	0.69
Jun.	0.48	0.48	0.45	0.70
Sep.		0.62	0.75	0.93
Dec.		0.66	0.37	0.45
		2.35	2.34	2.77

Dividend Data

Dividends have been paid since 1945. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Oct. 26	Nov. 8	Nov. 15	Dec. 1'88
0.44½	Jan. 25	Feb. 9	Feb. 15	Mar. 1'89
0.44½	Apr. 26	May 9	May 15	Jun. 1'89
0.44½	Jul. 26	Aug. 9	Aug. 15	Sep. 1'89

Next dividend meeting: late Oct. '89.

Finances

MPL expects external financing requirements to be minimal through 1993. The company's investment in securities totaled approximately $268 million at year-end 1988.

Capitalization

Long Term Debt: $565,597,000.

Red. Cum. Preferred Stock: $31,999,000.

Cum. Preferred Stock: $28,547,000.

Common Stock: 29,080,449 shs. (no par).
Institutions hold about 24%.
Shareholders of record: 28,456.

Office—30 West Superior St., Duluth, Minn. 55802 **Tel**—(218) 722-2641 **Chrmn & Pres**—A. J. Sandbulte **Secy**—T. A. Micheletti **VP-Treas**—D. G. Gartzke **Investor Contact**—Warren F. Hudelson (218) 723-3934 **Dirs**—C. M. Denny, Jr., D. E. Evans, O. G. Fladmark, C. H. Grindy, J. H. Lemme, R. S. Mars, Jr., R. S. Nickoloff, J. I. Rajala, J. F. Rowe, C. A. Russell, M. E. Ryland, A. J. Sandbulte **Transfer Agents**—Company's office, Manufacturers Hanover Trust Co., NYC **Registrars**—First Bank, Duluth; Manufacturers Hanover Trust Co., NYC **Incorporated** in Minnesota in 1906 **Empl**—2,211

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Mobil Corp.

NYSE Symbol MOB Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
55⅜	60½-45¼	13	2.60	4.7%	B	0.74

Summary

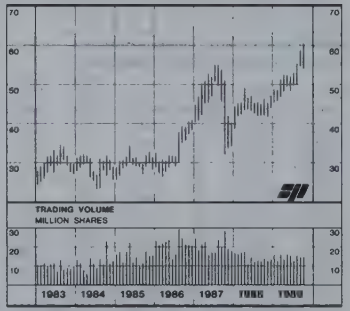
Mobil Corp., a worldwide petroleum company, is engaged in an extensive restructuring program. The company has shed its nonoil businesses while it has streamlined its basic petroleum and chemical operations in order to sustain earnings growth in a low crude-price environment. MOB can be expected to continue its asset divestitures and restructurings while seeking acquisitions that would enhance its market competitiveness. The company is positioned to exploit expanding natural gas markets.

Current Outlook

Share earnings for 1990 are projected at $4.50, compared with the $4.25 estimated for 1989, which includes a net $0.03 nonrecurring gain.

The $0.65 quarterly dividend is the minimum expectation.

Revenues for 1990 may show some modest improvement, reflecting projected firming in natural gas prices offset in part by continued volatile crude oil prices. Natural gas volumes should be greater. Margins are projected to strengthen, due to ongoing cost cutting efforts. MOB's strong gas position enhances the longer term.



[1]Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	13.82	13.77	12.47	13.57
Jun.	13.85	13.74	13.29	11.92
Sep.	---	12.88	14.25	11.00
Dec.	---	12.94	15.68	12.22
	---	53.32	55.68	48.71

Total revenues for the nine months ended September 30, 1989 rose 1.7%, year to year, owing in part to higher crude oil prices. Due to volatile feedstock costs, charges related to restructurings and a loss on the sale of South Africa operations, offset partially by the sale of Hong Kong property, net income fell 14%. Share earnings were $3.32, versus $3.86, excluding earnings of $0.09 from Montgomery Ward in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.04	1.33	0.62	1.08
Jun	0.98	1.18	0.74	1.42
Sep.	1.30	1.36	0.77	0.45
Dec	E0.93	1.07	0.93	0.50
	E4.25	4.93	3.06	3.45

Important Developments

Oct. '89— The company announced a restructuring of its domestic exploration and production operations. As a result of the restructuring, MOB reported a $40 million charge in 1989's third quarter. Also in the quarter, MOB recorded a $192 million gain on an exchange of property in Hong Kong. Operating profits in the third quarter were down 18%, year to year, due primarily to the chemical segment. The company said that chemical earnings in 1989 were down from 1988's record levels, due to lower polyethylene prices worldwide. The contribution from the petroleum business was down slightly, as upstream operations benefited from higher crude oil prices while the downstream margins were hurt by higher feedstock costs. Crude oil production was down 3.1% and refinery runs increased 6.8% in the quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	1984	1983	1982	1981	[3]1980	[3]1979
Tangible Bk. Val.	38.19	40.80	37.28	34.50	33.42	34.30	36.30	34.45	30.74	24.77
Earnings[4]	**4.93**	3.06	3.45	2.55	3.11	3.70	3.31	5.72	6.62	4.73
Dividends	**2.35**	2.20	2.20	2.20	2.20	2.00	2.00	2.00	1.72½	1.27½
Payout Ratio	**48%**	72%	64%	86%	71%	54%	60%	35%	26%	27%
Prices—High	**49⅛**	55	40⅞	34⅜	32⅛	34⅝	28⅝	41⅛	44⅞	30¼
Low	**38⅝**	32	26⅝	25½	23⅛	24¼	19½	24⅛	24⅞	17
P/E Ratio—	**10-8**	18-10	12-8	13-10	10-7	9-7	9-6	7-4	7-4	6-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1981, 100% Jun. 1979. 1. Incl. excise taxes. 2. Reflects acctg. change. 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of +0.14 in 1988, and spec. item(s) of +1.08 in 1980. E-Estimated

November 8, 1989

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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	48,198	6,012	12.5	3,915	2,683	943	3,461	41.3%	[5]2,031	4.2
1987	51,223	5,648	11.0	2,341	2,546	1,120	3,032	58.5%	1,258	2.5
1986	44,866	5,509	12.3	2,396	2,471	1,265	2,993	53.0%	[5]1,407	3.1
1985	55,960	7,732	13.8	2,725	2,388	1,531	4,309	75.9%	1,040	1.9
[6]1984	56,047	6,634	11.8	2,913	2,337	1,349	4,168	69.6%	1,268	2.3
1983	54,607	5,918	10.8	3,073	1,892	1,015	4,214	64.3%	[5]1,503	2.8
1982	59,946	4,817	8.0	4,321	1,772	903	3,405	59.5%	1,380	2.3
1981	64,488	6,623	10.3	3,571	1,586	608	5,399	54.9%	2,433	3.8
[5]1980	59,510	7,651	12.9	3,525	1,399	479	6,676	57.9%	2,813	4.7
[6]1979	44,721	7,645	17.1	3,433	1,086	459	6,856	70.7%	[5]2,007	4.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**1,037**	**11,178**	**10,255**	**1.1**	**38,820**	**5.1%**	**6,498**	**15,686**	**26,077**	**24.9**	**12.5%**
1987	1,172	11,410	10,897	1.0	41,140	3.1%	7,399	16,783	27,513	26.9	7.8%
1986	1,582	10,869	10,432	1.0	39,412	3.5%	8,247	15,239	26,466	31.2	9.6%
1985	1,546	12,530	12,383	1.0	41,752	2.5%	9,745	14,089	27,197	35.8	7.5%
1984	2,035	12,383	11,961	1.0	41,851	3.3%	11,492	13,624	28,099	40.9	9.2%
1983	1,553	11,890	10,813	1.1	35,072	4.2%	5,490	13,952	22,534	24.4	10.5%
1982	1,675	13,078	12,540	1.0	36,439	4.0%	4,717	14,742	22,391	21.1	9.6%
1981	2,044	13,964	12,688	1.1	34,776	7.2%	3,604	14,657	20,800	17.3	17.5%
1980	1,918	14,099	12,703	1.1	32,705	9.3%	3,571	13,069	18,821	19.0	23.8%
1979	1,878	11,889	11,170	1.1	27,506	8.0%	3,304	10,513	15,510	21.3	20.7%

Data as orig. reptd. 1. Excl. excise taxes. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1988, and spec. item(s) in 1980. 4. Excl. disc. opers. and reflects acctg. change. 5. Reflects acctg. change. 6. Reflects merger or acquisition.

Business Summary

Mobil is one of the major integrated international oil companies. In July, 1988 MOB sold its Montgomery Ward retailing unit (Ward contributed $130 million to 1987 profits) in line with its efforts to reduce its involvement in non-oil businesses.

Operating Profits	1988	1987
U.S. expl. & prod.	4%	18%
U.S. ref. & mkt.	22%	6%
Foreign expl. & prod.	32%	51%
Foreign ref. & mkt.	18%	4%
Chemicals	24%	15%
Retail merchandising	—	6%

In 1988 the company's worldwide net crude and natural gas liquids production averaged 735,000 barrels a day, versus 709,000 in 1987, with the U.S. accounting for about 45% of 1988 production. Net natural gas production was 4.3 Bcf a day (4.1 Bcf), of which 42% was produced in the U.S. and 32% in Indonesia. Refinery runs totaled 1,646,000 b/d (1,563,000 b/d), and petroleum product sales 2,525,000 b/d (2,362,000 b/d).

Net proved reserves at 1988 year-end stood at 3,104 million barrels of crude and natural gas liquids, of which 45% were located in the U.S. and Canada, up from 2,953 million at 1987 year-end. Net proved reserves of natural gas at 1988 year-end were 19,814 bcf (20,487 in 1987) of which 38% was in the U.S. Of the $3.9 billion in chemical sales in 1988, petrochemicals accounted for 55% and plastics 44%.

Dividend Data

Dividends have been paid since 1902. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.60	Jan. 27	Jan. 31	Feb. 6	Mar. 10'89
0.65	Apr. 28	May 8	May 12	Jun. 12'89
0.65	Jul. 28	Aug. 1	Aug. 7	Sep. 11'89
0.65	Oct. 27	Oct. 31	Nov. 6	Dec. 11'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $5,270,000,000.

Minority Interest: $42,000,000.

Common Stock: 409,704,293 shs. ($2 par). Institutions hold about 49%.
Shareholders of record: 237,600.

Office—150 E. 42nd St., NYC 10017-5666 **Tel**—(212) 883-4242 **Chrmn & Pres**—A. E. Murray **Secy**—D. T. Bartlett **Treas**—R. H. Gardner **Investor Contact**—F. Haipern **Dirs**—W. A. Bork, L. M. Branscomb, P. J. Hoenmans, A. F. Jacobson, S. C. Johnson, H. L. Kaplan, W. J. Kennedy, III, W. E. MacDonald, L. L. Morgan, J. R. Munro, A. E. Murray, L. A. Noto, E. A. Renna, J. Q. Riordan, R. G. Schwartz, E. B. Sheldon, R. F. Tucker, R. G. Weeks **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC **Incorporated** in New York in 1882; reincorporated in Delaware in 1976 **Empl**—69,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Monarch Machine Tool

1536

NYSE Symbol MMO In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
14	21-14	23	0.80	5.7%	B-	1.13

Summary

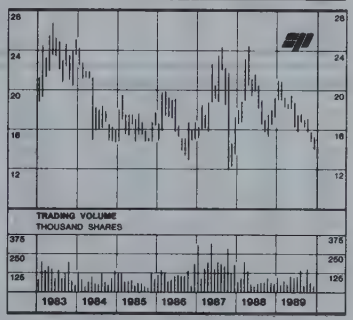
Monarch is a major producer of numerically controlled machine tools and also manufactures automated strip metal processing machinery. Earnings for the first nine months of 1989 benefited from higher sales, improved margins and a sharply lower tax rate. A forecasted rise in sales and continued margin expansion should permit higher earnings in 1990.

Current Outlook

Earnings for 1990 are projected at $0.70 a share, versus earnings of $0.50 estimated for 1989.

Although not covered in recent years, dividends may remain at $0.20 quarterly.

Revenues for 1990 are expected to rise less rapidly as the favorable impact of sharply higher order backlogs for strip metal processing machinery is offset by probable weakening in machine tools. Although pricing for machine tools will remain under pressure, an improved product mix at the Courtland unit and firm pricing for strip metal machinery should permit margin expansion. Aided further by a level tax rate and well controlled nonoperating costs, earnings should rise in 1990.



Sales & Other Income (Million $)

Quarter:	1989	1988	1987	1986
Mar.	22.2	20.3	17.0	15.1
Jun.	25.4	21.9	17.4	16.5
Sep.	24.0	21.1	16.9	14.6
Dec.	---	27.5	23.1	19.6
	---	90.8	74.5	65.8

Revenues for the nine months ended September 30, 1989 rose 14%, year to year, reflecting higher shipments. Margins widened, and pretax income advanced 20%. After taxes at 39.1%, versus 63.1%, net income increased 98%, to $1.2 million from $597,000. Share earnings were $0.31, versus $0.16.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.14	0.05	0.01	0.03
Jun.	0.10	0.05	d0.08	0.05
Sep.	0.07	0.06	d0.05	0.05
Dec.	E0.19	0.30	0.24	0.17
	E0.50	0.46	0.12	0.30

Important Developments

Oct. '89— MMO reported share earnings of $0.07 on a 15% rise in revenues for 1989's third quarter, versus $0.06 a share for the year-earlier period. MMO said that third quarter profits were adversely affected by a $1.4 million reduction in shipments together with an abnormally poor product mix at its Cortland division and excessive installation and start-up costs involving several lines of equipment shipped by the Stamco U.K. plant. MMO added that for the first nine months of 1989 the favorable impact of higher shipments and increased capacity utilization was mitigated by severe price competition in both domestic and foreign markets. The order backlog at the end of the third quarter was $21 million higher from a year-earlier and stood $9.0 million higher than at the end of 1989's second quarter. MMO noted that orders at its domestic strip processing unit continued to be unusually strong.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.13	17.55	17.89	18.34	18.12	18.71	19.75	19.03	15.00	12.44
Earnings	0.46	0.12	0.30	0.71	0.65	0.11	1.91	5.32	3.50	2.66
Dividends	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.75	0.55½
Payout Ratio	173%	699%	274%	111%	121%	NM	42%	15%	22%	21%
Prices—High	24½	24⅜	19⅞	19½	24¼	26¾	22¼	28⅜	32¾	12⅛
Low	15¼	11⅞	12⅞	14⅜	14⅝	18¾	14½	17⅛	10⅛	5⅞
P/E Ratio—	53-33	NM	66-43	27-21	37-23	NM	12-8	5-3	9-3	5-2

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep. 1980, 100% Apr. 1979. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	90	3.8	4.3	0.92	1.71	0.28	2.9	40.2%	1.8	2.0
1987	73	1.9	2.6	0.71	1.61	0.33	1.1	58.2%	0.5	0.6
1986	64	2.5	3.9	1.08	1.72	0.25	1.8	36.8%	1.1	1.8
1985	79	5.2	6.6	0.97	1.71	0.17	4.9	45.2%	2.7	3.4
1984	68	5.5	8.0	2.42	2.47	0.14	5.0	50.2%	2.5	3.6
1983	59	3.2	5.4	2.38	1.92	0.29	3.1	83.4%	0.5	0.9
1982	93	14.3	15.4	6.30	2.19	0.29	13.9	50.3%	6.9	7.4
1981	139	31.7	22.8	1.08	2.20	0.31	30.1	36.8%	19.0	13.7
1980	130	26.6	20.4	5.95	1.76	0.44	25.1	50.9%	12.3	9.5
1979	97	17.4	17.9	3.95	1.28	0.56	16.4	44.3%	9.1	9.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	12.6	68.5	22.3	3.1	90.2	2.0%	Nil	63.6	67.9	Nil	2.7%
1987	14.4	65.9	22.3	2.9	88.3	0.5%	Nil	64.9	66.0	Nil	0.6%
1986	12.4	62.6	16.8	3.7	83.8	1.4%	Nil	65.7	67.0	Nil	1.6%
1985	14.2	62.5	14.9	4.2	83.6	3.2%	Nil	67.4	68.7	Nil	3.9%
1984	16.6	61.7	14.9	4.1	82.8	2.9%	Nil	66.6	67.9	Nil	3.6%
1983	22.3	63.6	15.5	4.1	85.0	0.6%	Nil	67.6	69.5	Nil	0.6%
1982	18.9	68.2	16.4	4.2	89.1	7.7%	Nil	70.3	72.7	Nil	9.9%
1981	9.1	74.9	21.1	3.5	91.3	21.0%	Nil	67.7	70.2	Nil	31.2%
1980	3.8	71.7	34.1	2.1	89.9	14.6%	Nil	53.2	55.8	Nil	25.0%
1979	5.6	60.9	28.7	2.1	74.9	13.6%	Nil	41.8	46.2	Nil	23.2%

Data as orig. reptd. 1. Reflects accounting change.

Business Summary

Monarch Machine Tool manufactures a broad range of computer controlled metal-cutting turning machines and machining centers, as well as several models of manually operated engine and toolroom lathes. These tools are used in turning, milling, drilling, boring, tapping and related metalworking operations. MMO also produces a line of strip metal processing machinery used in various slitting, tension leveling, shearing, cleaning, forming, coating, galvanizing, annealing and heat treating operations.

At the company's largest facility, in Sidney, Ohio, numerically controlled turning machines, horizontal machining centers, and conventional lathes are produced. The Cortland division produces vertical machining centers and circuit board drilling machines.

The Stamco division engineers, designs and produces strip metal processing and finishing machinery and equipment, sold primarily as complete production lines to steel and aluminum mills and to fabricators on a contract basis.

Foreign operations are conducted through subsidiaries located in West Germany and England.

Foreign customers accounted for 30% of revenues in 1988, 29% in 1987, 26% in 1986, and 17% in 1985. The backlog at year-end 1988 stood at $57 million, versus $36 million a year earlier.

Dividend Data

Dividends have been paid since 1913.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Feb. 7	Feb. 14	Feb. 21	Mar. 1'89
0.20	May 2	May 11	May 17	Jun. 1'89
0.20	Aug. 1	Aug. 10	Aug. 16	Sep. 1'89
0.20	Nov. 7	Nov. 14	Nov. 20	Dec. 1'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: None.

$1.80 Cum. Conv. Preferred Stock: 22,543 shs. (no par); red. at $40; conv. into 4 com.

Common Stock: 3,744,967 shs. (no par).
Directors own about 5%.
Institutions hold about 55%.
Shareholders of record: 3,188.

Office—815 North Oak St., Sidney, Ohio 45365. **Tel**—(513) 492-4111. **Pres**—R. J. Siewert. **Treas**—R. B. Riethman. **Secy**—E. J. Hull. **Dirs**—J. L. Dampeer, N. Y. Gueching, D. E. Lundeen, R. B. Meeker, J. M. Richardson, R. J. Siewert, W. P. Snyder, J. F. Torley. **Transfer Agent & Registrar**—Ameritrust Co., Cleveland. **Incorporated** in Ohio in 1909. **Empl**—956.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Monsanto Co.

NYSE Symbol MTC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
115⅛	124¼-80½	12	3.40	3.0%	B+	1.05

Summary

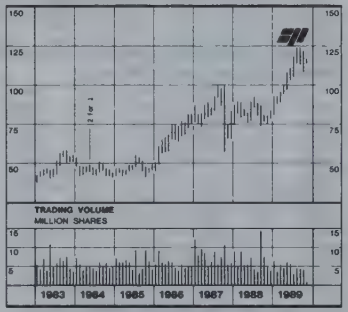
This leading chemical company produces agricultural pesticide and animal products, industrial chemicals, plastics, fibers, industrial process equipment, pharmaceuticals and low calorie sweeteners. Over the past decade MTC has shifted its product mix from commodities to less cyclical, higher valued specialty products. Earnings in recent years have benefited from the 1985 restructuring program and better worldwide demand for many products. Further gains are expected in 1989 and 1990.

Current Outlook

Share earnings for 1990 are projected at almost $11.00, up from the $9.50 expected for 1989.

An increase in the $0.85 quarterly dividend is likely with the April, 1990 declaration.

Profits in 1990 should be aided by continued growth in Roundup herbicide, while Searle is expected to post solid earnings with further growth of Calan and Cytotec despite continued heavy marketing costs. Strong order backlogs will significantly improve Fisher Controls, and NutraSweet should continue to show growth, but the possible introduction of Simplesse fat substitute will limit gains. Chemicals should benefit from the recent decline in raw material costs, but demand may soften with downturns in automobile and housing related markets. Stock repurchases will aid share earnings comparisons.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar	2,265	2,127	1,866	1,745
Jun.	2,348	2,263	2,025	1,869
Sep.	2,061	2,022	1,902	1,695
Dec.	---	1,881	1,846	1,570
	---	8,293	7,639	6,879

Sales for the first nine months of 1989 rose 4.1%, year to year. With profits gains in Searle, Fisher Controls and NutraSweet, net income advanced 7.9%. Share earnings were $8.66 on 5.8% fewer share outstanding, versus $7.57.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	3.24	2.86	1.76	1.52
Jun.	3.54	3.04	1.95	1.90
Sep.	1.88	1.67	1.30	1.85
Dec.	E0.84	0.70	0.62	0.28
	E9.50	8.27	5.63	5.55

Important Developments

Oct. '89— MTC said that the third quarter was one of the best ever, with Searle, Fisher and NutraSweet recording significant profit gains. Searle had a quarterly profit for the first time since its acquisition in 1985, reflecting the success of Calan. The launches of Cytotec ulcer drug in the U.S., U.K., and Canada was proceeding. Chemical margins strengthened as raw materials costs continue to decline from the high levels of the first quarter. However, agricultural results were hurt by drought conditions in Europe and the western U.S., but the unit will still have a solid year. NutraSweet announced plans to double global capacity over the next two years.

Jun. '89— Searle expected no material financial effect from the settlement of about 100 cases involving the Copper 7 IUD. The settlement leaves about 350 Copper 7 suits pending against Searle.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	29.20	26.29	21.08	15.74	46.42	44.79	42.95	42.15	38.76	38.53
Earnings[2]	8.27	5.63	5.55	d1.67	5.42	4.49	4.11	5.75	2.05	4.56
Dividends	2.95	2.75	2.57½	2.45	2.25	2.07½	1.97½	1.87½	1.77½	1.67½
Payout Ratio	34%	47%	46%	NM	40%	46%	48%	33%	87%	37%
Prices—High	92⅜	100¼	81½	55⅜	53⅞	58¼	44½	43⅞	35⅛	31
Low	73½	57	44¾	40⅝	40⅝	37⅛	28⅜	29⅞	21⅛	22½
P/E Ratio—	11-9	18-10	15-8	NM	10-7	13-8	11-7	8-5	17-10	7-5

Data as orig reptd. Adj. for stk. div(s) of 100% Jun 1984. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.40 in 1985, +0.41 in 1983, +0.29 in 1982. E-Estimated. d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	8,293	1,621	19.5	590	666	193	893	33.8%	591	7.1
1987	7,639	1,348	17.6	505	646	188	673	35.2%	436	5.7
1986	6,879	1,118	16.3	520	641	215	636	31.9%	[3]433	6.3
[4]1985	6,747	916	13.6	1,199	565	192	d298	NM	d128	NM
1984	6,691	1,126	16.8	614	449	117	707	37.9%	439	6.6
1983	6,299	1,011	16.1	560	456	126	570	35.3%	369	5.9
1982	6,325	897	14.2	673	396	128	501	34.3%	[3]329	5.2
1981	6,948	939	13.5	668	361	144	693	35.8%	445	6.4
1980	6,574	725	11.0	781	327	[3]163	206	27.7%	149	2.3
1979	6,193	782	12.6	566	295	123	481	31.2%	331	5.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	221	3,097	1,980	1.6	8,461	7.2%	1,408	3,800	5,796	24.3	15.9%
1987	223	3,003	1,800	1.7	8,455	5.3%	1,564	3,901	6,049	25.9	11.6%
1986	274	2,808	1,716	1.6	8,269	5.0%	1,630	3,781	5,959	27.4	12.0%
1985	293	3,277	2,378	1.4	8,877	NM	2,087	3,407	6,078	34.3	NM
1984	459	2,597	1,202	2.2	6,373	7.0%	824	3,634	5,119	16.1	12.3%
1983	657	2,755	1,220	2.3	6,427	5.9%	937	3,665	5,175	18.1	10.3%
1982	414	2,454	951	2.6	6,077	5.3%	1,003	3,487	5,095	19.7	9.5%
1981	426	2,550	1,064	2.4	6,069	7.2%	1,110	3,327	4,975	22.3	13.9%
1980	211	2,377	1,151	2.1	5,796	2.6%	1,371	2,804	4,619	29.7	5.3%
1979	271	2,458	1,136	2.2	5,539	6.3%	1,203	2,776	4,280	28.1	12.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. items in 1985, 1984, 1983. 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

Contributions (profits in million $) by business segment in 1988:

	Sales	Profits
Crop chemicals	17%	$434
Animal sciences	2%	-10
Chemicals	48%	486
Electronic materials	2%	11
Fisher Controls	10%	29
NutraSweet	9%	154
Pharmaceuticals	12%	-62
Biotechnology discovery	Nil	-47

Foreign operations accounted for 37% of sales and 38% of profits in 1988.

Agricultural products consists of herbicides, including Lasso, Roundup, and Avadex, seeds and animal feed and growth supplements.

Chemicals include detergents and phosphates, water treatment chemicals, carpet, apparel and industrial fibers, plastics, resins, plasticizers, rubber processing chemicals and instruments, polyethylene products, polystyrene boards, and intermediate and specialty chemicals.

Electronic materials (sold 1989) included electronic-grade silicon wafers, while Fisher Controls is a producer of valves, regulators, electronic process controls and gas separation systems.

NutraSweet consists of NutraSweet and Equal brands of aspartame low-calorie sweeteners.

Searle's pharmaceuticals include anti-infectives, cardiovascular, bronchodilators, fertility control and gastrointestinal drugs. Searle said in 1988 that it has the financial resources and insurance to handle litigation related to the Copper-7 IUD.

Dividend Data

Dividends have been paid since 1925. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Jan. 27	Feb. 6	Feb. 10	Mar. 10'89
0.85	Apr. 28	May 8	May 12	Jun. 12'89
0.85	Jul. 28	Aug. 7	Aug. 11	Sep. 12'89
0.85	Oct. 27	Nov. 6	Nov. 10	Dec. 12'89

Next dividend meeting: late Jan.'90.

Capitalization

Total Debt: $1,295,000,000.

Common Stk.: 66,785,904 shs. ($2 par). Institutions hold approximately 73%. Shareholders of record: 66,066

Office—800 N Lindbergh Blvd., St. Louis, Mo. 63167 Tel—(314) 694-1000 Chrmn & CEO—R J Mahoney Pres—E H Harbison, Jr. VP-Secy—R. W Duesenberg CFO—F. A Stroble Investor Contact—Donna B Smith Dirs—Marguerite R Barnett, Joan T. Bok, D. C. Carroll, C. R Dahl, R L. Fricke, J W Hanley, E H Harbison, Jr., R M Heyssel, H M Love, R J Mahoney, B Mickel, J S Redd, W D Ruckelshaus, J B Slaughter, S Turner Transfer Agent & Registrar—First National Bank of Boston, Boston, Mass. Incorporated in Delaware in 1933 Empl—45,635.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Montana Power

NYSE Symbol MTP

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
41⅛	42⅛-34	13	2.76	6.7%	B+	0.41

Summary

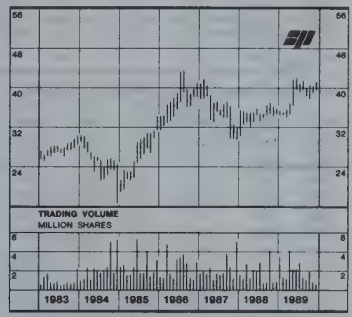
This gas and electric utility serves approximately three-quarters of the state of Montana, where agriculture and livestock constitute the largest industry. Western Energy Co., a subsidiary, is one of the nation's 10 largest producers of coal/lignite. In October, 1989 the company announced it would take a $19.9 million after-tax charge in the fourth quarter to reflect losses from the sale of its entire interest in the Colstrip Unit 4 plant.

Current Outlook

Earnings for 1990 are estimated at $3.45 a share, up from the $2.40 expected for 1989, which includes a onetime charge of about $0.81.

A modest increase in the $0.69 quarterly dividend is possible in late 1989 or early 1990.

Higher earnings in 1990 are expected to derive principally from the absence of losses related to the Colstrip Unit 4 Generating Station. MTP has been selling Colstrip 4 power at rates insufficient to recover its costs. In October MTP entered into a contract to sell its remaining interest in Colstrip 4 until its leasehold interest in the unit ends in 2010. Revenues from this and another contract were not expected to recover MTP's costs over the life of the lease. Thus, a provision of $19.9 million (about $0.81 a share) will be taken in the fourth quarter to recognize future losses. Non-utility businesses should have a slightly better year. One of the company's major assets is significant coal reserves.



Utility Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	154.1	134.6	126.6
Jun.	---	95.2	91.6	83.9
Sep.	---	91.9	90.2	90.1
Dec.	---	---	127.3	121.8
	---	---	443.7	422.5

Utility revenues for the nine months ended September 30, 1989 rose 7.8%, year to year, mainly due to colder weather. Benefiting from normal streamflow conditions as well as reduced losses by the Independent Power Group unit, net income advanced 17%, to $1.94 a share from $1.67.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.40	1.42	1.09	0.82
Jun.	E0.20	0.25	0.22	d0.05
Sep.	E0.35	0.28	0.37	0.41
Dec.	E1.50	E0.45	1.17	1.33
	E3.45	E2.40	2.84	2.52

Important Developments

Oct. '89— MTP said it would take a fourth-quarter after-tax charge of $19.9 million (about $0.81 a share). The charge reflects the fact that revenues from the sale of MTP's entire interest in Colstrip Unit 4 (computed on a present value basis) are not expected to recover all the costs of Unit 4 over the remaining term of the lease.

Aug. '89— MTP said that the Montana Public Service Commission granted it a $6.3 million annual increase in natural gas rates and reduced its electric rates by $16.5 million in a final decision on rate requests filed June 30, 1988. The order established a 10.62% rate of return for gas service and a 10.44% rate for electric service. As part of the ruling, the Commission rejected a proposed sale of 74 mw of Colstrip Unit 4 power from MTP's Independent Power Group to its Utility Group.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	31.83	31.56	31.57	30.31	27.37	28.26	27.26	26.73	24.93	26.39
Earnings[1]	2.84	2.52	2.79	5.23	2.05	4.22	3.97	4.04	3.24	2.81
Dividends	2.70	2.68	2.51	2.00	2.60	2.91	2.53	2.33	2.15	2.06
Payout Ratio	95%	106%	90%	38%	127%	69%	64%	58%	66%	73%
Prices—High	37	41¾	43⅜	34¼	30⅜	30⅜	27¼	36⅜	32⅝	24⅝
Low	30¼	29½	31⅜	18⅞	16⅝	25⅛	20¾	24¼	18	19⅛
P/E Ratio—	13-11	17-12	16-11	5-4	15-8	7-6	7-5	9-6	10-6	9-7

Data as orig. reptd. 1. Bef. spec. item(s) of +0.86 in 1988. d-Deficit. E-Estimated.

December 22, 1989
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Income Data (Million $)

Year Ended Dec. 31	[1]Total Number of Cust.	Oper. Revs. Util. Revs.	Oper. Revs. Non-Util.	Total Revs.	Int. Exp.	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1988	NA	444	270	714	52.2	33.2%	72	10.1	3.8	8.9
1987	NA	422	236	659	52.1	35.8%	62	9.5	3.4	7.9
1986	NA	447	208	655	50.8	42.3%	86	13.2	4.8	11.7
1985	NA	425	172	597	60.7	22.1%	122	20.4	6.9	18.0
1984	NA	369	157	525	59.6	19.4%	51	9.8	3.0	7.3
1983	339	352	136	489	36.4	20.6%	89	18.1	5.5	15.2
1982	335	363	135	498	32.3	20.4%	71	14.2	5.2	14.7
1981	332	362	128	490	31.3	27.3%	62	12.7	5.7	15.9
1980	329	342	108	450	32.5	32.4%	43	9.6	4.5	12.6
1979	324	282	89	371	31.6	27.3%	34	9.0	3.9	10.6

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Depr. Reserve	Net Prop.	Capital Expend.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,923	505	1,418	70	1,580	551	40.0	52.0	3.8	774	56.2
1987	1,864	456	1,408	76	1,555	562	41.2	52.0	3.8	748	55.0
1986	1,798	414	1,384	100	1,530	568	42.1	52.0	3.8	730	54.1
1985	1,719	378	1,342	82	1,435	581	44.4	52.0	4.0	677	51.6
1984	1,891	336	1,555	102	1,500	706	51.2	81.9	5.9	591	42.9
1983	1,812	302	1,510	230	1,490	688	50.3	98.9	7.2	582	42.5
1982	1,594	277	1,317	290	1,319	640	52.8	98.8	8.1	474	39.1
1981	1,316	256	1,060	221	1,024	456	49.2	98.8	10.7	373	40.1
1980	1,125	232	894	127	829	328	43.8	97.4	13.0	323	43.2
1979	1,007	208	799	90	781	366	51.6	67.4	9.5	277	38.9

Data as orig. reptd. 1. Number of utility customers in thousands. 2. Common; as reptd. by co. in 1981-1983. NA-Not Available

Business Summary

Montana Power supplies electric and gas service to 82% of the population of Montana. Through subsidiaries MTP also engaged in coal and oil and gas activities, real estate, and other businesses. Contributions to net income in recent years:

	1988	1987	1986
Total utility	50%	57%	71%
Nonutility	50%	43%	29%

Electric operations contributed 78% of utility revenues in 1988 (79% in 1987); gas operations provided 22% (21%).

The fuel mix in 1988 was 27% hydro, 65% coal and 8% purchased power. Peak load in 1988 was 1,287 mw and capacity (including purchased power) was 1,515 mw, for a capacity margin of 15.0%. Gas sales in 1988 were 29,135 MMcf, up 8.9% from 1987.

The 700 mw coal-fired Colstrip Unit 3 (30%-owned), in which MTP has a $360 million investment, began commercial operation in January, 1984. In December, 1985 MTP sold for $292 million its 210 mw share of the coal-fired Colstrip Unit 4 station, and agreed to lease back the plant for 25 years. Proceeds from the sale were invested in temporary cash instruments. Capital requirements for construction were expected to total $128.3 million for 1989.

Entech owns diversified business units active in mining, oil and natural gas, technology and waste management. Proved reserves of coal/lignite were 931 million tons at 1988 year-end.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available. In June, 1989 a preferred stock purchase rights plan was adopted.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.69	Dec. 20	Jan. 4	Jan. 10	Jan. 31'89
0.69	Mar. 28	Apr. 4	Apr. 10	Apr. 26'89
0.69	Jun. 27	Jul. 5	Jul. 11	Jul. 31'89
0.69	Sep. 26	Oct. 3	Oct. 10	Oct. 31'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $557,130,000.

Cum. Preferred Stock: $51,984,000.

Common Stock: 24,526,475 shs. (no par).
Institutions hold about 47%.
Shareholders of record: 36,086.

Office—40 East Broadway, Butte, Mont. 59701. **Tel**—(406) 723-5421. **Chrmn & CEO**—W. P. Schmechel. **VP-Secy**—J. Carlo. **VP-Fin**—F. V Woy. **Investor Contact**—R. J. Cox. **Dirs**—G. D. Anderson, J. J. Burke, A. F. Cain, W. B. Jones, D. P. Lambros, J. Lehrkind, III, D. M. Leuschen, J. P. Lucas, S. Miller, W. P. Schmechel, G. H. Selover, W. F. Vaughan, N. E. Vosburg, L. J. Walker, F. W. Woy **Transfer Agents**—Company's office; Morgan Shareholder Services Trust Co., NYC. **Registrars**—First Bank Butte; Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Montana in 1961. **Empl**—3,690.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Moore Corp.

NYSE Symbol MCL Options on Toronto (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
29¼	33¾-24⅞	13	[1]0.88	[1]3.0%	A-	0.93

Summary

This Canadian company is a leading manufacturer of business forms and related products, and also produces data base management products and services, direct marketing products, and custom packaging. Earnings rose for the fifth consecutive year in 1988, and a further rise was reported for the first nine months of 1989, reflecting improved operating results, higher investment income and lower taxes. However, fourth quarter 1989 earnings are expected to decline due to highly competitive market conditions during a period of declining economic activity.

Business Summary

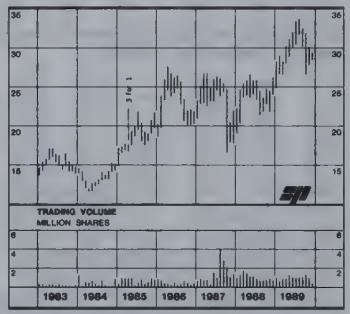
Moore Corp. is a leading manufacturer of business forms. It is active in 53 countries and operates 139 plants. Contributions by geographic area in 1988:

	Sales	Profits
United States	62%	69%
Europe	16%	8%
Canada	10%	8%
Other	12%	15%

Business forms and forms-based systems are the primary focus of Moore's operations. Forms are manufactured in a variety of constructions, ranging from handwritten types to complex forms for computers, optical scanners and other types of data reading and writing equipment. Multi-part forms may use interleaved carbon paper or carbonless paper. The company also manufactures a complete line of form handling equipment, including portable register machines, autographic registers, formaliner tractors, detachers, imprinter detachers and decollators.

Moore Data Management Services and Teela Data Management Systems market products that use database information, computer typesetting and printing to produce rapidly updated reference material. Response Graphics and Response Technologies make direct response marketing products. Two MCL subsidiaries in Canada and the United Kingdom produce and sell custom packaging.

Through its strategic customer services program Moore assumes and manages the complete business forms and office supplies needs of large organizations. The program uses electronic links to ensure that products will be delivered on demand. Smaller customers are served by Moore divisions and subsidiary companies using agents, dealers, wholesalers, catalogs, telemarketing, retail stores, and direct representatives and, in Europe, a franchise operation.



Important Developments

Nov. '89— The strong rise in earnings for the first nine months of 1989 was attributed to improved operating results, higher investment income and a lower tax rate. Pretax investment and other income for the first nine months of 1989 was $44.0 million, versus $25.9 million in the 1988 period. MCL said that lower paper prices, improvements in operating efficiencies and emphasis on value added products would not be sufficient to offset the adverse effect on operating results of highly competitive market conditions during a period of declining economic activity, and that earnings for the fourth quarter of 1989 would be lower than those of the year-earlier quarter.

Next earnings report expected in early November.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	[2]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.75	12.54	10.82	9.84	8.79	8.65	8.24	7.99	7.46	6.69
Earnings[3]	2.01	1.60	1.54	1.53	1.43	1.18	1.21	1.37	1.32	1.24
Dividends	0.78	0.74	0.72	0.70⅝	0.66⅝	0.66¾	0.66¾	0.60	0.54¾	0.48
Payout Ratio	39%	47%	47%	46%	47%	57%	55%	44%	42%	39%
Prices—High	26⅛	26¾	27⅝	21⅞	15¼	17¼	13⅞	12⅞	12¼	11⅜
Low	19	16½	18⅝	14⅞	11⅝	13⅜	8½	9⅝	8⅞	9¼
P/E Ratio—	13-9	17-10	18-12	14-10	11-8	15-12	11-7	9-7	9-7	9-7

Data as orig. reptd. Adj. for stk. div(s) of 200% May 1985. 1. In U.S. funds, bef. 15% Canadian tax on nonresidents. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.33 in 1986.

December 21, 1989

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,544	340	13.3	88	61.7	19.0	276	31.7%	186	7.3
1987	2,281	314	13.8	84	58.3	18.6	252	41.7%	146	6.4
[3]1986	2,114	302	14.3	114	53.5	12.3	253	44.7%	[4]139	6.6
[5]1985	2,068	290	14.0	95	44.8	10.7	246	44.0%	137	6.6
1984	2,021	266	13.2	67	39.8	12.1	220	42.0%	[4]126	6.2
1983	1,814	207	11.4	57	37.8	20.4	181	43.7%	100	5.5
1982	1,847	235	12.7	51	37.4	16.2	200	48.0%	102	5.5
1981	1,879	248	13.2	47	35.5	14.0	218	46.6%	[4]115	6.1
1980	1,805	260	14.4	48	34.1	14.7	220	49.0%	111	6.1
1979	1,541	235	15.2	48	31.4	11.3	204	48.3%	104	6.8

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	264	1,108	350	3.2	1,848	9.8%	62	1,292	1,478	4.2	15.0%
1987	452	1,254	550	2.3	1,939	8.5%	100	1,168	1,375	7.3	13.4%
1986	177	917	333	2.8	1,488	9.9%	51	1,001	1,146	4.4	14.5%
1985	153	839	286	2.9	1,321	10.8%	49	907	1,028	4.8	15.9%
1984	144	791	268	3.0	1,188	10.6%	54	796	913	5.9	16.0%
1983	124	747	239	3.1	1,152	8.1%	82	755	905	9.1	13.6%
1982	329	904	424	2.1	1,296	8.5%	91	711	865	10.5	14.6%
1981	90	722	239	3.0	1,088	10.9%	97	685	842	11.5	17.4%
1980	79	684	228	3.0	1,037	11.0%	106	637	801	13.3	18.3%
1979	50	626	219	2.9	968	11.5%	111	572	741	15.0	19.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1986. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition.

Net Sales (Million U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	670	619	549	519
Jun.	649	621	548	528
Sep.	661	628	558	517
Dec.		676	626	550
		2,544	2,281	2,114

Sales for the nine months ended September 30, 1989 rose 6.0%, year to year. Income from operations advanced 11%. Following sharply higher investment and other income, pretax income increased 19%. After taxes at 28.2%, against 34.5%, net income was up 14%, to $1.50 a share from $1.33.

Common Share Earnings (U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	0.52	0.43	0.39	0.37
Jun.	0.49	0.42	0.35	0.38
Sep.	0.49	0.48	0.37	0.35
Dec.		0.67	0.49	0.44
		2.01	1.60	1.54

Finances

Research and development expenditures for 1988 totaled $25 million, up from $23 million in 1987. Major areas of emphasis were data management, mailing systems, plateless printing and electronic imaging systems.

Dividend Data

Dividends have been paid since 1934. Payments are in U.S. funds, before 15% Canadian tax on nonresidents. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Feb. 22	Mar. 6	Mar. 10	Apr. 1'89
0.22	May 10	May 26	Jun. 2	Jul. 3'89
0.22	Aug. 3	Aug. 28	Sep. 1	Oct. 2'89
0.22	Nov. 8	Nov. 27	Dec. 1	Jan. 2'90

Next dividend meeting: late Feb.'90.

Capitalization

Long Term Debt: $40,822,000.

Minority Interest: $10,310,000.

Common Stock: 94,331,667 shs. (no par).
Institutions hold about 23%.
Shareholders of record: 10,964.

Office—1 First Canadian Place (P.O. Box 78), Toronto, Canada M5X 1G5. **Tel**—(416) 364-2600. **Chrmn**—J. W. Sinclair. **Pres & CEO**—M. K. Goodrich. **VP-CFO**—J. B. McArthur. **VP-Secy**—F. E. Dougherty. **Dirs**—J. D. Allan, E. H. Crawford, J. D. Farley, M. K. Goodrich, A. R. Haynes, W. F. Light, C. E. Lindholm, J. D. Muncaster, C. E. Ritchie, J. W. Sinclair. **Transfer Agents**—National Trust Co., Toronto, Montreal, Vancouver, Winnipeg and Calgary; Manufacturers Hanover Trust Co., NYC. **Registrar**—National Trust Co., Toronto. **Incorporated** in Ontario in 1938. **Empl**—25,943.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M. Harari

Morgan (J.P.) & Co.

NYSE Symbol JPM Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
42 3/8	48 1/8–34	NM	1.66	3.9%	A	1.14

Summary

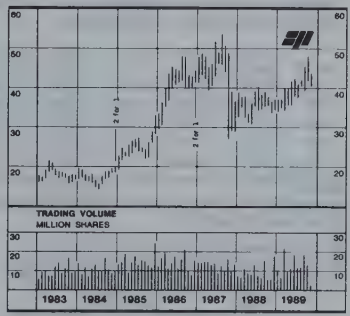
This bank holding company owns Morgan Guaranty Trust, the nation's fourth largest bank. Morgan emphasizes wholesale banking and has the largest trust department in the country. It derives a significant portion of revenues from capital markets activities, as well as corporate finance services, particularly abroad. In September, 1989 JPM boosted its allowance for loan losses by $2 billion, reflecting its reduced expectations of a favorable resolution of LDC problem loans. While the charge will result in a large loss for 1989, a rebound is expected in 1990.

Current Outlook

Earnings for 1990 could recover to $4.90 a share from the $7.00 deficit projected for 1989.

Dividends should continue at $0.41½ quarterly.

JPM's $2 billion third-quarter reserve addition for developing country loans, while resulting in a large loss for 1989, largely neutralizes the issue, and positions the company for renewed profitability in 1990. The allowance for loan losses has doubled in the past year to over $3.0 billion, due to doubts regarding payment of the LDC loans. With medium and long-term LDC loans of $2.8 billion entirely reserved for, the provision for loan losses should be moderate, as domestic credit quality remains excellent. Loan growth will be minimal at best, reflecting reduced dependence on bank loans by large corporate clients. An increasing share of revenues is coming from volatile sources such as bond and currency trading, which are difficult to predict. Fee income from corporate finance activities is expected to continue growing through 1990. Workforce reductions of up to 10% and other expense controls should also aid profits. Reported earnings over the next several years should benefit from $800 million of tax credits.



Review of Operations

Net interest income for the nine months ended September 30, 1989 declined 26%, year to year, reflecting sharply higher funding costs, together with stable yields on long-term assets. The net interest margin declined to 1.55% from 2.26%. The provision for loan losses was substantially higher at $2.05 billion, as JPM increased reserves relating to developing country debt obligations. Aided by higher fees, commissions and other income, noninterest income rose 9.6%. With noninterest expense up 7.5%, a pretax loss of $1.28 billion was incurred, versus a profit of $954 million. After taxes of $145.2 million, versus $201.7 million, the net loss was $1.43 billion ($7.87 a share), versus net income of $744 million ($4.00).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.96	1.52	1.22	1.28
Jun.	1.09	1.23	d3.29	1.29
Sep.	d9.92	1.25	1.18	1.15
Dec.	E0.87	1.38	1.21	1.02
	Ed7.00	5.38	0.39	4.74

Important Developments

Oct. '89— JPM said that the $2 billion added to its allowance for credit losses reflected heightened economic and political problems in several countries where it has significant exposure. At September 30, 1989 the allowance totaled $3.04 billion, versus $1.54 billion a year earlier. During the third quarter net chargeoffs totaled $339 million of which $330 million were incurred from the sale or swap of LDC loans.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	[2]1985	[3]1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	30.52	26.57	27.42	23.70	21.03	18.85	17.11	15.52	14.09	12.60
Earnings	5.38	0.39	4.74	3.91	3.04	2.63	2.38	2.11	2.08	1.77
Dividends	1.54	1.39½	1.25⅞	1.13⅛	1.02½	0.94½	0.86⅞	0.79½	0.71⅞	0.64⅜
Payout Ratio	29%	358%	27%	29%	34%	36%	36%	38%	35%	36%
Prices—High	40¼	53⅝	48	33	20¼	21⅝	18	16	14½	13¾
Low	30¾	27	29½	19⅛	14⅛	15¾	11½	12⅜	10	11
P/E Ratio—	7-6	NM	10-6	8-5	7-5	8-6	8-5	8-6	7-5	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan. 1987, 100% Jan. 1985. 1. Reflects accounting change. 2. Reflects merger or acquisition and acctg. change. 3. Reflects merger or acquisition. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Revs.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	1,508	271	1,748	200	51.4	1,315	23.8%	1,002	2.75	1.21	19.1
[2]1987	1,596	366	1,217	960	51.0	360	76.8%	83	2.74	0.10	1.5
1986	1,557	509	1,137	265	43.9	1,166	25.2%	873	3.14	1.19	19.0
[3]1985	1,418	411	858	335	40.0	916	23.0%	705	3.11	1.06	18.1
[4]1984	1,052	497	664	150	39.5	703	23.5%	538	2.90	0.87	15.8
1983	1,120	393	563	230	38.4	651	29.3%	460	3.03	0.79	14.9
[2]1982	999	292	496	114	39.4	558	29.4%	394	2.70	0.69	15.5
1981	751	256	485	51	41.0	514	32.3%	348	2.43	0.67	15.2
1980	778	217	431	42	40.2	532	35.7%	342	2.67	0.71	16.6
1979	637	210	302	30	40.9	435	33.8%	288	2.68	0.71	15.5

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits Demand	Deposits Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	83,923	28,811	16,297	7,864	20,460	5.23	5,765	36,704	66.7	4,052	5,534	6.3
1987	75,414	20,451	14,795	9,070	21,581	5.58	6,919	37,068	69.6	2,754	4,786	6.0
1986	76,039	18,287	12,636	10,947	23,797	2.62	8,975	33,985	80.8	2,334	4,880	6.2
1985	69,375	12,613	10,630	9,805	27,313	2.14	8,690	31,155	93.0	1,400	4,142	5.7
1984	64,126	9,945	8,011	10,069	25,782	1.63	8,683	30,077	92.4	786	3,484	5.3
1983	58,023	9,657	6,615	9,109	24,362	1.43	8,013	30,057	87.9	793	3,069	5.2
1982	58,597	9,864	6,112	9,888	21,955	1.09	6,966	30,944	83.9	709	2,710	4.5
1981	53,522	10,088	5,030	9,847	19,010	1.04	6,796	29,228	80.0	526	2,420	4.4
1980	51,991	8,326	4,584	9,865	16,713	0.89	10,661	24,933	74.4	577	2,180	4.3
1979	43,488	6,963	3,405	8,671	13,962	0.95	9,858	20,421	74.6	580	1,949	4.6

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol subs. 2. Reflects accounting change. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition.

Business Summary

This holding company owns Morgan Guaranty Trust, the nation's fourth largest bank. JPM emphasizes wholesale banking services to the largest corporations. In addition to lending services, it provides corporate finance and capital markets services, including bond, precious metals, and currency trading. JPM has strengths in Eurobond underwriting, and is a primary dealer in government securities. Trust operations are the largest in the nation, with $69 billion of assets under management. International operations in 35 countries account for about 46% of consolidated assets.

During 1988 average earning assets of $74.3 billion (up 3.8% from 1987) were divided: commercial loans 6%, financial loans 5%, foreign loans 24%, other loans 6%, investment securities 20%, money market instruments 39%. Average sources of funds were non-interest bearing deposits 7%, other domestic deposits 9%, foreign deposits 38%, short-term borrowings 29%, long-term debt 4%, equity 5% and other 7%.

At December 31, 1988 nonperforming loans were $1.7 billion (6.1% of loans), up from $1.6 billion (5.3%) a year earlier, reflecting largely LDC loans. The reserve for loan losses was 5.23% of loans, versus 5.58%. Net chargeoffs were 1.38% of average loans in 1988, versus 0.49% in 1987, consisting largely of LDC loans in both years.

Dividend Data

Dividends have been paid since 1892. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41½	Dec. 14	Dec. 20	Dec. 27	Jan. 13'89
0.41½	Mar. 8	Mar. 14	Mar. 20	Apr. 14'89
0.41½	Jun. 14	Jun. 20	Jun. 26	Jul. 14'89
0.41½	Sep. 13	Sep. 19	Sep. 25	Oct. 13'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $4,654,000,000.

Adj. Rate Cum. Pfd. Stock: $244,000,000.

Common Stock: 183,417,588 shs. ($2.50 par).
Institutions hold about 66%.
Shareholders of record: 30,994.

Main Office—23 Wall St., NYC 10015. **Tel**—(212) 483-2323. **Chrmn & CEO**—L. T. Preston. **Pres**—D. V. Weatherstone. **Secy**—B. S. Stokes. **Treas**—D. R. Brunner. **Investor Contact**—Carol Hallingby. **Dirs**—R. E. Bailey, F. T. Cary, H. Goldfeder, H. H. Gray, J. J. Horan, J. R. Houghton, H. W. Johnson, J. L. Ketelsen, W. S. Lee, L. T. Preston, D. E. Procknow, L. R. Raymond, J. F. Ruffle, W. M. Shapleigh, J. G. Smale, D. Weatherstone. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Formed** in 1969, Bank incorporated in New York in 1864. **Empl**—15,383.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Morgan Stanley Group

1551N

NYSE Symbol MS Options on Phila (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
65½	79½-54⅞	6	1.10	1.7%	NR	NA

Summary

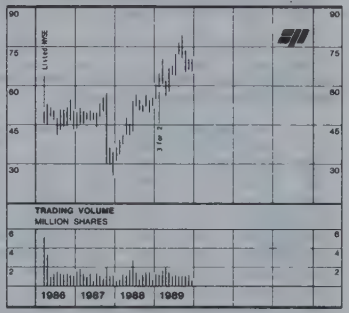
Morgan Stanley Group is a major international securities firm, serving a large and diversified group of clients and customers, including multinational corporations, governments, emerging growth companies, financial institutions, and individual investors. Earnings in 1988 and 1989 have been aided by merchant banking activities, and this source of profits could slow in 1990.

Current Outlook

Earnings, before merchant banking gains, for 1990 are projected at $8.50 a share, versus 1989's estimated $11.40, which includes an approximate $2.00 a share gain from the restructuring of an equity position.

The $0.27½ quarterly dividend is the minimum expected.

Weakness in the junk bond market and a potential slowdown of LBO activity could lead to lower earnings in 1990. MS is expected to continue to reap large advisory fees from M&A work as well as profits from its equity stakes in LBOs. MS has produced about $109 million in pretax profits from the sale of equity holdings in 1989, and a potential $140 million gain from the restructuring of Container Corp. of America is expected to be realized in late 1989 or early 1990. However, these high-return activities may tail-off, reflecting increasing concerns about risky junk bond financings. Underwriting fees and commissions may improve, while international operations are likely to grow. Gains are exepected from asset management operations.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,238	975	747	590
Jun.	1,516	1,048	831	691
Sep.	1,483	924	852	554
Dec.	---	1,161	718	629
	---	4,109	3,148	2,463

Total revenues for the nine months ended September 30, 1989 rose 44%, year to year. With interest expense up 86%, net revenues increased 8.6%. Investment banking fees were 6.2% higher, trading profits gained 18%, while trading of equity stakes was off 17%, primarily reflecting last year $124 million pretax gain from the sale of its Cain Chemical stake. Commissions were up 6.5%, while asset management fees advanced 4.9%. Pretax income expanded 8.0%. After taxes at 40.5%, versus 37.5%, net income advanced 2.8%.

Following preferred dividends, share earnings were $7.40, versus $7.41 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.02	2.55	1.69	1.95
Jun.	2.83	3.52	1.64	1.21
Sep.	2.54	1.31	1.88	1.05
Dec.	E4.01	2.84	0.77	1.54
	E11.40	10.26	5.99	5.61

Important Developments

Oct. '89— MS said that third-quarter results reflected its balanced mix of worldwide businesses. MS said that mergers and acquisitions activity continued at high levels, while global sales and trading were aided by strong market positions in international equities and foreign exchange. Included in third-quarter revenues was a pretax gain of $56.2 million for the restructuring of MS's investment in Burlington Holdings Inc.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	35.90	26.96	21.05	14.91	NA	NA	NA	NA
Earnings	10.26	5.99	5.61	[3]3.55	[2]2.04	[1]1.70	[1]1.68	[1]1.59
Dividends	0.63⅜	0.53⅜	0.23⅜	Nil	Nil	Nil	Nil	Nil
Payout Ratio	6%	9%	4%	Nil	Nil	Nil	Nil	Nil
Prices—High	56⅝	57¼	54⅝	NA	NA	NA	NA	NA
Low	31⅛	25½	40⅞	NA	NA	NA	NA	NA
P/E Ratio—	6-3	10-4	10-7	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1986 data reptd. in Prospectus dated Mar. 21, 1986. Adj. for stk. div(s). of 50% Feb. 1989. 1. Based on pro forma shs. outstanding. NA-Not Available. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Commissions	Int. Inc.	Total Revs.	Int. Exp.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Assets	% Return On [1]Equity
1988	230	2,029	4,109	1,905	84.5	637	38.0%	395	9.6	1.1	32.6
1987	297	1,421	3,148	1,380	88.4	364	36.6%	231	7.3	0.8	25.2
1986	216	1,063	2,463	1,035	86.9	323	37.6%	201	8.2	0.9	32.0
1985	154	938	1,795	900	89.8	183	42.2%	106	5.9	0.7	38.4
1984	130	795	1,340	748	92.1	106	42.1%	61	4.6	0.6	27.4
1983	131	415	860	391	90.0	86	40.6%	51	6.0	0.8	27.1
1982	96	363	725	336	87.2	93	45.4%	51	7.0	1.3	NA
1981	77	345	637	323	85.9	90	46.5%	48	7.5	NA	NA

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Cash Items	Rec.	Secs. Owned	Sec. Borrowed	Due Brokers & Cust.	Other Liabs.	Capitalization Debt	Capitalization [1]Equity	Capitalization Total
1988	40,051	1,623	28,765	8,924	26,335	4,002	7,299	815	1,337	2,414
1987	29,663	1,242	20,099	7,678	18,257	3,360	6,353	556	1,001	1,894
1986	29,190	459	18,605	9,511	20,074	3,396	4,541	381	788	1,178
1985	15,794	201	10,410	5,015	8,760	3,290	3,257	172	302	486
1984	13,054	77	8,755	2,885	9,297	1,234	2,041	[2]243	238	481

Data as orig. reptd. Prior to 1986 data reptd. in Prospectus dated Mar. 21, 1986. 1. Common; as reptd. by Co. 2. Incl. current portion. NA-Not Available

Business Summary

Morgan Stanley Group is a major securities firm whose main subsidiary, Morgan Stanley & Co., is a leading investment banking company. Revenues in recent years were derived as follows:

	1988	1987	1986
Investment banking	22%	23%	27%
Principal transaction	20%	20%	19%
Commissions	6%	9%	9%
Interest and dividends	49%	45%	43%
Asset mgmt./other	3%	3%	2%

Foreign operations accounted for 16% of revenues in 1988, 22% in 1987 and 19% in 1986.

The company provides a broad range of sales, trading and research services to suppliers of capital worldwide and ranks as one of the largest dealers in equity and fixed income securities.

MS is one of 44 primary dealers in U.S. Government securities as designated by the Federal Reserve Bank of New York and is a member of the major U.S. securities and commodities exchanges, and of the Tokyo Stock Exchange.

Through its investment banking division, MS provides advice to, and raises capital for, a variety of domestic and international clients. The company participates in the underwriting of public offering of debt, equity and other securities.

The company provides advisory services, and is active in corporate merger, acquisition, defense, divestiture and reorganization transactions. MS provides advice and other services related to the development and financing of real estate. MS also manages assets for individuals, and pension and profit sharing funds.

Dividend Data

Dividends were initiated in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33¾	Jan. 24	Feb. 2	Feb. 8	Feb. 22'89
3-for-2	Jan. 24	Feb. 28	Feb. 8	Feb. 27'89
0.22½	Apr. 19	Apr. 27	May 3	May 16'89
0.27½	Jul. 18	Jul. 27	Aug. 2	Aug. 15'89
0.27½	Oct. 17	Oct. 26	Nov. 1	Nov. 14'89

Next dividend meeting: late Jan.'90.

Finances

In February, 1989 MS converted the 119,261 shares of $8 cumulative convertible preferred stock into 447,226 common shares.

On March 21, 1986 underwriters offered in the initial public sale 7,762,500 (adjusted) common shares (including overallotments of 1,012,500 shares) of Morgan Stanley Group Inc. at $37.67 per share.

As a member of the NYSE, Morgan Stanley is subject to the net capital rule, which specifies minimum net capital requirements for registered brokers and dealers. At September 30, 1989 MS had net capital (as defined) of approximately $363 million, which exceeded the amount required by $332 million.

Capitalization

Long Term Debt: $645,667,000.

Market Auction Preferred Stock: $250,000,000.

Common Stock: 36,936,163 ($1 par).
Managing directors and principals own about 55%.

Office—1251 Ave. of the Americas, NYC 10020 **Tel**—(212) 703-4000. **Chrmn**—S. P. Gilbert. **Vice Chrmn**—R. F. Greenhill. **Pres**—R. B. Fisher. **Secy**—N. R. Sachs. **Treas**—B. J. Welsh. **Dirs**—A. M. Beard Jr., L. B. Bernard, R. B. Fisher, S. P. Gilbert, R. F. Greenhill, J. J. Mack, P. F. Oreffice, J. M. Regan, Jr., P. J. Rizzo. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1975. **Empl**—8,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Morrison Inc.

NASDAQ Symbol MORR (Incl. in Nat'l Market; marginable) Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
27⅜	34-23⅛	15	0.64	2.3%	A	0.80

Summary

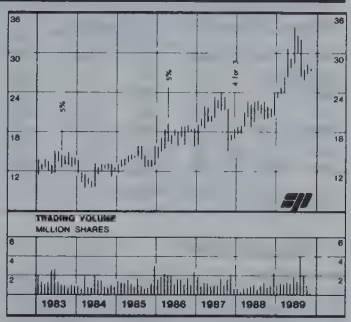
In addition to operating a large chain of public cafeterias, Morrison has a sizable institutional foodservice business and operates a variety of specialty restaurants, including the Ruby Tuesday chain. Profit growth slowed recently, largely reflecting weakness in the family dining segment. The cash dividend was increased 6.7% in September.

Current Outlook

Earnings for the fiscal year ending June 2, 1990, are estimated at $1.89 a share, up from 1988-9's $1.79 from continuing operations.

The dividend was raised 6.7%, to $0.16 a share quarterly, with the October 1989 payment.

Further growth is expected in the 1989-90 fiscal year, particularly for the specialty restaurant business. However, weakness in customer traffic for the important family dining business and favorable weather in the winter of 1988-9 may make near-term year-to-year profit comparisons somewhat difficult. MORR appears well-positioned, with the capability of using cash flow from its relatively mature cafeteria business to finance growth of its higher-margin specialty restaurant segment. An acquisition in the restaurant or contract feeding area is possible.



Revenues (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Aug.	208.2	184.7	158.9	141.7
Nov.	---	206.8	177.5	144.1
Feb.	---	207.1	176.4	147.6
May	---	[1]230.6	176.4	169.1
	---	829.2	689.3	602.5

Revenues for the 13 weeks ended September 2, 1989, increased 13%, year to year, but pretax income declined 4.5%. After taxes at 35.4%, versus 38.2%, income was down 0.3%. With 3.8% fewer shares outstanding, earnings per share increased to $0.36, from $0.35, excluding income of $0.02 from discontinued operations in the 1988-9 period. Profits from MORR's family dining business were down 31%, year to year; this more than offset increases of 24% and 44%, respectively, for the specialty restaurant and contract feeding and management segments.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Aug.	0.36	0.35	0.32	0.30
Nov.	E0.47	0.45	0.37	0.28
Feb.	E0.52	0.50	0.38	0.27
May	E0.54	[1]0.49	0.42	0.29
	E1.89	1.79	1.49	1.13

Important Developments

Sep. 2'89— MORR was operating 172 family dining units, including three that were opened during the 1989-90 first quarter. MORR also operated 89 Ruby Tuesdays (six opened in the quarter), 21 L&N Seafood Grills and six Silver Spoon restaurants. In the remainder of 1989-90, MORR expected to open three additional family dining units, 20 Ruby Tuesdays, four L&N restaurants and two Silver Spoons.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31	1989	[2]1988	[2]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.98	9.32	8.64	7.13	6.87	6.30	6.12	5.37	4.76	4.36
Earnings[3]	1.79	1.49	1.13	0.99	0.94	1.06	0.96	0.79	0.65	0.75
Dividends	0.58	0.40	0.36	0.34⅜	0.32⅞	0.28¼	0.25⅛	0.22½	0.21½	0.21¼
Payout Ratio	32%	26%	32%	35%	35%	25%	26%	28%	33%	28%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	23⅞	24⅛	19⅜	15⅞	13¾	15¼	12	9½	10⅝	12
Low	17⅝	15	14	11¾	9½	11½	5½	5⅝	5⅞	6⅞
P/E Ratio—	13-10	16-10	17-12	16-12	15-10	14-11	13-6	12-7	16-9	16-9

Data as orig. reptd Adj. for stk. divs. of 33% Dec 1987, 5% Apr 1986, 5% Aug 1983, 2% Nov 1980, 2% Jul 1979 1. 14 wks. 2. Refl merger or acq. 3. Bef. results of disc. ops. of +0.02 in 1989, +0.05 in 1988, -0.43 in 1986, -0.02 in 1985, -0.01 in 1984, +0.03 in 1982, +0.03 in 1981 E-Estimated

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Income Data (Million $)

Year Ended May 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1989	825	70.3	8.5	41.8	23.9	2.34	50.4	37.3%	31.6	3.8
[2,3]1988	686	66.8	9.7	37.2	23.5	2.81	45.8	39.2%	27.8	4.1
[2]1987	599	56.1	9.4	43.5	18.9	2.33	41.2	47.8%	21.5	3.6
[3]1986	522	44.1	8.4	28.9	16.6	1.30	30.6	37.5%	19.1	3.7
[3]1985	479	46.8	9.8	28.4	15.3	2.12	29.1	38.4%	17.9	3.7
1984	464	45.7	9.8	17.9	14.1	3.46	34.8	40.8%	20.6	4.4
1983	416	41.1	9.9	19.7	13.1	3.91	30.7	39.1%	18.7	4.5
[3]1982	364	34.5	9.5	28.5	10.8	3.11	24.1	37.4%	15.1	4.1
[3]1981	320	28.0	8.7	19.1	9.6	2.96	17.8	30.5%	12.4	3.9
1980	289	28.6	9.9	27.1	9.1	[4]3.56	21.2	32.8%	[4]14.2	4.9

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	17.9	79.0	70.7	1.1	284	11.1	16.6	174	206	8.1	18.8
1988	16.1	91.8	64.0	1.4	299	10.2	43.8	169	231	19.0	17.1
1987	10.4	74.9	57.7	1.3	262	9.1	21.2	166	201	10.6	13.6
1986	15.0	61.4	39.7	1.5	212	9.1	7.0	151	168	4.1	12.9
1985	15.1	56.1	36.2	1.5	208	8.8	11.9	146	169	7.0	13.0
1984	10.3	50.2	38.0	1.3	195	10.7	16.6	127	155	10.7	17.2
1983	13.2	55.5	36.7	1.5	195	9.8	32.4	116	158	20.5	17.1
1982	9.9	51.5	37.1	1.4	183	8.8	37.8	101	145	26.1	15.8
1981	3.6	39.4	30.8	1.3	159	8.1	33.7	89	128	26.3	14.5
1980	2.2	30.1	22.8	1.3	144	10.4	35.2	81	120	29.2	18.8

Data as orig. reptd 1. Incl. equity in earns. of nonconsol. subs. 2. Refl. merger or acq. 3. Excl. disc. ops. 4. Refl. acctg. change

Business Summary

Morrison Incorporated is a diverse foodservice company with operations in more than 35 states. The company was founded in 1920 and had its first and only public stock offering in 1928. Currently, MORR operates one of the largest public cafeteria chains in the U.S., has more than 100 specialty restaurants and manages foodservice facilities.

Segment contributions in the 1988-9 fiscal year were:

	Revs.	Profits
Family dining	37.9%	45.7%
Specialty restaurants	20.4%	30.7%
Contract feeding & management	41.7%	23.6%

As of June 3, 1989, 169 family dining units were in operation, including 12 Sadie's Buffets. MORR's public cafeterias are located largely in the southeastern U.S.

MORR's 110 specialty restaurants at June 3, 1989, consisted of: 83 Ruby Tuesdays, specializing in salads, soups, burgers, chicken and ethnic specialties; 21 L&N Seafood Grills, which feature mesquite-grilled, sauteed and fried seafood, regional specials and pasta; and six Silver Spoon Cafes, which are casual restaurants aimed at an "upscale" market. The number of specialty restaurants operated by MORR has more than tripled since the end of 1983-4, when there were 31 in operation.

With the February 1988 acquisition of Dobbs Food Service Management, the contract feeding and management division became one of the leading such organizations providing contract foodservice nationwide. Food and beverage vending services are also provided. In addition, this division manages full-service retirement programs and provides other services.

Dividend data

Cash has been paid in each year since 1936.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Dec. 16	Dec. 30	Jan. 6	Jan. 31'89
0.15	Mar. 28	Apr. 10	Apr. 14	Apr. 28'89
0.15	Jun. 30	Jul. 10	Jul. 14	Jul. 31'89
0.16	Sep. 26	Oct. 6	Oct. 13	Oct. 31'89

Capitalization

Long Term Debt: $15,902,000 (9/2/89).

Common Stock: 17,396,000 shs. ($0.01 par).
A. R. Outlaw owns about 12%.
Institutions hold some 45%.
Shareholders: 7,569 of record (7/89).

Office—4721 Morrison Dr., P.O. Box 160266, Mobile, Ala. 36625. **Tel**—(205) 344-3000 **Chrmn & CEO**—E. E. Bishop **Pres & COO**—S. E. Beall III **Vice Chrmn**—A. R. Outlaw. **Treas**—P. Freeman Jr. **Secy**—P. G. Hunt **VP & Investor Contact**—R. A. McGeoch **Dirs**—S. E. Beall III, E. E. Bishop, W. R. Bunn, H. M. McPhillips Jr., J. B. McKinnon, H. T. Morrissette, A. R. Outlaw, D. Ratajczak, R. J. Theis **Transfer Agents & Registrars**—AmSouth Bank, Birmingham, Ala.; Registrar & Transfer Co., Cranford, N.J. **Incorporated** in Florida in 1954, reincorporated in Delaware in 1987 **Empl**—27,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves CFA

Morton International

1555T

NYSE Symbol MII Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
35 3/4	41 7/8-31 1/2	19	0.88	2.5%	NR	NA

Summary

Morton International derives the major portion of its sales and earnings from specialty chemicals, and the balance from salt and automotive inflatable restraint systems. The company was formed in July, 1989 through the spin-off of the nonaerospace operations of Morton Thiokol, Inc., which was subsequently renamed Thiokol Corp. Earnings for fiscal 1990 are expected to advance.

Current Outlook

Share earnings for the fiscal year ending June 30, 1990 are projected at about $2.70, versus the $2.03 reported for fiscal 1989.

The quarterly dividend was raised 10%, to $0.22 from $0.20, with the December, 1989 payment.

Sales for fiscal 1990 are projected at over $1.6 billion, with chemicals sales estimated at about $1.05 billion (up 12%). Lower raw material costs should boost second half chemical profits but slower electronic and automotive markets will limit the gain. Inflatable restraint systems should triple in sales to about $150 million and make a significant contribution to profits. Salt sales and profits are expected to rise modestly, reflecting good ice control pricing conditions.

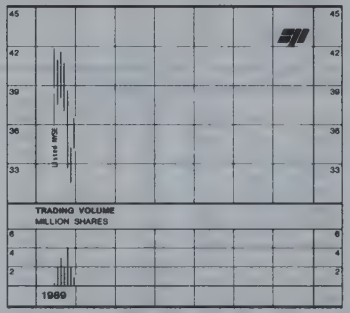
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	355	322	281	255
Dec.	---	349	306	269
Mar.	---	400	340	299
Jun.	---	336	321	271
	---	1,407	1,248	1,094

Sales for the three months ended September 30, 1989 rose 10%, year to year, as airbag sales tripled. With lower chemical profits, reflecting higher raw material costs and a slowdown in the electronic materials market, and the absence of $2.5 million of nonrecurring income, net income declined 21%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep	0.54	0.69	0.59	0.54
Dec	E0.65	0.65	0.59	0.50
Mar	E0.75	0.20	0.70	0.63
Jun.	E0.76	0.49	0.55	0.54
	E2.70	2.03	2.43	2.21



Important Developments

Oct. '89— MII said that quarterly comparisions should improve in fiscal 1990, as higher raw material costs in the chemical business become a less significant factor. Volume should continue to increase in the airbag business. Fiscal 1989 first quarter earnings included $2.5 million of income related to real estate transactions. Corporate expenses in the first quarter were higher, as year-earlier expenses were reduced by an allocation to the aerospace business.

Jul. '89— Morton Thiokol, Inc. (MTI) completed the spin-off of MII, consisting of its specialty chemicals, salt and automotive inflatable restraint systems (airbags) operations, through a share-for-share distribution of MII stock to MTI shareholders of record July 1. MTI was renamed Thiokol Corp. (TKC) and consists of its remaining aerospace business. A 2-for-5 reverse split of the TKC share was effected following the distribution.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984
Tangible Bk. Val.	14.74	NA	NA	NA	NA	NA
Earnings[1]	2.03	2.43	2.21	1.89	1.60	1.31
Dividends	NA	NA	NA	NA	NA	NA
Payout Ratio	NA	NA	NA	NA	NA	NA
Prices[2]—High	41 7/8	NA	NA	NA	NA	NA
Low	31 1/2	NA	NA	NA	NA	NA
P/E Ratio—	21-16	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1989 data as in Proxy Statement/Prospect us dated May 22, 1989. 1. Bef. results of disc. opers. of +0.06 in 1985, +0.25 in 1984; bef. spec. item(s) of -0.07 in 1988, +1.51 in 1985. 2. Cal. yr. NA-Not Available E-Estimated

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,407	248	17.6	132	65.4	9.1	151	35.8%	[1]97	6.9
1988	1,248	230	18.4	98	59.8	4.1	179	35.1%	[1]116	9.3
1987	1,094	210	19.2	73	53.0	3.0	164	36.1%	[1]105	9.6
1986	1,023	191	18.7	60	48.2	2.8	142	36.7%	[1]90	8.8
1985	970	NA	NA	70	NA	NA	NA	NA	[1]79	8.1
1984	1,001	NA	NA	50	NA	NA	NA	NA	[1]66	6.6

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	53.0	557	301	1.9	1,364	NA	44	901	1.017	4.3	NA
1988	17.5	459	233	2.0	1,179	10.6%	46	790	918	5.0	15.9%
1987	27.9	390	201	0.9	1,009	11.3%	5	677	779	0.6	NA
1986	NA	NA	NA	NA	853	10.7%	6	NA	NA	NA	NA
1985	NA	NA	NA	NA	825	9.5%	7	NA	NA	NA	NA
1984	NA	NA	NA	NA	833	NA	4	NA	NA	NA	NA

Data as reptd in Proxy Statement/Prospectus dated May 22, 1989. 1. Bef. results of disc. opers. in 1985, 1984; bef. spec. item(s) in 1988, 1985. NA-Not Available

Business Summary

This diversified chemical company, formed by the July 1989 spin-off of the commercial businesses of Thiokol Corp. (formerly Morton Thiokol Inc.), has interests in three major areas. Contributions by segments in fiscal 1989:

	Sales	Profits
Specialty chemicals	66%	69%
Salt	30%	33%
Inflatable restraint systems	4%	-2%

Foreign operations accounted for 31% of sales and 39% of profits in fiscal 1989.

Specialty chemicals include adhesives and coatings for food packaging materials and for textile, industrial and automotive uses; liquid and powder coatings used on plastics and metals; electronic chemicals, primarily dry film photoresists, masks, and inks for semiconductors and circuit boards; polysulfide polymers used in sealants for insulated glass, rubber products, adhesives and coatings; thermoplastic polyurethanes for the adhesives and injection molding and extrustion markets; and dyes and colorants for petroleum products, fuels, inks, plastics, foods, drugs and cosmetics. Other products include heat stabilizers and lubricants for rigid PVC; reducing agents for bleaching paper; industrial biocides; metalorganic chemicals; and magnesium and bromide compounds.

Salt is marketed under the Morton and Windsor brands for human and animal consumption; residential, municipal, and industrial water conditioning; highway and residential ice control; and food and meat processing and chemical uses.

Inflatable restraint systems manufactures gas generators and modules used in automotive airbag passive restraint systems.

Dividend Data

The company or predecessor companies have paid dividends since 1925. Quarterly dividends for MII were initiated in 1989 as follows:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Aug. 14	Aug. 23	Aug. 29	Sep. 11'89
0.22	Oct. 26	Nov. 24	Nov. 30	Dec. 11'89

Next dividend meeting: Jan. 25'90.

Finances

In July, 1989 Morton Thiokol, Inc. (MTI) completed the spin-off of MII, consisting of its specialty chemicals, salt and automotive inflatable restraint systems (airbags), through a share-for-share distribution of MII stock to MTI shareholders of record July 1. MTI was renamed Thiokol Corp. (TKC), and consists of the remaining aerospace business. A 2-for-5 reverse split of the TKC share was effected following the distribution. MTI shareholders approved the spin-off on June 23, 1989.

Capitalization

Long Term Debt: $44,500,000.

Common Stock: 47,912,000 shs. ($1 par).
Institutions hold about 11%.
Shareholders of record: 11,280.

Office—110 North Wacker Dr., Chicago, Ill. 60606 **Tel**—(312) 807-2000. **Chrmn & CEO**—C. S. Locke. **Pres**—S. J. Stewart **VP-Secy**—P. M. Phelps. **VP-Fin & Treas**—J. R. Bowen. **Investor Contact**—Nancy Hobor **Dirs**—R. M Barford, W. T. Creson, D. C. Fill, E. A. Gilmour, C. S. Locke, F. W. Luerssen, S. J. Stewart, R. W. Stone, R. C. Tower **Transfer Agent & Registrar**—First Chicago Trust of New York, NYC **Incorporated** in Indiana in 1989 **Empl**—8,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA.

Motorola, Inc.

NYSE Symbol MOT Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
56⅞	62-39½	15	0.76	1.3%	A-	1.54

Summary

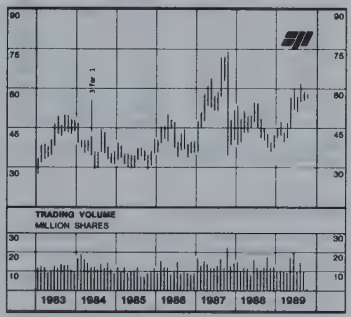
Motorola holds strong positions in semiconductor products and in two-way radios and other electronic communication systems. Data communications products, information systems, Government electronic equipment, and automotive and industrial electronic products are also manufactured. Led by sharp gains in cellular mobile telephone systems and computer systems, earnings for 1989 are likely to rise for the fourth consecutive year, despite a large nonrecurring charge. In the absence of the charge and reflecting cost reductions, further earnings progress is likely in 1990.

Current Outlook

Earnings for 1990 should approximate $4.50 a share, up from the $3.90 estimated for 1989.

The $0.19 quarterly dividend is likely to be increased in late 1989.

Sales for 1990 should rise moderately, led by continued strong growth of the general systems group. However, the gain will be restrained by only a modest increase in semiconductor sales, due to minimal industry growth. Growth of the information systems group and government electronics group segments is also likely to be limited. A possible decline in domestic automotive production would restrain results in products sold to that industry, despite rising electronic content in cars. Recent efforts to reduce costs, the absence of nonrecurring charges and the higher volume should allow margins to expand. Long-term prospects are enhanced by MOT's strong management and concentration in high growth areas.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,175	1,955	1,547	1,339
Jun.	2,385	2,095	1,639	1,499
Sep.	---	2,007	1,672	1,431
Dec.	---	2,193	1,850	1,619
	---	8,250	6,707	5,888

Sales for the six months ended July 1, 1989 increased 13%, year to year, led by a 62% gain in the general systems group. Restrained by a 53% increase in interest expense (net), margins widened only slightly, and pretax income advanced 14%. After taxes at 27.9%, versus 30.4%, net income rose 18%, to $2.13 a share from $1.81.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.95	0.88	0.44	0.37
Jun.	1.18	0.93	0.62	0.43
Sep.	E0.75	0.67	0.54	0.24
Dec.	E1.02	0.95	0.79	0.49
	E3.90	3.43	2.39	1.53

Important Developments

Oct. '89— MOT said that it planned to incur a $43 million pretax charge to cover the anticipated costs of a severance program involving a reduction in its 105,000-employee workforce by approximately 2,500 employees. The company said that it remained confident in its growth prospects.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[1,2]1988	1987	[1]1986	1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	26.02	23.26	21.48	19.15	19.18	16.49	14.80	13.60	12.25	10.74
Earnings[3]	3.43	2.39	1.53	0.61	3.27	2.09	1.55	1.85	1.99	1.65
Dividends	0.67	0.64	0.64	0.64	0.61⅜	0.53⅜	0.53⅜	0.53⅜	0.48⅜	0.41¾
Payout Ratio	20%	27%	42%	106%	19%	26%	36%	29%	24%	25%
Prices—High	54⅝	74	50	40¾	46⅞	50	31¼	30¼	28	18½
Low	35⅞	34½	33⅝	29⅛	29¼	27⅜	16½	18⅜	13¾	12
P/E Ratio—	16-10	31-14	33-22	67-48	14-9	24-13	20-11	16-10	14-7	11-7

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1984. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. spec. item(s) of +0.08 in 1982. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4,5]1988	8,250	1,269	15.4	873	543	151	612	27.3%	445	5.4
1987	6,707	989	14.7	689	494	96	416	26.0%	308	4.6
[4]1986	5,888	810	13.8	593	459	105	265	26.8%	[6]194	3.3
1985	5,443	562	10.3	739	441	100	45	NM	72	1.3
1984	5,534	853	15.4	858	353	53	466	17.0%	387	7.0
1983	4,328	622	14.4	478	289	39	309	21.0%	244	5.6
[4]1982	3,786	504	13.3	435	244	68	212	20.0%	169	4.5
1981	3,336	452	13.6	346	173	[5]56	252	30.5%	175	5.2
1980	3,099	481	15.5	325	145	[6]49	274	32.1%	186	6.0
1979	2,714	417	15.3	280	111	[6]36	259	40.5%	154	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	340	3,380	2,691	1.3	6,710	7.4%	343	3,375	3,873	8.9	13.9%
1987	258	2,707	1,668	1.6	5,321	6.1%	344	3,008	3,489	9.9	10.6%
1986	185	2,239	1,371	1.6	4,682	4.1%	334	2,754	3,198	10.4	7.4%
1985	176	2,109	1,185	1.8	4,370	1.7%	705	2,284	3,089	22.8	3.1%
1984	168	2,203	1,202	1.8	4,194	10.4%	531	2,278	2,911	18.2	18.3%
1983	207	1,730	836	2.1	3,236	7.9%	262	1,948	2,318	11.3	13.2%
1982	150	1,513	588	2.6	2,833	5.9%	369	1,700	2,181	16.9	10.4%
1981	121	1,393	620	2.2	2,399	7.7%	352	1,288	1,724	20.4	14.3%
1980	105	1,268	525	2.4	2,112	9.2%	336	1,152	1,551	21.6	17.2%
1979	100	1,234	525	2.3	1,903	8.7%	296	1,004	1,300	22.7	16.3%

Data as orig. reptd. 1. Includes other income. 2. Incl. equity in earns. of nonconsol. subs. in 1981 thru 1987. 3. Bef. spec. item(s) in 1982. 4. Reflects merger or acquisition. 5. Reflects accounting change. 6. Net of interest income. NM-Not Meaningful.

Business Summary

Motorola is a diversified manufacturer of electronic products. Industry segment contributions in 1988 were:

	Sales	Profits
Communications	35%	40%
Semiconductor	32%	33%
General systems	13%	13%
Information systems	7%	9%
Government electronics	8%	3%
Other	5%	2%

Foreign operations accounted for 36% of sales and 27% of operating profits in 1988. Sales to the U.S. Government were 13% of revenues.

Motorola is a principal supplier of mobile and portable FM two-way radio and radio paging communications systems.

The company is also a leading supplier of semiconductors, including memory circuits, microprocessors, other logic and linear integrated circuits, and discrete semiconductors.

The general systems segment produces cellular mobile telephone systems and computer systems. Information systems products consist of high speed modems, multiplexers, network processors, local area networks and related integrated equipment, as well as modems and other digital interface devices.

Electronic products are produced for governments.

Other products include automotive and electronics products.

Dividend Data

Dividends have been paid since 1942. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Nov. 9	Dec. 12	Dec. 16	Jan. 13'89
0.19	Feb. 7	Mar. 13	Mar. 17	Apr. 13'89
0.19	May 1	Jun. 12	Jun. 16	Jul. 14'89
0.19	Aug. 1	Sep. 11	Sep. 15	Oct. 13'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $333,000,000.

Common Stock: 129,669,359 shs. ($3 par).
Institutions hold about 68%.
Shareholders of record: 14,647.

Office—1303 E. Algonquin Rd., Schaumburg, Ill. 60196. **Tel**—(312) 397-5000. **Chrmn**—R. W. Galvin. **Pres & CEO**—G. M. C. Fisher. **Secy**—R. H. Weise. **EVP & CFO**—D. R. Jones. **Investor Contact**—Curt Bogle. **Dirs**—D. R. Clare, W. C. Doud, G. M. Fisher, C. B. Galvin, R. W. Galvin, J. T. Hickey, L. Howe, A. P. Jones, D. R. Jones, M. J. Lambert, S. L. Levy, W. E. Massey, J. F. Mitchell, A. C. Neilsen, Jr., W. G. Salatich, G. C. Tooker, G. L. Tucker, W. J. Weisz, B. K. West. **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Illinois in 1928; reincorporated in Delaware in 1973. **Empl**—102,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H. Valentine, CFA

Multimedia, Inc.

NASDAQ Symbol MMEDC (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Aug. 29'89	1989					
106	108-74	40	None	None	NR	1.14

Summary

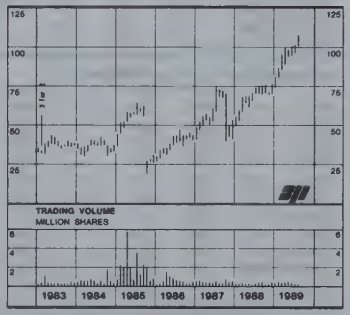
This diversified communications company owns four TV and seven radio stations, publishes 14 daily and 40 non-daily newspapers, operates cable systems serving some 320,000 subscribers and produces and syndicates TV programming, including the Phil Donahue and Sally Jessy Raphael shows. Multimedia is recovering ahead of schedule from a 1985 recapitalization that greatly increased its debt. Both near- and longer-term earnings prospects are quite favorable.

Current Outlook

Earnings for 1990 are tentatively projected at about $3.20 a share, up 16% from the $2.75 estimated for 1989.

Directors suspended cash dividend payments following the 1985 recapitalization.

Higher revenues in 1990 will reflect gains from each major business segment, with particular strength in cable and entertainment. Profitability should be strong, aided by lower newsprint prices in particular, plus ongoing cost-containment measures. Net income should get an additional boost from lower debt-service requirements. Longer-term prospects for revenues and earnings are also quite favorable.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	106.3	99.98	89.80	81.84
Jun.	121.02	114.29	107.27	97.12
Sep.		107.95	102.49	92.45
Dec.		117.37	111.20	100.38
		439.59	410.75	371.80

Operating revenues for 1989's first half rose 6.1%, year to year. Operating profits gained 13% as increases from broadcasting, cablevision and entertainment more than countered reduced profits from newspaper operations. After other items, including reduced interest expense, pretax earnings advanced 54%. Following taxes at 42.0%, versus 46.0%, net income climbed 65%, to $1.24 a share, from $0.77.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.37	0.09	d0.15	d0.46
Jun.	0.87	0.67	0.35	0.22
Sep.	E0.60	0.36	0.40	0.02
Dec.	E0.91	1.07	0.42	d0.22
	E2.75	2.20	1.03	d0.42

Important Developments

Jul. '89— As of June 30, 1989, Multimedia had repaid a total of $298 million of the $650 million in bank debt incurred in the 1985 recapitalization. About $51 million in debt was repaid during the first half of 1989.

Feb. '89— The company said that it had continued to prepay bank debt and had reduced its credit line, such that the overall savings in interest costs in 1989 should approximate $3 million. The company said that its main thrust is to continue to pay down bank debt. Thus, no major acquisitions are planned at this time. Capital expenditures in 1989 are estimated at $26 million.

Sep. '88— Multimedia Entertainment premiered a new comedy/game show, SWEETHEARTS, seen weekdays in 70% of the country.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983
Tangible Bk. Val.	d59.24	d62.96	d64.41	d63.65	7.10	6.84
Earnings	2.20	1.03	d0.42	1.40	2.02	2.15
Dividends	Nil	Nil	Nil	0.49½	0.60	0.52
Payout Ratio	Nil	Nil	Nil	35%	30%	25%
Prices—High	76½	74½	47¼	30⅞	42½	43¾
Low	49	39½	26⅞	18⅝	29¾	31
P/E Ratio—	35-22	72-38	NM	22-13	21-15	20-14

Data as orig. reptd. 1. Refl. recapitalization. d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	440	176	40.0	23.4	28.6	108	42.5	36.8%	26.9	6.1
1987	411	159	38.8	17.4	27.7	111	27.1	54.0%	12.5	3.0
1986	372	140	37.8	26.6	25.5	112	2.4	NM	[1]d4.7	NM
[2]1985	336	115	34.2	26.0	24.3	36	47.9	54.8%	21.6	6.4
1984	304	102	33.6	32.9	21.5	9	64.2	47.5%	33.7	11.1
1983	270	88	32.8	58.1	18.4	9	[3]65.3	46.1%	35.2	13.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	3.1	89	77.6	1.1	405	6.6	792	d537	324	NM	NM
1987	2.6	82	70.4	1.2	409	3.1	839	d567	337	NM	NM
1986	2.6	74	61.4	1.2	409	NM	877	d580	347	NM	NM
[2]1985	4.7	69	52.9	1.3	399	5.4	878	d576	344	NM	NM
1984	15.2	77	48.3	1.6	403	8.5	73	249	351	20.9	14.2
1983	50.5	104	53.6	1.9	387	10.1	80	224	328	24.3	17.8

Data as orig. reptd. 1. Refl. acctg. change. 2. Refl. recapitalization. 3. Incl.equity in earns. of nonconsol. subs. NM-Not Meaningful. d-Deficit

Business Summary

Multimedia owns and operates four TV and seven radio stations, cable TV systems and newspapers and produces and syndicates various TV programs. Contributions by business segment in 1988 were:

	Revs.	Profit
Broadcasting	31%	32%
Newspapers	31%	28%
Cablevision	23%	20%
Entertainment	15%	20%

Broadcast properties include four network-affiliated VHF TV stations, in Cincinnati, Ohio, St. Louis, Mo., Knoxville, Tenn., and Macon, Ga. AM and FM radio stations are owned and operated in Greenville, S.C., Macon, Ga., Shreveport, La., and an FM station in Milwaukee, Wis.

A subsidiary produces and syndicates TV programs, including the nationally syndicated Phil Donahue Show (which is seen in 209 U.S. markets), the Sally Jessy Raphael show (seen in 145 markets), Young Peoples Specials, Sweethearts, and Music City News Awards Show, as well as other special TV programming.

The cable television division, established in 1980, had about 321,000 subscribers as of March 30, 1989, in Kansas, Oklahoma, Illinois and North Carolina.

Multimedia publishes the only daily and Sunday newspapers in 14 markets and also publishes 40 non-daily publications. Combined average paid circulation in 1988 was 332,000 daily, 353,000 Sunday and 149,000 non-daily.

Dividend Data

Dividends were suspended in the fourth quarter of 1985 as a result of the significant increase in long-term debt and the debt covenants included in the recapitalization credit agreements.

Finances

In October 1985, the company completed a merger with an insider group, and a recapitalization of Multimedia was effected. The transaction included the issuance of 11 million new common shares, plus cash and debentures valued at a total of some $826 million. Under revised terms of the agreement, holders of old Multimedia common stock could elect to exchange each share for one of the following: $125 principal of a new 16% discount debenture and a right to purchase either (a) for $5.27 cash, 0.527 of a share of the surviving company or (b) for $5.80 cash, 0.58 of a share of the surviving corporation; $52.46 cash; $47.19 cash and 0.527 of a share of the surviving corporation; or $46.66 cash and 0.58 of a share of the surviving corporation.

Capitalization

Long Term Debt: $769,075,000 (6/89).

Common Stock: 11,077,206 shs. ($0.10 par).
About 15% is closely held.
Institutions hold some 61%.
Shareholders of record: 1,200.

Office—305 South Main St., (P.O. Box 1688), Greenville, S.C. 29602 **Tel**—(803) 298-4373 **Chrmn**—W. C. Wearn **Pres & CEO**—W. E. Bartlett. **Secy**—A. F. Burgess. **VP & Investor Contact**—Elizabeth S. Mills **Dirs**—D. J. Barhyte, W. E. Bartlett, A. F. Burgess, G. H. V. Cecil, R. T. Eskew, D. L. Freeman, J. E. Jolley, J. T. Lynagh, D. E. Ramsaur, D. S. Sbarra, W. D. Sellers Jr., E. P. Stall, W. C. Stutt, W. C. Wearn **Transfer Agent & Registrar**—South Carolina National Bank, Columbia **Incorporated** in South Carolina in 1968 **Empl**—3,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Murphy Oil

NYSE Symbol MUR Options on Pacific (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
38½	44-29⅝	25	1.00	2.6%	B-	0.94

Summary

Murphy is an integrated crude oil and natural gas company, and owns a 61% interest in Ocean Drilling & Exploration Co. (ODR: NYSE), an operator of a large fleet of contract drilling rigs. In October, 1989 ODR announced a plan to dispose of its unprofitable contract drilling business. A new subsidiary consisting of the contract drilling business would make an initial public offering of 15% to 20% of its common stock. Subsequently, ODR would make an exchange offer of the contract drilling stock for its own shares and then distribute remaining shares to existing ODR stockholders on a pro rata basis.

Current Outlook

Share earnings for 1990 are projected at $1.35, versus the $1.05 estimated for 1989. In both years, share earnings include MUR's interest in the contract drilling business prior to divestiture.

The dividend is expected to be maintained at $0.25 quarterly.

Revenues in 1990 are projected to be up, reflecting an improved outlook for the natural gas industry. Downstream margins should strengthen due to tight capacity and potentially soft feedstock costs. The loss from the contract drilling business should narrow due to its planned divestiture.

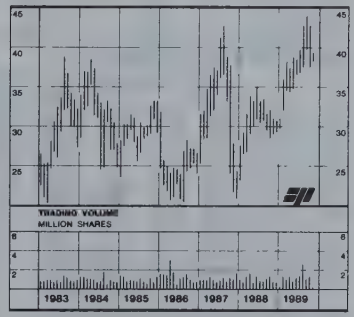
Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	387	357	333	418
Jun.	435	371	368	324
Sep.	407	382	427	306
Dec.	---	415	390	322
	---	1,525	1,518	1,370

Revenues for the nine months ended September 30, 1989 rose 11%, year to year, owing mostly to gains in the U.S. refining and marketing segment. A sharp improvement in exploration and production profits offset deterioration in the contract drilling business. Net income almost doubled, to $25.7 million ($0.76 a share) from $13.1 million ($0.39).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.19	d0.19	0.09	0.32
Jun.	0.49	0.28	0.21	0.08
Sep.	0.08	0.30	0.24	d0.02
Dec.	E0.29	0.75	d1.83	d6.14
	E1.05	1.14	d1.29	d5.76



Important Developments

Oct. '89— MUR and Ocean Drilling & Exploration Co. (ODR), MUR's 61%-owned subsidiary, jointly announced that ODR's board of directors has decided to restructure ODR by separating its unprofitable contract drilling business from its other businesses. ODR will form a new subsidiary consisting of the contract drilling business which would make an initial public offering of 15% to 20% of its shares. ODR currently anticipates that during mid-1990 it will make an exchange offer of contract drilling stock for a portion of outstanding ODR common. Upon completion of the exchange offer, shares of the contract drilling business then held by ODR would be distributed (the "spin-off") to remaining ODR stockholders on a pro rata basis. MUR will report contract drilling results as continuing operations in its financial statements until after the spin-off.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.48	22.15	23.12	29.39	27.61	26.97	24.60	21.51	18.21	14.26
Earnings[1]	1.14	d1.29	d5.76	2.25	3.21	3.60	4.28	4.39	4.03	2.77
Dividends	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.50	0.33⅜
Payout Ratio	87%	NM	NM	43%	31%	28%	23%	17%	12%	12%
Prices—High	35⅛	42¾	31⅞	33¼	38½	38⅞	31¼	51½	64	30½
Low	23⅛	20¾	20⅝	23½	24½	20¼	15½	26	24⅝	13⅜
P/E Ratio—	31-20	NM	NM	15-10	12-8	11-6	7-4	12-6	16-6	11-5

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1980. 1. Bef. results of disc. opers. of -0.58 in 1984. d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,474	310	21.1	190	230	36.9	96	72.1%	39	2.6
1987	1,474	291	19.7	130	227	27.4	d19	NM	d44	NM
1986	1,313	146	11.1	129	313	30.7	d350	NM	[3]d195	NM
1985	2,198	614	28.0	257	299	32.5	314	69.1%	80	3.6
[4]1984	2,169	643	29.6	317	288	35.1	419	59.5%	[3]118	5.4
1983	2,388	816	34.2	347	316	33.1	532	65.0%	132	5.5
1982	2,602	840	32.3	517	301	48.3	580	58.4%	[3]158	6.1
1981	2,447	779	31.8	580	222	39.6	617	60.2%	163	6.7
1980	1,967	715	36.4	311	178	44.2	549	59.8%	151	7.7
1979	1,569	491	31.3	284	132	41.5	357	62.6%	[3]104	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	235	542	419	1.3	2,068	1.9%	382	761	1,423	26.9	5.1%
1987	195	510	399	1.3	2,067	NM	340	750	1,387	24.5	NM
1986	163	458	333	1.4	1,980	NM	237	777	1,377	17.2	NM
1985	144	619	529	1.2	2,661	3.1%	254	1,014	1,847	13.7	8.1%
1984	299	702	579	1.2	2,685	4.3%	261	1,006	1,823	14.3	11.8%
1983	304	741	626	1.2	2,808	4.6%	271	986	1,799	15.1	14.0%
1982	362	901	855	1.1	2,990	5.5%	293	902	1,739	16.9	18.7%
1981	293	818	735	1.1	2,777	6.4%	343	795	1,625	21.1	22.2%
1980	288	746	600	1.2	2,308	7.2%	278	679	1,456	19.1	24.9%
1979	177	533	483	1.1	1,877	6.1%	413	532	1,280	32.3	21.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984. 3. Reflects accounting change. 4. Excludes discontinued operations. d-Deficit NM-Not Meaningful.

Business Summary

Murphy Oil is a medium-sized integrated crude oil and natural gas company operating domestically and internationally, with interests also in offshore drilling, farming and timber.

Net Profit/Loss (Million $)	1988	1987
U.S. expl. & prod.	$22.7	$44.2
Foreign expl. & prod.	4.5	24.1
U.S. ref. & mkt.	36.3	-0.7
Foreign ref. & mkt.	18.3	7.9
Contract drilling	-32.3	-45.2
Farm & timber	5.7	6.8
Diving	-0.9	-7.4

Murphy Oil U.S.A. is a domestic integrated oil company. The Murphy Eastern Oil Co. subsidiary provides technical services for MUR's subsidiaries in the Eastern Hemisphere. Murphy Oil Co. Ltd. is engaged in oil and gas exploration, production and transportation in Canada. The 61%-owned Ocean Drilling & Exploration Co. (ODR) is a major contract offshore driller and looks for oil/gas on its own. Deltic Farm & Timber Co. is engaged in the farming, timber, and land management businesses.

In 1988 crude oil and natural gas liquids production averaged 47,704 barrels a day (49,086 b/d in 1987), of which 33% was produced in the U.S.; natural gas sales were 193.9 million cubic feet a day (172.2), of which 80% was in the U.S.; and crude oil processed 116,415 b/d (109,294), and petroleum product sales 127,950 (122,245).

Auditors noted in their opinion on MUR's 1988 financial statements uncertainties associated with the liquidation of Mentor Insurance Limited, a subsidiary of 61%-owned ODR.

Dividend Data

Dividends have been paid since 1961.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 1	Feb. 8	Feb. 14	Mar. 1'89
0.25	Apr. 5	May 9	May 15	Jun. 1'89
0.25	Aug. 2	Aug. 9	Aug. 15	Sep. 1'89
0.25	Oct. 4	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: early Feb. '90

Capitalization

Long Term Debt: $355,945,000.

Minority Interest: $159,231,000.

Common Stock: 33,880,358 shs. ($1 par). Institutions hold about 47%; the Murphy family owns about 35%.
Shareholders of record: 5,442.

Office—200 Peach St., El Dorado, Ark. 71730-5836. **Tel**—(501) 862-6411. **Chrmn**—C. H. Murphy, Jr. **Pres & CEO**—J. W. McNutt. **VP-Secy**—W. B. Rowe. **Treas**—B. D. Richardson. **Investor Contact**—George E. Breazeal. **Dirs**—J. W. Deming, H. R. Hart, V. T. Hughes, Jr., J. W. McNutt, C. H. Murphy, Jr., M. W. Murphy, W. C. Nolan, Jr., C. G. Theus, J. W. Watkins. **Transfer Agent & Registrar**—Harris Trust Co., NYC. **Incorporated** in Delaware in 1963. **Empl**—4,321.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G Graves

NBD Bancorp

1568E

NYSE Symbol NBD In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
32³/₈	35³/₈-24¹/₈	9	1.28	4.0%	A-	1.10

Summary

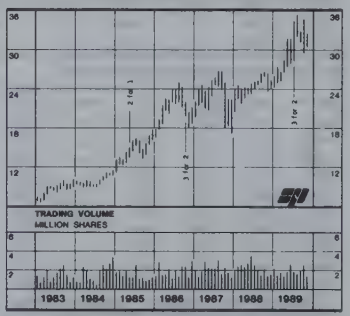
This bank holding company, the 28th largest in the U.S., owns National Bank of Detroit, and has recently expanded through acquisitions into neighboring Illinois and Indiana. Serving corporate clients in the region has been NBD's traditional strength, though retail banking is receiving increased emphasis. Superior loan quality, good cost controls, and a higher yielding mix of assets should help earnings growth in 1990.

Current Outlook

Earnings for 1990 could reach $3.85 a share ($3.70 fully diluted), up from the $3.55 ($3.40) projected for 1989.

Dividends were raised 14%, to $0.32 from $0.28, with the November, 1989 payment.

Loan growth in 1990 may not exceed 6%-7% in a cooling economy, with the strongest growth in the small to medium business and consumer lending areas. The net interest margin should continue to benefit from a greater proportion of these higher yielding loans. NBD has maintained an excellent record for loan quality. With the allowance for loan losses covering nonperforming loans by over 2:1, the provision for loan losses could be low. LDC loans of $159 million (primarily to Mexico) are reserved at 50%, and represent only 1% of total loans. NBD's strong electronics capability should help it develop new sources of fee income, including fees derived from transaction processing and the expanding trust operations. Expense control should continue to be good, aided by benefits from integration of recent acquisitions. Further acquisitions in the Great Lakes region are possible.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 12%, year to year, reflecting a 4.2% increase in earning assets and a higher-yielding mix of assets. The provision for loan losses was 22% higher, at $40 million, due to higher chargeoffs and increasing nonperforming loans. Aided by higher trust fees and a small investment securities gain, against a $2.8 million loss, noninterest income increased 8.2%. With noninterest expense up 6.4%, pretax earnings rose 21%. After taxes at 20.6%, versus 17.2%, net income was up 16%. Share earnings were $2.67 ($2.57 fully diluted), versus $2.34 ($2.24; adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.89	0.73	0.67	0.65
Jun.	0.92	0.79	0.22	0.68
Sep.	0.87	0.83	0.70	0.56
Dec.	E0.87	0.86	0.72	0.69
	E3.55	3.21	2.31	2.58

Important Developments

Oct. '89— NBD attributed the wider net interest margin to the restructuring of its securities portfolio (reducing U.S. Treasury securities and increasing holdings of higher yielding U.S. Government Agencies) as well as continued growth in business and consumer loans.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	[2]1985	[2]1984	1983	[2]1982	[1]1981	[2]1980	[2]1979
Tangible Bk. Val.	21.08	18.86	19.49	17.40	16.04	14.85	13.76	12.65	11.99	11.09
Earnings[3,4]	3.21	2.31	2.58	2.13	1.75	1.50	1.49	1.18	1.35	1.39
Dividends	0.90[5]/₈	0.80	0.71¹/₈	0.44¹/₂	0.64¹/₂	0.48¹/₄	0.46¹/₄	0.33³/₄	0.44¹/₂	0.54¹/₄
Payout Ratio	28%	35%	28%	21%	37%	32%	31%	29%	33%	39%
Prices—High	26³/₈	26³/₄	25	17³/₄	11¹/₂	10¹/₈	7¹/₈	6¹/₂	7	7⁷/₈
Low	20¹/₂	17¹/₈	16[6]/₈	11¹/₈	8⁷/₈	6¹/₂	4[3]/₈	5	5	6¹/₈
P/E Ratio—	8-6	12-7	10-6	8-5	7-5	7-4	5-3	6-4	5-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1989, 50% Oct. 1986, 100% Jun. 1985. 1. Reflects merger or acquisition and accounting change. 2. Reflects merger or acquisition. 3. Ful. dil.: 3.06 in 1988, 2.21 in 1987, 2.43 in 1986, 2.07 in 1985, 1.75 in 1984, 1.50 in 1983, 1.46 in 1982, 1.14 in 1981, 1.30 in 1980, 1.32 in 1979. 4. Incl. gains/losses on secur. trans. of +0.01 in 1988, +0.08 in 1987, +0.19 in 1986, +0.05 in 1985; -0.06 in 1984, -0.12 in 1983, +0.08 in 1982; -0.07 in 1981, -0.10 in 1980, -0.11 in 1979. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Revs.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	757	76	245	46	62.9	278	18.4%	227	4.00	0.98	16.1
[2]1987	682	101	235	115	62.8	175	7.4%	162	3.96	0.73	12.6
[2]1986	525	110	196	55	63.1	161	9.4%	146	4.14	0.83	14.0
[2]1985	436	92	154	38	62.9	126	6.6%	118	3.95	0.78	12.8
[2]1984	359	83	101	31	60.3	93	NM	95	3.86	0.71	11.4
1983	[1]321	66	89	24	60.5	85	4.3%	82	3.74	0.68	10.6
[2]1982	315	63	82	28	61.8	90	9.1%	82	3.64	0.68	11.3
[3]1981	248	75	75	22	62.3	45	NM	65	3.42	0.58	9.6
[2]1980	247	74	61	18	57.7	59	NM	74	3.90	0.75	11.8
[2]1979	263	52	49	14	55.1	86	11.8%	76	4.29	0.84	13.1

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	**24,176**	**1,037**	**5,479**	**7,895**	**6,789**	**1.63**	**4,021**	**15,474**	**75.3**	**391**	**1,504**	**6.1**
1987	23,354	1,388	5,519	6,847	6,388	1.85	4,266	13,900	72.9	448	1,339	5.7
1986	21,176	1,111	5,574	6,327	4,973	1.32	3,684	11,328	75.3	427	1,158	5.9
1985	16,676	1,779	3,588	5,222	3,443	1.25	2,960	9,064	72.1	419	963	6.1
1984	14,232	1,505	2,692	4,543	2,521	1.33	2,473	7,614	70.0	190	856	6.2
1983	13,245	2,034	3,253	3,817	1,935	1.26	2,331	6,616	64.3	116	798	6.5
1982	12,407	2,595	1,809	3,772	1,976	1.19	1,908	6,672	66.6	121	750	6.0
1981	12,145	2,852	1,599	3,317	2,441	1.14	2,170	6,486	65.8	125	698	6.0
1980	10,869	1,478	1,837	2,890	2,500	1.17	2,375	5,430	68.1	111	661	6.3
1979	9,506	1,665	1,619	1,928	2,792	1.27	2,323	4,574	67.1	99	608	6.5

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects merger or acquisition and acctg. change. NM-Not Meaningful.

Business Summary

NBD Bancorp is the parent of National Bank of Detroit, Michigan's largest, and 18 other Michigan banks (322 branches) which contributed 79% of corporate earnings in 1988. Another 12 banks in the Chicago area (20 branches) and one in Indiana (16) contributed 17%. NBD's traditional strength is providing services to corporate clients, including international trade finance, but retail banking services are receiving greater emphasis. NBD also has large payments processing operations, including check clearing and switching for the CIRRUS teller machine network. Nonbank subsidiaries include large trust operations, mortgage banking (14 offices), commercial finance, insurance, consumer credit processing, and discount brokerage companies, which together provided 4% of income in 1988.

In 1988 average earning assets of $20.8 billion (up 5.3% from 1987) were divided: commercial loans 36%, real estate loans 14%, consumer loans 12%, foreign loans 6%, investment securities 25%, money market instruments 7%. Average sources of funds were demand deposits 16%, savings deposits 15%, time deposits 48%, short-term borrowings 11%, long-term debt 2%, equity 6% and other 2%.

At year-end 1988 nonperforming assets were $83 million (0.57% of loans), down from $107 million (0.81%) a year earlier. Net chargeoffs in 1988 were 0.39% of average loans, against 0.33% in 1987.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Dec. 19	Jan. 5	Jan. 11	Feb. 10'89
0.42	Mar. 20	Mar. 31	Apr. 6	May 10'89
3-for-2	May 15	Jul. 3	Jun. 2	Jun. 30'89
0.28	Jun. 19	Jul. 14	Jul. 20	Aug. 10'89
0.32	Sep. 18	Oct. 16	Oct. 20	Nov. 10'89

Next dividend meeting: Dec. 18'89.

Capitalization

Long Term Debt: $278,974,000, incl. $92.5 million of 8.25% debs conv. into com. at $19.11 a sh.

Common Stock: 72,373,715 shs. ($1 par).
Institutions hold some 46%.
Shareholders of record: 16,132.

Office—611 Woodward Ave., Detroit, Mich. 48226. **Tel**—(313) 225-1000. **Chrmn & Pres**—C. T. Fisher III. **VP-Secy**—D. T. Lis. **VP-Treas**—L. Betanzos. **Investor Contact**—M. Renee Ahee. **Dirs**—T. E. Adderley, J. E. Antonini, B. B. Butcher, J. W. Day, M. A. Fay, C. T. Fisher III, H. Holiday, Jr., J. L. Hudson, Jr., V. G. Istock, T. H. Jeffs II, J. E. Lobbia, R. A. Manoogian, W. T. McCormick, D. T. McKone, J. H. McNeal, Jr., I. Rose, A. R. Seder, Jr., R. C. Stempel, P. W. Stroh, O. J. Wade, C. F. Whitten. **Transfer Agent & Registrar**—National Bank of Detroit. **Incorporated** in Delaware in 1972. Founded in 1933. **Empl**— 12,233.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

NBI, Inc.

1568K

NYSE Symbol NBI Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
1/2	2 3/4-1/2	NM	None	None	C	1.65

Summary

In November, 1989 NBI announced that it would undertake a transition from a manufacturer of networked computer systems to a software and service concern. It also said that it would reduce its workforce by about 167 field sales employees and 266 headquarters personnel. NBI has operated at a loss for the past 15 quarters. On November 15, 1989 NBI missed an interest payment on its 8.25% convertible subordinated debentures, although it was allowed a 30-day grace period for payment.

Business Summary

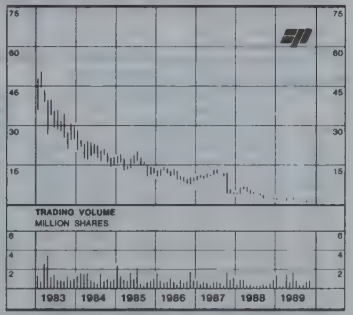
NBI designs, manufactures, markets and services networked computer systems and software products which address the information management needs of professionals and workgroups. It also markets and distributes commodity and peripheral products which support and enhance NBI networked computer systems.

Foreign operations contributed 12% of revenues in fiscal 1989, compared with 13% in fiscal 1988, and the U.S. Government accounted for 9.2% of revenues in fiscal 1989, versus 10% in fiscal 1988.

NBI provides dedicated word processing and office automation systems, serving the information management and productivity needs of professionals, managers and administrative personnel in the office environment. In response to customer needs, NBI has transitioned its product offerings from proprietary word processing and office automation systems to networked computer systems based on industry standards.

The company's key strategic product line, OfficeWorks, provides connectivity across multiple operating systems and supports industry standards. OfficeWorks, which began shipping in fiscal 1989, competes in the personal computer networking market and adds value with its information management applications.

The company's Legend word processing and page layout software provides tools for handling the document creation process from start to finish in one Microsoft Windows-based package. Legend simplifies text and page formatting, displaying a document exactly the way it will print. In October, 1989 NBI introduced the latest version of this product, Legend 2.0, which offers enhanced performance, speed and functionality.



Important Developments

Dec. '89— NBI sold its Integrated Solutions Inc. subsidiary to Mizar, a Texas-based privately held company.

Nov. '89— NBI failed to make a $1.4 million interest payment due November 15 on its 8.25% convertible subordinated debentures due 2007. Failure to make the payment before the end of a 30-day grace period would mean that the trustee under the debentures' indenture covenants or the holder of not less than 25% of the debentures' principal amount could declare the entire principal of about $34 million immediately due and payable. Earlier, management announced that the company was undertaking an immediate transition from a manufacturer of networked computer systems to a software and service concern. The restructuring would entail a workforce reduction of about 167 field sales employees and 266 headquarter personnel. NBI added that the foundation of its new direction would be the recently released Legend 2.0 word processing program, document management applications and the company's customer service and support business.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	0.36	4.03	8.90	9.67	9.78	8.83	8.26	7.98	5.08	2.20
Earnings[2]	d3.33	d1.95	d0.68	d0.49	1.41	1.40	0.45	1.18	0.81	0.47
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	2 3/4	7	13 1/2	14 1/4	20 1/4	28 1/4	50 1/2	39 3/4	40	23 5/8
Low	1/2	1 7/8	3 5/8	7 1/2	10 5/8	14 1/4	21	19 3/8	19 1/8	9
P/E Ratio—	NM	NM	NM	NM	14-8	20-10	NM	34-16	49-24	51-19

Data as orig reptd. Adj. for stk. div. of 200% Mar. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.28 in 1989, -3.90 in 1988, bef. spec. items of +0.05 in 1987, +0.03 in 1986. 3. Cal. yr. NM-Not Meaningful d-Deficit.

December 12, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	100	d13.7	NM	7.4	9.9	5.95	d27.8	NM	d27.8	NM
[3]1988	138	d12.9	NM	16.1	12.1	5.08	d27.8	NM	d16.3	NM
1987	278	13.9	5.0	7.6	18.8	7.37	d9.9	NM	[4]d5.9	NM
1986	282	11.6	4.1	16.2	14.3	7.33	d7.6	NM	d4.2	NM
[5]1985	217	37.2	17.2	29.7	13.9	5.23	22.0	40.0%	13.2	6.1
1984	177	37.6	21.2	14.9	12.8	4.31	23.0	40.0%	13.8	7.8
1983	121	13.9	11.5	46.9	9.0	2.55	5.7	19.3%	4.6	3.8
1982	100	21.7	21.6	17.7	4.3	0.16	19.6	44.0%	11.0	11.0
1981	58	13.5	23.4	8.6	2.6	0.17	13.4	46.6%	7.2	12.4
1980	32	7.2	22.2	3.8	1.5	0.55	5.8	44.2%	3.2	9.9

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	10.8	47	31.2	1.5	85	NM	36.9	3	52	70.3	NM
1988	13.2	73	41.8	1.7	128	NM	46.9	34	85	55.2	NM
1987	33.4	128	56.3	2.3	209	NM	53.6	87	153	35.1	NM
1986	35.5	139	55.0	2.5	225	NM	57.7	100	170	33.8	NM
1985	33.9	148	60.4	2.4	237	6.4%	63.3	101	177	35.8	14.1%
1984	34.9	107	35.3	3.0	167	8.8%	44.2	82	132	33.6	17.1%
1983	32.3	105	26.2	4.0	160	3.5%	44.6	86	134	33.3	5.5%
1982	21.0	75	21.7	3.4	104	12.6%	0.6	79	82	0.7	17.1%
1981	20.7	49	14.9	3.3	64	15.5%	0.8	46	49	1.7	21.9%
1980	4.7	16	5.9	2.8	25	17.0%	0.6	17	19	3.4	31.0%

Data as orig reptd. 1. Net of curr. yr. retirement and disposals. 2. Bef. spec. items in 1987, 1986, and results of disc. opers. in 1989, 1988. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	14.5	29.2	37.6	72.1
Dec.		24.1	35.4	69.8
Mar.		26.4	32.3	69.2
Jun.		20.5	32.4	67.1
		100.2	137.7	278.3

Based on a brief report, revenues from continuing operations for the three months ended September 30, 1989 declined 45%, year to year. There was a net loss from continuing operations of $7.3 million ($0.86 a share), versus a loss of $6.9 million ($0.83). Results exclude a loss from discontinued operations of $3.3 million ($0.38 a share), versus a loss of $787,000 ($0.10).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.86	d0.93	d0.18	d0.07
Dec.		d0.84	d0.46	d0.43
Mar.		d0.47	d0.65	d0.11
Jun.		d1.09	d0.68	d0.05
		d3.33	d1.95	d0.68

d-Deficit

Dividend Data

No cash dividends have ever been paid. A "poison pill" stock purchase right was adopted in January, 1989.

Finances

In November, 1989 the company sold its Orange County, California plant to an investor group for about $2.4 million.

Management feels that the conservative use of its cash is critical to the company's future ability to operate. At the end of fiscal 1989 NBI had substantially exhausted its available borrowings under its current lines of credit. To meet working capital requirements in fiscal 1990, the company may borrow against and/or sell unpledged assets, including buildings and land listed for sale in Colorado, California and Alaska.

Capitalization

Long Term Debt: $36,921,000, incl. $34.1 million of debs. due 2007, conv. into com. at $44 a sh.

9% Conv. Preferred Stock: 40,945 shs. ($1 par), conv. into com. at $18 a sh.

Common Stock: 8,529,987 shs. ($0.10 par)
Institutions hold approximately 27%.
Shareholders: 2,900.

Office 3450 Mitchell Lane (P.O. Box 9001), Boulder, Colo. 80301 **Tel**—(303) 444-5710 **Pres & CEO**—S. G. Jerritts **VP-Secy, Treas & Investor Contact**—Jesse A. Simmons **Dirs**—P. P. Gombrich, R. Hodgson, S. G. Jerritts, D. C. Walker **Transfer Agent & Registrar**—Bank of Boston **Incorporated** in Colorado in 1973; reincorporated in Delaware in 1975 **Empl**—591

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

NCNB Corp.

NYSE Symbol NCB Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 28'89	1989					
46½	55-27	12	1.20	2.6%	A	1.13

Summary

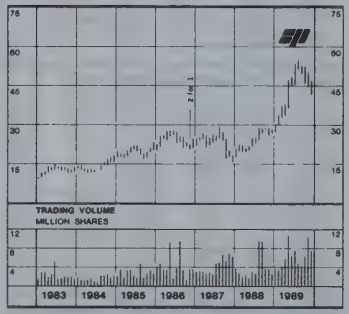
NCB is the largest superregional bank holding company in the Southeast. Headquartered in North Carolina, it has a significant presence in Florida and South Carolina, as well as in Georgia and Washington, D.C. In August, 1989 NCB purchased the remaining 51% in the subsidiary banks of the failed First RepublicBank, Texas, (now NCNB Texas) for $800 million. This acquisition should benefit share earnings in 1990 and beyond, as should efficiencies from integrating earlier purchases.

Current Outlook

Earnings for 1990 could reach $6.00 a share, up from the $4.50 projected for 1989.

The quarterly dividend was raised 20%, to $0.30 from $0.25, with the September, 1989 payment.

NCB's acquisition of the failed First RepublicBank (now NCNB-Texas) positions the company for strong earnings growth in 1990 and beyond. NCB has effectively insulated itself from any credit risk in the Texas acquisition via the Special Asset Division (problem assets) which will revert to the FDIC between November, 1991 and November, 1993. Thus, while the Texas market is still troubled, NCB has purchased an attractive turnaround situation relatively inexpensively. NCB has raised about $1.9 billion in the past year; besides financing the Texas purchase, proceeds could be earmarked for further acquisitions. Southeastern operations should benefit from continued healthy loan growth and efficiencies from the integration of the acquisitions of recent years.



Review of Operations

Net interest income for the nine months ended September 30,1989 advanced 90%, year to year, reflecting the Texas acquisition. Average earning assets increased to $47.6 billion, from $25.6 billion. The provision for loan losses was 92% higher, at $170 million. With noninterest income rising 140% (aided by $113 million in securities gains), and noninterest expense increasing 108%, pretax earnings doubled. After taxes at 13.8%, versus 23.9%, and the FDIC's interest in the earnings of NCNB-Texas of $116 million in 1989, net income expanded 65%. Share earnings were $3.30 compared with $2.22.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.83	0.68	0.68
Jun.	1.00	0.70	0.68	0.63
Sep.	1.45	0.69	0.52	0.63
Dec.	E1.20	0.69	0.17	0.59
	E4.50	2.90	2.03	2.53

Important Developments

Oct. '89— NCB noted that included in third quarter earnings were gains on the sale of investment securities of $56.1 million ($0.59 a share) after taxes and the FDIC's interest. NCB said the sale of securities by the Texas bank occurred because the purchase price paid to the FDIC (for the remaining 51% of NCNB Texas) included an allocation of securities gains. NCNB Texas contributed $1.08 per share to earnings for the first nine months of 1989. In August, NCB completed the acquisition of NCNB Texas National Bank by purchasing the remaining 51% from the FDIC for $800 million (NCB had acquired a 20% interest in November, 1988 for $210 million and 29% in April, 1989 for $310 million). Under terms of the agreement with the FDIC, the bank may transfer to the FDIC, via the Special Asset Division, an unlimited amount of bad loans in 1989, and up to $750 million in 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	[2]1985	[2]1984	1983	[2]1982	1981	[3]1980	[2]1979
Tangible Bk. Val.	14.88	12.65	10.85	10.66	10.72	10.72	9.82	9.90	9.10	8.26
Earnings[4]	2.90	2.03	2.53	2.30	2.04	1.84	1.59	1.33	1.30	1.21
Dividends	0.94	0.86	0.78	0.68½	0.58½	0.51½	0.45½	0.41	0.38	0.31
Payout Ratio	32%	42%	31%	30%	29%	28%	29%	31%	29%	26%
Prices—High	29¼	29⅛	27¾	23⅝	18¼	14⅞	10⅜	9	8⅜	8⅜
Low	17½	15½	20	16⅞	11½	9¼	5⅞	6½	5	5⅝
P/E Ratio—	10–6	14–8	11–8	10–7	9–6	8–5	6–4	7–5	6–4	7–5

Data as orig. reptd. Adj. for stk. div(s). of 100% Nov. 1986. 1. Incl. equity in earnings of unconsolidated subs. 2. Reflects merger or acquisition. 3. Reflects acctg. change. 4. After gains (losses) on sec. trans. of +0.11 in 1988, +0.25 in 1987, +0.06 in 1986, +0.15 in 1985, +0.02 in 1984, +0.02 in 1983, 0.02 in 1982, -0.11 in 1981; bef. spec. item(s) of +0.28 in 1981, 0.06 in 1979. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	898	82	353	122	61.2	[2]330	23.6%	252	3.83	0.88	16.2
[3]1987	821	94	298	195	62.5	201	17.0%	167	3.91	0.62	11.7
[3]1986	742	129	264	105	61.7	246	19.1%	199	4.17	0.84	16.3
[3]1985	598	88	244	112	57.8	211	22.0%	164	4.44	0.92	17.2
[3]1984	474	61	152	55	60.2	159	25.1%	119	4.45	0.83	16.4
1983	373	44	124	34	62.4	126	27.1%	92	4.29	0.80	16.3
[3]1982	288	43	89	31	58.0	101	24.6%	76	4.65	0.90	15.9
[3]1981	205	36	78	21	59.6	64	13.7%	55	4.03	0.76	14.3
[4]1980	170	26	79	21	59.1	65	26.8%	48	3.78	0.74	15.0
[3]1979	174	19	52	17	57.8	66	33.5%	44	4.40	0.79	15.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	29,848	2,467	4,727	11,154	7,870	1.22	3,914	16,756	91.5	493	1,692	5.3
1987	28,915	1,578	6,826	9,877	7,338	1.50	3,862	15,688	87.4	568	1,510	5.3
1986	27,472	2,646	5,653	9,377	6,530	1.50	4,510	14,009	85.1	573	1,309	5.1
1985	19,754	1,786	3,336	7,102	5,153	1.53	3,354	10,596	87.0	434	1,039	5.3
1984	15,679	1,703	1,871	5,398	4,369	1.20	2,629	8,682	84.9	328	804	5.1
1983	12,808	1,753	2,079	3,875	3,196	1.10	1,963	6,850	78.8	265	609	4.9
1982	11,560	2,031	1,955	2,906	2,988	1.16	1,834	6,088	72.8	271	530	5.7
1981	7,724	1,551	1,044	1,948	2,110	1.14	1,230	3,993	75.8	139	432	5.3
1980	7,176	1,558	776	1,565	1,813	1.15	1,630	3,429	65.2	179	350	5.0
1979	6,365	1,249	880	1,345	1,599	1.05	1,688	2,789	64.0	197	300	5.1

Data as orig. reptd. 1. Bef. results of disc. opers. and/or spec. item(s) in 1981 and 1979. 2. Incl. equity in earns. of unconsol. subs. 3. Reflects merger or acquisition. 4. Reflects acctg. change.

Business Summary

NCNB, the largest banking organization in the Southeast, is the parent of NCNB National Bank of North Carolina, the largest bank in that state (with 226 branches), and banks in Florida (225 branches), South Carolina (115), Georgia (1), Maryland (8) and Virginia (2). In August, 1989 NCNB increased its ownership of NCNB-Texas National (formerly First RepublicBank) to 100%, from 49%. At September 30, 1989 NCNB-Texas had assets of $29.5 billion. In addition to providing corporate and retail banking services, NCNB is active in international and merchant banking, insurance, trust, investment management and discount brokerage.

During 1988 average earning assets of $25.5 billion (up 9.0% from 1987) were divided: commercial loans 42%, consumer loans 17%, real estate loans 11%, investment securities 22%, money market assets 8%. Average sources of funds were demand deposits 12%, consumer deposits 38%, other time deposits 17%, short-term borrowings 23%, long-term debt 2%, equity 6%, and other 2%.

At year-end 1988 nonperforming assets were $226 million (1.20% of loans), down from $297 million (1.74%) a year earlier. The reserve for loan losses was 1.22% of loans, versus 1.50%. Net chargeoffs during 1988 were 0.83% of average loans, versus 1.08% in 1987.

Dividend Data

Dividends have been paid since 1903. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 25	Feb. 27	Mar. 3	Mar. 23'89
0.25	Apr. 26	May 26	Jun. 2	Jun. 23'89
0.30	Jul. 26	Aug. 28	Sep. 1	Sep. 22'89
0.30	Oct. 25	Nov. 27	Dec. 1	Dec. 22'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $1,494,610,000.

$4 Conv. Pfd. Stock: 5,000,000 shs. ($50 stated value); conv. into 1.4035 com.

Common Stock: 100,965,994 shs. ($2.50 par). Institutions hold approximately 548. Shareholders of record: 29,344.

Office—One NCNB Plaza, Charlotte, N.C. 28255. **Tel**—(704) 374-5000. **Chrmn & CEO**—H. L. McColl, Jr. **Pres**—F. B. Kemp. **EVP-CFO**—J. H. Hance, Jr. **EVP-Secy**—J. W. Kiser. **SVP & Investor Contact**—Russell J. Page. **Dirs**—W. M. Barnhardt, T. M. Belk, W. L. Carter, Jr., C. W. Coker, H. L. Culbreath, A. T. Dickson, W. F. Dowd, Jr., A. L. Ellis, T. P. Hartman, E. A. Horrigan, Jr., W. W. Johnson, F. B. Kemp, W. A. Klopman, H. L. McColl, Jr., R. E. McNair, J. C. Slane, A. F. Sloan, W. R. Soles, M. R. Spangler, R. H. Spilman, T. I. Storrs, J. W. Thompson, W. C. Wearn, M. Weintraub. **Transfer Agent**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in North Carolina in 1968. **Empl**—12,979.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

NCR Corp.

1570T

NYSE Symbol NCR Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
60⅜	66⅝-52½	11	1.32	2.2%	A	1.12

Summary

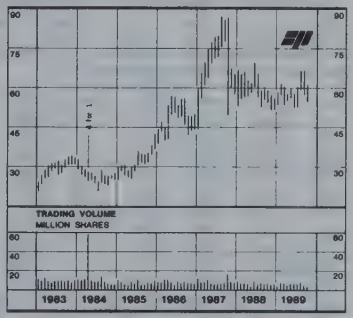
This company manufactures business information processing systems, including a range of computer systems, automated teller machines, point-of-sale terminals, and data communications products. Although earnings in 1989 will be impacted by intense competition in a soft U.S. market, earnings growth could rebound in 1990 as demand for banking automation systems, retail systems, and new products stimulates orders.

Current Outlook

Earnings for 1990 are projected to rise to $5.70 a share from the $5.30 estimated for 1989.

The $0.33 quarterly dividend is expected to be increased in early 1990.

Revenues in 1990 are expected to show only single-digit growth. Domestic sales could reflect the industrywide weakness in demand for high-end and midrange systems. International demand is expected to remain strong but could be penalized by a strong dollar. However, demand for banking automation systems, retail systems and the Tower UNIX-based multiuser systems should continue to be strong and several new personal computer products should help orders. Although gross margins may continue to be under pressure, selling, general and administrative expense is likely to decline as a percent of revenues with cost containment programs. Share earnings will continue to benefit from stock repurchases.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,250	1,281	1,122	961
Jun.	1,527	1,497	1,360	1,169
Sep.	1,391	1,407	1,340	1,177
Dec.	---	1,804	1,819	1,575
	---	5,990	5,641	4,882

Revenues for the nine months ending September 30, 1989 fell 0.4%, year to year, as sales and rental revenues declined 0.5% and services revenue decreased 0.2%. Gross margins narrowed, reflecting intense competition in the soft U.S. market. Despite ongoing cost containment measures on marketing, general and administrative expenses, pretax income fell 9.1%. After taxes at 44.2%, versus 44.4%, net income was down 8.7%. Share earnings were $3.40 on 6.3% fewer shares, versus $3.49.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.88	0.65	0.51
Jun.	1.42	1.36	1.05	0.80
Sep.	1.23	1.26	1.05	0.75
Dec.	E1.88	1.85	1.76	1.39
		E5.30	5.33	4.51	3.42

Important Developments

Oct. '89— NCR said that the U.S. dollar value of third-quarter worldwide orders showed a "very good gain" over the prior year and set an all-time record for a third quarter. Orders in the U.S. showed good gains while orders overseas posted substantial gains, paced by the Pacific Group. Excluding the impact of currency changes on order backlogs in both periods, the U.S. dollar value of worldwide orders recorded a gain over the prior year. Total orders also showed a gain when measured on a local currency basis.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	26.75	24.30	24.15	22.51	19.63	18.16	16.92	16.17	14.72	12.98
Earnings	5.33	4.51	3.42	3.15	3.30	2.64	2.19	1.93	2.38	2.20
Dividends	1.24	1.00	0.92	0.88	0.80	0.65	0.60	0.55	0.50	0.40
Payout Ratio	23%	20%	26%	27%	23%	24%	27%	28%	21%	18%
Prices—High	69⅞	87¼	57	42½	33	34¼	24⅜	18⅞	20⅜	20½
Low	51⅜	44⅛	38⅝	24⅞	20⅝	20½	9¾	9⅞	12⅞	14¼
P/E Ratio—	13-10	19-10	17-11	13-8	10-6	13-8	11-4	10-5	9-5	9-6

Data as orig. reptd. Adj. for stk. div(s). of 300% May 1984. 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	5,990	1,047	17.5	420	297	45.9	[1]809	43.0%	439	7.3
1987	5,641	1,024	18.1	389	294	26.5	782	43.9%	[2]419	7.4
1986	4,882	875	17.9	361	277	35.6	634	44.7%	337	6.9
1985	4,317	791	18.3	309	251	40.3	[1]575	43.1%	315	7.3
1984	4,074	772	19.0	315	249	42.7	[1]572	38.3%	343	8.4
1983	3,731	723	19.4	317	246	45.9	[1]531	44.3%	288	7.7
1982	3,526	634	18.0	322	239	51.6	[1]435	44.9%	[2]234	6.6
1981	3,433	586	17.1	362	244	72.5	[1]363	41.3%	208	6.1
[3]1980	3,322	683	20.6	371	227	55.9	[1]469	43.0%	255	7.7
[3]1979	3,003	626	20.8	322	210	39.7	[1]449	47.0%	235	7.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	823	3,007	1,776	1.7	4,717	10.1%	222	2,240	2,806	7.9	20.5%
1987	712	2,768	1,609	1.7	4,187	10.8%	110	2,162	2,447	4.5	19.5%
1986	670	2,512	1,252	2.0	4,015	8.6%	129	2,396	2,659	4.9	14.6%
1985	794	2,569	1,207	2.1	3,940	8.4%	232	2,318	2,650	8.7	14.5%
1984	495	2,280	1,147	2.0	3,589	9.9%	225	2,076	2,377	9.5	17.1%
1983	517	2,194	1,048	2.1	3,560	8.3%	325	2,045	2,445	13.3	14.5%
1982	412	2,111	966	2.2	3,373	6.9%	341	1,937	2,340	14.6	12.3%
1981	182	2,172	1,099	2.0	3,387	6.2%	300	1,853	2,221	13.5	11.7%
1980	119	2,237	1,200	1.9	3,366	8.0%	322	1,704	2,091	15.4	15.9%
1979	148	1,947	965	2.0	2,918	8.5%	345	1,476	1,877	18.4	16.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition.

Business Summary

NCR manufactures business information processing systems. Revenues in recent years were:

	1988	1987
Industry-specific workstations	22%	21%
Multiuser systems	13%	15%
Workstations	8%	8%
Large computer systems	6%	6%
Communications processors & other	6%	6%
Business forms/supplies	8%	8%
Components	2%	2%
Services	35%	35%

Foreign operations contributed 58% of revenues in 1988 and 56% of operating profits.

Industry-specific workstations, such as point-of-sale and automatic teller terminals, are primarily sold into the retail and financial markets. General-purpose workstations include personal computers, office automation workstations and terminals. Multiuser systems are small and mid-sized computers for departmental use and interactive and batch processing. Large systems are designed for online transaction processing and batch processing. Other related products and services include communications processors, semiconductors and components, and software.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Jan. 18	Apr. 10	Apr. 14	May 12'89
0.33	Apr. 19	Jul. 10	Jul. 14	Aug. 11'89
0.33	Jul. 19	Oct. 6	Oct. 13	Nov. 10'89
0.33	Oct. 19	Jan. 5	Jan. 12	Feb. 9'90

Next dividend meeting: mid-Jan. '90.

Finances

NCR repurchased 6.6 million of its common shares in the first nine months of 1989 under a 10 million share buyback plan authorized in December, 1988. Substantially all of the 10 million shares under an October, 1987 authorization had been repurchased. In 1988 NCR issued $131 million of medium term notes under a $600 million note shelf registration which became effective on September 15, 1988.

Capitalization

Long Term Debt: $177,295,000.

Minority Interest: $206,177,000.

Common Stock: 75,795,959 shs. ($5 par).
Institutions hold about 64%.
Shareholders of record: 40,392.

Office—1700 South Patterson Blvd., Dayton, Ohio 45479. **Tel**—(513) 445-5000. **Chrmn & CEO**—C. E. Exley, Jr. **Pres**—G. P. Williamson. **VP-Secy**—C. P. Russ III. **VP-Treas**—N. A. Cocke. **Investor Contact**—Gary Stechmesser. **Dirs**—W. G. Bowen, C. A. Corry, C. E. Exley, Jr., C. H. Hardesty, Jr., H. Holiday, Jr., J. J. Horan, C. S. Morawetz, H. A. Poling, F. P. Popoff, E. J. Schlegel, R. E. White, D. R. Whitwam, G. P. Williamson, J. F. Woodhouse. **Transfer Agent & Registrar**—Bank of Boston. **Incorporated** in Md. in 1926. **Empl**—60,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

NEC Corp.

NASDAQ Symbol NIPNY (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
62½	81-59½	NM	[1]	[1]	NR	0.19

Summary

The largest Japanese manufacturer of communications equipment and systems and of integrated circuits, this company is also a leading producer in Japan of computers and industrial electronic systems. NEC achieved substantial growth in sales and earnings in 1988-9 as demand for the company's products was boosted by the strong domestic economy and the generally favorable North American and European economies. Sales and earnings were expected to advance 8% and 24%, respectively, in 1989-90.

Business Summary

Most of the products of NEC Corporation (formerly Nippon Electric Co.) fall into four main categories. Contributions to sales in recent fiscal years were:

	1989	1988	1987
Communications	26%	28%	29%
Computers & industrial electronic systems	43%	42%	41%
Electron devices	19%	17%	17%
Home electronics	7%	8%	8%
Other	5%	5%	5%

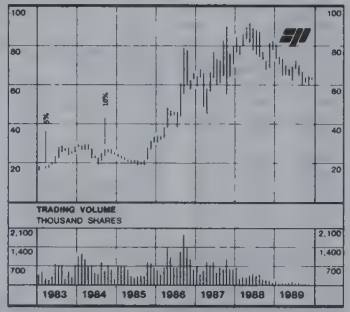
The company markets in excess of 15,000 products in more than 140 countries. Including exports from Japan, international sales accounted for 25% of total sales in 1988-9.

Major products of the communications group include: digital and electronic switching systems for central and PBX uses, carrier transmission equipment, PCM communications systems, power-line carrier equipment, fiber-optic transmission systems, microwave communications systems and facsimile equipment.

Computer and industrial electronic systems consist of mainframe computers, small business computers, supercomputers, minicomputers, software products, peripheral and terminal equipment, word processors, optical disc players, CAD/CAM and CAE systems and robots.

Electron devices include memories, microcomputers and software, linear ICs, gate arrays, standard cells, charge-coupled devices, hybrid ICs, transistors, diodes, electronic tuners, optical semiconductor devices, color display tubes, plasma display panels, capacitors, hermetic seals, gas lasers and relays.

Among NEC's home electronic products are TV receivers and projectors, DBS receivers, VCRs, compact disc players, portable video cameras, videotex terminals, lighting products, kitchen appliances and air conditioners.



Other products include VAN services, electrical connectors, aircraft electronics, semiconductor manufacturing and vacuum equipment.

NEC's product development and marketing strategy is centered on the integration of communications and computers, which it calls the C&C concept.

Important Developments

Dec. '89— NEC announced that it will begin selling compact portable telephones in the U.S., the U.K. and Hong Kong in January 1990. The company projected monthly sales of about 20,000 units, at a price of $2,200 per phone. Separately, NEC said it began selling the 98 Note notebook-size personal computer in Japan, and expected to sell 150,000 units, at $1,734 each, in the first year.

Per ADR Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	[2]1980
Tangible Bk. Val.	17.36	16.29	12.51	10.09	6.92	6.65	4.88	3.42	3.34	2.75
Earnings[3]	1.32	0.70	0.37	0.54	[4]0.94	[4]0.75	[4]0.55	0.46	0.44	[4]0.32
Dividends	0.33⅛	0.18	0.30	0.20	0.07⅜	0.14½	0.11¼	0.12½	0.12¼	0.10⅝
Payout Ratio	24%	26%	81%	37%	7%	20%	20%	27%	29%	35%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	91⅞	90	79	33⅜	29⅝	28⅞	17⅞	16⅛	11⅞	7½
Low	67½	45	30¼	18⅜	19	15¾	11¼	10¼	6¼	5½
P/E Ratio—	70-51	NM	NM	62-34	32-20	38-21	33-21	35-22	27-14	24-18

Data as orig. reptd., translated into U.S.$ at fiscal year-end exchange rates. Adj. for stk. divs. of 10% Sep. 1984, 5% Mar. 1983, 400% Oct. 1982, 5% Sep. 1982. 1. See Dividend Data. 2. Refl. acctg. change. 3. Bef. spec. item of +0.22 in 1989. 4. Ful. dil.: 0.93 in 1985, 0.74 in 1984, 0.54 in 1983, 0.30 in 1980. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Mar. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	23,179	2,682	11.6	1,960	1,292	544	1,085	60.5%	412	1.8
1988	21,893	2,220	10.1	2,016	1,310	555	630	65.1%	205	0.9
1987	16,779	1,701	10.1	1,326	1,069	502	420	74.1%	103	0.6
1986	13,116	1,732	13.2	1,648	908	463	714	77.1%	153	1.2
1985	8,998	1,374	15.3	1,472	665	292	596	52.3%	267	3.0
1984	7,830	1,040	13.3	925	490	[3]270	417	51.3%	198	2.5
1983	6,013	794	13.2	849	353	[3]232	299	51.9%	138	2.3
1982	4,872	590	12.1	596	249	[3]203	225	49.6%	109	2.2
1981	4,711	579	12.3	485	231	[3]220	206	49.7%	99	2.1
[4]1980	3,954	418	10.6	338	174	171	142	51.0%	67	1.7

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	3,896	15,971	13,235	1.2	25,161	1.7	4,463	5,183	9,958	44.8	8.2
1988	3,192	14,758	12,879	1.1	23,427	0.9	3,568	4,784	8,636	41.3	4.8
1987	3,035	12,052	10,163	1.2	18,944	0.6	3,593	3,522	7,321	49.1	3.2
1986	1,786	8,731	7,988	1.1	14,529	1.2	2,360	2,798	5,322	44.3	6.5
1985	2,105	7,087	6,280	1.1	10,802	2.7	1,708	1,901	3,702	46.1	14.3
1984	1,894	5,902	5,190	1.1	9,243	2.3	1,597	1,818	3,481	45.9	12.6
1983	1,061	4,190	3,987	1.1	6,880	2.2	1,175	1,194	2,422	48.5	13.6
1982	860	3,386	3,215	1.1	5,405	2.0	958	812	1,811	52.9	13.5
1981	906	3,314	3,127	1.1	5,174	2.0	848	782	1,663	51.0	13.9
1980	711	2,960	2,783	1.1	4,540	1.5	798	598	1,417	56.3	12.3

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item in 1989. 3. Net of int. inc. 4. Refl. acctg. change.

Review of Operations

Net sales for the six months ended September 30, 1989, advanced 10%, year to year, reflecting gains in all categories, particularly computers and industrial electronic systems and electronic devices. Overseas sales rose 20%. Margins widened, and pretax income expanded 52%. After taxes at 56.0%, versus 47.4%, and equity earnings from affiliated companies, income was up 27%.

In November 1989, NEC said it expected net income in 1989-90 to rise about 24% from that of the preceding year, on an 8% increase in sales. Pretax income was estimated to be up 29%.

Dividend Data

Cash has been paid each year since 1951. Recent payments, net after 15% Japanese tax to U.S. residents, were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.132	---	Mar. 23	Mar. 30	Jul. 15'89
0.124 Appx.	---	Sep. 25	Sep. 29	Jan. 3'90

Finances

In September 1989, NEC America said it opened a 200,000-sq.-ft. facility in Hillsboro, Ore., to manufacture and assemble fiber optic equipment, cellular phones, pagers, data modems and fax machines. Separately, the company introduced the ProSpeed CSX personal computer, the first color laptop computer available for purchase in the U.S.

In May 1989, the NEC Home Electronics (USA) subsidiary introduced the first "improved definition" big-screen television, or IDTV. The unit has a suggested retail price of $6,499.

In February 1989, the company issued U.S. $700 million in 4⅛% bonds with warrants in Europe, which will become due in February 1993. In October 1988, NEC issued in Japan, ¥120 billion ($896 million) of 1.9% unsecured convertible debentures. Proceeds were to be used for capital expenditures and to meet the financial needs of subsidiaries.

In May 1987, NEC and Honeywell, Inc. announced plans to enter the U.S. supercomputer market. The supercomputers would be made by NEC in Japan and marketed by an NEC-Honeywell joint venture. Ranging in price from $8 million to $20 million, the three machine line would include NEC's SX-2-400, said to be the most powerful single-processor supercomputer in the world.

Capitalization

Long Term Debt: $4,462,639,000 (3/89).

Minority Interest: $311,895,000.

Common Stock: 1,468,777,525 shs. (¥50 par). Some 30% is owned by the Sumitomo Group. One American Depositary Receipt equals five common shares.

Office—33-1, Shiba 5-chome, Minato-ku Tokyo 108, Japan. **Tel**—(03) 454-1111. **Chrmn**—A. Ouchi. **Pres**—T. Sekimoto **Dirs**—K. Akimoto, T. Egashira, K. Fukuda, K. Ibe, Y. Ishii, S. Itoh, H. Kanai, H. Kaneko, Y. Kato, A. Kobayashi, K. Kobayashi, T. Kunihiro, K. Maeda, T. Matsamura, A. Miyazawa, Y. Mizuno, R. Murakami, T. Nagatoshi, K. Nakamura, H. Nakao, Y. Nakazawa, M. Niki, S. Nishihira, J. Okuda, A. Ouchi, T. Sakairi, H. Sasaki, H. Seide, T. Sekimoto, S. Shimizu, T. Suzuki, Y. Suzuki, A. Yanai, S. Yokoyama. **Transfer Agent**—Sumitomo Trust & Banking Co., Tokyo. **Depositary for ADRs**—Irving Trust Co., NYC. **Depositary for GBC**—Deutsche Bank A. G., Frankfurt **Depositary for SBDRs**—Swiss Bank Corp., Basel **Depositary for CDRs**—Amsterdam Depositary Co., Amsterdam **Incorporated** in Japan in 1899. **Empl**—104,022

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

John D. Coyle

NL Industries

1571

NYSE Symbol NL Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
24⅜	28-18½	9	0.60	2.5%	B-	1.79

Summary

This company is a major producer of titanium dioxide pigments, rheological additives, and anticorrosive pigments. In December, 1989 Valhi, Inc. (VHI) withdrew its offer to acquire the 34% interest in NL it did not already own through an exchange of 1.5 VHI common shares for each remaining NL common share. In November NL said that it would support Georgia Gulf Corp.'s leverage recapitalization plan. NL has raised its interest in Lockheed Corp. to 16.9%.

Current Outlook

Share earnings for 1990 are projected at about $2.75, versus the $3.00 (including a nonrecurring gain) expected for 1989.

Dividends should to continue at $0.15 quarterly.

Operating earnings in 1990 should benefit from continued strong worldwide demand and higher selling prices for titanium dioxide pigments. The stronger U.S. dollar will limit profit gains. The planned recapitalization of 9.9%-owned Georgia Gulf could result in a substantial profit.

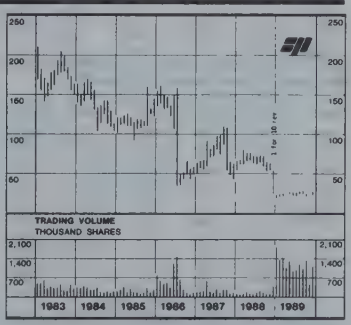
Net Sales (Million $)

Quarter:	1989	1988	1987	[1]1986
Mar.	244	257	308	185
Jun.	269	268	347	131
Sep.	250	247	356	114
Dec.		235	360	119
		1,007	1,371	549

Sales for the first nine months of 1989 declined 1.3%, year to year, as the disposal of two chemical units, lower pigment volume, and changes in currency exchange outweighed increased pigment prices. Including pretax gains of $33.5 million on the disposal of business units, and after taxes of 36.7% against 50.0%, net income from continuing operations advanced 47%. Share earnings were $2.26, versus $1.52, before special credits of $0.04 against $0.13, and income from discontinued operations of $0.09 in 1988.

Common Share Earnings ($)

Quarter:	1989	[2]1988	1987	[1]1986
Mar.	0.64	0.45	d4.9	d5.5
Jun.	0.62	0.56	d3.4	d48.7
Sep.	0.99	0.52	0.2	d8.2
Dec.		0.49	1.1	d1.1
		2.02	d7.0	d63.1



Important Developments

Dec. '89— Valhi, Inc.(VHI) withdrew its proposal to acquire the 34% interest in NL that it did not already own. Under the offer, each remaining share of NL would have been exchanged for 1.5 shares of VHI common stock. VHI is 88% owned by Harold Simmons, chairman of both companies. VHI said that its decision to withdraw the proposal followed a preliminary determination by the investment banking firm retained by a special committee of NL's board that it would be unable to support the proposed exchanged ratio. Separately, NL raised its interest in Lockheed Corp. to 16.9% from 10.8%. NL also said that it would support 9.9%-owned Georgia Gulf Corp.'s leveraged recapitalization proposal, and that it was also willing to reinstate its offer to acquire GGC for $50 a share in cash, if requested to do so by GGC's directors.

Next earnings report due in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[3]1982	1981	1980	1979
Tangible Bk. Val.	2.14	d91.30	53.40	111.50	110.40	120.10	150.20	139.60	127.60	108.70
Earnings[4]	2.02	d7.00	d63.10	3.40	d22.00	d8.00	31.20	46.10	24.70	16.80
Dividends	2.00	2.00	1.70	2.00	2.00	10.00	10.00	8.25	6.50	6.00
Payout Ratio	99%	NM	NM	60%	NM	NM	31%	18%	26%	36%
Prices—High	80	110	161¼	160	170	211¼	397½	486¼	398¾	181¼
Low	17	42½	33¾	91¼	103¾	141¼	142½	305	157½	100
P/E Ratio—	40-8	NM	NM	47-27	NM	NM	13-5	11-7	16-6	11-6

Data as orig. reptd. Adj. for 1-for-10 reverse split in Dec. 1988 and stk. div(s). of 100% May 1981. 1. Combined opers., sh. earns. do not reconcile due to sh. repurchases. 2. Adj. for 1988 restructuring. 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of +0.32 in 1988, -5.00 in 1987, +5.10 in 1986, -0.40 in 1985, -1.30 in 1984, 10.00 in 1983, -2.20 in 1982, +0.80 in 1981, -4.40 in 1979, and spec. item(s) of +0.11 in 1988, +4.00 in 1979. d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,007	305	30.3	71	32	24.2	261	48.0%	134	13.3
[4]1987	1,371	190	13.9	87	78	61.3	126	88.4%	10	0.7
[3]1986	549	d91	NM	24	79	30.0	d366	NM	[4]d382	NM
1985	1,423	184	12.9	137	102	37.9	64	62.5%	24	1.7
[3]1984	1,360	147	10.8	75	118	43.0	d162	NM	d133	NM
[3]1983	1,390	104	7.5	56	129	52.0	d76	NM	d46	NM
[5]1982	2,214	465	21.0	316	134	77.1	290	28.2%	[4]203	9.2
[3]1981	2,464	601	24.4	368	98	73.6	511	38.0%	310	12.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	138	399	278	1.4	841	1.8%	183	145	460	39.8	NM
1987	165	604	431	1.4	1,304	0.8%	207	d520	720	28.8	NM
1986	100	478	415	1.2	1,150	NM	176	357	626	28.2	NM
1985	53	580	418	1.4	1,597	1.5%	231	786	1,118	20.7	2.7%
1984	84	641	432	1.5	1,663	NM	313	765	1,212	25.8	NM
1983	66	697	426	1.6	1,927	NM	377	945	1,482	25.4	NM
1982	52	827	368	2.3	2,284	9.2%	555	1,151	1,895	29.3	17.8%
1981	27	893	468	1.9	2,298	15.2%	499	1,164	1,809	27.6	29.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, 1983, 1982, 1981, and spec. item(s) in 1988, 1979. 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Following the December, 1988 restructuring, NL now consists primarily of NL Chemicals, Inc. Contributions in 1988:

	Sales	Profits
Pigments	78%	87%
Specialty chemicals	22%	13%

Foreign operations accounted for 72% of sales and 80% of profits in 1988.

Titanium dioxide pigments are used for imparting whiteness, brightness, and opacity to coatings, paper, plastics, rubber and other products. NL is the world's fourth largest producer with an estimated 11% share of the world market. NL operates four plants in Western Europe and one plant in Quebec, Canada. Production in 1988 was 309,000 metric tons. NL plans to build a 80,000 ton plant in the U.S. with start-up scheduled for late 1991. About 51% of 1988 sales were to Western Europe, with 21% to the U.S., 12% Canada, with the remaining 16% to the rest of the world.

Specialty chemicals consists of rheological additives, used for suspension and viscosity control in coatings, inks, grease, cosmetics, sealants and adhesives; and anticorrosive pigments.

Finances

In December, 1988 NL completed a restructuring (approved by shareholders December 22) in which NL's petroleum services business, conducted by Baroid Corp., was spun off to NL common shareholders on a share for share basis, a 1-for-10 reverse split of the common stock was effected, and the Series C Depositary receipts was redeemed for 59.8 million post-split NL common shares. Holders of 704,720 Depositary Receipts elected to receive $15.66 in cash per receipt. Formers holders of the Depositary Receipts now hold 91% of the total NL common stock, while previous NL common shareholders now own 9%.

Dividend Data

Dividends have been paid since 1906. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Dec. 22	Mar. 13	Mar. 17	Mar. 31'89
0.15	May 2	Jun. 12	Jun. 16	Jun 30'89
0.15	Aug. 1	Sep. 11	Sep. 15	Sep. 29'89
0.15	Nov. 14	Dec. 11	Dec. 15	Dec. 29'89

Capitalization

Long Term Debt: $363,000,000.

Minority Interest: $2,100,000.

$8.625 Series A Cum. Pfd. Stock: 100,000 shs. ($100 par); privately held.

Common Stock: 66,032,000 shs. ($0.125 par). Valhi, Inc. (controlled by H.C. Simmons) owns 66%. Shareholders of record: 25,000

Office—3000 North Sam Houston Parkway East, Houston, Tex. 77032 **Tel**—(713) 987-5900 **Chrmn**—H C Simmons **Pres & CEO**—J L Martin **VP-Secy**—R. J Leidich **VP-Treas**—S. E Alderton **Investor Contact**—Robert P. Wallace **Dirs**—J. L. Martin, K. R Peak, G R Simmons, H. C. Simmons, J. R Sloan, M. A Snetzer, E. R Zumwalt, Jr **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in New Jersey in 1891. **Empl**—3,750.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA

NACCO Industries

NYSE Symbol NC In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
47⅝	54-31¼	10	0.58	1.2%	A-	0.85

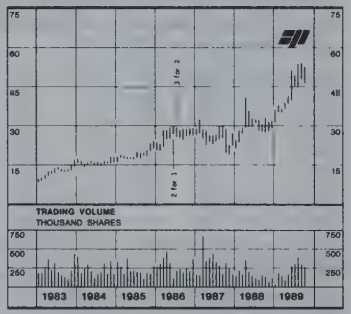
Summary

The May, 1989 acquisition of Hyster Co. for $620 million plus $80 million of debt assumption more than doubled this firm's revenue base and enlarged its position in the forklift truck market. In addition to its core coal mining business, NC also is a leading manufacturer of small household appliances through Proctor-Silex, which was acquired in 1988. Profits should advance moderately in 1990, as the full-year inclusion of Hyster outweighs softening demand for capital equipment and consumer appliances.

Current Outlook

Profits for 1990 are projected at $5.30 a share, versus the $5.15 anticipated for 1989.
Dividends, presently at $0.14½ quarterly, could be lifted moderately in 1990.

While profit comparisons in 1990 will benefit from the full-year inclusion of Hyster, earnings for the materials handling segment could slip later in the year as a slowing economy trims demand for industrial forklifts. The housewares segment could experience softening demand for small appliances as the pace of consumer spending slips. Profit comparisons, however, will be supported by the absence of costs borne in 1989 for consolidating certain manufacturing operations. Coal profits should advance, reflecting the commencement of shipments from the new Oxbow mine in Lousiana. Interest costs will be heavier.



[1]Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	150.6	110.3	131.3	147.6
Jun.	257.9	150.5	115.4	142.8
Sep.	372.2	171.7	104.6	145.9
Dec.	---	184.0	107.3	147.7
	---	616.5	458.6	584.0

Total revenues for 1989's first nine months rose 81%, year to year, reflecting the inclusion of Hyster. Net income was down 2.8%. Share earnings were $3.95, versus $4.07.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.89	0.78	0.66	0.79
Jun.	1.51	1.85	1.76	1.11
Sep.	1.55	1.44	0.64	0.64
Dec.	E1.20	1.01	0.70	0.95
	E5.15	5.08	3.75	3.48

Important Developments

May '89— NC acquired privately-held Hyster Co. for $620 million plus the assumption of $80 million of debt. Hyster, which generated $772 million in revenues in 1988, produces industrial forklift trucks, warehouse equipment, towing winches and compaction equipment. The combination of NC's Yale Materials Handling Corp. unit with Hyster gives NC an estimated 30% share of the domestic industrial forklift market.

Jan. '89— NC sold its WearEver aluminum cookware and bakeware operations to a unit of Newell Co. for $39.5 million. The disposition of the WearEver cookware line, which generated about 20% of NC's housewares' revenues, reflects NC's strategy to focus on WearEver-ProctorSilex's more profitable small appliances business. NC, which acquired WearEver-ProctorSilex in April, 1988 for $105 million, has renamed its housewares division Proctor-Silex, Inc.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	[3]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.36	23.27	19.57	16.80	13.48	11.09	9.23	8.01	8.19	7.40
Earnings[4]	5.08	3.75	3.48	3.27	2.76	2.09	1.43	0.06	1.03	1.28
Dividends	0.55	0.51½	0.46⅝	0.35⅞	0.32½	0.29⅛	0.26	0.24	0.22⅝	0.20
Payout Ratio	11%	13%	13%	11%	12%	14%	18%	NM	22%	16%
Prices—High	40¾	32¼	29¾	24⅛	18	17	11¾	13⅜	16⅜	13½
Low	21¼	18¾	20½	15⅞	14	8¼	8¾	8⅛	10	6⅜
P/E Ratio—	8-4	9-5	9-6	7-5	7-5	8-4	8-5	NM	16-10	11-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Jul. 1986 (0.5 sh. of new Class B com.), 100% Jun. 1986 (2 Class A com. for 1 com. sh.) **1.** Net sales prior to 1988 **2.** Reflects merger or acquisition. **3.** Reflects accounting change. **4.** Bef. spec. item(s) of +0.22 in 1985, +0.07 in 1983, +0.07 in 1982 E-Estimated NM-Not Meaningful

November 9, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	616	92	14.9	21	31.5	21.9	60.3	25.4%	45.0	7.3
1987	470	82	17.4	18	32.3	26.5	[4]47.9	28.2%	34.0	7.2
1986	595	121	20.4	29	39.2	54.0	54.3	37.0%	[4]33.3	5.6
[4]1985	552	121	21.9	47	38.4	54.3	43.0	24.3%	31.4	5.7
1984	482	94	19.5	169	32.7	47.7	30.6	14.0%	26.4	5.5
1983	413	83	20.1	78	28.3	44.8	24.8	19.8%	19.9	4.8
1982	489	82	16.8	58	26.1	48.4	16.9	17.2%	14.0	2.9
1981	451	66	14.5	39	25.0	50.4	d4.5	NM	0.6	0.1
1980	444	70	15.9	236	22.8	43.1	11.9	13.5%	10.2	2.3
1979	339	50	14.8	32	14.5	26.2	17.1	25.0%	12.8	3.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	95	357	227	1.6	837	5.8%	188	246	441	42.7	19.9%
1987	146	293	84	3.5	703	3.9%	343	205	553	62.0	18.0%
1986	174	334	128	2.6	1,093	3.1%	660	182	852	77.5	19.7%
1985	121	283	110	2.6	1,066	3.1%	699	162	870	80.4	21.5%
1984	121	192	66	2.9	985	2.7%	708	129	837	84.6	22.4%
1983	108	178	93	1.9	965	2.1%	644	106	750	85.9	20.6%
1982	96	165	101	1.6	925	1.6%	603	88	691	87.3	17.0%
1981	101	156	86	1.8	893	0.1%	597	80	678	88.1	0.8%
1980	64	131	77	1.7	845	1.5%	582	82	665	87.6	13.1%
1979	64	112	47	2.4	564	2.5%	359	74	433	82.9	18.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol subs. aft. 1982. **2.** Bef. spec. item(s) in 1985, 1983, 1982. **3.** Reflects merger or acquisition. **4.** Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Contributions to operating profits (in million $) by business segment in recent years:

	1988	1987	1986
Coal	$34.9	$43.3	$72.7
Housewares	17.8	---	---
Forklifts	13.5	8.1	8.5

One of the nation's 10 largest coal producers, NC operates surface mines in North Dakota and Texas. NC completed its withdrawal from underground mining in 1988 with the sale of its Nacco Mining unit. NC is to begin production in Louisiana in late 1989 through a joint venture with Phillips Petroleum. In 1988 NC sold 22.6 million tons of coal at an average price of $8.28 a ton, compared with 22.4 million tons in 1987 at $11.30 a ton. Proven coal reserves at 1988 year-end totaled 2.8 billion tons.

Proctor-Silex, Inc. (acquired April, 1988), is one of the nation's leading manufacturers of toasters, irons, coffeemakers and other small electric household appliances. The Kitchen Collection operates 39 factory outlet stores specializing in housewares.

Yale Materials Handling Corp. markets combustion engine and electric powered forklifts worldwide. Yale sold 15,800 forklifts in 1988, versus 15,000 units in 1987. The May, 1989 acquisition of Hyster Co. for $620 million substantially enlarged NC's share of the industrial forklift market.

Dividend Data

Dividends have been paid since 1947. Recent payments on the Class A and Class B common:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Jan. 11	Feb. 23	Mar. 1	Mar. 15'89
0.14½	May 2	May 25	Jun. 1	Jun. 15'89
0.14½	Aug. 11	Aug. 28	Sep. 1	Sep. 15'89
0.14½	Sep. 13	Nov. 27	Dec. 1	Dec. 15'89

Capitalization

Long Term Debt: $771,965,000 (subsid. debt not guaranteed by the parent and incl. $129.3 million of capitalized leases).

Minority Interest: $5,642,000.

Class A Common Stock: 6,857,463 shs. ($1 par). Officers and directors hold 22%. Institutions hold some 69%. Shareholders of record: 1,200.

Class B Common Stock: 2,017,611 shs. (no par); 10 votes per sh.; limited transferability; conv. sh.-for-sh. into Class A stock.

Office—12800 Shaker Boulevard, Cleveland, Ohio 44120 **Tel**—(216) 752-1000 **Chrmn & CEO**—W. Smith **Pres**—A. M. Rankin, Jr. **Secy**—T. A. Koza **VP-Treas & Investor Contact**—R. S. Hawekotte. **Dirs**—O. Bennett, Jr., J. J. Dwyer, J. A. Hughes, E. B. Jones, D. W. LaBarre, G. G. Pirrone, A. M. Rankin, A. M. Rankin, Jr., E. W. Smith, W. Smith, F. E. Taplin, T. E. Taplin. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland **Incorporated** in Ohio in 1913; reincorporated in Delaware in 1986. **Empl**—8,530.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Nalco Chemical

1573

NYSE Symbol NLC Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 20'89	1989					
44	45⅞-34½	18	1.48	3.4%	A-	1.16

Summary

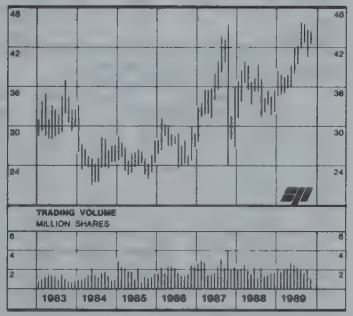
This company produces specialized service chemicals used in water and waste treatment, industrial processes and oil production and refining, designed to help customers maintain a high level of operating performance and efficiency or improve the quality of products. Earnings improved considerably in the past several years, with the upturn in domestic industrial markets, cost cutting, and the weak U.S. dollar. Further earnings gains are expected in 1989 and 1990.

Current Outlook

Share earnings for 1990 are projected at about $3.30, versus the $3.00 expected for 1989.

The quarterly dividend was raised 12%, to $0.37 from $0.33, with the October, 1989 declaration.

Sales and earnings are expected to advance about 10% in 1990, reflecting modest growth in the economy and in industrial production, relatively high industrial utilization rates, and strong export and foreign demand. Continued new product introductions, including computerized monitoring and control equipment and services, as well as an expanded sales force and selling price increases should help boost the gains. There will be the full year impact of ESOP preferred dividends.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	249.5	236.0	191.6	178.5
Jun.	268.1	247.4	202.6	184.0
Sep.	270.0	248.8	216.9	184.5
Dec.	---	262.0	230.7	189.0
	---	994.2	841.9	736.1

Sales for the first nine months rose 7.6%, year to year, reflecting gains in all segments. Operating margins widened, and after increased interest income and taxes at 41.0%, against 39.1%, net income was up 12%. Following preferred dividends in 1989 only, shares earnings were $2.19, versus $1.98.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.65	0.63	0.46	0.39
Jun.	0.74	0.66	0.50	0.40
Sep.	0.80	0.69	0.51	0.42
Dec.	E0.81	0.72	0.56	0.41
	E3.00	2.70	2.03	1.62

Important Developments

Nov. '89— NLC said that record third quarter results reflected increased sales by all operating units. The water and waste treatment division led a strong domestic sales performance with continued strength in the core water treatment business. Process chemicals, petroleum chemicals and the international businesses also posted stong gains. A more modest sales gain were posted by the U.S. subsidiaries, despite a decline in absorbent chemicals sales. Capital spending for 1989 was projected at $85-$90 million.

May '89— NLC establised a $200 million ESOP and sold 400,000 shares of preferred stock (convertible into 4 million shares of NLC common stock) to the plan. Directors authorized the repurchase of up to 4 million common shares.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.24	10.12	9.12	8.57	9.00	8.80	8.47	8.49	7.67	6.59
Earnings[1]	2.70	2.03	1.62	1.87	1.86	1.78	1.62	2.02	1.81	1.59
Dividends	1.29	1.20	1.20	1.20	1.20	1.14	1.12	1.00	0.80	0.68
Payout Ratio	47%	59%	74%	64%	65%	64%	69%	49%	44%	43%
Prices—High	39⅞	45½	31¼	28⅜	33¼	37	34	29⅛	26⅝	17⅞
Low	31¼	24	23½	22	21	28	18	20½	14½	13⅛
P/E Ratio—	15-12	22-12	19-15	15-12	18-11	21-16	21-11	14-10	15-8	11-8

Data as orig reptd Adj for stk div(s) of 100% May 1982 1. Bef results of disc opers. of +0.08 in 1984, -0.16 in 1982 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	994	206	20.7	61.6	47.1	11.7	168	37.0%	106	10.7
1987	842	175	20.7	57.2	43.5	10.1	137	41.4%	80	9.5
1986	736	153	20.7	63.6	42.5	6.8	114	44.1%	[3]64	8.7
1985	682	155	22.8	59.9	33.9	5.2	128	42.9%	73	10.7
[4]1984	664	148	22.3	52.5	32.8	4.3	126	42.0%	73	11.0
1983	659	147	22.3	40.5	29.5	4.6	126	43.6%	71	10.8
[5]1982	644	124	19.2	56.2	24.8	5.1	109	41.0%	64	10.0
1981	667	143	21.4	59.4	20.9	3.1	143	43.2%	81	12.2
1980	617	135	21.8	34.9	19.0	2.8	130	44.4%	72	11.7
1979	579	123	21.2	39.0	17.1	1.6	113	44.2%	63	10.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	85.0	330	156	2.1	839	13.5%	100.8	4,787	632	16.0	23.1%
1987	61.5	282	161	1.8	747	12.1%	66.5	447	539	12.4	18.8%
1986	20.4	207	118	1.8	586	11.3%	29.4	407	459	6.4	16.1%
1985	7.5	186	99	1.9	542	14.4%	23.6	384	432	5.5	19.9%
1984	41.0	204	82	2.5	479	15.2%	18.8	352	389	4.8	21.0%
1983	71.6	230	99	2.3	489	14.9%	18.6	350	383	4.9	20.6%
1982	70.0	212	93	2.3	465	13.8%	16.8	336	353	4.8	19.1%
1981	61.7	227	101	2.2	466	18.5%	12.5	336	349	3.6	25.4%
1980	72.5	225	84	2.7	416	18.4%	10.6	307	317	3.3	25.4%
1979	50.5	205	80	2.6	368	18.6%	10.0	262	272	3.7	26.1%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef results of disc opers. in 1984, 1982 3. Reflects accounting change 4. Excl. disc. opers. 5. Reflects merger or acquisition.

Business Summary

NLC is a producer of specialty chemicals and services. Contributions to sales by business segment:

	1988	1987
Water & waste treatment	25%	25%
Process chemicals	20%	21%
Petroleum chemicals	12%	13%
U.S. subsidiaries	14%	12%
International	29%	29%

Foreign operations accounted for 27% of sales and 23% of operating profits in 1988.

NLC's service chemicals are generally designed to help customers maintain a high level of operating performance and efficiency or to improve the quality of their products. Water and waste treatment chemicals are used for water clarification, water pollution control and the control of corrosion, scale, foam, or microbial activity in industrial, utility, commercial, institutional and municipality boiler and cooling systems. Process chemicals are used in metals industries to protect equipment, as lubricants, rust protection and for metal casting; in pulp and paper industries to improve preparation and quality; in mining and mineral processing to improve yields, control dust and to improve effluent water quality; in automobile production for paint spray and hydrocarbon emission control. Petroleum chemicals are used in oil and natural gas drilling and production; enhanced oil recovery; pipeline and transmission systems; and petroleum refining (including refined product additives). Other products include superabsorbent polymers, adhesives and sealants, and fluorescent pigments and colorants.

Dividend Data

Dividends have been paid since 1928. A dividend reinvestment plan is available. An amended "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Dec. 30	Feb. 13	Feb. 20	Mar. 10'89
0.33	Apr. 27	May 15	May 19	Jun. 9'89
0.33	Jun. 22	Aug. 14	Aug. 18	Sep. 8'89
0.37	Oct. 26	Nov. 14	Nov. 20	Dec. 8'89

Next dividend meeting: late Jan. '90

Capitalization

Long Term Debt: $215,813,000.

ESOP Preferred stock: $200,000,000.

Common Stock: 36,483,000 shs. ($0.75 par).
Institutions hold about 69%.
Shareholders of record: 5,477.

Office—One Nalco Center, Naperville, Ill 60566-1024 **Tel**—(708) 305-1000 **Chrmn, Pres & CEO**—W H Clark **Secy**—L H LeMieux **SVP Finance & Investor Contact**—R M Bloom **Treas**—W G Marshall **Dirs**—H G Bernthal, W H Clark, H Corless, K V Davis, H Dean, J C Frazee, Jr. C J Gauthier D E Jackson E J Mooney Jr. C W Parry, W A Pogue **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1928 **Empl**—5,381

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

National City Corp.

NYSE Symbol NCC

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
38⅞	41½-30¾	9	1.68	4.3%	A-	0.88

Summary

With about $22 billion in assets, this bank holding company is among Ohio's largest. Operations are conducted through 16 member and community banks and various finance-related subsidiaries in Ohio, Kentucky, and southern Indiana. Earnings for the first nine months of 1989 were aided by growth in earning assets, improvement in credit quality, fee income growth, and continued control of overhead. A sizable mortgage servicing company was purchased in 1989, and the acquisition of Ohio's seventh largest thrift is pending.

Business Summary

National City Corp. is an Ohio-based bank holding company which had $21.6 billion in assets at year-end 1988 and was conducting operations through seven member banks and nine community banks serving Ohio, Kentucky, and southern Indiana. Other divisions and subsidiaries engage in credit card and retail payment processing, leasing, merchant banking, mortgage banking, trust and investment management, small business investment, and venture capital activities.

At December 31, 1988 total loans amounted to $14.3 billion, up 9.1% from the year-earlier level (as restated), and were divided:

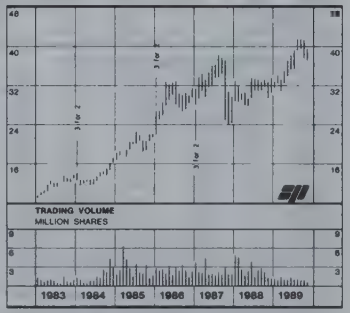
Domestic commercial	54.4%
Consumer	20.5%
Real estate-mortgage	14.4%
Credit card & home equity	9.3%
International	1.4%

In 1988 loans accounted for 74% of average earning assets, total investment securities 20%, and other earning assets 6%.

Average sources of funds in 1988 were time deposits 34%, demand deposits 16%, money market accounts 14%, savings and NOW accounts 12%, Federal funds borrowed and securities sold under repurchase agreements 12%, shareholders' equity 7%, long term debt and other borrowed funds 3%, and other 2%.

During 1988, the average yield on interest earning assets was 10.53% (10.12% in 1988), and the average rate paid on interest bearing liabilities was 6.70% (6.31%), for an average spread of 3.83% (3.81%).

Loan loss allowances were 1.86% of outstanding loans in 1988, compared with 2.17% a year earlier. Net loan chargeoffs were 1.22% of average loans in 1988, versus 0.90% in 1987. Of reserves, $87 million was allocated for LDC credit exposure of $181 million. Nonperforming assets amounted to $232.4 million (1.6% of total loans) at December 31, 1988, compared with $224.2 million (1.7%) a year ago.



Important Developments

Oct. '89— NCC said that record income for the 1989 nine month period reflected improved net interest income from continued loan growth, and a reduction in loss reserves due to improved credit quality in the credit card portfolio. Fee income growth and continued overhead expense control also aided profitability. During the third quarter NCC acquired Shawmut Mortgage Co. of Ohio (subsequently renamed National City Mortgage Co.), which had a $2.5 billion mortgage servicing portfolio and 13 origination offices generating more than $500 million annually in residential mortgages. Also, the acquisition of Gem Savings Association of Dayton, a mutually-owned thrift with assets of $1.6 billion, was expected to be completed by 1989 year-end, subject to regulatory approval.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	'1984	1983	'1982	1981	1980	'1979
Tangible Bk. Val.	21.84	21.15	20.79	19.01	17.12	16.48	15.39	14.35	13.65	12.67
Earnings	3.84	[2]2.34	[2]3.44	[2]3.03	[2]2.42	[2]1.89	[2]1.67	1.51	1.77	1.82
Dividends	1.50	1.26	1.05	0.91[11/16]	0.84[15/32]	0.82[1/4]	0.81½	0.81½	0.81½	0.75[15/16]
Payout Ratio	39%	54%	31%	30%	35%	43%	49%	54%	46%	42%
Prices—High	33⅝	38¼	32[15/16]	22[9/16]	17¼	13[25/32]	10[13/16]	11[1/8]	12[13/16]	13[21/32]
Low	27¾	23[29/32]	21[29/32]	16[25/32]	11[9/16]	8[31/32]	6[29/32]	8[17/32]	8[13/16]	11[25/32]
P/E Ratio—	9-7	16-10	10-6	7-6	7-5	7-5	6-4	7-6	7-5	7-6

Data as orig reptd Adj for divs. of 50% Jan 1987, 50% Jan 1986, 50% Feb. 1984 **1.** Reflects merger or acquisition. **2.** Ful dil. 2.31 in 1987, 3.22 in 1986, 2.64 in 1985, 2.30 in 1984, 1.83 in 1983, 1.64 in 1982

December 1, 1989
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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	Net Int. Margin	—% Return On— Assets	Equity
[1]1988	805	56	404	144	60.60	310	24.77%	233	4.86	1.18	18.45
1987	582	53	205	191	58.96	113	14.21%	97	5.05	0.69	10.96
1986	507	70	186	61	62.08	169	20.37%	135	5.29	1.09	18.10
1985	436	56	172	41	64.92	142	23.83%	108	4.83	0.92	16.80
[1]1984	243	39	89	20	62.66	79	16.94%	66	4.46	0.90	15.59
1983	180	39	87	24	60.21	42	NM	48	4.10	0.77	11.84
[1]1982	156	41	57	18	60.04	40	NM	44	4.06	0.76	11.33
1981	121	44	48	12	57.63	28	NM	40	3.83	0.78	10.84
1980	129	44	41	8	51.86	42	NM	47	4.10	0.93	13.41
[1]1979	128	35	29	4	46.98	53	9.28%	49	4.55	1.16	14.97

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	Depos./ Loans	Long Term Debt	Common Equity	% Equity To Assets
1988	21,623	938	3,779	6,928	7,386	1.86	3,519	13,387	84.66	376	1,321	6.42
1987	14,912	759	2,483	4,702	5,222	2.32	2,420	9,006	86.85	309	870	6.23
1986	14,107	663	2,364	4,689	4,383	1.28	2,639	7,788	87.00	246	850	5.87
1985	12,506	1,171	1,914	3,883	3,805	1.41	2,381	7,067	81.37	283	608	4.84
1984	12,373	1,387	1,737	3,672	3,412	1.54	2,277	6,961	76.68	278	534	5.62
1983	6,586	1,015	1,183	1,731	1,680	1.24	1,048	3,518	74.67	159	421	6.50
1982	6,823	1,373	1,425	1,359	1,612	1.26	970	3,518	66.22	157	396	6.71
1981	5,388	1,157	1,076	1,002	1,304	1.27	871	2,567	67.05	99	379	7.22
1980	5,490	1,069	1,266	916	1,296	1.32	1,044	2,381	64.59	72	361	6.97
1979	4,972	921	1,021	881	1,347	1.30	1,430	1,899	66.91	31	338	7.76

Data as orig reptd.; income data prior to 1983 based on net operating income (bef. securities transactions). **1.** Reflects merger or acquisition NM-Not Meaningful

Review of Operations

For the nine months ended September 30, 1989, total interest income increased 20%, year to year, and total interest expense was up 30%, for a 9.1% gain in net interest income. The provision for loan losses narrowed 8.2%, to $93.5 million from $101.9 million. Noninterest income rose 4.4%, primarily due to increased item processing revenue, and following a 5.0% rise in noninterest expense, pretax income advanced 19%. After taxes at 26.0%, versus 24.3%, net income increased 17% to $3.22 a share, from $2.74.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.03	0.88	0.87	0.83
Jun	1.09	0.89	0.23	0.87
Sep.	1.10	0.97	0.93	0.88
Dec		1.10	0.31	0.86
		3.84	2.34	3.44

Finances

Under new regulatory risk-based capital standards scheduled for implementation in 1990 and 1992, NCC's core capital and total capital, as defined, were 7.3% and 9.7%, respectively, of risk-adjusted assets at September 30, 1989, which were in excess of the proposed minimum levels of 4.0% and 8.0%.

In July, 1988 NCC acquired, for approximately 19.8 million common shares, First Kentucky National Corp., a Louisville, Kentucky-based bank holding company with about $4.9 billion in assets. In 1987 FKNC earned $32.4 million, down from $50.9 million in 1986. In 1988's first seven months, it earned $31.0 million.

Dividend Data

Cash has been paid in each year since 1936 and the payout increased in each year since 1964. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.42	Dec. 12	Dec. 23	Jan. 1	Feb. '89
0.42	Mar. 13	Mar. 27	Apr. 1	May '89
0.42	Jun. 12	Jun. 26	Jul. 1	Aug. '89
0.42	Sep. 11	Sep. 25	Oct. 1	Nov. '89

Next dividend meeting: Dec. 11'89.

Capitalization

Long Term Debt: $238,278,000.

Common Stock: 60,671,185 shs. ($4 par).
Institutions hold about 63%.
Shareholders of record: 13,605.

Office—National City Center 1900 East Ninth Street, Cleveland Ohio 44114 **Tel**—(216) 575-2000 **Chrmn & CEO**—E B Brandon **Pres**—A S Miles **VP-Secy**—R T Williams. **VP-Treas**—T. A. Richlovsky **Dirs**—J. M Bigger, E. B. Brandon, J. G. Breen, W. L. Lyons Brown, Jr., L. Carter, J. T. Collinson, D. A. Daberko, B. P Healy, D. A. Jones, E. B Jones, J. R. Killpack, J. H. Lemieux, A. S. Miles, J. L. McCall, J. H. McConnell, A. B Modell, A. Posnick, B. R Roberts, W. R. Robertson, J. H Ross, S. K Scovill, J. R Stover **Transfer Agent & Registrar**—National City Bank, Cleveland **Incorporated** in Delaware in 1973; bank chartered in 1865 **Empl**—14,092.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark S Basham

National Education

NYSE Symbol NEC Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 29'89	1989					
6⅞	27½–5¾	11	None	None	B	1.40

Summary

National Education, the nation's largest technical training company, provides training to business, industry and government through a variety of delivery media (including print, video, and computer-based training systems), operates vocational and technical schools, offers independent study courses, and publishes educational materials. Profitability is currently being impacted by problems at the Applied Learning subsidiary coupled with soft demand from certain sectors.

Current Outlook

The per-share loss anticipated for 1990 is expected to be larger than the $0.25 a share deficit estimated for 1989.

No dividends have been paid.

Revenues are expected to continue to trend downward in 1990, reflecting economic conditions and recent problems in the Applied Learning unit. These factors will also have an adverse effect on profitability, despite operating efficiencies from the consolidation of recent acquisitions. The necessity of raising at least $25 million in net capital in early 1990 will sharply boost interest expenses.

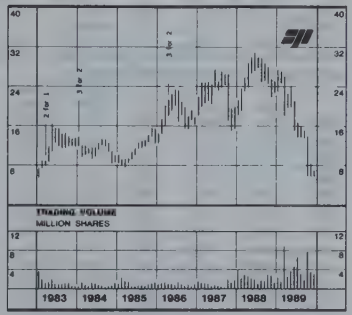
Net Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	99.5	99.2	82.7	44.6
Jun.	96.6	105.0	84.5	58.6
Sep.	94.2	109.0	94.7	72.0
Dec.	---	144.4	117.0	72.1
	---	457.5	378.9	247.3

Revenues for the nine months ended September 30, 1989 declined 7.3% from those of the comparable year-earlier period. Profitability was hurt by the lower revenues, which largely reflected problems at the Applied Learning unit, and was further impacted by an unusual charge of $2.5 million (net) to provide customer credits. A net loss of $1.0 million ($0.03 a share) contrasted with net income of $27.1 million ($0.93).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.24	0.23	0.12	0.16
Jun.	d0.05	0.26	0.13	0.15
Sep.	d0.22	0.44	0.25	0.29
Dec.	Ed0.22	0.64	d0.36	0.42
	Ed0.25	1.57	0.14	1.02



Important Developments

Dec. '89— NEC announced a one-year credit agreement with its bank lenders to refinance $62 million of debt. Implementation of the agreement allows the company to focus its attention on its various businesses and on resolving the problems involving customer credits at the Applied Learning unit. Applied Learning's revenues softened in the second quarter of 1989 due to a lengthening in the selling cycle stemming from a realignment of the sales organization and the marketing of a broader array of training products and consulting services. NEC also said that it plans to raise $25 million in capital in early 1990.

Aug. '89— NEC named Jerome W. Cwiertnia, formerly CFO, as president, COO and director. Earlier, David C. Jones, a former chairman of the U.S. Joint Chiefs of Staff, was elected chairman.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	'1988	'1987	'1986	1985	1984	1983	1982	'1981	1980	'1979
Tangible Bk. Val.	3.26	0.22	d1.30	4.27	3.27	2.79	1.70	0.99	0.91	0.46
Earnings	1.57	0.14	1.02	0.85	0.78	0.59	0.53	0.51	0.41	0.32
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	30⅞	27½	23⅜	15¾	13¾	16½	5¾	3¾	3⅜	2⅛
Low	18⅛	15	12⅜	7½	8⅜	5½	2¼	2½	1½	1
P/E Ratio—	20–12	NM	23–12	18–9	18–11	28–9	11–4	7–5	8–4	7–3

Data as orig. reptd. Adj. for stk. divs. of 50% May 1986, 50% Feb 1984, 100% Apr 1983, 10% Mar. 1982, 10% Mar 1981, 10% Mar 1980, 10% Mar 1979. 1. Reflects merger or acquisition. d-Deficit. E-Estimated. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
'1988	457	103.0	22.5	²21.6	20.8	6.78	76.2	39.5%	46.1	10.1
'1987	379	63.3	16.7	²22.0	19.4	7.84	5.1	29.7%	3.6	0.9
'1986	247	40.5	16.4	²9.0	13.3	5.36	24.1	37.8%	15.0	6.1
1985	183	26.5	14.5	5.8	8.8	0.83	20.6	39.4%	12.5	6.8
1984	174	25.0	14.4	7.9	7.7	0.85	20.0	40.0%	12.0	6.9
1983	159	25.1	15.9	4.9	8.9	1.05	15.6	41.8%	9.1	5.7
1982	135	18.3	13.6	12.2	7.3	2.65	8.8	37.4%	5.5	4.1
'1981	113	14.5	12.8	12.1	5.1	2.29	8.4	38.2%	³5.2	4.6
1980	89	12.1	13.6	2.8	3.1	2.65	6.8	40.2%	4.1	4.5
'1979	55	8.5	15.4	13.3	1.5	1.66	5.3	43.1%	3.0	5.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	33.7	188	133	1.4	423	11.1%	102	185	287	35.5	30.1%
1987	41.3	134	131	1.0	335	1.0%	101	100	201	50.2	3.1%
1986	29.7	90	64	1.4	240	8.3%	94	80	174	54.1	20.7%
1985	35.3	78	48	1.6	119	11.1%	6	64	70	7.9	21.4%
1984	18.5	61	44	1.4	108	11.8%	8	54	61	12.4	23.5%
1983	6.7	42	39	1.1	101	6.2%	10	51	61	15.8	19.1%
1982	4.9	77	23	3.4	130	4.4%	25	30	55	46.1	20.7%
1981	7.3	74	20	3.7	117	5.1%	23	23	47	50.2	24.7%
1980	11.3	55	17	3.3	85	4.7%	19	19	37	50.3	24.3%
1979	5.7	54	21	2.6	84	5.4%	17	15	32	54.2	23.2%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Net of curr. yr. retirement and disposals. 3. Reflects accounting change

Business Summary

National Education (formerly National Systems) is the world's largest training company with operations in industry and vocational training and educational publishing. Contributions by industry segment in 1988:

	Revs.	Profits
Training, publishing & services	67%	83%
Education centers	33%	17%

The company operates 53 vocational and technical schools under the name National Education Centers. These schools provide training in the technical, business and health care areas which NEC believes have the highest demand for skilled entry-level personnel. Ten centers are "super schools" which offer multiple curricula and state-of-the-art classroom facilities and teaching techniques. Some centers are "cluster schools" which have expanded a single discipline campus to add more programs. The centers emphasize hands-on training with modern technologies and equipment found in on-the-job situations. Course offerings of the Educational Centers range in tuition cost from $2,900 to $13,480 and in course length from six to 27 months.

The Training, Publishing & Services segment consists of Applied Learning International (ALI), formed in December, 1987 by the acquisition of Advanced Systems Inc. and its consolidation with Deltak, Inc. The segment was expanded in December 1988 with the pooled acquisition of Spectrum Interactive Inc., a leading developer of strategic training systems for major U.S. firms. ALI offers some 7,000 training courses to about 8,000 clients through 75 worldwide centers, and provides full-service training, education and consulting services and products for on-site training of personnel in modern computer technology. The training centers offer programs and services designed to train new employees or upgrade, re-train or crosstrain present employees in skill areas ranging from entry-level to high technology skills. ICS Independent Study offers about 50 independent study courses ranging from high school completion through degree programs in business and engineering. Steck-Vaughn publishes supplemental soft cover educational materials.

Dividend Data

NEC's policy is to retain earnings for the development of its business and it does not pay regular quarterly cash dividends. A "poison pill" stock purchase right was adopted in 1986.

Capitalization

Long Term Debt: $61,839,000, incl. $57.5 million of debs. conv. into com. at $25 a sh. (9/89)

Common Stock: 29,563,406 shs. ($0.01 par). Institutions own about 66%.
Shareholders of record: 3,388

Office—18400 Von Karman Ave., Irvine, Calif. 92715. **Tel**—(714) 474-9400. **Chrmn**—D. C. Jones. **Pres**—J. W. Cwiertnia. **Vice Chrmn**—L. W. Jaffe. **VP & Secy**—J. A. Brill. **VP-CFO**—M. W. Mersch. **Investor Contact**—J. C. Polley. **Dirs**—R. C. Blum, H. D. Bright, J. W. Cwiertnia, B. M. Goldwater, L. W. Jaffe, D. C. Jones, W. O. Laub, F. V. Malek, J. J. McNaughton, H. Segal, W. D. Walsh. **Transfer Agent & Registrar**—Bank of America, Los Angeles. **Reincorporated** in Delaware in 1972. **Empl**—5,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

National Fuel Gas

NYSE Symbol NFG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
24⅝	26⅜-17⅞	13	1.34	5.4%	A	0.60

Summary

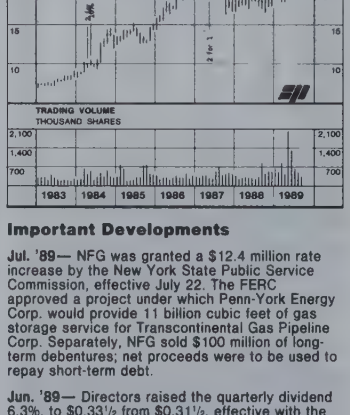
This integrated natural gas system serves the Buffalo, New York area and extensive contiguous districts reaching into western Pennsylvania and eastern Ohio. The company has a favorable gas supply situation, aided by self-help efforts and additional supplies of pipeline gas. In March, 1989 the company sold publicly 2 million common shares at $19.25 each. In June, 1989 directors raised the dividend 6.3%.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are projected at $2.05, up from $1.90 estimated for fiscal 1989.

Dividends are expected to continue at $0.33½ quarterly.

Gas distribution profits for fiscal 1990 are expected to increase, reflecting higher rates, and residential and industrial customer growth. Nonutility profits are expected to rise slightly, reflecting an anticipated increase in gas prices and gas production, and greater gas storage and transmission activities. Share earnings growth is likely to be restricted by higher interest charges and more shares outstanding.



Operating Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	251	222	225	261
Mar.	336	318	295	392
Jun.	148	134	130	155
Sep.	---	95	87	97
	---	769	737	906

Operating revenues for the nine months ended June 30, 1989 rose 9.2%, year to year, reflecting higher rates and transmission volumes. Benefiting from sharply higher income from utility operations, net income advanced 12%, to $2.14 a share from $1.98.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.74	0.58	0.58	0.62
Mar.	1.41	1.35	1.13	1.15
Jun.	0.03	0.05	0.16	0.06
Sep.	Ed0.28	d0.33	d0.35	d0.08
	E1.90	1.65	1.49	1.75

Important Developments

Jul. '89— NFG was granted a $12.4 million rate increase by the New York State Public Service Commission, effective July 22. The FERC approved a project under which Penn-York Energy Corp. would provide 11 billion cubic feet of gas storage service for Transcontinental Gas Pipeline Corp. Separately, NFG sold $100 million of long-term debentures; net proceeds were to be used to repay short-term debt.

Jun. '89— Directors raised the quarterly dividend 6.3%, to $0.33½ from $0.31½, effective with the July, 1989 payment.

Mar. '89— NFG sold publicly 2 million common shares at $19.25 each; proceeds were to be used to help finance capital expenditures and for general corporate purposes.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.66	15.21	14.14	13.53	12.62	11.50	11.08	10.35	9.63	9.25
Earnings[1]	1.65	1.49	1.75	1.90	2.05	1.22	1.44	1.35	0.98	1.03
Dividends	1.23	1.17	1.09	0.99	0.86⅛	0.75	0.68⅞	0.63¾	0.59⅝	0.55⅞
Payout Ratio	75%	79%	62%	52%	42%	62%	48%	47%	61%	55%
Prices—High[2]	20¾	24	20⅞	15⅜	14⅝	9¼	7¾	8⅜	7⅝	7⅛
Low[2]	16½	16¼	14⅜	12½	8⅛	6⅞	5⅞	5¾	4⅞	5⅞
P/E Ratio—	13-10	16-11	12-8	8-7	7-4	8-6	5-4	6-4	8-5	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987, 100% May 1984, 10% May 1984. **1.** Bef. spec. item(s) of +0.27 in 1987. **2.** Cal. yrs. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	769	43.2	21.1	89.7%	2.49	NA	30.5%	42.6	5.5	10.2	10.7
1987	737	36.0	21.4	90.6%	2.54	NA	34.8%	35.9	4.9	9.8	11.6
1986	906	37.4	21.0	92.1%	3.19	1.02	42.1%	43.4	4.8	10.7	12.7
1985	971	31.4	20.4	92.3%	3.31	1.02	41.2%	46.9	4.8	12.0	14.6
1984	1,104	28.7	20.9	93.2%	3.28	0.59	43.9%	49.9	4.5	14.3	17.0
1983	1,011	26.3	19.5	94.4%	2.18	0.55	33.4%	30.2	3.0	12.2	10.7
1982	998	25.6	21.8	93.9%	---	1.06	34.5%	35.2	3.5	13.5	13.4
1981	888	22.5	20.1	94.2%	---	3.07	32.0%	33.1	3.7	12.5	13.5
1980	723	18.7	17.9	94.6%	---	3.01	8.5%	24.8	3.4	10.1	10.3
1979	617	18.4	16.5	93.5%	---	1.95	29.2%	25.9	4.2	9.8	11.4

Balance Sheet Data (Million $)

Sep. 30	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,353	128	1,002	8.2	841	297	42.3	Nil	Nil	406	57.7
1987	1,238	127	919	7.9	800	266	40.4	Nil	Nil	393	59.6
1986	1,133	97	840	8.9	745	274	44.8	Nil	Nil	337	55.2
1985	1,046	88	781	9.9	674	221	39.2	22.5	4.0	321	56.8
1984	961	62	725	10.6	643	238	42.7	24.0	4.3	295	53.0
1983	907	68	692	8.4	562	201	40.9	25.5	5.2	265	53.9
1982	848	69	648	9.7	519	202	42.0	27.0	5.6	252	52.4
1981	786	88	601	9.0	507	209	44.3	28.5	6.1	233	49.6
1980	707	94	537	7.8	489	216	46.7	30.0	6.5	217	46.8
1979	620	51	462	9.0	489	223	48.3	30.0	6.5	209	45.2

Data as orig. reptd. **1.** Times int. exp. & pfd. divs. covered (pretax basis). **2.** Bef. spec. item(s) in 1987. **3.** Based on income before interest charges. **4.** As reptd. by co. NA-Not Available.

Business Summary

National Fuel Gas is a public utility holding company whose main subsidiary distributes natural gas in western New York, northwestern Pennsylvania, and until December, 1986 a small area of eastern Ohio. Other subsidiaries are engaged in natural gas exploration, production, gathering, purchasing, transmission, storage and by-product operations. Revenue contributions in recent fiscal years:

	1988	1987	1986
Gas sales			
Residential	58%	56%	56%
Commercial	17%	17%	18%
Industrial	9%	10%	14%
Other	6%	7%	5%
Other revenues	10%	10%	7%

National Fuel Gas Distribution provides retail gas service to the metropolitan areas of Buffalo, Niagara Falls and Jamestown, N.Y., and Erie and Sharon, Pa. Customers served at fiscal 1988 year-end totaled 687,239 (681,485 a year earlier). Gas sales volume was 154.7 Bcf in fiscal 1988 (150.8 Bcf in fiscal 1987).

Supply Corp. is engaged in the production, purchase, storage, tranportation and sale of natural gas, operates a pipeline from Pennsylvania to the Canadian border, and provides NFG with 97% of its gas requirements. Penn-York provides natural gas storage to 18 utilities in eight northeastern states and two interstate pipeline companies.

Other operations include oil and gas exploration and production, pipeline construction, and operation of a saw mill.

Dividend Data

Dividends have been paid since 1903. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31½	Dec. 8	Dec. 23	Dec. 31	Jan. 15'89
0.31½	Mar. 21	Mar. 27	Mar. 31	Apr. 15'89
0.33½	Jun. 15	Jun. 26	Jun. 30	Jul. 15'89
0.33½	Sep. 19	Sep. 25	Sep. 30	Oct. 15'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $393,000,000.

Common Stock: 28,223,429 shs. (no par).
Institutions hold about 28%.
Shareholders of record: 23,339.

Office—30 Rockefeller Plaza, NYC 10112. **Tel**—(212) 541-7533. **Chrmn, Pres & CEO**—B. J. Kennedy. **Secy**—R. M. DiValerio. **Treas**—J. P. Pawlowski. **Investor Contact**—Donna L. DeCarolis (716) 857-7872. **Dirs**—M. L. Antoun, J. M. Brown, D. N. Campbell, A. F. Duval, B. J. Kennedy, L. R. Reif, J. N. Walsh, Jr. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in N.J. in 1902 **Empl**—3,439

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

National Intergroup

NYSE Symbol NII In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
14⅛	20⅞-13⅜	NM	None	None	C	1.04

Summary

National Intergroup purchased FoxMeyer Corp., a large pharmaceuticals distributor, in 1986 to lessen its dependence on cyclical steel and aluminum businesses. The substantial loss in the second quarter of fiscal 1988-9 was primarily attributable to problems at Fox Meyer, which has since returned to profitability. Operations of National Aluminum Corp. were classified as discontinued in the second quarter of fiscal 1989-90 due to the planned sale of its assets.

Current Outlook

A loss of a $1.15 a share is anticipated for the fiscal year ending March 31, 1990, versus a loss of $0.64 for fiscal 1988-9.

Dividends were omitted in June, 1988.

Growth at FoxMeyer's core drug distribution division and improved sales at Ben Franklin stores in fiscal 1989-90 should boost revenues. Margins at FoxMeyer should continue to improve and losses at Ben Franklin diminish. Earnings should continue to grow at National Steel, albeit, at a slower pace.

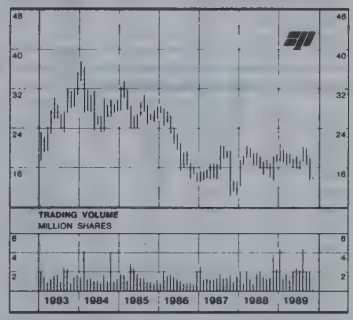
Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	729	711	1,196	1,059
Sep.	748	729	681	1,044
Dec.	---	779	722	1,139
Mar.	---	862	756	1,298
	---	3,081	3,355	4,541

Sales from continuing operations for the six months ended September 30, 1989 advanced 21%, year to year. Operating income (before goodwill) at FoxMeyer Drug rose to $16.0 million and the loss at Ben Franklin declined to $2.7 million. Equity income from National Steel was up slightly to $16.3 million despite softer demand and lost orders due to a threatened strike. The net loss from continuing operations was $0.78 a share, versus a loss of $2.89 (restated), before income from discontinued operations of $0.95, versus $0.64, and before special credits of $0.69, versus $0.25.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	d0.31	0.15	d0.02	d0.11
Sep.	d0.47	d1.42	0.01	d1.17
Dec.	Ed0.22	0.51	0.05	d0.40
Mar.	Ed0.15	0.12	d1.43	d0.78
	Ed1.15	d0.64	d1.31	d2.46



Important Developments

Oct. '89— Management said that its principal distribution businesses—FoxMeyer Drug Co., Ben Franklin Stores and Permian—continued to show fundamental improvements in operations during the second quarter of fiscal 1989-90. A stronger cash position has enabled the company to reduce long-term debt in the second quarter to below $400 million; further decline to $300 million was expected in the third quarter due to the receipt of $60 million for repayment of notes from Weirton Steel Co. and the anticipated sale of certain assets of National Aluminum Corp., which was classified as a discontinued operation in the second quarter of fiscal 1989-90. NII is continuing discussions with NKK Corp. of Japan concerning the sale of its 50% stake in National Steel.

Next earnings report expected late January.

Per Share Data ($)

Yr. End Mar. 31[1]	[2]1989	[2]1988	[2]1987	[2]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	20.74	21.87	23.69	29.51	42.71	43.06	54.03	79.57	76.94
Earnings[3]	d0.64	d1.31	d2.46	d4.71	d0.45	d9.46	d24.77	4.59	4.42
Dividends	0.12½	0.25	0.25	0.25	0.25	0.25	1.06¼	2.00	2.35
Payout Ratio	NM	NM	NM	NM	NM	NM	NM	44%	53%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	20½	20½	26½	33⅜	37⅝	35⅜	24½	31	32⅝
Low	12⅛	10¼	13	24	23⅛	17¼	13⅞	22⅝	23
P/E Ratio—	NM	NM	NM	NM	NM	NM	NM	7-5	7-5

Data as orig reptd 1. Years ended Dec 31 prior to 1987 2. Reflects merger or acquisition 3. Bef results of disc opers in of -0.84 in 1989, +0.01 in 1988, +3.27 in 1985, and bef spec item(s) of +0.50 in 1989, -0.09 in 1988, +0.36 in 1984, +1.13 in 1983. NM-Not Meaningful. d-Deficit E-Estimated

November 9, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

1611N

Income Data (Million $)

Year Ended Mar. 31[1]	Net Sales	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1989	3,081	86	2.8	11	38	79.1	d8	NM	d8	NM
[4]1988	3,355	97	2.9	29	49	89.1	d20	NM	d23	NM
[5]1987	4,541	105	2.3	49	60	90.4	d43	NM	d45	NM
[4]1985	2,370	6	0.3	242	23	55.4	d84	NM	d85	NM
1984	2,294	157	6.8	54	79	73.5	10	27.6%	6	0.3
1983	2,993	103	3.4	109	120	62.0	d177	NM	d176	NM
1982	3,044	d97	NM	102	148	75.7	d737	NM	d463	NM
1981	4,062	186	4.6	186	158	81.4	94	6.5%	86	2.1
1980	3,707	84	2.3	265	155	[6]77.5	63	NM	84	2.3

Balance Sheet Data (Million $)

Mar. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	43	786	423	1.9	1,826	NM	445	685	1,188	37.4	NM
1988	40	772	430	1.8	1,923	NM	441	708	1,207	36.5	NM
1987	44	923	634	1.5	2,099	NM	441	746	1,246	35.4	NM
1985	281	932	624	1.5	2,019	NM	149	912	1,190	12.5	NM
1984	267	544	191	2.8	1,552	0.3%	152	865	1,148	13.3	NM
1983	76	875	623	1.4	2,649	NM	606	875	1,639	36.9	NM
1982	18	767	584	1.3	2,641	NM	672	1,007	1,714	39.2	NM
1981	37	1,205	832	1.4	3,444	2.5%	677	1,492	2,524	26.8	5.9%
1980	66	1,235	781	1.6	3,447	2.6%	826	1,444	2,593	31.9	5.9%

Data as orig reptd 1. Yrs ended Dec. 31 prior to 1987 2. Incl equity in earns of nonconsol subs 3. Bef results of disc opers in 1989, 1988, 1985, and spec item(s) in 1989, 1988, 1984, 1983. 4. Excl disc opers. and reflects merger or acquisition. 5. Reflects merger or acquisition 6. Reflects accounting change d-Deficit NM-Not Meaningful

Business Summary

National Intergroup (formerly National Steel) is a multi-industry holding company. During the past six years, NII has engaged in a major corporate realignment to divest cyclical and low-return businesses and to use the proceeds to acquire distribution and service businesses which are not capital or labor intensive. Operations include the distribution of pharmaceuticals and general merchandise. NII also holds an interest in a steel company and in a partnership engaged in the gathering and distribution of crude oil and the transportation of petroleum and petroleum products. Segment contributions in fiscal 1988-9 (operating profits in million $):

	Sales	Profits
Distribution	85%	-$17.0
Aluminum	14%	$73.3
Diversified	1%	-$0.1

The consumer distribution segment includes FoxMeyer Drug Co. and Ben Franklin Stores, Inc. FoxMeyer is the third largest drug wholesaler in the U.S., with operations primarily in the midwestern and southern tier states. FoxMeyer distributes pharmaceuticals and health and beauty aids to a diverse customer base through 13 drug distribution centers. Ben Franklin is a wholesale supplier of general merchandise to over 1,105 franchise variety and craft stores and 682 other wholesale accounts, principally drug stores.

Unconsolidated subsidiaries include a 50% stake in National Steel Corp., the sixth largest steelmaker in the U.S., and 44.7% of Permian Partner's L.P., which is engaged in the purchasing, transporting and reselling of crude oil in the U.S.

National Aluminum Corp. was classified as discontinued operations in the second quarter of fiscal 1989-90 due to the planned sale of its assets.

Dividend Data

Common dividends were omitted in June, 1988 after having been paid since 1907. Dividends were maintained on the $5 preferred stock. A "poison pill" stock purchase right was adopted in 1986.

Capitalization

Long Term Debt: $394,306,000.

$5 Cum. Conv. Pfd. Stk.: 1,100,000 shs. ($50 stated val.); ea. sh. conv. into 1.869 com. shs

Common Stock: 21,744,618 shs. ($5 par).
Walker Street Associates owns 8.8%.
Institutions hold approximately 47%.
Shareholders: 14,148.

Office—20 Stanwix St., Pittsburgh, Pa. 15222 **Tel**—(412) 394-4100 **Chrmn & CEO**—H. M. Love **Pres & COO**—J S Pasman, Jr **Secy**—W Rodgers **Treas**—R. J Saul **Investor Contact**—L E Nevins **Dirs**—C J Bradshaw, D D Danforth, S Falk, C T Fisher III, J L Hudson, Jr R L Ireland III, J. C. LaForce, H M Love, J Mayer, B Mickel, J S. Pasman, Jr., R S Smith **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; National Bank of Detroit **Incorporated** in Delaware in 1929

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Nat'l Medical Enterprises

1614M

NYSE Symbol NME Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
36	38⅛-21⅜	13	0.72	2.0%	A-	1.23

Summary

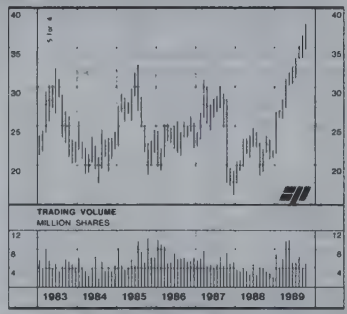
National Medical Enterprises is one of the nation's largest hospital management companies, owning and operating acute care, psychiatric and rehabilitative hospitals, nursing homes and substance abuse treatment centers. The company expects to complete a planned spin-off to shareholders of its Hillhaven nursing home and retirement housing divisions during the second quarter of fiscal 1989-90.

Current Outlook

Share earnings from continuing operations for the fiscal year ending May 31, 1990 are likely to rise to about $2.95 from fiscal 1988-9's $2.58, which excludes a loss from discontinued units of $0.65.

Dividends should continue at $0.18 quarterly.

Revenues from continuing operations for fiscal 1989-90 should show further growth, aided by improved utilization in acute care and specialty hospitals, new psychiatric facilities and rate increases. Profitability should be relatively well maintained, with lost operating income from the nursing homes to be spun off offset by reduced debt payments and interest and lease income from Hillhaven.



Net Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	996	853	747	698
Nov.	---	895	770	712
Feb.	---	939	817	702
May	---	989	869	768
		3,676	3,202	2,881

Revenues for the three months ended August 31, 1989 rose 17%, year to year. Each of NME's three operating groups had higher sales and operating profits. Pretax income increased 23%. After taxes at 39.4%, against 38.7%, net income was up 22%, to $0.65 a share from $0.56.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.65	0.56	0.53	0.47
Nov.	E0.74	0.64	0.58	0.39
Feb.	E0.77	0.67	0.60	0.49
May	E0.79	0.71	0.58	0.49
	E2.95	2.58	2.29	1.84

Important Developments

Oct. '89— Company sources stated that NME expected to complete the planned spin-off to shareholders of its Hillhaven nursing home and retirement housing divisions by the end of November, 1989. Under the plan, NME will transfer about 110 of its presently owned 220 nursing homes and most of the remaining long-term care assets and liabilities to the new Hillhaven company. NME will retain ownership of the remaining nursing home properties and lease them to Hillhaven. Including other homes operated under leases and management contracts, Hillhaven will operate some 360 units and generate revenues of over $1 billion. The distribution to shareholders is expected to be treated as a taxable dividend. NME plans to retain at least a 10% interest in the new Hillhaven, which is expected to be listed on the NYSE.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	[1]1982	[1]1981	[2]1980
Tangible Bk. Val.	14.89	13.11	12.47	12.83	12.36	11.03	9.95	7.70	6.71	4.38
Earnings[3]	[4]2.58	[4]2.29	[4]1.84	[4]1.50	1.98	1.74	1.47	1.28	0.99	0.73
Dividends	0.68	0.63	0.59	0.55	0.50	0.43	0.38	0.31¼	0.24¼	0.16⅜
Payout Ratio	26%	27%	32%	37%	25%	25%	27%	24%	26%	26%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	24¾	30⅞	26¾	32⅞	25⅝	32⅜	23⅞	23	15¼	7½
Low	17⅝	16⅛	19¼	18¾	17⅝	20⅛	9⅞	12½	6½	3½
P E Ratio—	10-7	13-7	15-10	22-13	13-9	19-12	16-7	18-10	15-7	10-5

Data as orig reptd Adj for stk div(s) of 25% Apr 1983, 100% Apr 1981 50% Nov 1980 **1.** Reflects merger or acquisition **2.** Reflects merger or acquisition and accounting change **3.** Bef results of disc opers, of -0.65 in 1989, -0.30 in 1988, -1.01 in 1987, -0.31 in 1986, bef spec item(s) of -0.11 in 1986 **4.** Ful dil 2.32 in 1989, 2.09 in 1988, 1.68 in 1987, 1.48 in 1986 E-Estimated

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	3,679	558	15.2	448	129	157	316	39.2%	192	5.2
1988	3,199	495	15.5	388	115	141	284	40.1%	170	5.3
[3]1987	2,870	478	16.7	381	113	137	279	49.8%	140	4.9
[4]1986	2,947	463	15.7	546	105	150	209	43.5%	118	4.0
[4]1985	2,530	442	17.5	276	87	134	267	44.2%	149	5.9
[4]1984	2,065	367	17.8	231	84	108	216	44.0%	121	5.9
[4]1983	1,747	273	15.6	115	49	83	167	44.3%	93	5.3
[4]1982	1,139	173	15.2	96	30	49	133	43.5%	75	6.6
[4]1981	881	139	15.8	137	21	35	96	46.2%	52	5.9
[5]1980	610	93	15.2	188	13	28	54	45.7%	30	4.8

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	109	998	552	1.8	3,877	5.2%	1,671	1,101	3,127	53.4	18.5%
1988	95	871	554	1.6	3,507	4.9%	1,517	962	2,800	54.2	18.1%
1987	74	884	579	1.5	3,434	4.3%	1,487	925	2,660	55.9	14.9%
1986	93	846	593	1.4	3,296	3.8%	1,375	1,010	2,590	53.1	11.9%
1985	96	768	426	1.8	2,842	5.6%	1,236	937	2,357	52.4	16.8%
1984	95	554	352	1.6	2,234	5.7%	946	766	1,841	51.4	16.5%
1983	282	627	267	2.3	1,883	5.8%	849	648	1,581	53.7	16.1%
1982	151	423	208	2.0	1,203	7.1%	475	452	986	48.2	17.1%
1981	105	313	157	2.0	867	6.5%	283	376	701	40.3	16.5%
1980	42	167	92	1.8	596	5.9%	259	200	495	52.2	17.1%

Data as orig reptd **1.** Incl equity in earns. of nonconsol. subs. **2.** Bef results of discontinued operations in 1989, 1988, 1987, 1986, and spec. item(s) in 1986 **3.** Excludes discontinued operations **4.** Reflects merger or acquisition. **5.** Reflects merger or acquisition and accounting change.

Business Summary

Contributions by business segment in fiscal 1988-9 were:

	Revs.	Profits
General hospitals	40%	38%
Specialty hospitals	31%	52%
Long-term care facilities	29%	10%

As of August 31, 1989 the company owned and operated 36 acute care or general hospitals with 6,583 licensed beds. Patient days in acute care hospitals totaled 1,251,095 in fiscal 1988-9, up 2.3% from the year before. Admissions were 197,435, up 1.2%, year to year, and average occupancy was 51%, versus 49% in fiscal 1987-8. Medicare represented some 35.0% of general hospital revenues, Medicaid 5.6%, and private pay and other 59.4%.

Specialty hospitals include 72 psychiatric hospitals and substance abuse treatment centers, and 27 physical rehabilitative hospitals. Patient days at psychiatric and substance abuse facilities rose 14% to 1,581,343 in fiscal 1988-9 and were up 27% at rehabilitation hospitals. Occupancy at psychiatric and substance abuse units was 84% in fiscal 1988-9, up from 81% the year before.

Long-term care operations (to be spun off; see Important Developments) include the operation as of August 31, 1989 of 352 nursing homes with 43,771 licensed beds. Net nursing home revenues in fiscal 1988-9 by source were derived as follows: Medicaid 53.0%, Medicare 11.2%; and private and other 35.8%. This group also operates pharmacies and dialysis centers.

Dividend Data

Dividends were initiated in 1973. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Jan. 27	Feb. 13	Feb. 17	Mar. 10'89
0.17	Apr. 21	May 15	May 19	Jun. 9'89
0.18	Jul. 26	Aug. 14	Aug. 18	Sep. 8'89
0.18	Oct. 25	Nov. 13	Nov. 17	Dec. 8'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $1,679,000,000 (8/31/89), incl. $784 million of convertible debt.

Common Stock: 77,942,000 shs. ($0.15 par). Institutions hold approximately 65%. Shareholders of record: About 14,000.

Office—11620 Wilshire Blvd., Los Angeles, Calif. 90025 **Tel**—(213) 479-5526 **Chrmn & CEO**—R. K. Eamer **Pres**—L. Cohen **VP-Secy**—S. M. Brown **VP-Treas**—M. Andersons **Investor Contact**—Paul J. Russell **Dirs**—W. S. Banowsky, J. C. Bedrosian, L. Cohen, P. de Wetter, R. K. Eamer, E. Egbert, R. A. Hay, T. R. Jenson, L. R. Johnson, J. P. Livingston, A. J. Martinson, H. F. Nachtman, R. S. Schweiker, R. L. Stever. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in California in 1968; reincorporated in Nevada in 1976 **Empl**—74,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H B Saffas

Nat'l Patent Development

8642

ASE Symbol NPD Options on Pacific (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
7 1/8	8 3/8-6 1/8	NM	[1]---	[1]---	C	1.10

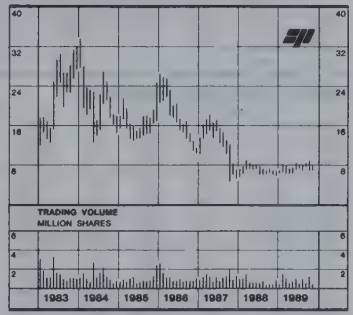
Summary

This research-oriented company manufactures and distributes medical, health care and consumer products, and provides services to electric utilities and the U.S. Navy. Results have been largely unprofitable in recent years, and losses increased in the first nine months of 1989. Cash dividends were omitted in early 1989.

Business Summary

National Patent Development Corp. (NPD) manufactures and distributes medical, health care and consumer products, provides training and other services to various industries, and is engaged in research and new product development projects. Contributions in 1988 (profits in 000) were:

	Revs.	Profits
Physical science	51%	$10,225
Consumer products	24%	4,694
Medical/technology	18%	-6,411
Industrial and other	7%	4,445



The Medical/Technology Group's National Patent Medical division markets wound management products, pharmaceutical cotton, orthopedic soft goods, and the Caridex Caries Removal System, which serves the dental community. Interferon Sciences (IFSC, NASDAQ), 81% owned, is developing interferons for the treatment of various diseases. NPDC-AS101, Inc., a joint venture between National Patent and Bar-Ilan University of Israel, is engaged in the development of immunomodulating compounds for the treatment of certain viruses.

The Consumer Products division, through the Five Star Group, is engaged in the wholesale distribution of brand name and private label products, including paints, stains, waxes and other home and garden items.

The Physical Science Group, through General Physics Corp., 85% owned, provides training, operations, engineering and maintenance services to various industries, including the electric power industry and the U.S. Navy. Duratek Corp. (DRTK, OTC), 63% controlled, is developing products for removing low-level radioactive contaminants from waste water systems in nuclear power plants.

The Industrial Group's MXL Industries specializes in plastic coating application and the production of optical injection molding. Eastern Electronics Manufacturing Corp. is involved in electrical contracting and manufactures the BAC Datamaster, an infrared alcohol analyzer.

Important Developments

Oct. '89— Interferon Sciences said it had received FDA approval for its Alferon N Injection for the treatment of genital warts. The drug is the first human leukocyte-derived alpha interferon product approved for sale in the U.S. The worldwide market for alpha interferon products is expected to grow to $350-400 million by 1992, with expected U.S. sales of $70-100 million. Separately, NPD said it plans to buy up to 200,000 Interferon common shares in periodic, open-market purchases.

Jun. '89— The company's General Physics subsidiary was awarded a $35 million contract by the U.S. Army to be the prime contractor for construction and operation of a chemical demilitarization training facility in Aberdeen, Maryland.

Next earnings report due in late March.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value[2]	6.48	6.49	4.56	5.79	7.21	6.11	4.64	2.50	1.73	2.35
Earnings[3]	d0.58	d2.82	d1.60	d1.57	0.87	1.20	0.53	0.04	d0.67	d0.28
Dividends	0.10	0.10	0.10	0.10	0.07 1/2	Nil	Nil	Nil	Nil	Nil
Payout Ratio	NM	NM	NM	NM	8%	Nil	Nil	Nil	Nil	Nil
Prices—High	9	18 1/8	26 1/2	24 3/4	33 5/8	31 7/8	13 1/4	13 1/2	14 1/8	10 1/2
Low	5 1/2	4 3/8	10 1/4	12 1/8	12 1/2	12	4 3/4	5 1/4	5 3/8	5 1/4
P/E Ratio—	NM	NM	NM	NM	39-14	27-10	25-9	NM	NM	NM

Data as orig. reptd. 1. See Dividend Data. 2. Incl. intangibles. 3. Bef. results of disc. opers. of +0.38 in 1988, +3.52 in 1987, -0.14 in 1983, -0.06 in 1980, -0.19 in 1979, and spec. item(s) of +0.39 in 1988, +0.93 in 1987, +0.01 in 1985, +0.13 in 1984, +0.10 in 1983, +0.60 in 1982, +0.12 in 1981. NM-Not Meaningful. d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	251	4.8	1.9	6.1	7.1	19.6	d8.6	NM	d6.4	NM
[4]1987	229	d12.6	NM	[5]6.4	8.8	20.3	d38.3	NM	[3]d36.6	NM
1986	191	d3.3	NM	[5]33.6	12.2	16.6	d16.9	NM	d17.7	NM
1985	118	d9.5	NM	[5]11.8	7.4	9.2	d16.3	NM	d17.0	NM
1984	120	14.1	11.7	[5]12.7	4.5	4.6	13.0	19.2%	10.3	8.6
[4]1983	108	12.9	11.9	[5]6.1	3.5	4.4	18.4	24.2%	14.1	13.0
1982	90	1.3	1.5	5.4	3.2	4.4	11.8	55.9%	5.6	6.2
1981	78	4.0	5.1	3.6	3.0	3.4	1.8	81.5%	[3]0.4	0.5
1980	73	d3.2	NM	3.0	2.2	2.8	d6.2	NM	d6.3	NM
[4]1979	62	d0.1	NM	2.8	2.2	2.2	d2.4	NM	d2.6	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	56	175	64	2.7	308	NM	166	69.8	244	68.0	NM
1987	103	211	49	4.3	308	NM	173	74.3	255	68.1	NM
1986	102	267	107	2.5	409	NM	236	53.8	302	78.2	NM
1985	81	151	32	4.7	215	NM	115	63.4	183	62.7	NM
1984	32	88	23	3.8	137	7.9%	31	77.4	114	27.5	14.4%
1983	36	85	21	4.1	124	12.8%	31	65.8	103	30.3	24.4%
1982	17	57	12	4.9	91	6.5%	31	46.8	78	39.6	13.3%
1981	10	47	14	3.5	79	0.6%	27	36.2	65	41.0	1.2%
1980	1	33	15	2.2	62	NM	20	26.9	47	42.8	NM
1979	9	42	14	3.0	70	NM	24	31.9	56	43.0	NM

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. items. 3. Refl. acctg. change. 4. Excl. disc. ops. 5. Net of curr. yr. retirement and disposals. d-Deficit NM-Not Meaningful

Review of Operations

Total revenues for the nine months ended September 30, 1989, advanced 7.9%, year to year, reflecting increased sales by the Physical Science group and Consumer Products division. Margins narrowed, and the loss from continuing operations widened to $6,146,000 ($0.57 a share), from $944,000 ($0.09). Per share results exclude gains from the early retirement of debt of $0.13 and $0.29, and losses from discontinued operations of $0.01 and $0.02, in the respective interims.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.04	d0.08	d0.42	0.03
Jun.	d0.10	d0.03	d0.37	d0.20
Sep.	d0.51	0.03	d0.62	d0.26
Dec.		d0.50	d1.68	d1.18
		d0.58	d2.82	d1.60

Dividend Data

Cash dividends, initiated in 1984, were omitted following a $0.02 1/4 payment in February 1989.

Finances

In November 1989, NDP entered into a $15 million revolving credit and term loan agreement to be used to fund an exchange offer for any and all of its Swiss convertible bonds. For each SFr. 5,000 principal amount of the bonds, the company is offering SFr. 3,000 of 8% bonds due March 1, 1995, SFr. 750 in cash, reset warrants to buy 75 NPD common shares (exercisable until March 1, 1995), and common stock warrants to acquire common stock with a market value of SFr. 250 (exercisable until March 1, 1995). The offer will remain open until December 8, 1989.

In July 1987, the company sold publicly $12.5 million principal amount of debentures and 500,000 common stock purchase warrants through Offerman & Co.

Capitalization

Long Term Debt: $121,308,000 (9/89), incl. $90,993,000 of Swiss bonds, conv. into com. at $18 to $26.92 a sh.

Minority Interest: $4,628,000 (9/89).

Cl. B Capital Stock: 250,000 shs. ($0.01 par); 10 votes per sh.; conv. sh. for sh. into com.; held by J.I. Feldman and M.M. Pollak.

Common Stock: 10,595,615 shs. ($0.01 par).
Institutions own about 17%.
Shareholders: 6,523 of record.

Options & Warrants: To purchase 2,206,289 com. shs. at $5.13 to $22.00 each.

d-Deficit.

Office—9 W. 57th St., NYC 10019. **Tel**—(212) 826-8500. **Pres & CEO**—J. I. Feldman. **EVP-Treas**—M. M. Pollak. **VP & CFO**—S. N. Greenberg. **Secy**—Lydia M. DeSantis. **VP & Investor Contact**—Lydia DeSantis. **Dirs**—B. S. Blumberg, J. I. Feldman, S. N. Greenberg, R. Hoffman, C. F. Leydig, W. E. Kuhlmann, M. M. Pollak, O. R. Reid. **Transfer Agent & Registrar**—Harris Trust Co., NYC. **Incorporated** in Delaware in 1959. **Empl**—2,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Robert M. Gold

National Semiconductor

1620

NYSE Symbol NSM Options on ASE & CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 13'89	1989					
7⅞	10-6⅝	NM	None	None	C	1.25

Summary

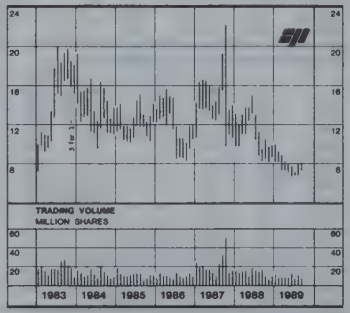
This semiconductor manufacturer has essentially completed a major restructuring that included sale of a subsidiary that produced point-of-sale systems and sale of its 60% interest in National Advanced Systems, which sold Hitachi mainframe computers and peripherals. In addition, excess capacity was closed. A loss from continuing operations, NSM's third in the past four years, was incurred in fiscal 1988-9 due to slowing growth in the semiconductor industry and restructuring charges. Sluggish industry conditions are likely to allow only breakeven operations to be achieved 1989-90.

Current Outlook

Breakeven results are likely to be reported for the fiscal year ending May 31, 1990, versus the $2.09 loss from continuing operations in fiscal 1988-9.

Cash dividends have never been paid.

Sales from continuing operations for fiscal 1989-90 are expected to decline modestly due to slowing growth in the semiconductor industry and continuing pressure on prices. Improved manufacturing productivity, benefits from aggressive efforts to reduce costs, including the closing of excess manufacturing capacity during fiscal 1988-9, and reduced interest expense caused by lower borrowing because of cash received from the sale of discontinued operations should aid margins. However, even in the absence of restructuring charges, only breakeven results are likely.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	398	445	518	501
Nov.	---	405	640	457
Feb.	---	379	629	398
May	---	419	683	512
	---	1,648	2,470	1,868

Sales from continuing operations for the three months ended August 27, 1989 declined 11%, year to year, reflecting sluggish industry conditions. Due to a 9.6 percentage point decline in the gross profit margin, the pretax loss was $25.4 million, versus pretax income of $16.0 million. After tax items, the loss from continuing operations was $21.9 million ($0.24 a share), versus income of $13.6 million ($0.10). Results exclude a $0.41 loss from discontinued operations in the fiscal 1988-9 interim.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	d0.24	0.10	0.10	d0.04
Nov.	E0.05	d0.38	0.08	d0.09
Feb.	E0.11	d0.86	0.12	d0.31
May	E0.08	d0.98	0.18	0.02
	ENil	d2.09	0.48	d0.42

Important Developments

Sep. '89— Upon releasing first quarter results, NSM said that it was exactly on target in meeting the goals it announced earlier in the year. It added that it was particularly encouraged by its improved performance from the fourth quarter despite flat industry conditions and pricing pressures in certain areas.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End May 31	1989	[2]1988	1987	1986	1985	1984	[2]1983	1982	[3]1981	1980
Tangible Bk. Val.	7.06	8.12	7.30	6.28	7.32	6.73	4.23	4.83	4.94	3.74
Earnings[4]	d2.09	0.48	d0.42	d1.73	0.38	0.66	d0.20	d0.16	0.80	0.86
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1989	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	15	22¼	15⅝	15⅛	19¼	20	8¾	13⅞	17¼	8⅛
Low	8⅛	9¾	8¼	10⅛	9½	7⅛	4½	5⅞	5½	4⅛
P/E Ratio—	NM	46-20	NM	NM	51-25	30-11	NM	NM	21-7	9-5

Data as orig. reptd. Adj. for stk. div(s). of 200% Nov. 1983, 50% Mar. 1980. 1. Prior to 1987-8 periods ended 16 wks. Sep., 12 wks. Dec., 12 wks. Mar.; 12 wks. May. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. results of disc. opers. of +1.77 in 1989, -0.01 in 1981, and spec. item(s) of +0.04 in 1987, +0.63 in 1986, +0.10 in 1985, +0.09 in 1984. NM-Not Meaningful. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	1,648	51	3.1	278	185	21.3	[3]d199	NM	d206	NM
[2]1988	2,470	245	9.9	342	166	13.7	[3]75	16.2%	63	2.5
1987	1,868	178	9.5	95	158	15.8	[3]d9	NM	d29	NM
1986	1,478	40	2.7	117	158	22.5	[3]d134	NM	d148	NM
1985	1,788	203	11.3	401	143	21.0	[3]52	33.6%	34	1.9
1984	1,655	212	12.8	278	109	10.9	[3]101	44.6%	56	3.4
[2]1983	1,210	102	8.5	131	102	20.2	d23	NM	d14	NM
1982	1,104	82	7.4	130	93	12.3	d17	NM	d11	NM
[4]1981	1,110	170	15.3	177	69	[5]9.9	95	44.2%	53	4.8
1980	980	150	15.3	116	45	11.1	94	44.2%	52	5.3

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	228	678	449	1.5	1,416	NM	52	724	915	5.7	NM
1988	147	1,042	670	1.6	1,777	3.7%	37	889	1,061	3.5	6.2%
1987	192	825	474	1.7	1,499	NM	36	766	1,016	3.5	NM
1986	22	549	353	1.6	1,295	NM	123	592	933	13.2	NM
1985	12	608	376	1.6	1,411	2.7%	226	681	1,025	22.0	5.2%
1984	28	600	404	1.5	1,156	5.2%	24	619	738	3.3	11.0%
1983	7	439	283	1.6	847	NM	149	336	546	27.3	NM
1982	11	439	287	1.5	785	NM	76	337	493	15.4	NM
1981	11	432	239	1.8	754	7.7%	67	333	511	13.1	18.1%
1980	8	350	173	2.0	561	11.0%	97	226	386	25.1	26.4%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1989, 1981, and spec. item(s) in 1987, 1986, 1985, 1984. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Excludes discontinued operations and reflects accounting change. 5. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

National Semiconductor is a leading manufacturer of semiconductor components. Other operations were discontinued in fiscal 1988-9.

NSM designs, develops manufactures and markets a wide variety of semiconductor products including microprocessors, linear integrated circuits, digital integrated circuits, hybrid circuits and subsystems, electronic packaging, and miscellaneous services and supplies for the semiconductor industry. Its semiconductors use both bipolar and metal-oxide-silicon (MOS) process technologies. These circuits are grouped by function as digital and linear (analog) devices. NSM's digital devices include both standard and custom logic and memory integrated circuits.

The company has been shifting its emphasis in semiconductor design for several years from standard, commodity-type products to proprietary products and application specific integrated circuits (ASICs).

Foreign operations accounted for 45% of sales and $1.0 million in pretax income in fiscal 1988-9.

Operations discontinued during fiscal 1988-9 were the Datachecker Systems Inc. subsidiary that manufactured and serviced electronic terminals and systems for retail businesses and the company's 60% interest in National Advanced Systems unit. It marketed and serviced medium- and large-scale IBM-compatible mainframe computers and certain peripheral equipment manufactured by Hitachi, Ltd. The company sold it interests in these operations for approximately $90 million and $398 million, respectively.

Dividend Data

No common dividends have ever been paid.

Capitalization

Long Term Debt: $52,200,000.

$40 Conv. Exch. Pfd. Stk.: 250,000 shs. ($500 liq. value); ea. sh. conv. into 33 com. shs.

Common Stock: 102,527,254 shs. ($0.50 par).
Institutions hold about 55%.
Shareholders of record: 15,990.

Office—2900 Semiconductor Drive, Santa Clara, Calif. 95051 **Tel**—(408) 721-5000 **Pres & CEO**—C. E. Sporck. **VP-Secy**—J. G. Webb. **VP-CFO**—G. P. Arnold. **Investor Contact**—D. S. Dahmen. **Dirs**—P. J. Sprague (Chrmn), R. Beshar, R. J. Danzig, D. H. Martin, J. M. Smaha, C. E. Sporck, D. E. Weeden, H. H. Wetzel. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Delaware in 1959. **Empl**—32,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Nat'l Service Industries

NYSE Symbol NSI In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
28¾	30⅜-21⅜	15	0.84	2.9%	A+	1.06

Summary

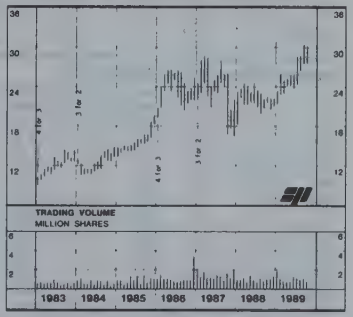
National Service Industries is a diversified company with interests primarily in lighting equipment, textile rentals, and specialty chemicals. To a lesser extent, it is active in the insulation, men's apparel, envelope and marketing services areas. Earnings for fiscal 1989 advanced for 14th consecutive year, reflecting gains at all business segments except chemicals. Higher profits are projected for fiscal 1990.

Current Outlook

Share earnings for the fiscal year ending August 31, 1990 are estimated at $2.05, up from fiscal 1989's $1.92.

The quarterly dividend, currently at $0.21, is expected to be increased about 10% in December, 1989.

Earnings for fiscal 1990 from lighting equipment operations should be slightly higher, reflecting a continuation of unit volume growth of fixtures. Textile profits are expected to benefit from favorable contributions by acquisitions. Chemical earnings should increase slightly, reflecting increased usage of products, especially those used for sanitation and water treatment and a small improvement in margins. Profits from noncore businesses are expected to increase marginally, reflecting a minor increase in total unit volume, especially in the area of filing systems and sales aids for the carpet industry, and a slight increase in margins at apparel operations.



Net Sales & Services (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	372	342	325	319
Feb	377	339	313	304
May	385	358	333	323
Aug.	405	375	356	337
	1,539	1,414	1,327	1,283

Sales and service revenues for the fiscal year ended August 31, 1989 (preliminary) increased 8.9% fromthose of the preceding year, reflecting higher sales and service unit volumes and to a lesser extent higher prices. Benefiting from higher earnings in all business segments except chemicals, net income advanced 10%. Earnings per share were $1.92, compared with $1.75.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	0.47	0.42	0.37	0.35
Feb.	0.44	0.40	0.34	0.33
May	0.49	0.45	0.42	0.41
Aug.	0.53	0.48	0.41	0.37
	1.92	1.75	1.54	1.45

Important Developments

Sep. '89— NSI said that fiscal 1989 earnings growth was restricted as the chemical division reported a decline in profits, reflecting lower margins at its Selig Chemical unit. The decline was offset by record earnings at NSI's Zep Manufacturing unit.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	NA	10.99	10.12	9.29	8.40	7.51	6.71	5.98	5.35	4.71
Earnings	1.92	1.75	1.54	1.45	1.37	1.25	1.13	1.02	0.99	0.89
Dividends	0.84	0.73	0.61⅝	0.53½	0.48½	0.43	0.39⅜	0.36	0.32½	0.30
Payout Ratio	43%	42%	40%	37%	35%	34%	35%	35%	33%	34%
Prices—High[2]	30⅜	24½	28⅛	26½	19¾	14⅞	14⅜	9½	7⅛	5⅞
Low[2]	21⅜	18¼	16½	19⅜	13⅜	10½	8⅞	5¾	5	4⅛
P/E Ratio—	16-11	14-10	19-11	18-13	14-10	12-8	13-8	9-6	7-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Jan. 1987, 33⅓% Jan. 1986, 50% Jan. 1984, 33⅓% Jan. 1983. 1. Reflects merger or acquisition 2. Cal yr NA-Not Available

November 2, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Aug. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,414	162	11.5	55.4	31.0	4.23	133	35.4%	86.1	6.1
[1]1987	1,327	153	11.5	45.3	26.2	4.15	132	42.8%	75.7	5.7
1986	1,283	154	12.0	54.0	26.2	4.00	127	44.0%	71.3	5.6
1985	1,191	134	11.3	47.7	22.5	3.38	112	39.4%	67.7	5.7
1984	1,073	121	11.3	37.9	24.5	2.67	99	38.1%	61.5	5.7
1983	936	103	11.0	33.7	22.2	1.17	85	34.8%	55.4	5.9
[1]1982	885	101	11.4	35.5	23.9	2.52	80	36.7%	50.6	5.7
1981	853	102	11.9	30.6	21.8	0.94	83	39.5%	50.1	5.9
1980	796	99	12.4	30.4	18.6	1.08	81	43.9%	45.2	5.7
1979	708	86	12.2	29.0	15.4	0.81	72	44.5%	39.8	5.6

Balance Sheet Data (Million $)

Aug. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	134	552	126	4.4	825	10.9%	21.4	558	684	3.1	16.2%
1987	123	519	115	4.5	760	10.3%	21.5	508	634	3.4	15.6%
1986	101	473	118	4.0	710	10.7%	21.9	463	583	3.8	16.2%
1985	38	404	103	3.9	618	11.6%	8.6	418	506	1.7	17.1%
1984	18	358	98	3.7	552	11.8%	9.5	374	448	2.1	17.4%
1983	30	311	102	3.0	494	12.0%	10.3	334	386	2.7	17.5%
1982	5	269	97	2.8	428	12.4%	11.4	298	331	3.4	17.9%
1981	30	274	95	2.9	404	13.0%	12.4	276	309	4.0	19.3%
1980	11	244	90	2.7	368	12.8%	14.2	244	278	5.1	19.7%
1979	6	225	94	2.4	338	12.6%	11.6	214	244	4.8	19.8%

Data as orig. reptd. 1. Reflects merger or acquisition.

Business Summary

National Service Industries conducts operations through seven divisions. Contributions by business segment in fiscal 1988:

	Revs.	Profits
Lighting equipment	43%	38%
Textile rental	23%	27%
Chemical	14%	23%
Other	20%	12%

The lighting equipment division produces for the construction industry fluorescent and high intensity discharge fixtures, architectural downlighting fixtures, emergency lighting fixtures, track lighting systems, and relocatable wiring systems. Fluorescent work lamps, and decorative fixtures are produced for consumers.

The textile division rents table linen, bed linens, towels, uniforms, operating room packs, and dust control materials.

The chemical division manufactures chemical products, used primarily in maintenance, sanitation, and water treatment. Products include soaps, detergents, waxes, and disinfectants.

Other divisions sell insulation products, supply men's dress and sports apparel, envelopes, filing systems, and provide sales aids for the carpet industry.

Dividend Data

Dividends have been paid since 1937. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Dec. 21	Dec. 27	Jan. 3	Jan. 12'89
0.21	Mar. 15	Mar. 20	Mar. 27	Apr. 5'89
0.21	Jun. 21	Jun. 27	Jul. 3	Jul. 13'89
0.21	Sep. 20	Sep. 26	Oct. 2	Oct. 11'89

Next dividend meeting: mid-Dec.'89.

Finances

The company expects that current liquid assets and internally generated funds would be more than adequate to meet anticipated cash requirements for fiscal 1990.

Capitalization

Long Term Debt: $21,047,000.

Common Stock: 49,255,019 shs. ($1 par).
Officers & directors own about 7%.
Institutions hold approximately 49%.
Shareholders of record: 8,851.

Office—1180 Peachtree St., N.E., Atlanta, Ga. 30309 **Tel**—(404) 892-2400. **Chrmn & CEO & Investor Contact**—E. Zeban **Pres & CEO**—S. Kirschner **SVP-Secy**—D. Levy **SVP-Fin & Treas**—R. H. Crevistion **Dirs**—R. W. Allen, J. A. Bostster, J. L. Clendenin, R. H. Crevistion, H. R. Dressel, D. C. Garrett, Jr., W. C. Hatcher, J. Hill, Jr., R. M. Holder, Jr., F. R. Johnson, D. R. Keough, S. Kirschner, D. Levy, J. H. McClung, J. G. Medlin Jr., B. L. Seigel, E. Zeban **Transfer Agent & Registrar**—Wachovia Bank and Trust Co., Winston-Salem, N.C **Incorporated** in Delaware in 1928. **Empl**—20,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Nature's Sunshine Products

4747K

NASDAQ Symbol NATR (Incl. in Nat'l Market; marginable)

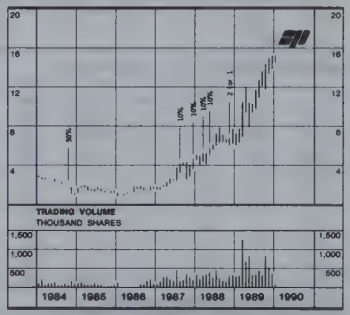
Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 9'90	1989-90					
14⅝	15¼-6	19	0.24	1.6%	B	0.61

Summary

This company is a marketer of herbal nutritional products, such as vitamins, and household items, including a water purifier; it also has a 55% interest in Canyon Medical Products, a newly formed developer of cardiopulmonary products. Growth in sales and earnings has been strong in recent years and continued to improve through the first nine months of 1990, aided by a significant expansion of the company's independent sales force.

Business Summary

The principal business of Nature's Sunshine Products, Inc. since 1972 has been the manufacture, packaging and sale of nutritional and personal-care products. Its nutritional products include encapsulated herbs, concentrated herbs, beverages, vitamins, juices, seasonings, diet and weight-loss plans and mineral and food supplements. Personal-care products include natural skin, hair and beauty care products. The company also manufactures and distributes a reverse-osmosis water purification system ("Nature's Spring"). Nature's Sunshine acquired 55% ownership of Canyon Medical Products in 1988; subsequent to December 31, 1988, Canyon has been selling femoral bypass cannula catheters and other cardiopulmonary products.



The company sells its products primarily to managers, who numbered 2,845 at September 30, 1989. Managers generally purchase products from the company by the payment of all or substantially all of the purchase price in cash, credit cards or checks accompanying each order. Managers in turn sell the products to the distributors sponsored in their sales group, who sell directly to consumers or use the products themselves. Many distributors sell on a part-time basis to residents of their communities or supply their families with the company's products. Demand for the products is created principally by the more than 45,000 active members (at December 31, 1988) of the company's independent distributor sales force.

Nature's Sunshine purchases herbs and other raw materials in bulk, subjects them to testing for quality-control purposes and capsulates, tabulates or concentrates its products, which are then packaged for shipment. Most of the company's products are manufactured at its headquarters in Spanish Fork, Utah. Certain products, including liquid-filled vitamins, cosmetics and personal-care items, are manufactured for the company in accordance with its specifications and standards by contract manufacturers. The company operates a regional warehouse in Columbus, Ohio, and also has a retail store in Mesa, Arizona, where it sells bottled water and an under-the-counter water purification system.

International sales accounted for 21% of revenues in 1988, up from 19% in 1987. The company expects to see continued growth in its international markets and is involved in start-up operations in Great Britain.

Important Developments

Oct. '89— Management reported that it expects the sales and earnings growth it achieved in the first nine months of 1989 to continue into 1990. In addition, the company said it was on track to report earnings of $0.80-$0.90 a share for 1989.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	2.49	1.95	1.52	1.30	1.26	1.03	0.66	0.43	0.17	0.13
Earnings[1]	0.63	0.42	0.16	0.06	0.23	0.27	0.21	0.22	0.10	0.03
Dividends	0.10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	16%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	7⅞	4¾	1⅞	2	3	3¼	1⅞	2⅜	1	1½
Low	3⅞	1½	¾	1⅛	1	1½	1¼	¾	¾	1
P/E Ratio—	13-6	11-4	12-5	38-22	13-4	12-6	9-6	11-3	9-6	42-27

Data as orig. reptd. Adj. for stk. divs. of 100% Nov. 1988, 10% May 1988, 10% Mar. 1988, 10% Dec. 1987, 10% Aug. 1987, 50% Oct. 1984
1. Bef. results of disc. ops. of -0.02 in 1980 & spec. items of +0.01 in 1988, +0.02 in 1980.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	44.5	5.45	12.2	0.95	0.70	0.05	5.12	36.0%	3.27	7.4
1987	38.2	4.06	10.6	0.70	0.62	0.08	3.73	45.2%	2.04	5.3
1986	31.1	2.00	6.4	0.48	0.65	0.10	1.35	42.7%	0.77	2.5
1985	29.4	1.31	4.4	1.27	0.63	0.14	0.68	57.5%	0.29	1.0
1984	33.3	2.70	8.1	1.80	0.58	0.16	2.25	45.6%	1.22	3.7
1983	29.9	3.06	10.2	1.89	0.56	0.13	2.49	41.1%	1.47	4.9
1982	25.5	2.22	8.7	0.98	0.36	0.18	1.79	38.2%	1.11	4.4
1981	11.2	2.35	21.1	0.68	0.23	0.17	2.09	47.2%	1.10	9.9
[2]1980	7.2	1.31	18.3	0.18	0.20	0.25	0.97	46.1%	0.52	7.3
1979	5.2	0.58	11.1	0.94	0.14	0.19	0.30	29.1%	0.21	4.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	6.61	11.2	4.22	2.6	17.5	19.8	0.04	12.9	13.3	0.3	28.6
1987	4.71	8.3	4.50	1.8	14.6	15.6	0.24	9.5	10.1	2.4	24.3
1986	2.02	5.4	3.10	1.7	11.7	7.1	0.64	7.4	8.6	7.5	11.3
1985	1.01	4.4	2.78	1.6	11.2	2.5	0.86	7.1	8.5	10.2	4.1
1984	1.51	5.5	3.34	1.6	11.9	10.8	1.25	6.8	8.5	14.7	19.8
1983	2.26	6.3	3.30	1.9	10.8	16.7	1.52	5.5	7.5	20.2	33.6
1982	0.55	3.5	2.22	1.6	6.8	17.8	0.98	3.2	4.6	21.4	42.3
1981	0.13	2.9	2.48	1.2	5.6	22.8	0.85	2.0	3.1	27.2	78.6
1980	0.41	1.7	1.95	0.9	4.1	14.8	1.15	0.8	2.1	54.3	78.0
1979	0.03	1.3	1.56	0.8	3.9	6.1	1.44	0.8	2.3	61.7	31.8

Data as orig. reptd. 1. Bef. spec. items. 2. Excl. disc. ops.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	12.20	10.56	9.00	7.27
Jun.	12.92	10.92	9.54	7.77
Sep.	12.77	11.20	9.74	7.72
Dec.		11.83	9.91	8.31
		44.52	38.18	31.07

Net sales for the nine months ended September 30, 1989, advanced 16%, year to year, reflecting growth of the sales force and increased demand for health and nutritional products. Margins widened on the higher revenue base and well controlled operating costs, and after a sharp increase in other income (net), the gain in pretax income was extended to 37%. Following taxes at 39.4%, versus 37.7%, net income was up 33%, to $3,095,662 ($0.60 a share), from $2,318,890 ($0.45, adjusted). Results for the 1988 period exclude a special credit of $43,076 ($0.01, adjusted) from the cumulative effect of an accounting change.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.15	0.09	0.03
Jun.	0.19	0.16	0.10	0.05
Sep.	0.21	0.14	0.11	0.04
Dec.		0.18	0.12	0.06
		0.63	0.42	0.16

Dividend Data

The company announced in April 1989 that it plans a three-for-two stock split when the market price of its common "increases to an adequate level." Cash payments began in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Feb. 16	Mar. 17	Mar. 23	Mar. 30'89
0.06	Apr. 16	May 18	May 24	May 31'89
0.06	Jul. 31	Aug. 17	Aug. 23	Aug. 30'89
0.06	Oct. 26	Nov. 13	Nov. 17	Nov. 27'89

Finances

In May 1989, the company's board of directors authorized the repurchase of up to 200,000 shares of its common stock on the open market.

On January 1, 1988, the company sold its Japanese branch operation, resulting in a loss of $100,000, which was recognized in 1987. Sales to the Japanese market would continue through export operations.

Capitalization

Long Term Debt: $26,447 (9/89).

Common Stock: 5,062,468 shs. (no par).
More than 50% is closely held.
Institutions hold about 18%.
Shareholders: 563 of record (2/89).

Office—1655 N. Main, Spanish Fork, Utah 84660 **Tel**—(801) 798-9861. **Chrmn**—Kristine F. Hughes. **Pres & CEO**—A. D. Kennedy. **VP-Secy**—B. F. Ashworth **VP-Fin & Investor Contact**—Doug Faggioli. **Dirs**—M. Gappmayer, P. T. Hughes, G. J. Hughes, K. F. Hughes, P. T. Hughes, A. D. Kennedy. **Transfer Agent & Registrar**—American Registrar & Transfer Co., Salt Lake City. **Incorporated** in Utah in 1978. **Empl**—247.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

John D. Coyle

Navistar International

1628

NYSE Symbol NAV In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
3¾	7-3¼	16	None	None	B-	1.62

Summary

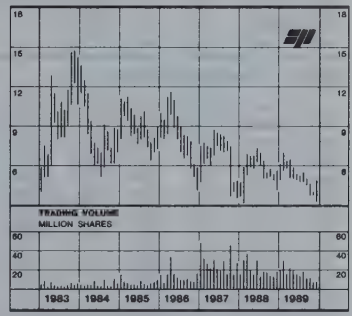
This company is the largest producer of medium and heavy-duty trucks in North America. Having pared unprofitable operations and materially overhauled its capital structure, NAV has scored an impressive profit turnaround in recent years. Despite softer demand for both medium and heavy-duty trucks, earnings for fiscal 1990 should post a limited rebound, after being penalized in fiscal 1989 by costs associated with the introduction of new truck models and production problems at a new paint facility.

Current Outlook

Profits for the fiscal year ending October 31, 1990 are estimated at $0.45 a share, versus the $0.23 reported for fiscal 1989.

Dividends are unlikely to be resumed in 1990.

Demand for medium and heavy-duty trucks will remain soft in fiscal 1990 as fleet operators' capital spending programs are pared as economic growth slows. NAV should outperform the industry, however, as the firm's new models have been well received. While an overhang of used trucks will check prices for new vehicles, margins should widen as promotional costs are scaled back, production problems at NAV's new paint facility are corrected, and production and inventory levels are adjusted to current market conditions. Raw materials and component costs should stabilize. Unit sales for NAV's engine and parts businesses will be flat. Comparisons will benefit from increasing contributions from NAV's truck financing unit.



[1]Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	---	923	806	789
Apr.	---	1,054	932	880
Jul.	[3]3,231	976	791	763
Oct.	1,010	1,127	1,001	925
	4,241	4,080	3,530	3,357

Revenues for the fiscal year ended October 31, 1989 (preliminary) declined 1.0% from those of the prior year (restated). Income from continuing operations fell 66%, to $0.23 a share from $0.89.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.12	0.21	0.05	0.08
Apr.	0.11	0.24	0.15	0.05
Jul.	0.08	0.15	0.09	Nil
Oct.	d0.08	0.29	0.18	d0.32
	0.23	0.89	0.50	d0.18

Important Developments

Dec. '89— Citing lower truck and engine sales, intense price discounting by truck manufacturers, and higher manufacturing costs, NAV said it expected to post a net loss in fiscal 1990's first quarter. NAV also projected a 2%-4% drop for industry sales of medium-duty trucks in fiscal 1990 and an 8%-18% decline for heavy-duty trucks. Additionally, management said the 15% production cutback implemented in fiscal 1989's fourth quarter has been sufficient to bring its new and used truck inventories into balance with current market conditions.

Jul. '89— NAV unveiled a prototype of a new diesel engine which it claims will meet the tougher state and Federal pollution guidelines to be implemented in 1994.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Oct. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	2.41	1.50	d4.91	d22.02	d19.15	d28.96	d25.61	39.76	53.30
Earnings[2]	0.23	0.89	0.50	d0.18	0.77	d1.44	d17.10	d39.88	d20.44	d12.02
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.30	2.50
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NM	NM
Prices—High[3]	7	7⅜	8¾	11⅝	11¼	13⅝	14¾	8½	26⅛	39⅜
Low[3]	3¼	3⅛	3½	4⅛	6⅜	5⅛	4	2¾	6¼	22⅛
P/E Ratio—	30-14	8-4	18-7	NM	15-8	NM	NM	NM	NM	NM

Data as orig. reptd. 1. Sales prior to 1988-9. 2. Bef. results of disc. opers. of -0.05 in 1988, -4.44 in 1985, -0.17 in 1983, -12.19 in 1982, +7.54 in 1981, -0.89 in 1980, and spec. item(s) of -0.47 in 1987, +0.04 in 1986, +0.77 in 1985, +0.10 in 1984, +1.57 in 1983, +0.68 in 1982. 3. Cal. yr. 4. Nine mos. E-Estimated. d-Deficit. NA-Not Available. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,080	241	5.9	127	49	80	269	3.8%	[3]259	6.3
1987	3,530	219	6.2	112	41	100	152	3.7%	146	4.1
1986	3,357	163	4.9	74	40	159	d37	NM	d2	NM
[4]1985	3,508	247	7.0	34	41	163	143	21.6%	113	3.2
1984	4,802	278	5.8	54	100	376	d99	NM	d61	NM
1983	3,601	14	0.4	31	131	422	d576	NM	d533	NM
[4]1982	4,292	d209	NM	108	149	614	d1,321	NM	d1,266	NM
[4]1981	7,041	10	0.1	317	144	810	d734	NM	d636	NM
[4]1980	6,312	d88	NM	384	130	552	d757	NM	d370	NM
1979	8,392	840	10.0	285	127	389	486	23.9%	370	4.4

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	562	1,280	1,126	1.1	2,522	11.7%	178	607	1,044	17.1	46.7%
1987	384	785	836	0.9	1,902	4.6%	191	376	834	22.9	NM
1986	218	680	797	0.9	1,925	NM	729	d533	782	93.2	NM
1985	323	1,101	988	1.1	2,406	3.8%	788	d1,390	830	95.0	NM
1984	413	1,412	1,257	1.1	3,249	NM	1,238	d1,111	1,540	80.4	NM
1983	392	1,388	1,366	1.0	3,362	NM	1,289	d1,175	1,531	84.1	NM
1982	259	1,656	1,135	1.5	3,699	NM	2,015	d827	2,048	98.4	NM
1981	394	2,672	1,808	1.5	5,346	NM	1,985	1,285	3,472	57.2	NM
1980	137	3,427	2,480	1.4	5,843	NM	1,327	1,696	3,363	39.5	NM
1979	25	3,266	1,873	1.7	5,247	7.6%	948	2,149	3,374	28.1	18.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1986, 1985, 1983, 1982, 1981, 1980, and spec. item(s) in 1987, 1986, 1985, 1984, 1983, 1982. 3. Reflects accounting change. 4. Excl. disc. opers. d-Deficit. NM-Not Meaningful.

Business Summary

Navistar (formerly International Harvester) is the largest producer of heavy-duty trucks in North America and second largest manufacturer of medium-duty trucks. Contributions to sales in recent fiscal years:

	1988	1987	1986
Medium trucks	37%	37%	39%
Heavy trucks	41%	40%	37%
Parts	13%	14%	14%
Engines	9%	9%	10%

In fiscal 1988 NAV sold 93,760 vehicles, up from 82,370 in fiscal 1987. NAV's share of the combined medium and heavy-duty truck market was 27% in fiscal 1988, versus 26% in fiscal 1987. Output is sold to private and common carriers, lessors, utilities, school bus manufacturers and the construction and energy industries. NAV also markets three medium-duty trucks manufactured by Nissan Diesel Motor Co. NAV's products are distributed through a network of 858 independent dealers. Vehicles obtained as trade-ins are sold through 15 used truck centers.

All Navistar trucks are equipped with diesel engines. Medium-duty trucks, accounting for two-thirds of truck sales, are powered with NAV-built engines, while engines for NAV's heavy-duty trucks are produced by outside suppliers. In fiscal 1988 NAV sold 95,300 engines (up from 76,500 in fiscal 1987) to original equipment manufacturers for use in pick-up trucks and vans.

Navistar Financial Corp. finances new retail sales of Navistar trucks, dealers' inventories and used trucks produced by various manufacturers. Truck receivables outstanding at October 31, 1988 were $1.57 billion. Harco National Insurance Co. provides commercial physical damage and liability coverage to NAV dealers, retail customers and others.

Dividend Data

Dividends on the common were omitted in 1981.

Finances

Net income in fiscal 1988's fourth quarter included $23 million ($0.09 a share) from the settlement of prior year's tax audits.

Capitalization

Long Term Debt: $496,000,000.

Cum. Conv. Pfd. & Pref. Stk.: $251,600,000.

Common Stock: 251,225,180 shs. ($1 par).
Institutions hold about 47%.
Shareholders of record: 107,657.

Warrants: To purchase up to 22,806,430 shs.

Office—401 North Michigan Ave., Chicago, Ill. 60611 **Tel**—(312) 836-2000 **Chrmn & Pres**—J. C. Cotting. **Secy**—J. M. Sheahin **VP-Treas**—R. C. Lannert. **Investor Contact**—J. B. Lovett **Dirs**—W. F. Andrews, W. W. Booth, A. F. Brimmer, J. C. Cotting, J. E. Dempsey, M. Garst, A. G. Hansen, D. D. Lennox, L. W. Menk, N. A. Springer, E. R. Zumwalt, Jr. **Transfer Agent**—Company itself **Registrar**—First National Bank of Chicago. **Incorporated** in N.J. in 1918; reincorporated in Delaware in 1965. **Empl**—15,719

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

New England Electric System 1646

NYSE Symbol NES

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
27¼	27⅞-22¼	14	2.04	7.5%	A	0.52

Summary

This utility holding company serves customers throughout Massachusetts, Rhode Island and New Hampshire. On November 1, 1989 NES announced that it was withdrawing its $2.0 billion offer to acquire Public Service Co. of New Hampshire (PNH), which filed for bankruptcy on January 28, 1988. NES's acquisition offer for PNH was one of four reorganization proposals for PNH, including a $2.3 billion bid by Northeast Utilities (NU), a $2.29 billion offer from United Illuminating (UIL), and PNH's own restructuring valued at $2.2 billion.

Current Outlook

Share earnings for 1990 are projected at $2.50, up from the $2.30 estimated for 1989, which includes a nonrecurring net gain of $0.18 expected in the fourth quarter.

Dividends are expected to continue at the current rate of $0.51 quarterly.

Share earnings for 1990 should be aided by the outcome of any or all of several rate cases. Additionally, earnings would profit substantially if the Seabrook nuclear plant begins commercial operations.

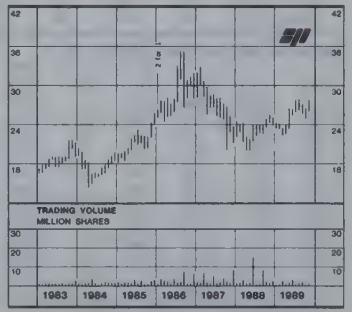
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	428	398	392	413
Jun.	372	354	354	332
Sep.	415	397	361	343
Dec.	---	371	340	344
	---	1,520	1,448	1,432

Based on a brief report, revenues for the nine months ended September 30, 1989 rose 5.7%, year to year, primarily reflecting higher kwh sales and higher rates. Net income was $96.0 million ($1.65 a share), in contrast to a net loss of $73.9 million ($1.30), which included a net write-off of $179 million ($3.15) for Seabrook expenditures.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.71	0.84	0.97	0.93
Jun.	0.37	d2.80	0.66	0.65
Sep.	0.57	0.66	0.69	0.79
Dec.	E0.65	0.36	0.73	0.83
	E2.30	d0.94	3.05	3.20



Important Developments

Nov. '89— On November 1 NES announced that it was withdrawing its $2.0 billion offer to acquire Public Service Co. of New Hampshire (PNH), which filed for bankruptcy on January 28, 1988. NES's acquisition offer for PNH was one of four reorganization proposals for PNH, including a $2.3 billion bid by Northeast Utilities (NU), a $2.29 billion offer from United Illuminating (UIL), and PNH's own restructuring valued at $2.2 billion. Separately, NES reported that the implementation of an agreement that certain of its subsidiaries have reached with a joint venturer is expected to result in a nonrecurring gain of approximately $0.18 a share. The company added that if implementation does not occur by December 28, 1989, the agreement will terminate, unless otherwise extended.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.17	21.25	20.06	18.68	17.31	16.00	14.92	14.14	13.55	13.07
Earnings	d0.94	3.05	3.20	3.15	3.02	2.74	2.33	2.03	1.75	1.73
Dividends	2.04	2.01	1.94	1.83	1.72½	1.62½	1.47½	1.32⅞	1.19⅞	1.11⅞
Payout Ratio	NM	66%	61%	58%	57%	59%	63%	66%	68%	65%
Prices—High	25½	32⅞	35¼	25¾	20½	21¾	16⅞	13½	12	11⅞
Low	20	20	24⅜	18¼	14⅜	16½	11⅞	9½	8⅝	9⅞
P/E Ratio—	NM	11-7	11-8	8-6	7-5	8-6	7-5	7-5	7-5	7-6

Data as orng reptd. Adj. for stk. div(s). of 100% Feb. 1986 d-Deficit E-Estimated. NM-Not Meaningful.

November 29, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr. & Amort.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On [3]Invest. Capital Revs.	% Return On [4]Com. Equity
1988	1,520	229	120	85.4%	1.59	3.8	NM	d43	NM	1.5	NM
1987	1,448	179	101	84.3%	3.43	34.9	30.6%	181	12.5	7.6	14.6
1986	1,432	204	89	86.0%	3.65	42.6	38.7%	187	13.1	8.2	16.4
1985	1,444	167	99	86.0%	3.64	53.1	38.1%	180	12.5	8.3	17.3
1984	1,486	151	76	84.8%	3.38	36.2	42.6%	168	11.3	9.0	18.0
1983	1,374	134	82	86.9%	3.49	47.1	41.5%	149	10.8	8.6	17.6
1982	1,213	87	63	87.4%	---	33.5	44.0%	123	10.1	9.9	16.0
1981	1,282	67	56	89.7%	---	39.5	42.4%	104	8.1	8.7	14.6
1980	1,090	63	48	89.3%	---	26.1	41.1%	90	8.2	8.4	13.2
1979	889	58	45	87.1%	---	21.9	38.8%	87	9.8	8.4	13.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	[5]Capital Expend.	Net Utility Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	3,733	192	2,661	8.0	3,370	1,434	54.1	163	6.1	1,056	39.8
1987	3,871	165	2,863	8.2	3,573	1,387	50.5	163	5.9	1,200	43.6
1986	3,632	188	2,714	7.6	3,496	1,401	52.1	188	7.0	1,101	40.9
1985	3,413	201	2,565	8.0	3,293	1,364	53.2	205	8.0	993	38.8
1984	3,257	230	2,481	9.5	3,076	1,361	55.4	205	8.4	888	36.2
1983	2,987	231	2,274	8.3	2,752	1,220	55.0	207	9.3	792	35.7
1982	2,717	207	2,061	7.8	2,083	826	47.4	209	12.0	707	40.6
1981	2,477	224	1,883	7.3	1,945	824	49.9	185	11.2	643	38.9
1980	2,277	170	1,728	7.0	1,802	784	50.0	186	11.9	597	38.1
1979	2,103	106	1,595	7.3	1,700	766	50.6	189	12.4	561	37.0

Data as orng reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. stk. divs. of subs. 3. Based on income before interest charges. 4. As reptd. by co. 5. Excl. allow. for funds used during constr. NM-Not Meaningful. d-Deficit.

Business Summary

New England Electric System is a utility holding company serving communities in Massachusetts, Rhode Island and New Hampshire. Electric revenues by customer class in recent years:

Revenues	1988	1987	1986	1985
Residential	41%	41%	34%	39%
Commercial	34%	35%	32%	32%
Industrial	21%	22%	22%	22%
Other	4%	2%	7%	7%

Power sources in 1988 were coal 44%, oil 28%, nuclear 15%, and hydro and other 13%. Peak load in 1988 was 4,107 mw and capability totaled 5,268 mw for a capacity margin of 22%. NES participates in the Hydro Quebec Interconnection. Phase I was completed in October, 1986 and Phase II is planned for completion in 1990.

NES owns 10% of the Seabrook nuclear facility. Seabrook licensing, which has been disputed by Massachusetts officials, was further complicated by the January, 1988 bankruptcy of the project's largest investor, Public Service of New Hampshire (35.6%). On June 13, 1989 the Seabrook plant achieved its first nuclear reaction. A low power license was awarded May 26, 1989. In 1988's second quarter, NES resolved its Seabrook prudency issues and wrote off some $179.0 million, net ($3.14 a share) of plant costs. If Seabrook enters service, a portion of the charge would be reversed and NES would be provided a $16.8 million annual rate increase for five years.

Dividend Data

Dividends have been paid since 1947. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.51	Nov. 22	Dec. 5	Dec. 9	Jan. 3'89
0.51	Feb. 28	Mar. 6	Mar. 10	Apr. 1'89
0.51	May 23	Jun. 5	Jun. 9	Jul. 1'89
0.51	Aug. 22	Sep. 5	Sep. 11	Oct. 2'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $1,595,919,000.

Minority Interest: $42,524,000.

Subsid. Red. Preferred Stock: $162,528,000.

Common Stock: 58,643,980 shs. ($1 par).
Institutions hold about 28%.
Shareholders of record: 72,385.

Office—25 Research Drive, Westborough, Mass. 01582. **Tel**—(508) 366-9011. **Chrmn**—J. T. Bok. **Pres & CEO**—J. W. Rowe. **VP-Secy**—F. E. Greenman. **VP-CFO**—A. D. Houston. **Treas**—J. H. Dickson. **Investor Contact**—L. Stockwell. **Dirs**—W. D. Bell, J. T. Bok, J. H. Hunter, P. L. Joskow, J. F. Kaslow, J. M. Kucharski, E. H. Ladd, J. A. McClure, M. McLane, F. A. Mirando, Jr., J. W. Rowe, G. M. Sage, A. Wexler, J. Q. Wilson. **Transfer Agent & Registrar**—First National Bank of Boston. **Organized** in Massachusetts in 1926. **Empl**—5,478.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

N.Y. State Electric & Gas

NYSE Symbol NGE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
26 3/8	27 3/4-21 7/8	10	2.04	7.7%	A-	0.38

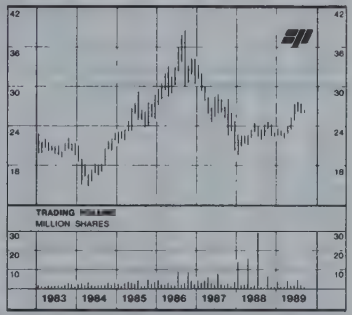
Summary

This utility, serving portions of New York's upstate rural economy, owns 18% of the Nine Mile Point 2 nuclear plant. Regulatory issues concerning the plant led the company to cut its quarterly dividend 24% in early 1988; in August, 1989 the dividend was raised 2.0% from that reduced rate. Nine Mile Point 2 completes NGE's base load construction program for the foreseeable future.

Business Summary

New York State Electric & Gas Corp. provides electricity to about 745,000 customers and gas to 139,000 customers in the central, eastern and western parts of New York. The service area covers approximately 17,000 square miles, and over 80% of the area's population of 1.8 million is located outside the corporate limits of cities. The upstate New York economy is composed of light industry, high technology businesses, agriculture, recreation facilities, and colleges. Electric sales accounted for 89% of revenues in 1988 and gas 11%. Contributions to electric revenues in recent years:

	1988	1987	1986	1985
Residential	43%	43%	42%	38%
Commercial	22%	22%	21%	19%
Industrial	17%	17%	17%	15%
Other	19%	18%	20%	28%



Capacity in 1988 consisted of coal 94%, nuclear 4% and hydro 2%. Peak load in 1988 was 2,574 mw and current system capability totals 3,183 mw for a capacity margin of 19%. Gas sales in 1988 were 35.1 million dth, versus 32.2 million dth in 1987.

NGE has an 18% interest in the Nine Mile Point 2 nuclear plant, which was constructed and is being operated by Niagara Mohawk Power Corp. In 1987 NGE wrote off $322 million (net of tax benefits) of disallowed costs associated with the plant. Approximately $6 million of the write-off was reversed in 1988, and NGE also received a $52.2 million payment from Niagara Mohawk pursuant to a July, 1986 agreement with the plant's co-tenants. The commercial operation of Nine Mile 2 brought to an end the company's construction program for significant new generating capacity. Additional capacity is not expected to be required until the mid-1990s.

Construction expenditures for 1988 were $228 million and are projected by the company to total $669 million for 1989 through 1991, including $221 million for 1989. These expenditures are primarily earmarked for extension of service and for efficiency improvements at existing generating facilities. NGE estimates that internal sources will be sufficient to fund its three-year construction program.

In March, 1989 a two-year rate stabilization plan was approved for NGE under which its base electric and gas rates will remain at their present levels through January, 1991. NGE's allowed return on common equity will be 13%, with any earnings above the allowed return to be shared equally between customers and stockholders.

Important Developments

Aug. '89— NGE said that the five owners of Nine Mile Point 2 had developed an interim operating agreement providing for additional management oversight by the four nonmanaging co-tenants.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.17	17.32	22.60	23.53	23.21	22.28	21.81	22.17	22.02	21.65
Earnings[1]	2.81	0.70	3.86	3.46	3.68	3.06	3.36	2.95	2.70	2.83
Dividends	2.00	2.64	2.60	2.50	2.38	2.26	2.10	1.94	1.82	1.72
Payout Ratio	71%	377%	67%	72%	65%	74%	63%	66%	67%	61%
Prices—High	24 5/8	33 1/4	38 1/2	29 1/4	23	22 7/8	21 3/4	16 1/4	17 5/8	18 1/8
Low	19 1/2	20 1/8	27 1/8	21 1/4	14 3/4	19 1/8	14	13 7/8	13 1/8	15
P/E Ratio—	9-7	48-29	10-7	8-6	6-4	7-6	6-4	6-5	7-5	6-5

Data as orig reptd. 1. Bef. spec. item(s) of -4.16 in 1987

October 2, 1989
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	1,340	134	90.1	75.6%	2.18	26	31.1%	171	12.8	8.8	13.2
1987	1,290	111	93.3	78.2%	1.86	103	63.9%	52	4.1	5.2	12.2
1986	1,277	101	88.5	78.0%	2.75	96	34.1%	228	17.9	10.6	15.3
1985	1,242	98	81.6	80.9%	2.45	76	31.1%	208	16.8	10.9	14.3
1984	1,129	65	68.6	79.6%	2.46	95	26.1%	211	18.7	11.8	15.9
1983	994	57	61.2	82.5%	2.45	92	20.8%	157	15.8	10.3	13.5
1982	889	53	60.5	80.2%	---	55	22.5%	145	16.3	11.4	15.2
1981	768	49	51.6	81.2%	---	33	24.2%	108	14.0	10.0	13.4
1980	645	48	44.1	82.2%	---	31	16.9%	88	13.7	9.0	12.3
1979	588	44	40.6	81.2%	---	25	16.6%	87	14.9	9.1	13.4

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	[6]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	4,409	207	3,453	9.7	3,964	1,824	57.5	174	5.5	1,174	37.0
1987	4,162	185	3,307	8.1	4,096	2,055	61.5	179	5.3	1,107	33.2
1986	4,373	231	3,604	8.1	3,848	1,928	55.0	183	5.2	1,398	39.8
1985	4,055	256	3,368	7.3	3,593	1,749	52.5	248	7.5	1,331	40.0
1984	3,734	350	3,117	7.9	3,269	1,572	51.4	253	8.2	1,235	40.4
1983	3,301	437	2,738	6.9	2,788	1,260	47.7	277	10.5	1,104	41.8
1982	2,933	505	2,407	8.2	2,341	1,091	49.3	234	10.6	889	40.1
1981	2,392	266	1,901	8.1	1,862	813	45.9	236	13.3	723	40.8
1980	2,117	155	1,665	7.2	1,670	778	48.4	187	11.6	642	40.0
1979	1,949	146	1,537	7.5	1,579	768	50.1	196	12.8	569	37.1

Data as orig reptd. 1. Times int. exp & pfd. divs covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant 6. Net d-Deficit.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	413	361	388	381
Jun.	345	332	311	305
Sep.		312	294	275
Dec.		336	296	316
		1,340	1,290	1,277

Revenues for the six months ended June 30, 1989 rose 9.5%, year to year, aided by a 40% increase in electric sales to other utilities and higher purchased gas costs being passed on to customers. The cost of fuel, purchased gas and electricity costs and other operating expenses rose more rapidly, and operating income advanced 5.3%. After sharply lower other income and higher interest charges, net income fell 5.5%. Following preferred dividends, share earnings were $1.77, versus $1.91.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.13	1.11	d0.19	1.36
Jun.	0.64	0.80	0.85	0.93
Sep.		0.52	0.71	0.78
Dec.		0.39	d0.68	0.79
		2.81	0.70	3.86

Dividend Data

Dividends have been paid since 1910. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Oct. 14	Oct. 20	Oct. 26	Nov. 15'88
0.50	Jan. 13	Jan. 19	Jan. 25	Feb. 15'89
0.50	Apr. 14	Apr. 21	Apr. 27	May 15'89
0.51	Jul. 14	Jul. 18	Jul. 20	Aug. 15'89

Next dividend meeting: mid-Oct. '89.

Finances

The company's cash earnings were 84% of income for common stock in 1988, compared with 50% of income in 1987. NGE expects this trend to continue as no major construction projects are anticipated in the near future.

Capitalization

Long Term Debt: $1,790,336,000.

Red. Cum. Preferred Stock: $13,500,000.

Cum. Preferred Stock: $160,500,000.

Common Stock: 57,146,458 shs. ($6.66 2/3 par).
Institutions hold about 31%.
Shareholders of record: 66,689.

Office—4500 Vestal Parkway East, Binghamton, N Y 13903 **Tel**—(607) 729-2551 **Chrmn & CEO**—J A Carrigg **Pres**—A E Kintigh **Secy**—D W Farley **Treas**—S J Rafferty **Investor Contact**—K B Hooper **Dirs**—W P Allen, Jr., J A Carrigg, A P Casarett, E D Dickinson, E A Gilmour, J M Keeler, A E. Kintigh, B E Lynch, A G Marshall, D R Newcomb, R A Plane, C W Stuart **Transfer Agent & Registrar**—Manufacturers Hanover Trust, NYC **Incorporated** in New York in 1852 **Empl**—4,494

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

New York Times

8680

ASE Symbol NYT.A Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
26	34¾-24½	15	0.52	2.0%	A+	1.39

Summary

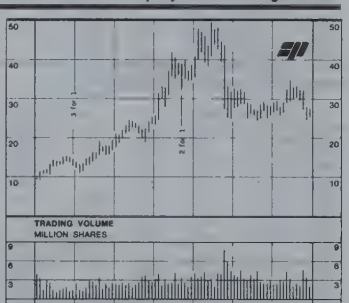
This diversified communications company publishes The New York Times newspaper, 32 smaller-city newspapers and 16 magazines; operates radio and television stations; syndicates news and features; and has substantial holdings in Canadian newsprint mills and a paper mill in Maine. As part of a long-range strategic plan to emphasize publishing, the company recently sold its cable television system for $420 million. Long-term earnings prospects are favorable for all of the company's business segments.

Current Outlook

Earnings in 1990 are tentatively projected at $1.40 a share, compared with the $1.10 from continuing operations estimated for 1989.

No increase is likely in the $0.13 quarterly dividend in the near term.

Revenues from continuing operations will continue to be impacted through 1990 by sluggish newspaper advertising demand and circulation, and by softness in the New York area economy. Magazine advertising and circulation revenues should rise at double-digit rates, aided by the addition of new titles. Results will be restricted by the weakness in newspaper revenues, magazine startup costs and dilution from acquisitions, despite much lower newsprint costs. Interest income will rise sharply, but equity earnings will plunge.



Revenues (Million $)

Quarter:	1989	[1]1988	1987	1986
Mar.	423	417	409	375
Jun.	460	443	426	401
Sep.	415	390	406	370
Dec.		450	448	418
		1,700	1,690	1,565

Revenues for the nine months ended September 30, 1989, rose 3.9%, year to year, aided by acquisitions by the magazine unit; operating income dropped 3.4%. Equity earnings were down sharply, and income from continuing operations declined 23%; share net fell to $1.11, from $1.38. Per share results exclude income from discontinued operations of $2.52 and $0.06 in the respective periods.

Common Share Earnings ($)

Quarter:	1989	[1]1988	1987	1986
Mar.	0.40	0.54	0.50	0.42
Jun.	0.50	0.53	0.54	0.45
Sep	0.21	0.31	0.40	0.33
Dec.	Ed0.01	0.62	0.52	0.43
	E1.10	2.00	1.96	1.63

Important Developments

Dec. '89— NYT said it will record a charge of $0.57 a share against 1989 fourth quarter earnings, reflecting costs associated with voluntary union staff reductions and a valuation reserve against the company's equity investment in forest products.

Aug. '89— The company completed the sale of its cable TV unit for $420 million, resulting in a net gain of $193 million, or $2.46 a share. Proceeds will be used largely for debt reduction.

Jul. '89— NYT acquired McCall's magazine for $57,768,000 in cash plus $23,732,000 in assumed liabilities. The company noted that dilution from the purchase would impact earnings in the second half of 1989 by $0.13 a share and would reduce 1990 earnings by $0.18 a share. McCall's and Family Circle together reach an unduplicated audience of 30.4 million women readers, about a third of all adult women in the U.S.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[2]1982	[2]1981	1980	1979
Tangible Bk. Val.	4.12	3.13	2.55	0.92	3.55	2.65	4.38	3.91	3.44	3.03
Earnings[3]	2.00	1.96	1.83	1.45	1.27	1.01	0.72	0.67	0.56	0.51
Dividends	0.46	0.40	0.33	0.29	0.25	0.22	0.19½	0.17½	0.15⅞	0.14¼
Payout Ratio	23%	20%	20%	20%	20%	22%	28%	26%	28%	28%
Prices—High	32¾	49⅝	42	25½	19½	15⅜	9⅝	6½	6½	4¾
Low	24⅜	24¾	23¼	17½	10⅞	9	5½	4½	3	3½
P/E Ratio—	16-12	25-13	26-14	18-12	15-9	15-9	13-8	10-7	11-5	9-7

Data as orig reptd. Adj. for stk. divs. of 100% Oct 1986, 200% Dec. 1983. 1. From continuing ops. 2. Refl. merger or acquisition 3. Bef. results of disc ops of +0.08 in 1988 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	1,700	318	18.7	278	66.5	46.1	253	36.3%	161	9.5
1987	1,690	354	20.9	218	62.4	31.9	286	44.0%	160	9.5
1986	1,565	327	20.9	103	54.9	29.1	256	48.3%	[3]132	8.5
[4]1985	1,394	259	18.6	110	45.6	24.5	215	45.9%	116	8.3
1984	1,230	214	17.4	74	37.3	7.9	186	46.2%	100	8.1
1983	1,091	185	17.0	80	35.6	12.3	146	46.3%	79	7.2
[4]1982	925	102	11.0	84	28.9	10.4	85	36.5%	[3]54	5.9
[4]1981	840	78	9.3	85	21.8	12.7	72	30.3%	50	6.0
1980	731	73	10.0	47	21.2	3.9	63	35.9%	41	5.6
[3]1979	651	63	9.6	24	12.7	1.0	61	39.9%	36	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	12.8	331	470	0.7	1,915	9.0%	378	873	1,414	26.7	19.3%
1987	75.9	319	311	1.0	1,712	10.3%	391	823	1,359	28.8	21.0%
1986	25.9	233	322	0.7	1,405	9.7%	217	705	1,045	20.7	20.3%
1985	7.6	215	280	0.8	1,296	10.7%	274	586	975	28.1	21.5%
1984	81.4	247	194	1.3	869	12.2%	75	485	639	11.7	22.3%
1983	24.2	193	191	1.0	774	10.1%	80	410	547	14.6	20.7%
1982	43.2	203	189	1.1	761	7.9%	154	339	543	28.3	16.8%
1981	25.6	192	158	1.2	599	9.4%	100	293	422	23.7	18.1%
1980	6.1	161	116	1.4	450	9.6%	46	252	319	14.5	17.0%
1979	32.6	172	125	1.4	390	10.2%	20	218	256	7.7	17.7%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Excludes disc. opers. 3. Refl. acctg. change. 4. Refl. merger or acq.

Business Summary

Contributions by business segment in 1988:

	Revs.	Profits
Newspapers	81%	87%
Magazines	15%	8%
Broadcasting/Information Services	4%	5%

The New York Times Company is primarily engaged in publishing and distributing local, national and foreign editions of the New York Times newspaper. About 70% of daily circulation is in NYC and NYC suburbs, and 30% elsewhere, including all 50 states and 66 foreign countries. Average circulation is about 1,068,000 copies daily and 1,629,000 Sunday. Other interests include: newspapers—26 dailies and nine weeklies, located primarily in the Southeast, and a one-third interest in the International Herald Tribune; 17 magazines, including Family Circle, McCall's, Golf Digest, Golf World (U.S.), Child, Decorating Remodeling, Tennis and Cruising World; The New York Times News Service, Special Features, and The Large Type Weekly.

Broadcasting properties include five TV stations (WNEP-TV, serving the Wilkes-Barre-Scranton area of Pennsylvania; WQAD-TV, serving the "Quad-Cities" area of Illinois and Iowa; KFSM-TV in Fort Smith, Ark.; WHNT-TV in Huntsville, Ala.; WREG-TV in Memphis); and two radio stations (WQXR AM & FM in NYC). The company sold its 162,000-subscriber cable TV system (NYT Cable TV) in southern New Jersey in August 1989. A substantial minority interest is held in three Canadian newsprint associates, and in a paper mill in Maine.

Dividend Data

Cash dividends have been paid on the Class A and Class B shares since 1958. A dividend reinvestment plan is available for Class A shares.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Feb. 16	Feb. 28	Mar. 6	Mar. 27'89
0.12	May 18	May 31	Jun. 6	Jun. 26'89
0.13	Jul. 20	Aug. 30	Sep. 6	Sep. 25'89
0.13	Nov. 16	Nov. 30	Dec. 6	Jan. 2'90

Capitalization

Long Term Debt: $330,664,000 (9/89).

$5.50 Cum. Pref. Stk.: 26,517 shs. ($100 par).

Class A Common Stock: 77,553,798 limited voting shs. ($0.10 par).
Some 23% is closely held.
Institutions hold about 50%.
Shareholders: 16,019 of record.

Class B Com. Stock: 441,376 shs. ($0.10 par).
Some 84% is held by Ochs Trust.

Office—229 W. 43 St., NYC 10036. Tel—(212) 556-1234 Chrmn & CEO—A. O. Sulzberger. Pres & COO—W. E. Mattson. Secy—S. B. Watson IV. SVP & CFO—D. L. Gorham. Treas—Denise K. Fletcher. Investor Contact—L. R. Harris. Dirs—J. F. Akers, W. R. Cross, Jr., R. L. Gelb, L. V. Gerstner, Jr., M. S. Heiskell, R. S. Holmberg, W. E. Mattson, G. B. Munroe, C. H. Price II, G. L. Shinn, D. M. Stewart, A. O. Sulzberger, Jr., P. Sulzberger, C. R. Vance. Transfer Agent & Registrar—Morgan Guaranty Trust, NYC. Incorporated in New York in 1896. Empl—10,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Newell Co.

NYSE Symbol NWL Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 28'89	1989					
22	25¼-12¾	17	0.50	2.3%	A-	1.48

Summary

Through a series of acquisitions, including the 1987 purchase of Anchor Hocking, Newell has become a high-volume consumer and industrial goods company. Major products include cookware, hardware, painting products and tableware. Earnings increased significantly in recent periods, reflecting acquisitions and wider margins, and further growth is expected in 1990. During the first quarter of 1989 NWL converted all of its $2.08 preferred stock into common stock, increasing the common stock float by 6.0 million shares. The shares were split 2-for-1 in December.

Current Outlook

Earnings for 1990 are projected at $1.50 a share, up from 1989's estimated $1.35, giving effect to the 2-for-1 stock split in December.

The quarterly dividend on the split shares was raised 14%, to $0.12½ from $0.11 (adjusted), with the December, 1989 payment.

Excluding acquisitions, sales for 1990 should increase moderately, reflecting continued demand for all of the company's products. Margins should widen on improved performance at NWL's various operating divisions. Interest charges will be lower. Substantially lower preferred dividend requirements will be offset by more common shares outstanding.

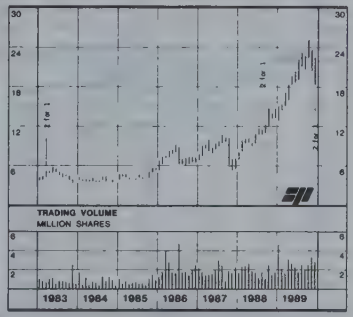
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	271.9	236.2	101.3	94.5
Jun.	275.7	233.8	94.7	95.1
Sep.	296.8	264.5	263.6	106.3
Dec.	---	253.7	260.1	105.5
	---	988.2	719.7	401.4

Sales for the first nine months of 1989 increased 15%, year to year, mainly reflecting acquisitions. Following improved performance of the industrial products and consumer glass and plastics business, margins widened, and pretax income rose 39%. After taxes at 41.6%, versus 41.5%, net income was also up 39%. Following sharply lower preferred dividend requirements, share earnings (adjusted) were $0.92 on 27% more shares, versus $0.70.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.23	0.16	0.13	0.11
Jun.	0.29	0.19	0.14	0.12
Sep.	0.41	0.35	0.19	0.16
Dec.	E0.42	0.39	0.24	0.16
	E1.35	1.09	0.69	0.55



Important Developments

Oct.'89— NWL attributed the increased in sales for the first nine months of 1989 to the acquisitions of Thomas Paint Applicator, REMA bakeware, Wear-Ever, and the metal closure business of Owens Illinois. Margins widened on improvements in the industrial product lines and the consumer glass and plastics businesses. Separately, Vermont American, in which NWL owns 1.2 million shares, agreed to be acquired by Emerson Electric and Robert Bosch GmbH for $40 a share, which will result in a $23.5 million pretax gain for NWL. The cash generated from this transactions and recent sale of NWL's Carr-Lowrey speciality glass container division will enable NWL to bring to long-term debt to total capital ratio down to a target level of 33%.

Nov. '89— NWL sold its Boye/Wright division, a sewing notions marketer and manufacturer, for approximately $35 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[2]1987	[2]1986	[2]1985	[2]1984	[2]1983	[2]1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	2.37	1.68	3.53	2.46	2.27	2.20	1.97	1.67	1.43	1.21
Earnings	1.09	0.69	0.55	0.53	0.41	0.38	0.34	0.38	0.32	0.29
Dividends	0.27½	0.21	0.18½	0.13¼	0.12½	0.12½	0.12½	0.11	0.10	0.08½
Payout Ratio	25%	30%	36%	25%	31%	33%	47%	29%	32%	29%
Prices—High	14⅞	10¾	9¼	5¾	4½	5⅞	4	2½	1¾	1⅜
Low	6⅞	5⅜	5¼	3⅞	3⅜	3⅜	1⅝	1½	1	1
P/E Ratio—	14-6	16-8	17-10	11-7	11-8	15-9	12-5	6-4	5-3	5-3

[1]Data as orig reptd. Adj for stk dv(s) of 100% Dec 1989, 100% Aug 1988, 100% Mar 1983 1. Primary 2. Reflects merger or acquisition E-stimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	988	160	16.2	27.5	39.7	24.9	[2]104.4	41.2%	61.4	6.2
[1]1987	720	103	14.4	11.1	23.5	16.2	[2]67.4	44.5%	37.2	5.2
[1]1986	401	57	14.3	7.0	11.2	7.2	[2]45.8	45.6%	24.0	6.0
[1]1985	350	43	12.1	9.7	7.6	8.4	[2]32.8	42.6%	18.9	5.4
[1]1984	308	39	12.6	9.1	7.0	7.9	26.7	46.8%	14.2	4.6
[1]1983	237	32	13.3	25.8	4.6	5.4	[2]23.1	43.8%	13.0	5.5
[1]1982	178	24	13.5	2.2	3.4	3.7	17.1	48.3%	8.8	4.9
[1]1981	170	26	15.0	8.4	3.2	3.8	18.3	47.4%	[3]9.6	5.6
[1]1980	139	21	15.0	9.7	2.8	2.8	15.1	48.2%	7.8	5.6
1979	122	18	14.9	2.8	2.2	2.5	13.7	48.3%	7.1	5.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	13.5	334	192	1.7	820	7.3%	154	249	584	26.3	22.8%
1987	1.5	353	168	2.1	842	6.3%	239	203	613	39.0	16.5%
1986	10.6	164	76	2.2	335	6.9%	38	183	250	15.3	14.4%
1985	5.0	158	75	2.1	276	7.3%	58	105	193	30.2	18.3%
1984	12.1	150	74	2.0	239	6.5%	52	92	160	32.1	15.6%
1983	4.1	116	50	2.3	193	8.1%	52	87	141	36.6	15.6%
1982	10.6	76	26	2.9	125	6.9%	19	77	98	19.9	12.3%
1981	3.9	62	25	2.4	99	10.3%	21	51	74	28.7	19.9%
1980	2.3	52	24	2.2	86	9.8%	16	44	62	25.7	18.7%
1979	3.5	45	16	2.8	72	9.7%	16	39	56	28.5	19.5%

Data as orig reptd. 1. Reflects merger or acquisition. 2. Incl equity in earns. of nonconsol. subs after 1982 3. Reflects accounting change

Business Summary

Newell produces and sells a complementary family of moderately-priced consumer hardware and housewares under a variety of brand names and a select group of industrial goods. Business segment contributions in 1988:

	Sales	Profits
Hardware/housewares	73%	81%
Industrial products	27%	19%

Through the Amerock division, Newell sells a broad line of cabinet, windown and bath hardware. Through the Mirro/Foley unit, Newell produces aluminum cookware, bakeware and kitchen utensils. Anchor Hocking offers a broad line of table top glassware and oven bakeware. Newell Window Furnishings manufactures and sells drapery hardware, window shades and accessories. EZ Paintr produces a broad line of manual paint applicator products.

Newell also makes wall-hung shelving system components and household hardware; propane/oxygen torches under the BernzOmatic name; bath scales under the Counselor name; and Anchor Hocking plastic microwave cookware.

Products are sold principally through national and regional discount, variety, chain and hardware stores, hardware and houseware distributors, and home improvement centers.

Industrial products include Anchor Packaging metal, plastic and combination caps, other closures, and dispensing systems for the packaging industry.

Dividend Data

Dividends, paid each year since 1946, were initiated on the publicly held stock in June, 1972.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Feb. 14	Feb. 21	Feb. 27	Mar. 10'89
0.19	May 11	May 16	May 22	Jun. 1'89
0.22	Aug. 1	Aug. 9	Aug. 15	Sep. 1'89
2-for-1	Oct. 25	Dec. 4	Nov. 15	Dec. 1'89
0.12½	Oct. 25	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: mid. Feb. '90.

Capitalization

Long Term Debt: $242,674,000.

$100 Cum. Preferred Stock: 7,500 shs. ($2,000 liquid. value). Privately held.

Common Stock: 58,663,482 shs. ($1 par).
Officers and directors own about 8.3%.
Institutions hold approximately 54%.
Shareholders of record: 3,131.

Office—29 East Stephenson St., Freeport, Ill. 61032 **Tel**—(815) 235-4171. **Vice Chrmn & CEO**—D. C. Ferguson **Pres**—W. P. Sovey **VP-Fin & Investor Contact**—W. T. Alldredge **VP-Secy**—R. E. Knecht **Dirs**—W. R. Cuthbert (Chrmn), A. F. Doody, G. H. Driggs, D. C. Ferguson, R. L. Katz, N. S. Livingston, Jr., A. P. Newell, W. M. Ringer, Jr., W. P. Sovey **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Delaware in 1970 **Empl**—11,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Newmont Mining

NYSE Symbol NEM Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 20'89	1989					
43¾	45⅞-31⅝	44	0.60	1.4%	B-	1.31

Summary

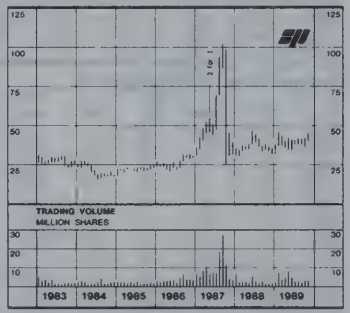
Newmont Mining owns 90% of Newmont Gold Co., which is the largest gold producer in North America. NEM also has Australian gold mining interests and U.S. coal interests. In August, 1989 Hanson PLC owned or had tenders for over 90% of the issued share capital of Consolidated Gold Fields PLC, which owns some 49.3% of NEM. Hanson has not yet revealed what it plans to do with CGF's interest in NEM.

Current Outlook

Earnings for 1990 are projected at $1.30-$1.40 a share, up sharply from 1989's estimated $0.95.

Dividends should continue at $0.15 quarterly.

Sales for 1990 may rise moderately. Gold profits are likely to advance significantly on expected slight increases in gold production and prices, and well-controlled costs. However, a recapitalization of Peabody would probably lead to little contribution from that unit, and operating earnings overall may be essentially flat. Nevertheless, much reduced interest expense (as cash from a Peabody recapitalization would be used to pay down debt) should result in substantially higher net profits.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	132.2	92.4	115.1	83.1
Jun.	174.5	113.0	128.1	96.6
Sep.	195.7	137.2	127.4	86.7
Dec.	---	157.5	143.5	114.4
	---	500.1	514.0	380.8

Sales for the first nine months of 1989 advanced 47%, year to year. With a net after-tax charge of $3.9 million, versus a net after-tax gain of $62.9 million, net income was $46.0 million ($0.68 a share), versus $70.3 million ($1.04), before a loss related to discontinued lines of $0.05 a share, versus income of $0.16 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	0.14	1.25	0.40	0.12
Jun.	0.16	d0.08	4.63	1.00
Sep	0.38	d0.13	0.31	0.74
Dec.	E0.27	0.32	0.06	d0.75
	E0.95	1.37	5.28	1.13

Important Developments

Aug. '89— Hanson PLC said that it owned or had tenders for over 90% of the issued share capital of Consolidated Gold Fields PLC (CGF), which owns some 49.3% of NEM. Under UK takeover rules, once a buyer has over 90% of the shares of the company being acquired, it can purchase the balance. Hanson has not revealed what it plans to do with CGF's interest in NEM. Meanwhile, NEM bought a further 5% interest in Peabody Holding (already 49.97%-owned by NEM) from The Equitable Life Assurance Society for $57.5 million. NEM said that after closing the deal, it would complete a recapitalization of Peabody. NEM expected to receive cash proceeds of at least $400 million, which would be used to reduce its debt, and expected Peabody to incur additional debt of at least $800 million. NEM would then sell the newly acquired percentage of Peabody so as to return to less than 50% ownership.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[3]1985	1984	[2]1983	[3]1982	1981	1980	1979
Tangible Bk. Val.	d4.33	d6.81	23.85	23.15	24.43	24.39	24.05	23.78	17.40	14.60
Earnings[1]	1.37	5.28	1.13	d0.74	0.62	0.88	0.88	1.53	3.82	3.53
Dividends	0.60	[4]33.57	0.50	0.50	0.50	0.50	0.57½	1.27½	1.01⅜	0.75
Payout Ratio	44%	669%	44%	NM	81%	58%	65%	86%	27%	21%
Prices—High	46⅝	102¼	31⅝	24½	27½	31	27⅞	39⅝	30½	19⅞
Low	30¼	24½	20½	17⅞	15½	22⅞	13⅞	21⅜	15⅜	10⅞
P/E Ratio—	34-22	19-5	28-18	NM	39-22	35-26	32-16	26-14	8-4	6-3

Data as orig reptd. Adj for stk div(s) of 100% Jun 1987 1. Bef results of disc opers of +1.23 in 1988, -0.01 in 1986, +0.14 in 1985, bef spec item(s) of +0.05 in 1987, +0.10 in 1986, +0.03 in 1985, +0.06 in 1984, +5.62 in 1981. 2. Reflects acctg change 3. Reflects merger or acquisition 4. Incl 33.00 spec div NM-Not Meaningful, d-Deficit E-Estimated

November 30, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc of Revs.
[5]1988	500	146	29.2	346	40.4	123	156	29.7%	92	18.4
1987	514	203	39.4	139	65.9	65	465	24.0%	338	65.7
[5]1986	381	148	38.8	83	71.1	20	117	39.5%	69	18.0
[1,5]1985	684	26	3.8	146	76.1	28	d106	NM	d45	NM
1984	770	37	4.8	142	67.8	25	35	NM	37	4.8
1983	721	30	4.1	148	56.4	24	48	NM	[2]53	7.3
[1]1982	712	39	5.4	201	78.3	25	27	NM	49	6.8
1981	903	112	12.4	185	70.1	20	109	24.2%	81	9.0
1980	882	208	23.6	118	50.1	[2]23	256	20.3%	197	22.4
1979	868	254	29.3	96	51.4	29	247	25.5%	179	20.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	33	183	566	0.3	1,321	5.6%	819	d292	729	NM	NM
1987	287	454	487	0.9	1,964	16.3%	1,632	d458	1,444	NM	58.9%
1986	170	276	137	2.0	1,982	3.4%	171	1,452	1,813	9.4	4.8%
1985	65	344	231	1.5	2,085	NM	241	1,404	1,808	13.3	NM
1984	62	400	206	1.9	2,133	1.8%	216	1,481	1,926	11.2	2.5%
1983	112	456	194	2.3	2,091	2.5%	185	1,477	1,897	9.8	3.6%
1982	57	407	156	2.6	1,947	2.5%	213	1,306	1,791	11.9	3.7%
1981	193	547	228	2.4	1,933	4.7%	139	1,285	1,705	8.2	7.2%
1980	93	423	220	1.9	1,447	14.1%	144	899	1,228	11.7	23.7%
1979	89	402	186	2.2	1,310	14.2%	208	733	1,124	18.5	26.6%

Data as orig reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change 3. Incl equity in earns of nonconsol subs 4. Bef spec item(s) in 1987, 1986, 1985, 1984, 1981, and results of discontinued operations in 1988, 1986, 1985 5. Excludes discontinued operations NM-Not Meaningful d-Deficit

Business Summary

NEM is principally a gold operating and exploration company in the U.S. and Australia, and also has domestic coal mining interests.

Newmont Gold Co. (90%-owned) produced 895,500 ounces of gold in 1988 from its facilities in Nevada, versus 589,000 in 1987. Under an expansion plan begun in 1987, NGC was expected to produce 1.43 million ounces in 1989, 1.5 million in 1990, and 1.6 million in each year thereafter. Proven and probable reserves at year-end 1988 were 16.3 million ounces, the largest reserve position in North America.

Newmont Australia Ltd. (75%-owned) produced 237,200 ounces of gold in 1988, versus 1987's 197,000, as its share of the 70%-owned Telfer mine, 60%-owned New Celebration mine (80%-owned since September 25, 1989) and 100%-owned Wattle Gully mine (acquired March, 1987 and depleted in 1988). Output was expected to reach over 250,000 ounces in 1989. Proven and probable reserves at the end of 1988 equaled 2,512,400 ounces.

NEM holds a 49.97% equity interest in Peabody Holding Co., owner of the largest North American coal producer, which mined 80,831,100 short tons of coal in 1988. NEM also has a further 5% interest in Peabody, which is accounted for as a portfolio investment held for sale.

In September, 1988 NEM's Newmont Oil Co. (NOC) agreed to sell its North Sea oil and gas interests to Clyde Petroleum (Netherlands) B.V. for $234 million. Earlier, NOC signed two agreements to sell its U.S. oil and gas business and interests for some $169 million. The sales of these assets were concluded in October.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was amended in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Jan. 25	Feb. 15	Feb. 22	Mar. 8'89
0.15	May 2	May 23	May 30	Jun. 13'89
0.15	Aug. 8	Aug. 29	Sep. 5	Sep. 19'89
0.15	Nov. 17	Nov. 24	Nov. 30	Dec. 14'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $949,548,000, incl. $386.6 million gold loans.

Minority Interest: $64,857,000.

Common Stock: 67,443,000 shs. ($1.60 par). Hanson PLC owns about 49.3%. Institutions hold some 28%.

Office—1700 Lincoln St, Denver, Colo 80203 **Tel**—(303) 863-7414 **Chrmn & Pres**—G R Parker **VP-Secy**—T J Schmitt **Treas**—P L Maroni **VP-Investor Contact**—J F. Hill **Dirs**—R. I. J. Agnew, D. H. Clarke, J. P. Flannery, E. P. Fontaine, T. A Holmes, R. B. Leather, W B Moses, Jr., G R Parker, R A Plumbridge, W I M Turner, Jr **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1921

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A M Sorrentino, CFA

News Corp.

NYSE Symbol NWS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
21 3/8	27 1/8 - 16 5/8	10	[1]0.13	[1]0.6%	NR	NA

Summary

This Australian company, with major operations in the U.S., the U.K. and Hong Kong, is primarily engaged in newspaper, magazine and book publishing, theatrical films and other programming, broadcasting, and printing. The company has been actively engaged in acquisitions and selected divestitures. In September, 1989 NWS announced that it shelved a plan, first announced in March, to form a 20%-owned company that would acquire and develop media and communications businesses worldwide. In a related development, NWS transferred its book publishing operations to a new 50/50 joint venture as part of a plan to reduce debt.

Current Outlook

Earnings per ADS for the fiscal year to end June 30, 1990 are projected to at US$1.80, down 24% from the US$2.39 of fiscal 1989.

Semiannual dividends totaling approximately $0.13 (after 15% Australian tax) have been declared in the past 12 months.

Revenues for fiscal 1990 were boosted in the first quarter by the inclusion of Triangle Publications, and will benefit for the full year from business gains of ongoing operations. Profitability will be impacted, however, by an ongoing airline strike in Australia, and losses related to Sky Television. Higher interest costs will also reduce net income. Currency fluctuations will impact reported earnings. The company expects earnings to recover in fiscal 1991.

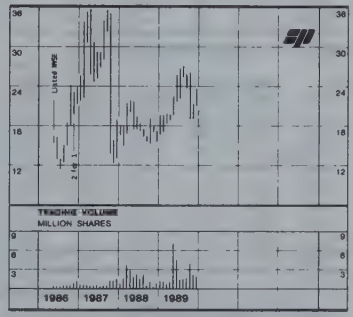
Revenues (Million U.S. $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Sep.	1,514	1,275	981	821
6 Mos. Dec.		2,929	2,095	1,658
9 Mos. Mar.		4,561	3,145	2,800
12 Mos. Jun.		5,955	4,754	3,834

Revenues (in U.S. $) for the quarter ended September 30, 1989 advanced 19%, year to year. Operating income increased 31%, aided by improvement in U.S. operations and by acquisitions. After other items, including sharply higher interest expense, net income fell 60%. Earnings per ADS were $0.23, down 50% from $0.46.

Earnings Per ADS (U.S. $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Sep.	0.23	0.46	0.33	0.13
6 Mos. Dec.	E0.80	1.33	1.02	0.84
9 Mos. Mar.	E1.00	1.66	1.31	---
12 Mos. Jun.	E1.80	2.39	2.37	1.68



Important Developments

Sep. '89— NWS said that it shelved a plan, first announced in March, to create a separate, 20%-owned company to acquire and develop media and communications businesses, due to difficulties in raising $1 billion from private sources to initially capitalize the venture. The venture would have provided NWS a means of continuing an aggressive international acquisition program without burdening News Corp.'s balance sheet with additional debt obligations. In a related move, in August NWS transferred its book publishing operations to a new 50/50 joint venture, Harper & Collins, as part of a plan to reduce debt assumed in recent acquisitions. The book publishing operations are William Collins PLC, Harper & Row Inc. and other publishing operations in Britain.

Next earnings report expected in late February.

Per ADS Data (U.S. $)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984
Book Value	27.77	22.44	19.55	7.94	d0.62	1.63
Earnings[2]	2.39	2.37	1.85	1.20	0.48	0.61
Dividends[3]	0.16	0.12 1/8	0.08 1/2	0.07 3/4	0.02 1/4	0.04 3/8
Payout Ratio	6%	5%	5%	6%	5%	7%
Prices—High[4]	NA	21 7/8	35 3/4	24 1/8	NA	NA
Low[4]	NA	14 7/8	12 1/4	11 3/8	NA	NA
P/E Ratio—	NA	9-6	21-7	20-9	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Jan. 1987, 100% Apr. 1985 Converted to U.S. $ at yr-end exchange rates. 1. Paid in the past 12 mos. (approx.); aft. 15% Australian tax to U.S. residents. 2. Bef. spec. item(s) of +2.93 in 1989, +0.03 in 1988, +2.23 in 1987, +0.02 in 1986, +0.01 in 1985. 1984. 3. Incl. final divd. decl. aft. fiscal yr.-end. 4. Cal. yr. NA=Not Available

January 3, 1990

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Income Data (Million U.S. $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[1]1989	5,955	1,238	20.8	501	134	747	484	13.4%	375	6.3
[1]1988	4,754	927	19.5	479	143	497	455	17.9%	367	7.7
[1]1987	3,834	695	18.1	285	115	289	398	14.6%	264	6.9
1986	2,575	413	16.0	391	68	162	254	15.4%	163	6.3
1985	1,640	132	8.0	103	29	49	102	36.3%	64	3.9
1984	1,610	149	9.3	125	26	57	115	28.3%	83	5.1

Balance Sheet Data (Million U.S. $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	122	1,975	2,035	1.0	14,412	3.0%	6,558	3,728	11,726	55.9	11.1%
1988	102	1,574	1,939	0.8	10,941	3.7%	4,915	2,992	8,545	57.5	13.1%
1987	154	1,591	1,858	0.9	9,117	3.5%	3,548	2,604	6,716	52.8	14.4%
1986	45	1,191	1,110	1.1	5,698	NA	1,651	1,007	4,227	39.1	NA
1985	96	607	505	1.2	2,320	3.5%	787	794	1,697	46.4	9.1%
1984	17	479	524	0.9	1,812	5.9%	358	791	1,209	29.6	15.3%

Data as orig. reptd. Converted to U.S. $ at yr-end exchange rates. 1. Reflects merger or acquisition. 2. Inc. equity in earns. of nonconsol. subs. 3. Bef. spec. item(s) in 1989, 1988, 1987, 1986. NA=Not Available

Business Summary

The News Corporation is an Australian company, largely engaged in media operations. Contributions by business segment in fiscal 1989:

	Revs.	Profits
Newspapers	37%	47%
Magazines	15%	19%
Television	9%	7%
Filmed entertainment	15%	8%
Commercial printing	6%	4%
Other	18%	15%

The company's principal operations are located in the U.S. (48% of fiscal 1988 revenues and 42% of profits), the U.K. (22% and 28%), and Australia and the Pacific Basin (30% and 30%).

U.S. operations include newspaper, magazine and book publishing; commercial printing; theatrical and TV film production; and TV station operations. Major properties include the Boston Herald; San Antonio Express-News; New York magazine; New Woman magazine; 7 travel business publications; World Printing; Twentieth Century Fox Film; Fox Broadcasting (TV stations in Houston, Dallas, Los Angeles, Chicago, Boston, New York and Washington, D.C.); Salem House Limited; and World Printing. Triangle Publications, publisher of TV Guide, Seventeen, Daily Racing Form and Good Food, was acquired in October, 1988.

United Kingdom operations include newspaper, magazine and book publishing; commercial printing; and cable TV programming. Major properties incl ude Times Books; Townsend Hook and Co.; Eric Bemrose Ltd.; Sky Television; The Times, The Sunday Times, The Sun, News of the World, and Today; John Bartholomew & Son; Robert Nicholson Publications; William Collins plc; Geographia Limited; Convoys Group; News Datacom; and Utell. A pan-European weekly newspaper is planned for a fall-1989 launch.

Australian operations consist of over 100 daily and weekly newspapers; magazine and book publishing; commercial printing; newsprint production; airline operations; recorded music; livestock farming; and computer software and services. Pacific Basin operations include newspaper publishing (Hong Kong, Fiji and Papua, New Guinea); printing; and book publishing. Major properties include The Australian (nationwide); The Sun-News Pictorial, The Herald (Melbourne); Daily Mirror, The Daily Telegraph, The Sunday Telegraph (Sydney); Sunday Mail (Adelaide); Sunday Times, Sunday Independent (Perth); Bay Books; Angus & Robertson; Ansett Airlines; Computer Power Group Holdings Pty. Ltd.; Festival Records; and South China Morning Post (Hong Kong).

In 1989 the company transfered its book publishing operations to a new 50/50 joint venture, Harper & Collins. In May 1989 the travel and electronic publishing group was sold for $825 million.

Dividend Data

Dividends are paid semiannually on the ordinary shares. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06757*	---	Mar. 23	Mar. 30	May 5'89
0.06508*	---	Sep. 8	Sep. 14	Oct. 24'89

*Net after 15% Australian tax.

Capitalization

Long Term Debt: U.S. $5,518,428,000.

Ordinary Shares: 268,466,109 shs. (A$0.50 nom. value).

Each American Depositary Share represents 2 Ordinary shares.

Some 49% controlled by K. Rupert Murdoch.

Ordinary shareholders of record: 12,679.

Office—2 Holt St., Sydney, New South Wales 2010, Australia. **Tel**—011-612-288-3000. **Chrmn**—R. H. Searby. **CEO**—K. R. Murdoch. **Secy**—D. W. Fayle. **Finance Dir & Investor Contact**—R. A. Sarazen. **U.S. Investor Contact**—Donald R. Galletly, 10 E. 53 St., NYC 10022. **Tel**—(212) 752-7056. **Dirs**—Lord Catto of Cairncatto, K. E. Cowley, Sir J. Cruthers, J. D'Arcy, B. Diller, B. R. Mathews, Sir K. S. May, K. Mac Donald, K. R. Murdoch, B. O'Neill, H. M. Rich, R. A. Sarazen, R. H. Searby, S. S. Shuman, M. Singerman. **Transfer Agent, Registrar and Depositary for American Depositary Receipts**—Irving Trust Co., NYC. **Incorporated** in Australia in 1979.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Niagara Mohawk Power

NYSE Symbol NMK Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
14⅜	15-10¾	21	---	---	B	0.44

Summary

This New York-based utility has completed its fuel diversification into nuclear energy. NMK has a 41% interest in the Nine Mile Point 2 nuclear plant which entered service in April, 1988. The company's 100%-owned Nine Mile Point 1 nuclear plant has been idle since December, 1987 due to performance problems. As a result of uncertainties with the Nine Mile 1 outage, directors omitted the common dividend on August 31, 1989. NMK anticipates that the plant will not be ready to restart prior to late in the 1990 first quarter.

Current Outlook

Share earnings for 1990 are projected at $1.20, up from the $0.95 estimated for 1989.

The $0.30 quarterly common dividend, omitted in August, 1989 may be resumed in late 1990 following the projected return to commercial operation of the Nine Mile Point 1 nuclear plant and rate negotiations.

Share earnings for 1990 will benefit from higher electric and gas sales, and the projected restart of the idle Nine Mile Point 1 plant. Longer-term prospects should be enhanced by an expected rate settlement in late 1990.

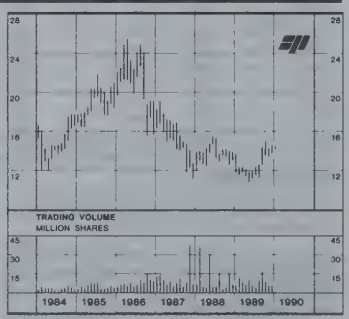
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	849	811	788	831
Jun.	711	703	625	637
Sep.	613	608	557	555
Dec.	---	679	654	638
	---	2,800	2,623	2,660

Revenues for the nine months ended September 30, 1989 rose 2.4%, year to year, owing to pass-through items and higher sales. However, after a sharp increase in production costs, operating income dropped 20%. Following higher interest expense, net income was down 33%. Share earnings were $0.79 on 3.9% more shares, versus $1.34

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.44	0.77	d0.13	1.08
Jun.	0.17	0.27	0.29	0.56
Sep.	0.19	0.31	0.25	0.49
Dec.	E0.15	d0.12	d0.36	0.57
	E0.95	1.21	0.05	2.71



Important Developments

Dec. '89— NMK reached an agreement in August, 1989 with the staff of the PSC, the State Attorney General and intervenor groups that will permit the full recovery of replacement power costs for the outage of the Nine Mile 1 nuclear plant, subject to negotiations. The negotiations are expected to begin in early 1990 and should be concluded by year-end 1990. Pursuant to the agreement, NMK omitted the common dividend, the resumption of which will depend upon the restart of the Nine Mile 1 plant. NMK said that in September, 1989 it received approval of its restart action plan from the Nuclear Regulatory Commission (NRC). The remaining condition is NRC Region 1 approval of NMK's readiness for restart report. The company said that it anticipates Nine Mile 1 will not be ready to restart prior to late in the 1990 first quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	12.92	12.85	19.30	19.11	18.46	18.14	17.71	17.22	17.12
Earnings[2]	NA	1.21	0.05	2.71	2.88	2.84	2.77	2.64	2.35	1.87
Dividends	0.60	1.20	1.64	2.08	2.06	1.98	1.89	1.76	1.61	1.50
Payout Ratio	NA	99%	NM	77%	72%	70%	68%	67%	69%	80%
Prices—High	15	15½	19⅛	25½	21⅞	17¾	18½	16⅞	13¾	14¼
Low	10¾	12	11⅛	15½	16⅜	12	15¼	11⅞	10⅜	10
P/E Ratio—	NA	13-10	NM	9-6	8-6	6-4	7-6	6-4	6-5	8-5

Data as orig. reptd. 1. Dirs. omitted divd. Aug. 31, 1989 2. Bef. spec. item(s) of -4.83 in 1987 d-Deficit NA-Not Available E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	2,800	182	201	82.8%	1.98	11	36.7%	209	7.5	8.0	8.7
1987	2,623	158	159	81.5%	1.59	31	68.8%	58	2.2	5.1	12.7
1986	2,660	155	149	83.4%	2.81	166	31.0%	398	15.0	9.8	13.6
1985	2,695	151	144	84.7%	2.78	187	26.3%	411	15.3	10.6	15.0
1984	2,786	141	141	85.9%	2.83	161	29.2%	360	12.9	10.7	14.9
1983	2,632	127	136	86.5%	---	118	21.5%	312	11.9	10.7	15.0
1982	2,394	121	129	86.8%	---	95	23.6%	269	11.2	10.8	14.7
1981	2,151	103	118	87.4%	---	72	13.2%	221	10.3	10.1	13.5
1980	1,777	92	100	88.1%	---	59	14.6%	163	9.2	8.5	10.8
1979	1,517	84	100	87.2%	---	58	11.8%	156	10.3	8.1	11.4

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	7,968	354	5,877	8.3	6,025	2,996	54.8	586	10.7	1,881	34.5
1987	7,691	447	5,777	6.2	5,808	2,904	54.5	645	12.1	1,782	33.4
1986	8,446	774	6,683	7.0	6,657	2,800	46.6	637	10.6	2,571	42.8
1985	7,641	771	6,011	7.2	6,317	2,643	45.6	670	11.5	2,489	42.9
1984	6,903	770	5,402	7.8	5,585	2,395	46.0	608	11.7	2,207	42.3
1983	6,166	691	4,680	8.1	4,816	2,049	45.0	578	12.7	1,929	42.3
1982	5,517	594	4,082	8.2	4,162	1,830	45.9	473	11.9	1,681	42.2
1981	4,985	457	3,637	7.8	3,655	1,619	45.7	465	13.1	1,458	41.2
1980	4,563	379	3,331	6.6	3,258	1,444	45.7	416	13.2	1,298	41.1
1979	4,219	375	3,108	6.5	3,128	1,443	47.8	400	13.2	1,178	39.0

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant.

Business Summary

Niagara Mohawk supplies electricity (84% of 1988 revenues) and gas (16%) to a large area of upstate New York and some parts of southern Ontario. Electric revenues in recent years:

Revenues	1988	1987	1986	1985
Residential	34%	34%	33%	31%
Commercial	35%	36%	36%	34%
Industrial	20%	20%	21%	21%
Other	11%	10%	10%	14%

Power requirements in 1988 were derived from coal 17%, oil 34%, nuclear 15%, hydro 9%, and purchased power 25%. Peak load in 1988 was 6,220 mw and system capability totaled 7,372 mw, for a capacity margin of 16%.

NMK owns 41% of the Nine Mile Point 2 nuclear plant. In 1987 NMK wrote-off its share of disallowed Nine Mile Point 2 costs. Based on a projected January, 1988 commercial operation date, the company wrote-off some $755.0 million ($5.94 a share) of disallowed expenditures.

Modification work in November, 1987 delayed the unit's operation, resulting in an additional write-off of $78.0 million ($0.61 a share) which was taken in 1987's fourth quarter. The plant was declared commercial April 5, 1988.

Dividend Data

Common dividends were omitted in August, 1989 after having been paid since 1950. Dividends on preferred shares have been continued.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 27	Feb. 13	Feb. 17	Mar. 31'89
0.30	Apr. 21	May 15	May 19	Jun. 30'89

Directors omitted the dividend on Aug. 31, 1989

Finances

In their report on NMK's 1988 financial statements, auditors noted the existence of uncertainties associated with the Nine Mile Point 1 nuclear plant and the Nine Mile Point 2 nuclear plant.

Capitalization

Long Term Debt: $3,167,391,000.

Red. Cum. Pfd. Stk.: $269,180,000.

Cum. Preferred Stock.: $290,000,000.

Common Stock: 136,099,654 shs. ($1 par).
Institutions hold about 34%.
Shareholders of record: 161,550

Office—300 Erie Boulevard West, Syracuse, N Y 13202 **Tel**—(315) 474-1511 **Chrmn & CEO**—W J Donlon **Pres**—J M Endries **VP-Secy**—G J Lavine **SVP-Treas**—J W Powers **Investor Contact**—L T Mazur (315) 428-3134 **Dirs**—W F Allyn, L Burkhardt, III, E M Davis, W J Donlon, E W Duffy, J M Endries, J G Haehl, Jr., B Mauli, M H Northrup, H A Penasci, Jr., P M Peterson, F P Piskor, D B Rieffler, S B Semple, J G Wick. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in New York in 1937 **Empl**—11,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

NICOR Inc.

NYSE Symbol GAS In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
41½	43⅜-29⅝	11	2.00	4.8%	B	0.45

Summary

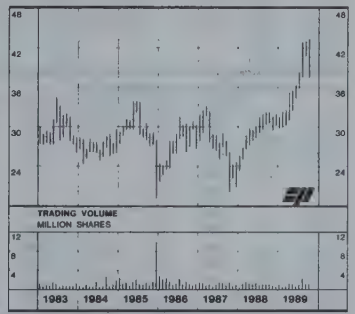
This diversified energy company's major subsidiary is a natural gas distributor serving northern Illinois. Other operations include freight and container transportation, oilfield services, and oil and gas exploration and production. Earnings for the first nine months of 1989 rose slightly, reflecting higher profits at gas distribution and exploration and production operations.

Current Outlook

Share earnings for 1990 are projected at $3.90, up from an estimated $3.70 for 1989.

Dividends are expected to continue at $0.50 quarterly.

Gas distribution profits for 1990 are expected to be slightly higher, reflecting customer additions, and an expected return to more normal weather conditions. Exploration and production profitability should rise, reflecting higher oil and gas production, and an increase in average gas prices. Marine profits should be higher, aided by increased margins at containerized freight operations, reflecting increased transportation of goods from Caribbean ports to the U.S. and greater demand for marine services.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	689	667	616	775
Jun.	266	233	235	321
Sep.	173	145	157	206
Dec.	---	464	428	505
	---	1,509	1,436	1,807

Operating revenues for the nine months ended September 30, 1989 rose 7.9%, year to year, reflecting increases at all business segments. Benefiting from higher distribution and oil and gas profits, income from operations advanced 13%, but following lower nonoperating income, higher interest expense, and a higher tax rate, net income was up 7.0%, to $2.43 from $2.24.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.82	1.86	1.34	1.43
Jun.	0.50	0.37	0.22	0.44
Sep	0.11	0.02	d0.04	d0.40
Dec.	E1.27	1.24	1.16	1.05
	E3.70	3.48	2.68	2.52

Important Developments

Oct. '89— The company's Northern Illinois Gas (NIG) unit redeemed its $50 million 12.5% First Mortgage Bonds due 1994. In June NIG privately sold $50 million of mortgage bonds; proceeds were to be used for debt refinancing, utility plant construction, and general corporate purposes. Separately, management expected all of its businesses to show improved overall performance for 1989. For the first nine months of 1989 gas distribution operating income rose 14%, as strong natural gas demand and lower depreciation more than offset effects from weather that was 6% warmer than in the year-earlier period.

Jun. '89— The Illinois Commerce Commission approved NIG's revenue-neutral rate restructuring case, which would allow the company to establish rates that more accurately allocate costs among all customer classes and create service options that would improve NIG's competitive position.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.19	18.59	17.72	13.16	21.52	31.82	33.47	35.26	33.32	31.48
Earnings[1]	3.48	2.68	2.52	0.17	d7.06	1.66	3.30	5.51	5.00	4.77
Dividends	1.88	1.80	1.80	3.04	3.04	3.04	3.00	2.84	2.68	2.52
Payout Ratio	54%	67%	71%	NM	NM	187%	93%	52%	57%	56%
Prices—High	32¼	33⅛	31½	33⅞	29⅝	34½	34¼	43½	45½	35⅝
Low	23¼	20	21⅝	19	24¼	26	24¾	31⅛	27⅛	26½
P/E Ratio—	9-7	12-7	13-9	NM	NM	21-16	10-8	8-6	9-5	7-6

Data as orig reptd 1. Bef. results of disc. opers. of +1.52 in 1986, and bef. spec. item(s) of +1.97 in 1986. E-Estimated. d-Deficit. NM-Not Meaningful

November 3, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc.of Revs.
1988	1,509	305	20.2	177	117	44.1	159	33.1%	106	7.0
1987	1,436	276	19.2	144	100	45.4	135	37.9%	84	5.8
1986	1,807	271	15.0	138	99	51.4	133	39.9%	80	4.4
1985	2,129	205	9.6	182	113	64.9	27	57.0%	11	0.5
1984	2,419	330	13.6	175	167	78.4	d326	NM	d182	NM
1983	2,237	331	14.8	196	162	82.1	88	43.2%	50	2.2
1982	2,166	335	15.5	331	145	88.8	133	34.7%	87	4.0
1981	2,115	364	17.2	528	117	72.3	201	38.7%	123	5.8
1980	1,740	276	15.9	340	74	34.8	183	44.7%	101	5.8
1979	1,562	243	15.6	188	63	33.9	163	46.4%	87	5.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	60.3	458	522	0.9	2,100	5.2%	443	598	1,569	28.2	18.0%
1987	58.9	400	558	0.7	2,000	4.2%	400	550	1,433	27.9	14.8%
1986	42.9	445	566	0.8	2,025	3.8%	478	525	1,451	33.0	16.2%
1985	42.6	365	759	0.5	2,037	0.5%	526	371	1,270	41.4	1.0%
1984	30.1	451	575	0.8	2,385	NM	714	589	1,796	39.7	NM
1983	17.9	345	530	0.7	2,684	1.8%	676	832	2,136	31.7	5.0%
1982	14.6	292	482	0.6	2,628	3.2%	740	839	2,133	34.7	9.4%
1981	13.5	351	522	0.7	2,482	5.3%	698	764	1,954	35.7	15.8%
1980	9.1	343	506	0.7	2,035	5.1%	427	679	1,526	28.0	14.4%
1979	9.0	295	370	0.8	1,710	5.2%	418	569	1,339	31.2	14.8%

Data as orig reptd. 1. Bef. results of discontinued opers in 1985, and spec item(s) in 1986, 1985 d-Deficit NM-Not Meaningful

Business Summary

NICOR is a diversified energy company engaged in the purchase, storage, distribution, transportation and sale of natural gas; oil and gas exploration and development; gas gathering and brokering; fully containerized liner shipping; and offshore marine service and supply shipping. Segment contributions in 1988:

	Revs.	Profits
Gas distribution	88%	85%
Marine	8%	10%
Exploration & development	4%	5%

The Northern Illinois Gas subsidiary serves some 1.6 million customers in an area over 17,000 square miles, covering 544 communities in northern Illinois. Gas sales volume in 1988 of 332.2 Bcf was up from 301.9 Bcf in 1987. Gas transported for others totaled 119.0 Bcf, versus 100.7 Bcf in 1987. Degree days in 1988 were 6,273, against 5,557 in 1987.

Marine operations consist of transportation of containerized freight between Florida and Caribbean ports, and offshore support, including rig support, anchor handling, rig-towing, seismic exploration, and specialized well services.

Exploration and production is conducted primarily in Oklahoma, Louisiana, and Wyoming. Gas gathering and brokering systems are located in Oklahoma, Texas and Colorado. Proved reserves at year-end 1988 were estimated at 4.9 million bbls. of oil and 126.9 Bcf of gas.

Dividend Data

Dividends have been paid since 1954. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47	Dec. 15	Dec. 23	Dec. 31	Feb. 1'89
0.50	Mar. 8	Mar. 27	Mar. 31	May 1'89
0.50	Jun. 14	Jun. 26	Jun. 30	Aug. 1'89
0.50	Sep. 13	Sep. 25	Sep. 29	Nov. 1'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $442,600,000.

Red. Pfd. & Pref. Stock: $25,500,000.

Cum. Pfd. & Pref. Stock: $5,700,000

Common Stock: 29,642,493 shs. ($5 par)
Institutions hold about 51%.
Shareholders of record: 54,408.

Office—1700 West Ferry Rd (P O Box 200), Naperville Ill 60566 **Tel**—(312) 242-4470 **Chrmn & CEO**—R G Cline **Pres**—L G Garberding **Secy**—K Halloran **Treas**—D W Lohrentz **Investor Contact**—Carolyn T Lenz **Dirs**—K B Abernathy, J H Birdsall III, W H Clark, R G Cline, E T Collinsworth, Jr., T L Fisher, L G Gaberding, P R Judy, C S Locke, J D Nichols, S K Petersen, D R Toll **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Illinois in 1953 **Empl**—4,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

NIKE, Inc.

NASDAQ Symbol NIKE (Incl. in Nat'l Market) Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
59⅝	69¼-25¼	12	0.60	1.0%	B	1.56

Summary

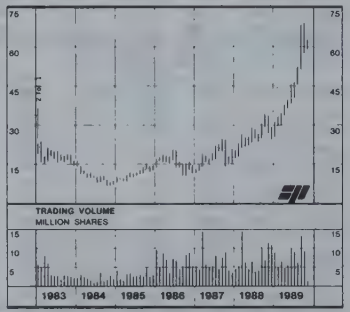
NIKE is one of the world's largest suppliers of high-quality athletic footwear. Virtually all of its products are made by independent contractors, with a majority manufactured outside the U.S. The company also produces a line of leisure sports apparel. Earnings grew substantially following the decline in 1986-7, and they should continue to rise in 1989-90 on strong demand for all of the company's product lines, tighter inventory controls and a more-profitable product mix.

Current Outlook

Earnings for the fiscal year ending May 31, 1990, are estimated at $6.05 a share, up from 1988-9's $4.45.

The $0.15-a-share quarterly dividend should be increased in 1989-90.

Sales for the fiscal year ending May 31, 1990, should rise substantially, reflecting higher prices, increased demand for existing products and new product introductions, growth in apparel sales and international expansion. Margins should widen slightly on the increased volume, tighter inventory controls and a more-profitable product mix. Interest charges may decline.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	603	511	283	257
Nov.	---	322	234	183
Feb.	---	465	332	199
May	---	413	354	238
	---	1,711	1,203	877

For the three months ended August 31, 1989, sales rose 18%, year to year, reflecting a 16% increase in domestic footwear operations, a 22% gain in domestic apparel revenues and a 23% increase in foreign revenues. Gross margins widened on strong demand in all categories, and net income advanced 33%, to $75.9 million ($2.01 a share), from $57.0 million ($1.52).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	2.01	1.52	0.65	0.39
Nov.	---	0.66	0.50	0.13
Feb.	---	1.30	0.74	0.12
May	---	0.97	0.81	0.29
	---	4.45	2.70	0.93

Important Developments

Sep. '89— NIKE said its "futures" orders for footwear scheduled for domestic delivery during the period September 1989 through January 1990 were 37% higher in units than in the same period last year. Futures orders were up 52% when measured in dollars. NIKE added that its record results for the first quarter and strong futures orders for the next five months reflected continuing strength across all product categories. The company said demand for fitness shoes and tennis shoes was especially strong, with sales rising 27% and 48%, respectively, during the first quarter. NIKE went on to say that gross margins benefited from this broad strength and from sound inventory management. The company's financial position continued to be strong.

Next earnings report expected in mid-December.

Per Share Data ($)

Yr. End May 31	1989	[1]1988	1987	1986	[1]1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	12.87	8.81	8.82	8.23	7.09	7.22	6.46	3.76	2.37	0.89
Earnings	4.45	2.70	0.93	1.55	0.27	1.07	1.53	1.37	0.76	0.39
Dividends	0.50	0.40	0.30	0.40	0.40	0.20	Nil	Nil	Nil	Nil
Payout Ratio	11%	15%	32%	26%	146%	18%	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	34⅜	24¾	20½	14¾	16⅜	23¾	28	14¼	11⅝	NA
Low	17¼	11½	10⅜	7⅞	6⅝	14⅜	12½	8⅝	9	NA
P/E Ratio—	8-4	9-4	22-11	10-5	61-25	22-13	18-8	10-6	15-12	NA

Data as orig reptd Adj for stk div of 100% Jan 1983 1. Refl merger or acq NA-Not Available

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Income Data (Million $)

Year Ended May 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,711	291	17.0	42.0	14.8	13.9	271	38.3%	167	9.8
[1]1988	1,203	164	13.7	25.5	14.0	8.0	166	38.8%	102	8.5
1987	877	87	9.9	11.9	12.1	8.5	[2]74	51.3%	36	4.1
1986	1,069	146	13.6	16.7	10.5	15.8	[2]110	52.5%	59	5.5
[1]1985	946	56	5.9	21.7	12.0	21.9	22	69.8%	10	1.1
[1]1984	920	108	11.8	15.2	10.6	19.6	78	47.9%	41	4.4
1983	867	154	17.8	21.0	9.4	25.6	118	51.6%	57	6.6
1982	694	130	18.7	18.2	5.1	24.5	100	50.7%	49	7.1
1981	458	72	15.8	9.9	3.8	17.9	51	48.8%	26	5.7
1980	270	36	13.1	6.8	2.2	9.1	24	48.0%	13	4.6

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	86	638	216	3.0	825	21.7	34.1	562	601	5.7	34.2
1988	75	554	255	2.2	709	16.8	30.3	412	446	6.8	27.4
1987	127	449	124	3.6	512	7.2	35.2	338	374	9.4	10.9
1986	18	412	133	3.1	477	12.0	15.3	317	332	4.6	20.0
1985	7	437	219	2.0	504	1.9	7.6	272	277	2.7	3.7
1984	8	509	275	1.9	559	7.6	8.8	275	285	3.1	15.8
1983	13	466	256	1.8	508	12.6	10.5	241	252	4.2	29.9
1982	5	346	233	1.5	375	16.2	9.1	132	142	6.4	45.6
1981	2	213	138	1.5	230	13.8	8.6	83	92	9.4	45.4
1980	2	124	94	1.3	135	NA	11.3	29	40	27.9	NA

Data as orig reptd 1. Refl. merger or acq. 2. Incl. equity in earns. of nonconsol. subs. NA-Not Available

Business Summary

NIKE, Inc. designs, develops and markets worldwide a broad variety of high-quality footwear and apparel products for a wide range of sport, athletic and leisure activities. In May 1988, the company acquired Cole Haan Holdings, a designer and marketer of high-quality classic footwear, for $95 million.

U.S. contributions to revenues by product in recent fiscal years were:

	1988-9	1987-8
Basketball shoes	24%	24%
Running shoes	12%	15%
Fitness shoes	14%	11%
Racquet shoes	4%	5%
Other footwear	14%	8%
Apparel	12%	12%

Foreign sales accounted for 20% of total revenues in 1988-9, versus 25% the year before.

NIKE footwear products are designed for specific athletic use, although a large percentage are purchased for casual or leisure purposes. In addition, the company offers a line of sports apparel, including tennis, running, bicycling and fitness wear, as well as athletic bags and accessory items. The apparel and accessories line is designed to complement the company's footwear products.

The company's products are sold to approximately 16,800 retail accounts in the U.S. and, through a mix of independent distributors, licensees and subsidiaries, in about 60 other countries.

In 1988-9, some 58% of the company's footwear was produced in South Korea and 18% in Taiwan, while the remainder was manufactured in a variety of nations. About 48% of the company's apparel production was manufactured in the U.S. and the remaining 52% in Asia (mainly in Taiwan).

Dividend Data

Recent payments on the Class B shares were:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Nov. 29	Dec. 12	Dec. 16	Jan. 4'89
0.15	Feb. 9	Mar. 13	Mar. 17	Apr. 4'89
0.15	May 31	Jun. 12	Jun. 16	Jul. 6'89
0.15	Aug. 24	Sep. 11	Sep. 15	Oct. 3'89

Capitalization

Long Term Debt: $34,031,000 (5/89).

$0.10 Red. Pref. Stock: 300,000 shs. ($1 par).

Class A Common Stock: 14,295,000 shs. (no par); conv. sh. for sh. into Class B.

Class B Common Stock: 23,028,670 shs. (no par). Officers & directors hold 40% of all the common. Institutions hold about 85% of the Class B common. Nisho Iwai American Corp. owns all the redeemable preferred stock.
Shareholders: 3,900 of record (5/89).

Office—3900 S W Murray Blvd., Beaverton, Ore 97005 **Tel**—(503) 641 6453 **Chrmn & CEO**—P H Knight **VP-Fin**—G E Porter **Treas & Investor Contact**—Dale N. Wahl. **Dirs**—W. J Bowerman, J. Conway, R. Denunzio, R T. Davis, R K Donahue, D. J Hayes, D. G Houser, J E Jaqua, P H Knight T O Paine C W Robinson **Transfer Agent & Registrar**—U S National Bank of Oregon, Portland **Incorporated** in Oregon in 1968 **Empl**—4,070

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Elizabeth Vandeventer

Noble Affiliates

NYSE Symbol NBL Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
13⅜	15¹/₈-10⅝	26	0.16	1.2%	B-	1.05

Summary

This independent energy company explores for and develops crude oil and natural gas throughout the major basins in the U.S. as well as overseas. Earnings comparisons in 1988 and 1989 and possibly 1990 will reflect nonrecurring income associated with the receipt of gas contract settlements. The settlement fees have funded in part the company's aggressive exploration program. NBL's longer-term outlook will hinge upon improved oil and gas prices and the success of its exploration.

Current Outlook

Share earnings for 1990 are projected at $0.20, versus $0.55 estimated for 1989 which includes nonrecurring income.

Dividends should remain at $0.04 quarterly, after having been raised from $0.03 with the August, 1989 payment.

Revenues for 1990 are expected to decline slightly, owing to the take or pay contract settlements in 1989. Crude oil prices are projected to slip in early 1990 while gas prices should remain more stable. Profit comparisons will be limited by the absence of the nonrecurring gains in 1989.

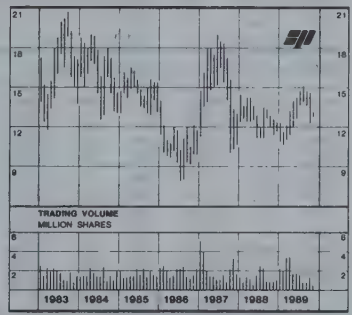
Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	50.4	57.4	50.9	43.2
Jun.	63.3	46.5	44.2	27.0
Sep.	47.3	40.7	41.6	22.2
Dec.	---	47.1	52.9	36.9
	---	191.7	189.6	129.3

Revenues for the nine months ended September 30, 1989 rose 11%, year to year, owing to the gas contract settlements and the gain on the sale of the Plains Petroleum Co. common stock. Net income rose to $20.8 million ($0.48 a share, which excluded a special credit of $0.20), from $10.3 million ($0.23).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.14	0.15	0.06	0.05
Jun.	0.28	0.06	0.33	d0.10
Sep.	0.05	0.02	d0.05	d1.22
Dec.	E0.08	0.04	0.04	d0.20
	E0.55	0.27	0.38	d1.45



Important Developments

Nov. '89— NBL reported share earnings for the nine months ended September 30 of $0.48, versus $0.23 a year earlier. Revenues advanced 11% in the 1989 period, primarily reflecting nonrecurring income in 1989's first six months. In 1989, NBL recorded a total of $18.8 million in take or pay contract settlements, versus $11.8 million settlement income in 1988's first six months. The company has one remaining take or pay contract outstanding which may be settled in 1990. NBL said that the potential settlement would be expected to be less than the $15.3 million settlement received in 1989's second quarter. Also, in 1989's second quarter, NBL recorded a $2.7 million gain on the sale of Plains Petroleum Co. common stock.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	4.55	4.40	4.94	6.65	9.43	9.13	8.72	7.26	5.50	3.80
Earnings[3]	0.27	0.38	d1.45	0.26	0.40	0.52	1.58	1.81	1.14	0.79
Dividends	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.10	0.07⅜	0.05⅛
Payout Ratio	44%	32%	NM	46%	30%	23%	8%	6%	7%	7%
Prices—High	14½	19	14	16½	19	20¾	17⅜	29	32⅞	16¾
Low	11⅛	10	7⅞	12⅞	12½	11¾	8⅜	14	14⅜	6¾
P/E Ratio—	54-41	50-26	NM	63-50	48-31	40-23	11-5	16-8	29-13	21-9

Data as orig reptd Adj. for stk div(s) of 100% May 1981, 50% Feb 1980, 20% Apr 1979 1. Reflects merger or acquisition 2. Reflects acctg change 3. Bef results of disc. opers of -0.28 in 1985, and spec item(s) of -0.05 in 1980 d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	171	102	59.8	56	85	20.8	18	34.7%	11.8	6.9
1987	185	121	65.5	28	94	24.9	27	39.3%	16.4	8.9
[3]1986	123	60	48.9	240	107	16.1	d114	NM	d64.3	NM
[4]1985	170	109	64.3	95	97	12.5	17	31.2%	11.8	7.0
1984	271	118	43.5	153	95	15.3	28	35.9%	17.8	6.6
[5]1983	270	123	45.4	101	81	13.0	37	37.6%	23.3	8.6
1982	398	190	47.8	173	86	15.9	111	36.9%	70.3	17.7
1981	380	176	46.4	243	59	10.1	124	35.2%	80.3	21.1
1980	271	118	43.7	139	43	[6]7.6	78	37.2%	49.2	18.1
1979	205	79	38.2	97	28	7.4	51	35.6%	[6]33.0	16.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	46.8	101	48	2.1	527	2.3%	225	199	473	47.5	6.0%
1987	15.5	61	40	1.5	517	3.0%	225	192	468	48.0	8.1%
1986	14.1	46	63	0.7	590	NM	237	216	505	46.9	NM
1985	35.7	73	59	1.3	565	1.8%	96	300	501	19.3	3.3%
1984	14.4	98	79	1.2	768	2.4%	108	424	685	15.8	4.3%
1983	34.9	93	63	1.5	720	3.3%	114	408	656	17.4	5.8%
1982	22.0	92	76	1.2	708	10.4%	124	389	628	19.8	19.7%
1981	4.2	102	101	1.0	636	14.8%	117	323	530	22.1	28.3%
1980	23.1	89	64	1.4	445	12.3%	74	243	376	19.7	23.7%
1979	16.1	69	53	1.3	341	10.8%	81	165	287	28.3	21.7%

Data as orig reptd 1. Incl equity in earns of nonconsol subs prior to 1988 2. Bef results of disc opers in 1985 and spec item(s) in 1980 3. Reflects merger or acquisition 4. Excl disc opers 5. Reflects accounting change d-Deficit NM-Not Meaningful

Business Summary

Noble Affiliates is an independent energy company with exploration and production operations, conducted through its Samedan Oil Corp. subsidiary, throughout major basins in the U.S., including the Gulf of Mexico and offshore California, as well as Canada, Tunisia and Indonesia.

Net proved reserves at 1988 year-end totaled 30.9 million barrels of oil and 337.1 Bcf of natural gas. Estimated present value of future net cash flows from NBL's reserves at December 31, 1988 was $412 million, versus $458 million at year-end 1987 and $440 million at year-end 1986.

Production in 1988 amounted to 9,669 barrels of oil a day (10,005 in 1987) and 158.0 Mmcf of gas a day (158.4). Average price per barrel was $14.39, versus $17.09 in 1987. Gas prices averaged $2.05 per Mcf in 1988, versus $2.08.

At year-end 1988 NBL owned interests in 4,590.5 gross (501.0 net) productive oil wells and 887.5 gross (201.4) productive gas wells. Developed acreage totaled 929.909 gross (270.744 net) acres and undeveloped acreage totaled 2,672,400 gross (784,117 net) acres worldwide.

Including purchases, NBL replaced some 123% of its oil production in 1988 and the company replaced about 101% of its gas production in 1988.

Dividend Data

Dividends were initiated in 1975.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Jan. 24	Jan. 31	Feb. 6	Feb. 21'89
0.03	Apr. 24	May 2	May 8	May 22'89
0.04	Jul. 25	Aug. 1	Aug 7	Aug. 21'89
0.04	Oct. 24	Oct. 31	Nov. 6	Nov. 20'89

Next dividend meeting: late Jan. '90.

Finances

In April, 1989 NBL set its capital budget for 1989 at $80 2 million, a 42% increase over 1988, and its exploration budget at $77.8 million, a 12% increase over 1988. NBL reported that its cash balance is strong and it does not anticipate any borrowings unless it makes a significant oil and gas acquisitions.

Capitalization

Long Term Debt: $224,629,000.

Common Stock: 43,752,108 shs. ($3.33⅓ par). Samuel Roberts Noble Foundation owns 34%. Institutions hold approximately 45%. Shareholders of record: 3,451.

Office—110 West Broadway, Ardmore, Okla 73401 **Tel**—(405) 223-4110. **Pres & CEO**—R Kelley **VP-Treas & Investor Contact**—W D Dickson **Secy**—O Walraven **Dirs**—S Noble (Chrmn), R Butler, E F Cox, R Kelley, H F Kleinman, G J. McLeod, G W Nichols, J F Snodgrass **Transfer Agent & Registrar**—NCNB Texas National Bank **Incorporated** in Delaware in 1969 **Empl**—316

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Noranda Inc.

Toronto S.E. Symbol NOR Options on Montreal (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 8'89	1989					
25 3/4	27 1/2-21 5/8	9	[1]1.00	3.9%	B-	NA

Summary

This Canadian company is a major producer of copper and other metals and holds interests in oil and gas companies, as well as in firms that manufacture plastics, wire and tubing, aluminum and forest products. Earnings reached record levels in 1988, reflecting higher profits in all major businesses. The company, in conjunction with Trelleborg AB of Sweden, recently offered to purchase Falconbridge Ltd. for $C37 a share.

Business Summary

Noranda Inc. (formerly Noranda Mines) is a diversified natural resource company. Noranda and its associated companies are engaged in the metals and minerals, oil and gas, manufacturing and forest products businesses. Contributions to revenues and operating profit in 1988 were:

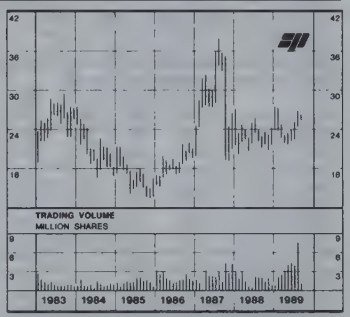
	Revs.	Profits
Forest products	53%	51%
Manufacturing	27%	19%
Metals & minerals	17%	25%
Oil and gas	3%	5%

The metals and minerals group is a major producer of copper, lead, zinc and related by-products; gold and silver; sulphuric acid, potash and phosphate fertilizers. The group operates thirteen mines and five metallurgical plants. Products are marketed to customers in 65 countries.

In 1987, Noranda consolidated its forest products companies into Noranda Forest Inc. and sold a 19% interest in the unit through an initial public offering. Operating in Canada and the U.S., the group produces lumber, plywood, waferboard, pulp and paper.

The acquisition of a 38% interest in Norcen Energy Resources and a 48% interest in North Canadian Oils in late 1987 established the energy group as a major participant in the Canadian oil and gas industry. At 1988 year-end, the group had proved and probable reserves of 210 million barrels of oil and natural gas liquids, and gas reserves of 3.2 trillion cu. ft.

Manufacturing operations focus on value-added businesses related to natural resource activities, and primarily consist of the production and fabrication of aluminum and aluminum building products, and the manufacture of steel and copper wire and cable.



Major investments in 1988 included the acquisition of a 22.8% interest in Falconbridge Ltd., a Toronto-based metals producer, for $334 million (see Important Developments), and the $63 million purchase of a 55% interest in a 130 million ton Montana copper-silver deposit.

Important Developments

Aug. '89— Noranda and Trelleborg AB of Sweden said they had offered to purchase the approximately 73% of Falconbridge Ltd. shares they don't already own. Their offer of $C37 a share topped an earlier $C36.125 a share offer by NYSE-listed Amax Inc. Falconbridge's directors said they support the new offer, but reserve the right to withdraw their support if a higher bid is made for Falconbridge.

Jul. '89— The company said it plans to offer publicly $100 million of 10.5% ten-year debentures. Proceeds would be used to reduce short-term debt.

Per Share Data (Can. $)

Yr. End Dec. 31	1988	[2]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	**19.92**	17.31	15.38	15.71	18.80	19.01	19.97	19.90	17.66	16.72
Earnings[3]	**3.16**	2.02	d0.19	d0.88	d0.32	d0.58	d1.00	1.33	4.06	4.70
Dividends	**0.90**	0.57 1/2	0.51	0.50	0.50	0.50	0.75	1.40	1.25	0.85
Payout Ratio	**29%**	37%	NM	NM	NM	NM	NM	126%	35%	19%
Prices—High	**27 1/8**	38	22	21 3/8	27 1/2	29 1/2	22 7/8	35 1/8	33 5/8	22 7/8
Low	**20 1/8**	19 1/8	15 1/8	13 3/8	16 1/2	18 7/8	11 3/8	19 3/8	22 1/8	12 1/4
P/E Ratio—	**9-6**	19-9	NM	NM	NM	NM	NM	27-15	8-5	5-3

Data as orig reptd. Adj. for stk. div. of 200% in Aug '89. 1. In Canadian funds, subject to 15% tax on non-residents of Canada. 2. Refl. reorganization of subs. 3. Bef. results of disc. ops. and spec. items of +0.21 in 1986, -1.50 in 1985. NA-Not Available. d-Deficit. NM-Not Meaningful.

September 15, 1989
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Income Data (Million Can. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	**8,683**	**1,858**	**21.4**	**1,162**	**500**	**205**	**1,334**	**33.9%**	**605**	**7.0**
[4]1987	7,254	1,354	18.7	546	403	200	868	38.8%	328	4.5
1986	3,537	383	10.8	230	250	207	4	NM	15	0.4
1985	3,439	375	10.9	316	244	245	d79	NM	d71	NM
1984	3,387	428	12.6	433	201	234	4	NM	d4	NM
1983	3,100	361	11.6	399	192	169	d37	NM	d35	NM
1982	2,830	190	6.7	706	169	146	d142	NM	d83	NM
1981	3,030	429	14.2	680	158	95	233	25.5%	165	5.4
1980	2,889	728	25.2	381	130	48	679	35.7%	408	14.1
1979	2,485	771	31.0	319	97	65	679	33.5%	395	15.9

Balance Sheet Data (Million Can. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	**656**	**3,898**	**1,919**	**2.0**	**11,285**	**5.8**	**2,120**	**3,584**	**9,010**	**23.5**	**16.7**
1987	670	3,463	1,580	2.2	9,596	3.8	1,856	3,166	7,593	24.4	9.6
1986	111	1,629	865	1.9	5,949	0.2	1,901	2,162	4,780	39.8	NM
1985	131	1,937	1,262	1.5	6,241	NM	2,251	1,948	4,848	46.4	NM
1984	179	1,784	1,044	1.7	6,306	NM	2,287	2,278	5,173	44.2	NM
1983	132	2,030	1,059	1.9	6,131	NM	2,062	2,241	4,989	41.3	NM
1982	131	1,807	765	2.4	5,705	NM	1,723	2,348	4,853	35.5	NM
1981	162	1,736	869	2.0	5,249	3.4	922	2,511	4,341	21.2	5.9
1980	225	1,609	788	2.0	3,938	9.9	580	2,001	3,123	18.6	21.0
1979	25	1,489	801	1.9	3,320	12.8	602	1,463	2,489	24.2	31.2

Data as orig. reptd. 1. Net of int. inc. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. ops. and spec. item. 4. Refl. reorganization of subs. NM-Not Meaningful. d-Deficit.

Revenues (Million Can. $)

Quarter:	1989	1988	[1]1987	1986
Mar.	2,213	2,056	1,655	875
Jun.	2,361	2,285	1,894	942
Sep.		2,237	1,928	830
Dec.		2,280	1,889	900
		8,858	7,366	3,547

Revenues for the six months ended June 30, 1989, rose 5.4%, year to year. In the absence of a net gain of $36,000,000 on the sale of an investment, net income fell 9.9%, to $283,000,000 from $314,000,000. Following preferred dividend requirements, earnings per share were $1.45, compared with $1.64.

Common Share Earnings (Can. $)

Quarter:	1989	1988	[1]1987	1986
Mar.	0.82	0.66	0.14	0.11
Jun.	0.63	0.98	0.66	0.12
Sep.		0.72	0.55	d0.05
Dec.		0.78	0.67	d0.37
		3.14	2.02	d0.19

1. Restated for reorganization of subs. d-Deficit.

Dividend Data

Cash has been paid in each year since 1930.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Oct. 31	Nov. 8	Nov. 15	Dec. 15'88
0.25	Feb. 24	Mar. 8	Mar. 14	Mar. 31'89
0.25	May 12	May 25	May 31	Jun. 15'89
0.25	Jul. 18	Aug. 25	Aug. 31	Sep. 15'89

Capitalization

Long Term Debt: $2,120,000,000 (12/88).

Minority Interest: $2,084,000,000.

7 3/4% Ser. C Pfd.: 17,644,608 shs. ($25 par); ea. sh. conv. into 1.15 com. shs. thru 6/15/93.

9 1/4% Ser. B Pfd.: 2,013,922 shs. ($26 par); conv. with $2.78 into 1.3 com. shs. until 7/15/95 and redeemable at par after 7/15/95.

Common Stock: 179,931,000 shs. (no par); excl. 7,361,000 shs. representing company's pro rata interest in shs. held by associated companies. Brascade Resources Inc. holds about 42%.

Shareholders: 21,782 common.

Office—P O Box 45, Commerce Court West, Toronto, Ont., Canada M5L 1B6 **Tel**—(416) 982-7111 **Chrmn & CEO**—A Powis **Vice-Chrmn**—A H Zimmerman **Pres**—D W Kerr **VP & Secy**—B. H. Grose. **SVP Fin**—A. R Thomas **Dirs**—J. W. B. Bird, P. F. Bronfman, J. L. Cockwell, R Dufour, J. T. Eyton, B. M. Flemming, D. S. Giroux, D. W. Kerr, P. Lamy, P. M. Marshall, D. S. McGiverin, W. D. McKeough, D. E Mitchell, A. Monast, A. Powis, A. Turmel, H. R Whittall, W. P. Wilder, A. H. Zimmerman. **Transfer Agents & Registrars**—Royal Trust Co., Toronto, Vancouver, Calgary, Montreal, Halifax; Chase Manhattan Bank, NYC **Incorporated** in Ontario in 1922 **Empl**—48,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

J. J Schemitsch

Nordstrom, Inc.

NASDAQ Symbol NOBE (Incl. in Nat'l Market) Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
35⅞	42½-29¾	22	0.28	0.8%	A+	1.50

Summary

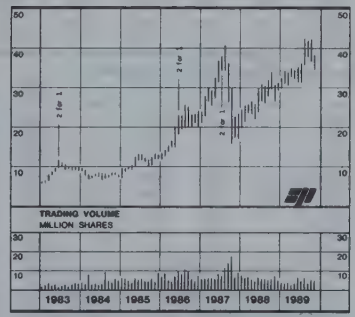
This specialty retailer of apparel and accessories, widely known for its emphasis on service, is expanding its business to the East Coast. The company currently operates two stores outside Washington, D.C. A $500 million capital expenditure program over the next three years, which includes several new stores, augurs well for future sales and earnings growth.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991, are projected at $2.15, up from the $1.70 estimated for 1989-90.

The quarterly cash dividend has been increased frequently.

Sales gains for 1990-1 should reflect higher productivity in recently constructed stores and new store expansion. Gross margins should remain about level, reflecting a more-competitive pricing environment. Expense ratios may weaken as a result of store additions. Expansion into the East Coast provides a good base for long-term growth.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	512	432	369	302
Jul.	729	645	538	449
Oct.	572	486	411	359
Jan.	---	765	601	520
	---	2,328	1,920	1,630

Sales for the nine months ended October 31, 1989, advanced 16%, year to year. With additional expenses of $1.3 million associated with the California earthquake, pretax income was up 8.2%. After taxes at 37.0%, versus 38.1%, net income rose 10%, to $1.02 a share, from $0.93.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.28	0.24	0.19	0.13
Jul.	0.47	0.45	0.30	0.26
Oct.	0.27	0.24	0.24	0.21
Jan.	E0.68	0.58	0.40	0.32
	E1.70	1.51	1.13	0.91

Important Developments

Nov. '89— Nordstrom said the mid-October earthquake in northern California reduced earnings for the third quarter of 1989-90 by not more than $0.04 a share. Costs and expenses identified directly with the earthquake amounted to $1,270,000. In addition, sales in all northern California stores after the earthquake were significantly below normal for varying periods, which will affect results for the fourth quarter to some degree. During the third quarter of 1989-90, two new stores were opened—a second store in the Washington, D.C., area and the first in Sacramento, Calif. Both stores experienced successful openings. At the end of the quarter, the company operated 60 stores with a total of 6,896,000 sq. ft.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jan. 31	1989	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980
Book Value	7.86	6.55	5.57	4.22	3.65	3.21	2.73	2.26	1.94	1.69
Earnings	1.51	1.13	0.91	0.65	0.54	0.54	[2]0.40	[2]0.38	[2]0.30	0.25
Dividends	0.22	0.18	0.13	0.11	0.10	0.07	0.06⅜	0.05½	0.04½	0.04
Payout Ratio	15%	16%	14%	16%	18%	13%	16%	15%	15%	16%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	34	40¾	25⅝	13¼	9¾	11⅝	6½	4¾	3⅛	2⅞
Low	19¾	15¾	11⅞	7⅛	6¾	5⅞	6½	2½	1⅞	2¼
P/E Ratio—	23-13	36-14	28-13	20-11	18-12	22-11	16-8	13-7	10-6	11-9

Data as orig. reptd. Adj. for stk. divs. of 100% Jul. 1987, 100% Jun. 1986, 100% Jun. 1983. 1. Refl. acctg. change. 2. Ful. dil.: 0.38 in 1983, 0.35 in 1982, 0.29 in 1981. E-Estimated.

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Income Data (Million $)

Year Ended Jan. 31	Oper. [1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	2,238	241	10.4	153	60.4	45.1	198	37.8%	123	5.3
[2]1988	1,920	192	10.0	129	49.9	37.1	163	43.0%	93	4.8
1987	1,630	172	10.6	79	46.6	7.1	[3]140	48.0%	73	4.5
1986	1,302	119	9.1	124	37.4	23.2	[3]87	42.7%	50	3.8
1985	981	116	11.8	135	26.3	22.1	[3]73	43.9%	41	4.1
1984	788	106	13.4	61	19.7	13.6	74	45.5%	40	5.1
1983	613	77	12.5	36	16.8	14.2	48	44.1%	27	4.4
1982	522	65	12.5	48	13.3	11.4	44	43.3%	25	4.7
1981	408	53	12.9	34	10.6	8.0	37	46.2%	20	4.8
1980	346	41	11.8	41	7.7	[2]5.0	29	43.5%	16	4.7

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	16.1	915	448	2.0	1,512	9.0	370	640	1,064	34.7	21.0
1988	4.9	730	395	1.9	1,234	8.7	239	533	840	28.5	18.8
1987	18.4	402	271	1.5	892	8.5	141	451	621	22.7	18.4
1986	7.3	317	207	1.5	763	7.3	221	314	556	39.8	17.1
1985	5.9	256	166	1.5	601	7.3	152	272	436	34.8	16.0
1984	2.6	309	165	1.9	515	8.7	106	238	350	30.3	18.3
1983	11.2	241	91	2.6	405	6.8	109	202	314	34.7	14.6
1982	5.1	202	93	2.2	347	7.7	103	149	254	40.6	17.9
1981	31.4	174	65	2.7	297	7.5	104	128	232	45.0	16.5
1980	3.4	[2]132	52	2.5	230	8.0	67	111	178	37.5	15.8

Data as orig. reptd. 1. Incl. sales of leased depts. 2. Refl. acctg. change. 3. Incl. equity in earns. of nonconsol. subs.

Business Summary

Nordstrom is a specialty retailer, selling primarily full lines of medium-to-upscale apparel, shoes and accessories for women, men and children. At January 31, 1989, it was operating 58 stores (occupying an aggregate of 6,374,000 sq. ft. of space), versus 56 stores (5,527,000 sq. ft.) at 1987-8 year-end. Nordstrom stores are located in Washington, Oregon, Alaska, California, Utah, Montana and Virginia. The company also operated leased shoe departments in 11 department stores in Hawaii.

Sales in recent years were derived as follows:

	1988-9	1987-8
Women's apparel and accessories	59%	59%
Shoes	18%	18%
Men's apparel and accessories	17%	17%
Children's apparel and accessories	4%	4%
Other	2%	2%

Nordstrom stores feature a wide selection of style, size and color in each merchandise category. Emphasis is placed on fashion and customer service. The company also places importance on store design and fixturing to enhance its merchandise presentations. As of January 31, 1989, Nordstrom operated 42 large specialty stores and six smaller "Place Two" units, as well as 10 clearance stores. Sales per square foot of selling space were $380 in 1988-9, $349 the year before and $322 in 1986-7.

Dividend Data

Cash has been paid in each year since 1971.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05½	Nov. 15	Nov. 23	Nov. 30	Dec. 15'88
0.07	Feb. 21	Feb. 28	Mar. 6	Mar. 15'89
0.07	May 16	May 24	May 31	Jun. 15'89
0.07	Aug. 15	Aug. 25	Aug. 31	Sep. 15'89

Capitalization

Long Term Debt: $401,788,000 (7/89), incl. lease obligs.

Common Stock: 81,535,612 shs. (no par). About 40% is owned by the Nordstrom family. Institutions hold some 37%. Shareholders: About 76,500 of record.

Office—1501 Fifth Ave., Seattle, Wash. 98101. **Tel**—(206) 628-2111. **Co-Chrmn**—B. A. Nordstrom, J. F. Nordstrom & J. N. Nordstrom **Pres**—J. A. McMillan. **Secy**—Karen E. Purpur. **Sr VP, Treas & Investor Contact**—John A. Goesling **Dirs**—R. E. Bender, B. H. Franklin, D. W. Gitlinger, J. F. Harrigan, C. A. Lynch, J. A. McMillan, B. A. Nordstrom, J. F. Nordstrom, J. N. Nordstrom, A. E. Osborne Jr., W. D. Ruckelshaus, M. T. Stamper, E. C. Vaughan **Transfer Agent & Registrar**—First Interstate Bank of California. **Incorporated** in Washington in 1946 **Empl**—25,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J Sack

Norfolk Southern

1686A

NYSE Symbol NSC Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
36¼	41¼-30¼	10	1.44	4.0%	B+	1.16

Summary

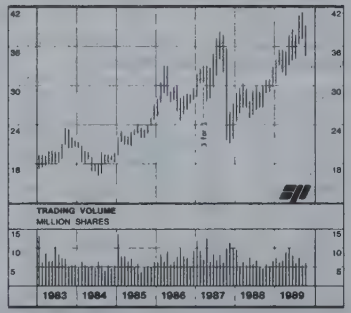
This company operates a 17,000 mile rail system and provides a variety of motor carrier services. In October, 1989 directors authorized the repurchase of up to 45 million NSC common shares (26% of total outstanding) through 1992 year-end. Since late 1987, NSC has repurchased 19 million of its common shares (10%) under a 20 million share buyback program. While a sluggish economy and the absence of 1989's nonrecurring gains could hurt operating profits in 1990, per-share comparisons will benefit from the share buybacks.

Current Outlook

Earnings for 1990 could reach $3.95 a share, versus the $3.65 anticipated for 1989.

Dividends were raised 9.1% ,to $0.36 quarterly from $0.33, with the September, 1989 payment.

Rail profits are likely to be flat in 1990, as improvement for intermodal traffic and grain are outweighed by lower volumes for metals, chemicals and other cyclical traffic. Squeezing margins will be higher labor costs and flat rates. North American Van Lines could post a moderate profit gain, despite a difficult operating environment in each of its markets, as cost reduction programs at its truckload unit begin to pay off. Weakness in the computer industry will penalize results for NAVL's high-value products business. Despite the absence of 1989's gains from the sale of real estate and securities, EPS comparisons should benefit from the share buybacks.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,112	1,034	980	1,016
Jun.	1,174	1,106	1,043	1,046
Sep.	1,142	1,163	1,030	1,005
Dec.	---	1,159	1,060	1,010
	---	4,462	4,113	4,076

Revenues for 1989's first nine months rose 3.8%, year to year. Net income was up 0.4%. Share earnings were $2.61, versus $2.51.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.75	0.64	0.66	0.55
Jun.	0.99	0.87	0.64	0.75
Sep.	0.87	1.00	d1.31	0.68
Dec.	E1.04	1.00	0.92	0.76
	E3.65	3.51	0.91	2.74

Important Developments

Oct. '89— Directors authorized the repurchase of up to 45 million NSC common shares (26% of total outstanding) through 1992 year-end. Timing of the purchases, which will be made through open-market transactions, will be governed by NSC's assessment of market conditions and alternative investment opportunities. NSC also reported that it had repurchased 19 million common shares since launching a 20 million share buyback program in November, 1987. Completion of that program is anticipated by 1989 year-end.

Apr. '89— NSC said that it sold half its holdings in Trailer Train, a railcar lessor, to Consolidated Rail Corp. The transaction lifted pretax income for 1989's second quarter by $21.5 million (about $0.08 a share after taxes).

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	28.74	26.48	26.78	25.20	23.69	22.11	18.48	17.41	15.56	NA
Earnings	3.51	0.91	2.74	2.65	2.55	1.89	2.19	2.69	2.25	1.98
Dividends	1.26	1.20	1.13⅜	1.13⅜	1.06¾	0.93⅜	0.46¾	NA	NA	NA
Payout Ratio	36%	131%	41%	43%	42%	49%	NM	NA	NA	NA
Prices—High	32⅞	38¼	33⅛	27⅛	21½	23½	21¾	NA	NA	NA
Low	24½	21	24⅝	19¼	16¼	17⅛	13½	NA	NA	NA
P/E Ratio—	9-7	42-23	12-9	10-7	8-6	12-9	10-6	NA	NA	NA

Data as orig. reptd. prior to 1982 pro forma data reflecting 1982 merger of Norfolk & Western Railway Co. and Southern Railway Co. Adj. for stk. div(s). of 200% Apr. 1987. 1. Reflects merger or acquisition. E-Estimated. d-Deficit. NA-Not Available. NM-Not Meaningful.

November 3, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

1686A

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,462	1,251	28.0	529	312	81	1,001	36.5%	635	14.2
1987	4,113	1,023	24.9	563	302	81	279	38.3%	172	4.2
1986	4,076	981	24.1	698	281	89	856	39.4%	[2]519	12.7
[3]1985	3,825	970	25.4	739	254	100	822	39.2%	500	13.1
1984	3,525	977	27.7	494	245	87	839	42.5%	482	13.7
1983	3,148	776	24.6	307	[2]234	100	604	40.9%	356	11.3
[3]1982	3,359	750	22.3	373	175	113	672	38.8%	411	12.2
1981	3,592	959	26.7	400	173	112	840	40.4%	500	13.9
1980	3,214	802	24.9	466	163	106	650	36.8%	410	12.8
1979	2,917	732	25.1	440	162	104	561	36.5%	356	12.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	638	1,854	1,195	1.6	10,059	6.5%	676	5,153	8,506	7.9	12.8%
1987	800	1,931	1,212	1.6	9,832	1.8%	672	4,979	8,193	8.2	3.4%
1986	724	1,734	1,054	1.6	9,752	5.3%	785	5,071	8,471	9.3	10.5%
1985	1,077	2,054	1,432	1.4	9,769	5.4%	815	4,761	8,089	10.1	10.8%
1984	1,047	1,782	868	2.1	8,667	5.7%	857	4,473	7,624	11.2	11.2%
1983	1,039	1,654	787	2.1	8,172	4.8%	962	4,174	7,219	13.3	9.3%
1982	784	1,459	725	2.0	6,803	6.4%	1,109	3,481	5,927	18.7	11.8%
1981	766	1,520	815	1.9	6,644	7.8%	1,273	3,248	NA	NA	16.2%
1980	550	1,228	825	1.5	6,087	NA	1,328	2,866	NA	NA	NA

Data as orig. reptd., prior to 1982 pro forma data reflecting 1982 merger of Norfolk & Western Railway Co. and Southern Railway Co. 1. Incl. equity in earns of nonconsol. subs. 2. Reflects acctg. change. 3. Reflects merger or acquisition. NA-Not Available.

Business Summary

Norfolk Southern Corp. was formed through the 1982 consolidation of the Norfolk & Western Railway Co. and the Southern Railway Co. Contributions (in million $) by business segment to operating profits:

	1988	1987	1986
Railroad	$936.9	$682.8	$661.9
Motor carrier	8.4	42.6	40.1

Rail service is provided over 17,037 miles in 20 states, primarily east of the Mississippi River, and the Province of Ontario. NSC transported 100.8 billion tons-miles of freight in 1988, up from 94.3 billion ton-miles in 1987. Coal is the rail's largest traffic source, generating 34% of freight revenues in 1988. NSC originated 115.2 million tons of coal on its line in 1988, 82% of which moved under contract. Other important traffic groups are chemicals (produced 12.1% of rail revenues in 1988), paper (11.1%), and automobiles (10.4%).

North American Van Lines (NAVL) provides a broad range of motor carriage services. Some 34% of revenues are derived from domestic relocation of household goods. NAVL also is a leading carrier of truckload general freight (30% of revenues), engages in the transport of high-value, time-sensitive freight (21%), and forwards household goods overseas through a network of 300 agents (15%).

Pochahontas Land Corp. manages over 650,000 acres of properties in six states. NSC collects royalties from properties containing 1.8 billion tons of coal, develops real estate, leases oil and gas and timberland properties, holds 8.3% of Advanced Telecommunications Corp. NSC also owns the Hotel Roanoke in Virginia, which it will transfer to Virginia Polytechnic Institute in early 1990.

Dividend Data

Dividends were paid by Norfolk & Western Railway since 1901 and Southern Railway since 1943. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Jan. 24	Jan. 30	Feb. 3	Mar. 10'89
0.33	Apr. 25	May 1	May 5	Jun. 10'89
0.36	Jul. 25	Jul. 31	Aug. 4	Sep. 11'89
0.36	Oct. 24	Oct. 30	Nov. 3	Dec. 11'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $593,200,000.

Minority Interest: $69,300,000.

Common Stock: 171,747,390 shs. ($1 par).
Institutions hold about 64%.
Shareholders of record: 64,974.

Office—Three Commercial Place, Norfolk, Va. 23510-2191. **Tel**—(804) 629-2600. **Chrmn & CEO**—A. B. McKinnon. **Secy**—D. E. Middleton. **VP-Treas & Investor Contact**—T. H. Kerwin. **Dirs**—O. T. Carr, R. B. Claytor, L. E. Coleman, W. H. Krome, George, T. M. Hahn, Jr., R. L. Ireland III, R. F. Leach, E. B. Leisenring, Jr., A. B. McKinnon, R. E. McNair, H. W. Pote. **Transfer Agents & Registrars**—Bank of New York, NYC; Sovran Bank, Richmond, Va. **Incorporated** in Virginia in 1980. **Empl**—34,054.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Northern Trust Corp.

NASDAQ Symbol NTRS (Incl. in Nat'l Market; marginable)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
64¼	71¼–43¾	9	1.24	1.9%	B	0.82

Summary

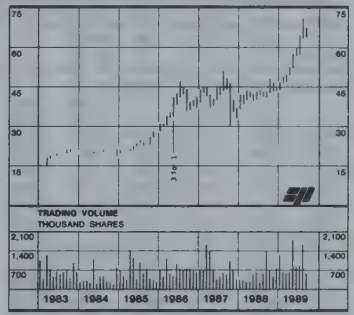
This Chicago-based interstate bank holding company's lead subsidiary is Northern Trust Co., the fourth largest bank in Illinois. The return to profitability for 1988 was attributable to a substantial decrease in the provision for loan losses, an increase in net interest income and a strong gain in noninterest income. Net income was up an impressive 30% in 1989's first half.

Business Summary

Northern Trust Corporation is an interstate bank holding company whose lead bank is Northern Trust Co. in Chicago, the fourth largest bank in Illinois. The company also owns several smaller Illinois banks, three Florida banks, one bank each in Arizona, California and Texas (see Important Developments), a trust company and several nonbanking subsidiaries.

At December 31, 1988, gross loans and leases outstanding of $4.67 billion were divided:

Commercial and industrial	42%
Financial institutions	7%
Lease financing	1%
Brokers	7%
Residential mortgages & commercial real estate	29%
Consumer	5%
International	6%
Other	3%



The allowance for loan losses totaled $151,100,000 at 1988 year-end ($233,400,000 a year earlier), or 3.24% (5.89%) of loans and leases outstanding. Net loans charged off amounted to $102,300,000 in 1988 ($21,600,000 in 1987), equal to 2.39% (0.54%) of average loans and leases. Nonperforming assets at December 31, 1988, totaled $27,100,000 ($85,000,000 a year earlier). The company started 1988 with LDC term loans totaling $221 million and closed the year with just $28 million (see Finances).

Total deposits of $6.75 billion at 1988 year-end were divided: demand and other noninterest-bearing 28%, savings and money market 34%, savings certificates 21%, other time 4% and foreign 13%. Interest income (including fees) on loans and leases contributed 40% of total income for 1988, interest on money-market assets 13%, interest on investment securities 15%, other interest income 1%, trust fees 21% and other noninterest income 10%.

On a tax-equivalent basis, the average yield on interest-earning assets was 8.98% in 1988 (8.33% in 1987), while the average rate paid on interest-bearing liabilities was 6.83% (6.26%), for a net spread of 2.15% (2.07%).

Important Developments

Jun. '89— Northern expanded into Texas through the acquisition, for an undisclosed amount, of Concorde Bank Dallas N. A. The bank, which was renamed Northern Trust Bank of Texas N. A., has assets of about $70 million.

Jan. '89— The company established an Employee Stock Ownership Plan (ESOP) which purchased 1,500,000 newly issued shares (about 9%) of the company's common stock with funds from a 10-year loan of up to $75 million. Northern also authorized the repurchase of up to 1,000,000 of its common shares over a two-year period.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	[2]1983	[2,1]1982	[2]1981	[2]1980	[2]1979
Tangible Bk. Val.	26.08	20.00	25.53	24.88	23.93	23.53	23.23	21.92	20.44	19.04
Earnings[3,4]	6.61	d4.77	3.24	2.07	1.35	1.25	2.24	2.44	2.17	1.84
Dividends	1.06	0.94	0.91⅛	0.90⅝	0.90⅝	0.90⅝	0.90⅝	0.83⅛	0.77⅜	0.70
Payout Ratio	16%	NM	28%	44%	67%	72%	41%	34%	36%	38%
Prices—High	48	51	47	28½	21¼	21⅜	18⅛	13½	12¾	13¾
Low	36½	29¾	28¼	19¾	18⅝	14¾	11⅛	10⅞	9¼	10¾
P/E Ratio—	7–6	NM	15–9	14–10	18–14	17–12	7–5	6–4	6–4	7–6

Data as orig. reptd. Adj. for stk. div. of 200% May 1986. 1. Refl. merger or acq. 2. Incl. equity in earns. of nonconsol. subs. 3. Aft. gains/losses on security trans. of +0.04 in 1985, +0.01 in 1984, +0.10 in 1983, -0.08 in 1982, -0.21 in 1981, -0.13 in 1980, -0.27 in 1979. 4. Ful. Dil. 6.37 in 1988, 3.23 in 1986. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	232	24	307	20	68.91	131	16.8%	109	3.20	1.20	28.87
1987	209	28	242	179	71.53	d68	NM	d65	3.25	NM	NM
[1]1986	182	37	220	55	65.75	61	13.8%	52	3.48	0.70	13.38
1985	172	24	176	55	69.65	35	2.3%	34	3.40	0.49	8.62
1984	162	25	135	47	71.06	21	NM	22	3.39	0.34	5.63
[1]1983	151	27	119	59	68.51	11	NM	18	3.28	0.29	5.36
[2,1]1982	153	28	100	30	66.86	33	0.2%	33	3.30	0.49	9.89
[2]1981	[1]142	29	81	13	65.04	40	12.5%	35	3.42	0.57	11.55
[2]1980	[1]118	28	62	4	67.30	33	4.0%	31	3.29	0.56	11.03
[2]1979	[1]103	26	55	5	65.44	25	NM	26	3.15	0.52	9.97

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets— Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	9,904	1,290	2,185	2,660	2,006	3.24	1,965	4,788	69.09	175	410	3.87
1987	9,326	1,654	1,936	2,160	1,803	5.89	2,001	4,846	57.89	175	324	4.58
1986	9,090	1,496	1,634	2,248	1,752	1.90	2,090	4,117	64.45	102	409	4.97
1985	7,500	1,116	1,013	2,162	1,471	1.54	1,871	3,161	72.20	100	371	5.18
1984	7,225	1,258	814	1,925	1,473	1.23	1,706	3,198	69.27	100	353	5.39
1983	6,438	1,508	742	1,633	1,492	1.19	1,442	2,930	71.49	105	346	5.32
1982	6,253	1,137	568	1,827	1,585	1.03	1,254	3,115	78.11	30	338	4.98
1981	6,238	1,214	523	1,976	1,381	1.02	1,215	3,099	77.81	30	318	4.92
1980	5,849	1,093	571	1,571	1,313	0.95	1,276	2,887	69.27	30	294	5.05
1979	5,358	921	717	1,208	1,204	1.08	1,407	2,505	61.66	60	274	5.21

Data as orig. reptd., income data prior to 1983 based on net operating income (bef. securities transactions). 1. Refl. merger or acq. 2. Inc. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Review of Operations

Net interest income for the six months to June 30, 1989, rose 9.0%; year to year, reflecting a 15% increase in average earnings assets; the net interest margin declined slightly to 2.99%, from 3.09%. Results benefited from 8.5% higher noninterest income versus a smaller 7.9% advance in noninterest expense, and a 33% decline in the provision for loan losses ($8,000,000, versus $12,000,000). After taxes at 12.0%, against 17.2%, net income was up 30%. Following preferred dividends, earnings per common share rose to $2.99 on 9.1% more shares ($2.90 fully diluted), from $2.49 ($2.42).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.41	1.17	0.87	0.73
Jun.	1.58	1.32	d4.31	0.75
Sep.		1.53	1.09	0.87
Dec.		2.59	d2.48	0.89
		6.61	d4.77	3.24

Dividend Data

Cash has been paid each year since 1896.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31	Nov. 15	Dec. 5	Dec. 9	Jan. 3'89
0.31	Feb. 21	Mar. 6	Mar. 10	Apr. 3'89
0.31	May 16	Jun. 5	Jun. 9	Jul. 3'89
0.31	Aug. 15	Sep. 5	Sep. 11	Oct. 2'89

d-Deficit

Finances

The company realized a gain of $21.40 million in 1988 on the sale of its Northern Building.

Because of worsening economic conditions in less-developed countries (LDCs), Northern Trust added $151 million to the reserve for loan losses in 1987. The company sold $198 million of the LDC loans in 1988, resulting in a loss of $98 million, which was charged to the loan loss reserve.

Capitalization

Notes Payable: $241,300,000 (6/89).

$6.25 Series B Cum. Conv. Pfd. Stk.: 525,000 shs. ($100 stated value); ea. sh. conv. into 2.0356 com. shs.

Ser. C Auction Rate Cum. Pfd. Stk.: 600 shs.

Common Stock: 15,983,674 shs. ($3.33⅓ par).
Institutions hold about 53%.
Co. ESOP owns about 9%.
Shareholders: 2,304 of record (12/88).

Office—50 S. LaSalle St., Chicago, Ill. 60675. **Tel**—(312) 630-6000. **Chrmn & CEO**—W. R. Christopherson. **Pres**—D. W. Fox. **Vice-Chrmn**—R. F. Reusche. **EVP & CFO**—P. R. Pero. **EVP & Secy**—J. B. Snyder. **Treas & Investor Contact**—D. L. Eddy (312) 444-7402. **Dirs**—W. R. Christopherson, W. H. Clark, R. S. Hamada, D. W. Fox, A. Heiman, A. L. Kelly, A. Kramik, F. A. Krehbiel, W. G. Mitchell, W. A. Pogue, R. F. Reusche, H. B. Smith Jr., W. D. Smithburg, B. L. Thomas. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co. of New York. **Incorporated** in Delaware in 1971; bank chartered in Illinois in 1889. **Empl**—5,291.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

D. Baker

Northeast Utilities

NYSE Symbol NU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
22⅜	23-18½	11	1.76	7.9%	A	0.49

Summary

This utility holding company serves customers in Connecticut and Massachusetts. NU has offered to purchase Public Service Co. of New Hampshire (PNH), which filed for bankruptcy in January, 1988. PNH has a 35.6% interest in the Seabrook nuclear plant. NU's $2.25 billion acquisition offer for PNH is one of three reorganization proposals for that entity. Competing bids include a $2.29 billion offer by United Illuminating, and PNH's own restructuring proposal valued at $2.2 billion.

Current Outlook

Share earnings for 1990 are estimated to reach $2.10, up from the $1.90 projected for 1989.

Until the company's proposed acquisition of Public Service of New Hampshire is resolved, NU is unlikely to raise the $0.44 quarterly dividend.

Share earnings for 1990 will be aided by higher kwh sales. If, however, the company's bid to acquire PNH were accepted by the bankruptcy court, the effect on NU could be materially dilutive.

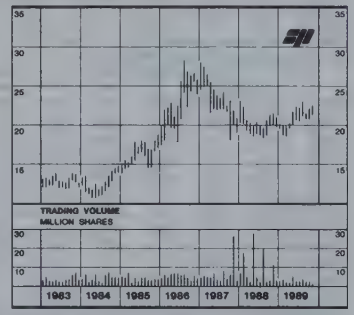
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	560	537	461	550
Jun.	510	470	457	497
Sep.	562	544	474	475
Dec.	---	528	487	510
	---	2,079	1,878	2,032

Based on a brief report, revenues (from electric operations only) for the nine months ended September 30, 1989 rose 5.2%, year to year, primarily reflecting higher September, 1989 sales. However, after higher electric production maintenance expenses, net income declined 4.9%. Share earnings were $1.45, versus $1.52, excluding earnings from the gas business of $0.05 in both periods.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.56	0.51	0.70	0.75
Jun.	0.37	0.40	0.50	0.91
Sep.	0.51	0.60	0.53	0.59
Dec.	E0.46	0.56	0.24	0.53
	E1.90	2.07	1.97	2.78



Important Developments

Oct. '89— NU and the Official Committee of Equity Security Holders of Public Service of New Hampshire (PNH) announced the filing of a joint plan whereby NU would acquire PNH for $2.25 billion. PNH has a 35.6% stake in the Seabrook nuclear plant. Under the plan, NU would pay $1.65 billion cash to PNH creditors and assume $100 million in PNH pollution control bonds. PNH preferred and common shareholders would receive about $500 million in cash, preferred stock and notes, plus 5.3 million warrants for NU common exercisable at $24 a share when Seabrook reaches full power. NU's offer is one of three reorganization proposals for PNH. United Illuminating has offered $2.29 billion for PNH, and PNH has its own restructuring plan valued at $2.2 billion.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.73	16.38	17.21	16.07	14.99	13.74	12.85	12.73	13.34	13.26
Earnings[1]	2.07	1.97	2.78	2.72	2.85	2.37	1.76	1.29	1.31	1.22
Dividends	1.76	1.76	1.68	1.58	1.48	1.38	1.28	1.18	1.10	1.05⅞
Payout Ratio	85%	89%	60%	58%	52%	58%	73%	91%	84%	87%
Prices—High	23⅛	28	28¼	18¾	14¾	13⅞	12½	9¾	9¾	10⅝
Low	18¼	18	17⅜	13¾	10⅝	11¾	8⅞	7⅞	7⅜	8⅝
P/E Ratio—	11-9	14-9	10-6	7-5	5-4	6-5	7-5	8-6	8-6	9-7

Data as orig. reptd. 1. Bef. results of gas opers. to be sold of +0.08 in 1988, +0.14 in 1987. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On Invest. Capital	% Return On [3]Com. Equity
1988	2,079	207	191	84.1%	2.57	8	35.4%	263	12.7	7.7	13.0
1987	1,878	192	208	85.2%	2.38	30	30.4%	253	13.5	7.4	12.8
1986	2,032	171	165	85.1%	2.91	99	34.6%	343	16.9	9.2	16.6
1985	2,081	127	181	86.1%	2.89	201	35.0%	333	16.0	9.5	17.4
1984	2,095	121	130	83.6%	3.07	153	38.9%	334	16.0	11.4	19.8
1983	1,889	116	138	84.8%	2.72	122	37.4%	260	13.8	10.6	17.8
1982	1,763	106	110	85.4%	---	89	37.8%	183	10.4	10.4	13.8
1981	1,655	103	82	86.3%	---	75	34.9%	122	7.4	9.9	9.9
1980	1,325	96	80	85.5%	---	52	29.0%	114	8.6	8.6	9.9
1979	1,074	94	76	82.1%	---	39	20.5%	105	9.8	7.7	9.2

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization: [5]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	7,298	379	5,577	6.0	5,942	3,013	56.8	454	8.6	1,837	34.6
1987	6,732	452	5,265	5.3	5,827	2,901	56.0	488	9.4	1,796	34.6
1986	6,773	489	5,353	5.8	5,750	2,813	54.6	456	8.8	1,884	36.6
1985	6,708	765	5,419	5.6	5,557	2,818	56.0	474	9.4	1,739	34.6
1984	6,043	733	4,855	7.5	5,029	2,550	55.4	477	10.4	1,576	34.2
1983	5,077	581	3,986	7.7	4,240	2,078	53.0	479	12.2	1,362	34.8
1982	4,518	534	3,473	7.5	3,660	1,895	54.9	395	11.5	1,160	33.6
1981	4,241	458	3,328	7.1	3,124	1,608	54.0	357	12.0	1,013	34.0
1980	3,857	350	3,022	6.6	2,960	1,556	55.2	343	12.2	917	32.6
1979	3,579	266	2,825	6.9	2,790	1,464	54.8	320	12.0	889	33.2

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. stk. divs. of subs; bef. results of gas opers. in 1988, 1987. 3. As reptd. by co. 4. Excl. gas opers. in 1988, 1987. 5. Incl. capital leases aft. 1983

Business Summary

Northeast Utilities, the largest utility in New England, is a holding company whose three subsidiaries operate in Connecticut and Massachusetts. The company completed the distribution of its gas business to NU shareholders on July 1, 1989. Revenues by class in recent years:

Revenues	1988	1987	1986	1985
Residential	41%	43%	41%	41%
Commercial	32%	35%	33%	33%
Industrial	18%	19%	19%	20%
Other	9%	3%	7%	6%

Power sources in 1988 were nuclear 58%, fossil 26%, hydro 6% and purchases and other 10%. Peak demand in 1988 was 4,883 mw and capability totaled 5,738 mw, for a capacity margin of 15%. Gas sales in 1988 were 31,707 MMcf, versus 30,804 MMcf in 1987.

NU owns 65% of the 1,150 mw Millstone 3 nuclear plant, which was placed in operation in April, 1986. In December, 1987 NU wrote-off $119.0 million ($1.10 a share) of disallowed Millstone 3 costs retroactive to 1986. NU also has a 4.1% share in the Seabrook nuclear facility. Seabrook licensing has been disputed by Massachusetts officials. Licensing efforts have been further complicated because the project's largest investor, Public Service Co. of New Hampshire (35.6% interest), filed for bankruptcy in January, 1988. On June 13, 1989 the Seabrook plant achieved its first nuclear reaction. A low power license was awarded on May 26, 1989. In their report on NU's 1988 financial statements, auditors noted the existence of uncertainties regarding the Seabrook plant.

Dividend Data

Dividends have been paid since 1927. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Jan. 30	Feb. 23	Mar. 1	Mar. 31'89
0.44	Apr. 25	May 25	Jun. 1	Jun. 30'89
0.44	Jul. 25	Aug. 28	Sep. 1	Sep. 29'89
0.44	Oct. 24	Nov. 27	Dec. 1	Dec. 29'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $2,773,621,000.

Subsid. Preferred Stock: $499,587,000.

Common Stock: 108,669,106 shs. ($5 par).
Institutions hold about 37%.
Shareholders of record: 158,048.

Office—Selden St., Berlin, Conn. 06037-1616 **Tel**—(203) 665-5000 **Chrmn & CEO**—W. B. Ellis **Pres & CFO**—B. M. Fox **SVP-Secy**—W. F. Torrance, Jr. **VP-Treas & Investor Contact**—C. T. Browne **Trustees**—W. O. Bailey, E. B. Bates, R. L. Crevisten, D. W. Davis, D. J. Donahue, W. B. Ellis, B. M. Fox, G. B. Harvey, E. D. Jones, E. T. Kennan, D. C. Lunt, Jr., B. Marshall, W. J. Pape II, N. C. Rasmussen, W. K. Reilly, A. E. Steiger, Jr. **Transfer Agents & Registrars**—The Connecticut Bank & Trust Co., Hartford, Conn.; State Street Bank & Trust Co., Boston, Mass. **A Voluntary Association** organized in Massachusetts under a Declaration of Trust in 1927 **Empl**—9,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Northern States Power

NYSE Symbol NSP In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
39¼	40-30¼	13	2.22	5.7%	A	0.40

Summary

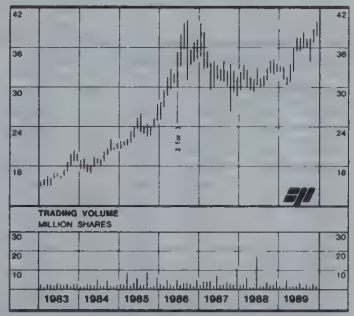
This leading electric and gas utility, serving much of Minnesota and the upper Midwest, derives its power requirements primarily from coal, and to a lesser extent, nuclear sources. NSP's coal facilities are expected to exceed potential emission control standards and the nuclear plants are among the highest rated facilities in the nation. The longer-term outlook is enhanced by excellent cash flow and the diversified coal and nuclear capacity. In November, 1989 the company filed an electric rate increase request with the Minnesota PUC for an overall rate increase of $121 million, or 10.2%.

Current Outlook

Share earnings for 1990 are projected at $3.35, up from the $3.20 expected for 1989.

The dividend is expected to continue at $0.55½ quarterly.

Share earnings for 1990 should benefit from higher rates. The longer-term outlook is strengthened by the diversified coal and nuclear plants and also by strong cash flow and a supportive regulatory climate.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	561	549	473	541
Jun.	447	443	399	387
Sep.	483	530	470	433
Dec.	---	484	429	421
	---	2,007	1,770	1,782

Revenues for the 12 months ended September 30, 1989 rose 1.2%, year to year, owing mostly to higher gas sales. After a more rapid rise in production costs, however, operating income was down 3.4%. Following lower AFUDC and net other income, net income decreased 8.0%. After 4.6% higher preferred dividends, share earnings were $2.93, versus $3.23.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.05	0.95	0.95	1.12
Jun.	0.51	0.63	0.50	0.43
Sep.	1.10	1.27	1.17	0.95
Dec.	E0.54	0.27	0.39	0.59
	E3.20	3.11	3.01	3.09

Important Developments

Dec. '89— NSP reported that the Minnesota Public Utilities Commission approved an interim electric rate increase of $81.5 million, or 6.9%, which is lower than the $91 million, or 7.7%, interim increase sought by the company in its November 2, 1989 rate filing. The interim increase is subject to refund with interest. The filing seeks an overall rate increase of $121 million, or 10.2%. If approved, effective in November, 1990 this would be an average annual increase of about 3.5% since NSP's last rate increase. The PUC has 10 months from the filing date to issue a final order. NSP reported that as part of the rate case, it is requesting a higher rate of return on its shareholders' investment. It believes that its present rate of return is nearly the lowest of any U.S. utility.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.81	21.88	20.86	19.70	18.39	17.06	15.74	14.75	14.08	13.60
Earnings	3.11	3.01	3.09	2.97	2.90	2.80	2.40	1.95	1.62	1.76
Dividends	2.09½	1.99	1.86½	1.72½	1.58½	1.45⅜	1.34⅞	1.26⅜	1.19⅜	1.12½
Payout Ratio	67%	66%	60%	58%	55%	52%	56%	65%	74%	64%
Prices—High	34¼	39¾	40⅛	27½	22⅛	20½	16⅜	13½	12¾	12⅞
Low	29¼	26¼	25	20⅝	16⅞	14⅞	11¾	10	9	10¾
P/E Ratio—	11-9	13-9	13-8	9-7	8-6	7-5	7-5	7-5	8-6	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On [3]Com. Equity
1988	2,006	209	172	84.9%	3.53	13.4	35.2%	215	10.7	8.0	13.9
1987	1,770	171	153	85.1%	3.74	51.2	35.3%	205	11.6	7.8	14.1
1986	1,782	158	148	85.8%	4.05	51.7	40.1%	207	11.6	8.1	15.3
1985	1,789	156	140	86.1%	4.34	41.8	44.5%	198	11.1	8.3	15.6
1984	1,776	142	134	86.3%	4.56	34.3	44.8%	192	10.8	8.6	16.4
1983	1,696	137	105	85.1%	4.48	20.1	49.2%	184	10.8	9.3	17.1
1982	1,561	133	108	85.3%	---	19.6	49.1%	158	10.1	9.2	15.7
1981	1,281	103	92	84.5%	---	15.1	48.5%	128	10.0	8.3	13.5
1980	1,159	114	89	86.0%	---	12.7	47.4%	111	9.6	7.5	11.7
1979	1,048	107	74	83.6%	---	12.8	47.9%	121	11.5	8.0	13.2

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	Capitalization % LT Debt	Capitalization Pfd.	Capitalization % Pfd.	Capitalization Com.	Capitalization % Com.
1988	6,211	301	3,859	7.8	4,011	1,276	41.8	351	11.5	1,427	46.7
1987	5,970	452	3,862	7.0	3,912	1,249	42.8	301	10.3	1,369	46.9
1986	5,594	556	3,657	7.3	3,808	1,292	45.7	236	8.3	1,301	46.0
1985	5,093	514	3,343	7.8	3,608	1,253	46.3	218	8.1	1,233	45.6
1984	4,613	401	3,046	8.4	3,300	1,143	45.7	218	8.7	1,140	45.6
1983	4,257	347	2,741	9.3	3,035	1,086	46.1	223	9.5	1,047	44.4
1982	4,040	291	2,680	8.8	2,740	1,004	46.1	224	10.3	951	43.6
1981	3,675	276	2,517	8.1	2,508	957	46.9	221	10.8	865	42.3
1980	3,428	222	2,394	6.9	2,371	891	46.0	221	11.4	825	42.6
1979	3,222	231	2,312	7.5	2,360	892	45.7	226	11.6	832	42.7

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis) 2. Based on income before interest charges. 3. As reptd by co 4. Utility plant.

Business Summary

Northern States Power and subsidiaries provide electricity and gas, and to a minor extent telephone services, to a population of more than 3 million in sections of Minnesota, Wisconsin, Michigan and North and South Dakota. Electricity accounted for 84% of operating revenues in 1988, gas 15%, and telephone about 1%. Contributions to electric revenues in recent years:

Revenues	1988	1987	1986
Residential	35%	35%	35%
Small comm'l & ind'l	17%	17%	17%
Large comm'l & ind'l	38%	39%	38%
Other	10%	9%	10%

Sources of electric generation in 1988 were 48% coal, 33% nuclear, 2% hydro and 17% purchased power and other. Peak demand in 1988 was 6,923 mw and system capability was 7,975 mw for a capacity margin of 13%. Gas sales in 1988 of 73,892 MMcf, were up from 64,231 MMcf in 1987.

NSP's nuclear plants consistently rank among the highest rated facilities in the nation. The company's coal facilities, which use low-sulfur coal and are equipped with emissions control equipment, would be expected to exceed potential national requirements for acid rain. In the 1990's, NSP may increase its power purchases and also the company may build peaking facilities.

Dividend Data

Dividends have been paid since 1910. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.53	Mar. 22	Mar. 28	Apr. 3	Apr. 20'89
0.55½	Jun. 28	Jul. 3	Jul. 10	Jul. 20'89
0.55½	Aug. 23	Sep. 26	Oct. 2	Oct. 20'89
0.55½	Dec. 20	Dec. 26	Jan. 2	Jan. 20'90

Next dividend meeting: late Mar. '90.

Capitalization

Long Term Debt: $1,306,400,000.

Cum. Preferred Stock: $300,500,000.

Common Stock: 62,541,000 shs. ($2.50 par).
Institutions hold about 42%.
Shareholders of record: 78,001.

Office—414 Nicollet Mall, Minneapolis, Minn. 55401 **Tel**—(612) 330-5500 **Chrmn, Pres & CEO**—J. J. Howard **Secy**—A. D. Brusven **VP-Treas & Investor Contact**—J. O. Cox **Dirs**—D. A. Christensen, W. J. Driscoll, N. B. Grossman, D. L. Haskenstad, J. J. Howard, A. F. Jacobson, D. W. McCarthy, J. E. Pearson, W. G. Phillips, G. M. Pieschel, M. R. Preske, D. B. Reinhart, A. P. Sampson **Transfer Agent**—Company's office **Registrar**—Norwest Bank Minneapolis. **Incorporated** in Minnesota in 1909. **Empl**—7,504.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Northern Telecom

1700M

NYSE Symbol NT Options on CBOE (Mar-Jun-Sep-Dec) & Toronto (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
21 3/8	22 1/2-14 1/4	34	[1]0.28	[1]1.3%	A-	1.26

Summary

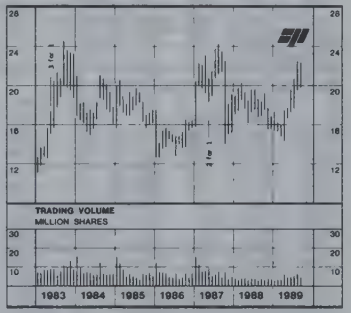
Northern Telecom (52%-owned by Bell Canada) is the largest telecommunications equipment manufacturer in Canada and second only to AT&T in North America. The company is a leader in digital central office switching equipment technology. NT anticipated that sales and earnings for 1989 would increase, partly reflecting streamlining and restructuring programs.

Current Outlook

Earnings for 1989 are estimated at $1.30 a share, versus 1988's $0.70, which includes a $0.57 nonrecurring charge. Earnings for 1990 are tentatively projected at $1.60 a share.

The dividend is expected to remain at $0.07 quarterly.

Revenues for 1989 should increase moderately, as soft demand for central office switches and lower prices are offset by increased shipments of add-on features such as the DMS SuperNode. Margins are likely to be substantially unchanged, as volume and pricing pressure on some product lines is offset by the higher margins on recently introduced products.



Revenues (Million U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	1,380	1,218	1,143	970
Jun.	1,524	1,407	1,253	1,067
Sep.	---	1,249	1,158	1,032
Dec.	---	1,533	1,299	1,314
	---	5,408	4,854	4,384

Revenues for the six months ended June 30, 1989 increased 11%, year to year (1988 restated). Margins narrowed, and operating income declined 13%. With a 71% rise in investment and other income, pretax income decreased 7.5%. After taxes at 29.0%, versus 27.8%, net income was down 9.0%. Earnings per share were $0.49, compared with $0.56.

Common Share Earnings (U.S. $)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.23	0.23	0.19
Jun.	0.29	0.33	0.31	0.25
Sep.	E0.30	0.23	0.28	0.26
Dec	E0.51	d0.09	0.57	0.54
	E1.30	0.70	1.39	1.23

Important Developments

Aug. '89— NT planned to extend a stock repurchase program until September 6, 1990, subject to regulatory approval, which would allow the repurchase of up to 10 million common shares (4.2% of the total outstanding) beginning September 7, 1989. Under a program begun a year earlier, NT repurchased 1,109,500 shares. The shares would be bought at market prices, and may be repurchased to prevent dilution resulting from new shares being issued under employee and shareholder plans. Earlier, NT said that barring an economic downturn, it expected 1989 as a whole to produce revenue and earnings growth, reflecting increased sales in both the North American and offshore markets, and the benefits of restructuring and streamlining programs. Order input during the 1989 second quarter was $1.59 billion, up 16%, year to year. The order backlog at June 30, 1989 was $1.70 billion, up 16%, year to year.

Next earnings report expected in late October.

Per Share Data (U.S. $)

Yr. End Dec. 31	[2]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	10.16	9.84	8.06	6.93	5.97	5.14	3.74	3.33	2.86	3.44
Earnings[3]	0.70	1.39	1.23	1.16	1.05	0.83	0.59	0.49	d0.09	0.53
Dividends	0.26	0.23	0.20	0.18 1/6	0.15 1/2	0.16 1/6	0.13 1/2	0.13 7/6	0.14 3/6	0.12 1/6
Payout Ratio	38%	17%	16%	16%	15%	20%	23%	29%	NM	25%
Prices—High	20 1/4	24 1/4	17 1/2	20 5/6	21 1/6	24 5/6	12 1/6	8 1/2	8	7 7/6
Low	15 1/2	14	12 5/6	15 5/6	14 7/6	11 1/6	5 1/2	4 1/2	4 1/4	5 1/6
P/E Ratio—	29-22	17-10	14-10	18-13	20-14	30-13	21-9	17-9	NM	15-10

Data as orig. reptd., conv. from Can. $ to U.S. $ at yr.-end exch. rates. Adj. for stk. div(s). of 100% May 1987, 200% May 1983. 1. In U.S. funds, bef. 15% Canadian tax on nonresidents. 2. Reflects accounting change. 3. Bef. spec. item(s) of +0.15 in 1983, +0.03 in 1982, +0.07 in 1981, -0.68 in 1980. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,407	704	13.0	501	313	67.4	235	22.0%	[3]103	3.4
1987	4,853	723	14.9	417	270	65.6	489	29.0%	[3]347	7.2
1986	4,384	663	15.1	304	249	50.0	441	29.0%	313	7.1
1985	4,160	615	14.8	446	200	51.1	425	30.8%	294	7.1
1984	3,315	535	16.1	431	176	50.6	372	32.0%	253	7.6
1983	2,656	372	14.0	303	126	8.5	261	30.1%	183	6.9
1982	2,468	319	12.9	205	138	32.2	172	28.5%	123	5.0
1981	2,167	259	12.0	177	101	54.1	132	22.9%	102	4.7
1980	1,720	114	6.6	189	96	37.6	d12	NM	d18	NM
1979	1,627	239	14.7	149	82	32.7	128	23.8%	97	6.0

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	79	2,642	2,155	1.2	5,878	3.4%	578	2,431	3,636	15.9	6.9%
1987	122	2,001	1,430	1.4	4,869	7.8%	225	2,333	3,048	7.4	15.5%
1986	362	2,184	995	2.2	3,961	8.4%	101	1,895	2,575	3.9	16.3%
1985	82	1,884	952	2.0	3,488	8.9%	108	1,615	2,216	4.9	17.9%
1984	72	1,801	937	1.9	3,073	9.4%	100	1,379	1,904	5.3	18.7%
1983	87	1,265	701	1.8	2,310	8.2%	102	1,178	1,351	7.6	17.7%
1982	122	1,069	551	1.9	1,985	6.4%	199	816	1,085	18.3	15.9%
1981	22	986	563	1.8	1,810	5.8%	207	719	1,000	20.7	15.2%
1980	11	879	500	1.8	1,662	NM	269	610	961	28.0	NM
1979	6	837	360	2.3	1,613	6.7%	164	785	1,038	15.8	14.0%

Data as orig. reptd.; conv. from Can. $ to U.S. $ at yr.-end exchange rates. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1983, 1982, 1981, 1980, 1978. 3. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Northern Telecom Ltd. is the largest manufacturer of telecommunications equipment in Canada, and the second largest (to AT&T) in North America. Revenues sources in recent years:

	1988	1987
Central office switching	53.8%	53.1%
Business systems	24.3%	26.8%
Transmission	10.6%	10.3%
Cable & outside plant	8.3%	8.4%
Other	3.0%	1.4%

Sales in the U.S. accounted for 62.0% of revenues in 1988, those in Canada 34.2%, and other sales 3.8%.

NT's telecommunications products include both digital and analog central telephone office switching systems, subscriber apparatus (such as telephone sets), business communications systems, transmission equipment, and wire, cable and related outside plant products. Principal customers are telephone operating companies in Canada and the U.S.

Bell-Northern Research Ltd., 70% owned (Bell Canada owns the balance) is Canada's largest industrial R&D organization and is active in all phases of telecommunications research.

Dividend Data

Dividends have been paid since 1974. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.07	Nov. 17	Dec. 5	Dec. 9	Dec. 30'88
*0.07	Feb. 23	Mar. 6	Mar. 10	Mar. 31'89
*0.07	May 25	Jun. 5	Jun. 9	Jun. 30'89
*0.07	Jul. 27	Sep. 1	Sep. 8	Sep. 29'89

*U.S. funds, bef. 15% Canadian withholding tax.

Next dividend meeting: mid-Nov.'89.

Capitalization

Long Term Debt: $770,800,000 (U.S.).

Red. Cum. Pfd. Stk.: $167,800,000.

Common Stock: 240,521,417 shs. (no par).
BCE, Inc. owns 53%.
Institutions hold some 19%.
Shareholders of record: 15,126.

Office—3 Robert Speck Parkway, Mississauga, Ontario, Canada L4Z 2G5. Tel—(416) 897-9000. Chrmn—E B Fitzgerald. Vice Chrmn & CEO—P G Stern. Pres—D G Vice. Secy—L Gauvin. Treas—J E Wilkinson. Investor Contact—N Thomas. Dirs—I A Barclay, O B Butler, J V R Cyr, A J deGrandpre, E B Fitzgerald, J B. Gordon, D. S. Harvie, R S Hurlbut, B Kennedy, B K Kuhn, W. F. Light, E P Lougheed, D. L. Nicolson, P. F. Oreffice, C. Perrault, W M Robinson, Jr., D. J. Schuenke, W M Sobey, P G Stern, D. G Vice. U.S. Transfer Agents & Registrars—Manufacturers Hanover Trust Co., NYC; Continental Illinois National Bank & Trust Co., Chicago. Incorporated in Canada in 1914. Empl—50,136.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H Terrance Riley III, CFA

North-West Telecommun.

4837K

NASDAQ Symbol NOWT (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
40¼	41-18⅜	63	0.528	1.3%	B+	0.21

Summary

North-West is a broad-based, independent telecommunications firm whose interests include telephone service and sales, cable television, data processing services, telephone directory publishing, printing and cellular mobile telephone service. A three-for-two stock split was effected in mid-1989. In September 1989, the company and its financial advisor, Morgan Stanley & Co., were exploring a variety of alternatives for North-West.

Business Summary

North-West Telecommunications, Inc. was formed in 1982 as a holding company by North-West Telephone Co. (its principal subsidiary) to meet wide-ranging future telecommunications needs and opportunities outside the normal scope of utility company operations. The company now is also active in the cable TV service and printing and publishing fields.

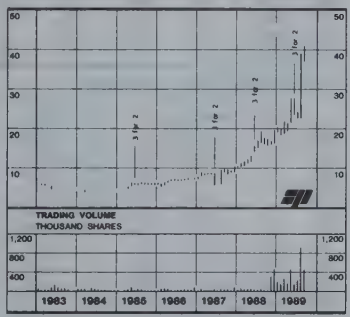
Revenues and operating income (in 000s) for 1988 were derived from:

	Revs.	Income
Telephone serivce	72%	$8,311
Printing & publishing	25%	-306
Cable TV service	3%	124

North-West Telephone is the largest of four subsidiaries that furnish local and long-distance service to customers located in 30 exchanges throughout Wisconsin. At 1988 year-end, they were providing service to approximately 63,100 customers. The territories served are primarily small cities and their surrounding rural areas; the largest communities are Tomah and Ripon.

In addition, the company provides cellular mobile telephone service in the Milwaukee, Appleton, Green Bay and Eau Claire areas of Wisconsin, sells terminal equipment through its North-West Telecom Systems unit and performs certain data processing services for unaffiliated telephone companies through its North-West Datatech Corp. subsidiary.

Gronseth Directory Service Corp. in 1988 published 183 directories for 241 telephone utilities located in 28 states and two directories independent of any affiliation with telephone utilities. Sentinel Printing Co. is a full-service printer, producing many of the directories published by Gronseth.



Through Platteville Cable, a unit of one of its telephone companies, the company operates cable television systems in six communities in southwestern Wisconsin. At 1988 year-end, Platteville Cable was serving about 6,500 subscribers (see Finances). In June 1988, North-West sold its NorCom Video subsidiary (consisting of two CATV systems in Minnesota) for $9.5 million, recognizing an after-tax gain of about $4.3 million ($0.90 a share, as adjusted).

Important Developments

Sep. '89— The company said that with its financial advisor, Morgan Stanley & Co., it was continuing a study of a variety of strategic alternatives. As part of the study, Morgan Stanley was authorized to contact a select group of companies to investigate their interest in a business combination with North-West.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	[1]1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	6.72	4.98	3.27	4.41	3.99	3.93	3.97	3.77	3.31	3.03
Earnings[2]	[3]1.69	0.73	0.60	0.58	0.51	0.34	0.47	0.77	0.61	0.59
Dividends	0.42⅝	0.39¼	0.34	0.31⅜	0.28⅝	0.28⅝	0.27¼	0.24⅜	0.23⅛	0.18½
Payout Ratio	25%	53%	57%	54%	55%	83%	59%	31%	41%	31%
Prices—High	19⅝	10½	7⅜	8⅜	4⅝	6	5½	4½	4	NA
Low	9¾	7⅜	5⅛	4¼	3⅝	4⅝	4⅛	3⅜	3¼	NA
P/E Ratio—	12-6	14-10	13-9	11-7	9-7	18-13	12-9	6-5	7-4	NA

Data as orig. reptd. Adj. for stk. divs. of 50% Jun. 1989, 50% Jun. 1988, 50% Jun. 1987, 50% Jun. 1985, 10% Jan. 1980, 10% May 1979
1. Refl. merger or acq. 2. Bef. results of disc. ops. of +0.01 in 1986, -0.13 in 1985 & spec. item of +0.04 in 1988. 3. Incl. inc. from sale of cable props. NA-Not Available.

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4837K

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	51.7	16.3	31.4	10.4	7.53	5.27	[1]12.0	33.1%	8.01	15.5
[2]1987	50.0	15.3	30.5	10.8	7.21	5.65	[1]4.1	16.8%	3.38	6.8
[2,3]1986	31.2	14.4	46.1	21.8	7.08	4.57	[1]3.7	25.5%	2.78	8.9
[3]1985	29.1	14.0	48.2	8.9	7.50	4.23	[1]3.6	24.5%	2.68	9.2
[2]1984	39.2	14.0	35.6	9.3	7.00	4.44	[1]3.5	30.8%	2.42	6.2
[2]1983	35.0	12.4	35.4	15.5	7.10	4.49	[1]1.5	NM	1.63	4.7
1982	24.1	11.9	49.2	12.6	6.20	3.28	2.9	24.2%	2.22	9.2
1981	23.4	12.8	54.8	12.1	5.59	2.51	5.2	30.3%	3.63	15.5
1980	20.4	11.5	56.5	7.0	5.42	2.45	3.8	29.4%	2.66	13.1
1979	17.7	9.9	55.8	9.1	4.40	2.40	3.1	28.4%	2.21	12.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	12.0	30.2	20.1	1.5	119	6.1	47.0	45.2	97.2	48.3	21.6
1987	14.9	28.6	27.2	1.1	117	2.9	59.5	23.8	88.0	67.6	14.7
1986	13.4	27.8	20.0	1.4	112	2.7	63.3	22.0	89.3	70.8	13.0
1985	11.4	24.6	21.1	1.2	92	3.0	44.7	20.8	68.8	65.0	13.1
1984	11.6	22.0	15.2	1.4	89	2.8	50.3	20.2	73.9	68.1	12.3
1983	9.8	17.7	13.4	1.3	84	2.1	48.5	19.6	70.9	68.3	8.4
1982	3.5	6.7	5.9	1.1	73	3.2	44.2	19.6	67.5	65.5	11.6
1981	1.9	6.1	6.6	0.9	66	5.8	37.3	18.3	59.3	63.0	21.3
1980	3.7	6.2	4.1	1.5	60	4.1	37.0	15.7	55.5	66.7	17.8
1979	0.7	3.5	5.6	0.6	55	4.1	36.2	11.4	49.8	72.7	20.7

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Refl. merger or acq. 3. Excl. disc. ops. NM-Not Meaningful

Oper. Revenues (Million $)

Quarter:	1989	1988	1987	[1]1986
Mar.	12.45	12.10	11.60	7.26
Jun.	13.68	13.03	12.42	6.88
Sep.		14.00	13.59	7.81
Dec.		12.60	12.40	9.27
		51.73	50.01	31.23

For the six months ended June 30, 1989, operating revenues advanced 4.0%, year to year. Profitability was hurt by start-up expenses associated with cellular rural service area activity, increased publishing and printing costs and lower-than-expected margins in the telephone equipment sales and service subsidiary. After-tax income fell 28%, to $1,536,000 ($0.27 a share, based on 22% more shares), from $2,138,000 ($0.46, as adjusted). Results for the 1988 period exclude a $1.03-a-share gain from the sale of cable properties.

Common Share Earnings ($)

Quarter:	1989	[1]1988	1987	[2]1986
Mar.	0.15	0.21	0.29	0.15
Jun.	0.12	0.25	0.14	0.11
Sep.		0.18	0.26	0.15
Dec.		0.19	0.03	0.19
		0.83	0.73	0.60

1. Excl. income from sale of cable props. 2. Fr. contg. ops. as of year-end.

Dividend Data

Cash has been paid each year since 1935.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.165	Aug. 4	Oct. 5	Oct. 12	Oct. 31'88
0.165	Dec. 16	Jan. 6	Jan. 12	Jan. 31'89
0.165	Mar. 15	Apr. 11	Apr. 17	May 1'89
3-for-2	May 12	Jun. 23	Jun. 1	Jun. 22'89
0.132	May 11	Jul. 6	Jul. 12	Aug. 1'89

Finances

In September 1989, management reported that the closing on a letter of intent signed in April 1989 had been delayed to October 31. The letter covered the sale of five of six CATV franchises held by Platteville Cable to Leonard Communications. The properties being sold serve about 3,700 subscribers, while the franchise being retained serves more than 2,700 subscribers.

Capitalization

Long Term Debt: $49,013,000 (6/89).

Common Stock: 3,625,689 shs. ($5 par); entitled to one vote per sh. & 110% of div. payable on Class B.

Class B Common Stock: 2,038,962 shs. ($5 par); entitled to 10 votes per sh.
Officers & directors own some 65%.

Office—201 Main St., P.O. Box 1148, La Crosse, Wis. 54602 **Tel**—(608) 784-8920 **Pres & CEO**—H. W. Wellenkotter **VP-Fin & Treas**—T. M. Murphy **VP & Secy**—H. H. Bell **Investor Contact**—Hugh H. Williams **Dirs**—P. G. Allen, H. H. Bell, W. R. Johnson, W. P. Knowles, W. R. Kopp, G. W. Mulder, C. F. Poehlmann, J. B. Torinus Jr., H. W. Wellenkotter **Transfer Agent**—First Wisconsin Trust, Milwaukee **Registrar**—Milwaukee Co. **Incorporated** in Nevada in 1982; North-West Telephone Co. incorporated in Wisconsin in 1925 **Empl**—577

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Shayna J. Malnak

Northrop Corp.

NYSE Symbol NOC Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'89	1989–90					
18	29¾–16	NM	1.20	6.7%	B	0.90

Summary

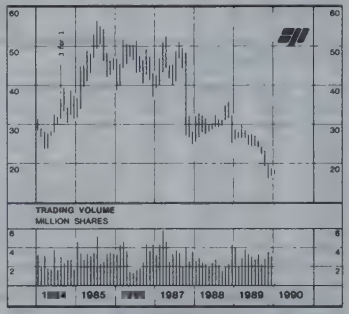
Northrop is an important manufacturer of military aircraft, with programs for production of the B-2 Stealth bomber and development of the Tacit Rainbow missile plus subcontractor production of the Navy's F/A-18 and the 747. NOC is competing for development of the Air Force's Advanced Tactical Fighter (ATF). It is also a leading producer of defense electronics. Future earnings could be affected by delays or reductions of the B-2 and other development programs because of Federal budget problems.

Current Outlook

Earnings for 1990 are projected at $2.25 a share, versus 1989's estimated loss of $0.40.

Dividends should continue at $0.30 quarterly.

Revenues for 1990 should be slightly below the 1989 level. A small decline is likely for the aircraft segment, reflecting lower revenues from the development portion of the B-2 contract and fewer F/A-18 shipsets. Margins should improve as a result of staff reductions and assuming smaller writeoffs. Electronics sales should also be modestly lower, reflecting reduced funding on some programs, with wider margins resulting from probable smaller writeoffs. Interest expense should be somewhat higher.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,281	1,369	1,407
Jun.	---	1,397	1,346	1,420
Sep.	---	1,246	1,358	1,459
Dec.	---	---	1,726	1,767
	---	---	5,797	6,053

Sales for the first nine months of 1989 declined 3.6%, year to year. Reflecting larger contract writeoffs, there was a net loss of $46.9 million ($1.00 a share), versus a profit of $55.2 million ($1.18, before a $2.87 special credit).

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.45	0.21	0.10	0.87
Jun.	E0.55	d1.67	0.47	d0.33
Sep.	E0.60	0.46	0.61	0.73
Dec.	E0.65	E0.60	d1.83	0.74
	E2.25	Ed0.40	d0.65	2.01

Important Developments

Nov. '89— The company commented that congressional authorization of production of two B-2 bombers in 1990 and long-lead funding of five for 1991 demonstrated that production of the aircraft would go ahead.

Nov. '89— Northrop delivered the first YF-23 ATF prototype to the Air Force for testing. However, the program has been delayed for six months, and the company was negotiating with the Air Force for payments to cover cost of the delay.

Oct. '89— Northrop reported that an $8 million writeoff on the F-15 ECM development contract in the third quarter had brought electronics segment writeoffs to $60 million for the nine months of 1989. Also, there was a $150 million writeoff on a classified program in the second quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	21.40	20.23	19.29	19.42	15.72	12.64	10.87	11.32	11.27
Earnings[1]	NA	d0.65	2.01	0.89	4.63	3.63	2.21	0.12	1.10	2.01
Dividends	1.20	1.20	1.20	1.20	1.20	0.90	0.60	0.60	0.60	0.60
Payout Ratio	NA	NM	60%	136%	26%	25%	27%	NM	56%	30%
Prices—High	29¼	35⅞	52⅝	51⅝	56⅝	39½	32¾	25⅞	21	20⅝
Low	16	25⅛	24¾	36⅞	31⅝	23¾	21⅞	13⅛	11	12½
P/E Ratio—	NA	NM	26–12	58–41	12–7	11–7	15–10	NM	19–10	10–6

Data as orig. reptd. Adj. for stk. div(s). of 200% Sep 1984. 1. Bef. spec. item(s) of +2.88 in 1988. NM-Not Meaningful. d-Deficit. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	5,797	266	4.6	254	241	81.7	d54	NM	d31	NM
1987	6,052	414	6.8	294	247	50.5	137	31.4%	94	1.6
1986	5,608	296	5.3	364	226	28.9	50	16.8%	41	0.7
1985	5,057	501	9.9	384	193	17.4	348	38.4%	214	4.2
1984	3,688	382	10.3	345	138	7.8	242	31.0%	167	4.5
1983	3,261	250	7.7	293	110	15.3	153	34.1%	101	3.1
1982	2,473	d6	NM	377	61	4.8	d37	NM	5	0.2
1981	1,991	54	2.7	190	41	7.5	68	29.2%	48	2.4
1980	1,655	138	8.3	121	30	2.9	140	38.4%	86	5.2
1979	1,582	159	10.1	70	27	2.9	158	42.8%	90	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	4	1,615	1,494	1.1	3,139	NM	551	1,004	1,618	34.1	NM
1987	5	1,567	2,053	0.8	3,124	3.2%	3	948	1,042	0.3	10.2%
1986	5	1,161	1,709	0.7	2,699	1.6%	4	899	962	0.5	4.6%
1985	7	931	1,344	0.7	2,333	10.0%	5	899	956	0.6	26.4%
1984	4	743	1,146	0.6	1,957	9.4%	8	725	733	1.1	25.5%
1983	60	577	930	0.6	1,596	6.8%	11	577	587	1.8	18.8%
1982	125	512	776	0.7	1,353	0.4%	15	494	508	2.9	1.1%
1981	194	726	667	1.1	1,257	3.8%	15	507	522	2.8	9.5%
1980	311	842	660	1.3	1,234	7.7%	19	482	502	3.9	19.0%
1979	149	885	480	1.4	990	9.4%	23	420	444	5.2	23.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol subs. 2. Bef. spec. item(s) in 1988. d-Deficit. NM-Not Meaningful.

Business Summary

NOC is a diversified manufacturer whose sales and profits by major industry segment in 1988 were:

	Sales	Op. Inc.
Aircraft	80%	68%
Electronics	17%	30%
Services	3%	2%

Sales to U.S. Government accounted for 92% of sales in 1988.

The major aircraft program is the B-2 stealth bomber, production of which began in 1988. Northrop is major subcontractor on the F/A-18 multimission plane, producing 40% of its content. It is also subcontractor for fuselage sections of the Boeing 747. The F-5, in production for more than 20 years, is being phased out. The Tacit Rainbow radar-suppression missile is under developement, and NOC is teamed with McDonnell Douglas for development of the YF-23 Advanced Tactical Fighter.

Northrop is an important supplier of electronic countermeasures equipment, makes precision navigation systems, gyroscopes and guidance packages, and electro-optical systems.

Service activities include aircraft maintenance and base support services for the U.S. Government.

Dividend Data

Dividends have been paid since 1951. A reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 15	Feb. 21	Feb. 27	Mar. 11'89
0.30	May 17	May 23	May 30	Jun. 10'89
0.30	Aug. 16	Aug. 22	Aug. 28	Sep. 9'89
0.30	Nov. 15	Nov. 20	Nov. 27	Dec. 9'89

Next dividend meeting: Feb. 21 '90.

Capitalization

Long Term Debt: $551,000,000.

Common Stock: 46,955,990 shs. ($1 par).
Employees' Savings Plan holds about 23%.
Institutions hold approximately 55%.
Shareholders of record: 14,440.

Office—1840 Century Park East, Los Angeles, Calif. 90067-2199. **Tel**—(213) 553-6262. **Chrmn**—T. V. Jones. **Pres & CEO**—K. Kresa. **Secy**—S. M. Gibbons. **VP-Treas**—J. R. Rettburg. **SVP & Investor Contact**—J. B. Campbell. **Dirs**—H. P. Allen, W. F. Ballhaus, R. J. Flamson III, I. A. Getting, R. E. Horner, T. V. Jones, E. M. Jorgensen, T. Killefer, K. Kresa, R. L. Long, F. J. Manzella, C. W. Robinson, G. T. Scharffenberger, O. M. Wilson. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in California in 1939; reincorporated in Delaware in 1985. **Empl**—44,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T. Canning, CFA

Norton Co.

1705K

NYSE Symbol NRT Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
52½	61¼-44¾	12	2.00	3.8%	B+	0.97

Summary

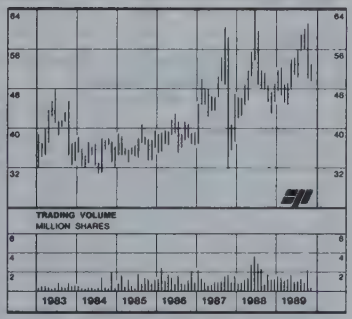
Norton is the world's largest producer of abrasives, manufactures ceramics, plastics and chemical process products, and through subsidiaries is a leading supplier of drilling products and services for the energy industry. In October, 1989 NRT said that it was considering the possible sale or other disposition of all or part of its wholly owned subsidiary, Eastman Christensen Co.

Current Outlook

Earnings for 1990 (for the company as now constituted) are projected at $4.75 a share, versus 1989's estimated $4.65.

Dividends should continue at $0.50 quarterly.

Sales for 1990 may rise slightly, reflecting sluggish economic growth. Abrasives and engineering materials earnings should be little changed as the weak manufacturing sector of the economy places downward pressure on some product prices and, thus, narrows profit margins. However, Eastman Christensen's income will probably increase moderately, as expected heavier oil and gas drilling activity outweighs the impact of a full year's financing costs associated with its buyback.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	388	355	294	293
Jun.	392	363	323	295
Sep.	369	341	300	260
Dec.	---	352	343	259
	---	1,410	1,261	1,107

Sales for the first nine months of 1989 rose 8.6%, year to year. With sharply higher earnings from engineering materials and drilling products, and despite essentially flat profits from abrasives, net income was up 11%, to $3.66 a share from $3.31, before special tax credits of $0.21, versus $0.37.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.37	1.27	0.64	0.83
Jun.	1.38	1.17	1.07	0.86
Sep.	0.91	0.87	0.58	0.30
Dec.	E0.99	0.75	0.68	d3.62
	E4.65	4.06	2.97	d1.63

Important Developments

Oct. '89— NRT said that it was considering the possible sale or other disposition of all or part of its wholly owned subsidiary, Eastman Christensen (EC). In June NRT acquired through subsidiary companies the 50% partnership interest of EC that it did not already own from Texas Eastern Corp. for $115 million. For the 12 months ended November 30, 1988 EC generated pretax income of $23 million on revenues of $221 million.

Nov. '88— NRT began a $5.5 million project to convert part of its Carborundum complex in Wheatfield, N.Y., into a manufacturing plant for seeded-gel abrasives. The plant, which would be operational within six months, would make NRT's revolutionary abrasive grains that are used in many high performance bonded and coated abrasives.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	1984	[1]1983	[1]1982	[1]1981	1980	1979
Tangible Bk. Val.	25.12	23.01	20.22	24.10	30.52	30.57	30.04	32.48	30.58	27.00
Earnings[2]	[3]4.06	2.97	d1.63	d6.50	3.04	2.45	1.13	5.57	5.25	4.89
Dividends	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.85	1.65	1.38¾
Payout Ratio	49%	67%	NM	NM	66%	82%	180%	32%	31%	28%
Prices—High	64	60½	43	40¾	38¼	47⅞	43	62	61	35⅛
Low	42	31¾	35	33	30¾	32	23¾	37¾	30¼	22
P/E Ratio—	16-10	20-11	NM	NM	13-10	20-13	38-21	11-7	12-6	7-4

Data as orig. reptd. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.49 in 1988, +0.23 in 1987 3. Ful. dil. 3.93 in 1988 NM-Not Meaningful d-Deficit. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[1]1988	1,410	199	14.1	67	47.6	16.5	139	38.9%	85	6.0
[1]1987	1,261	151	11.9	70	42.3	23.5	97	36.8%	[3]62	4.9
[1]1986	1,107	140	12.6	74	48.5	19.9	d14	NM	[3]d33	NM
[1]1985	1,193	122	10.2	87	53.4	23.6	d178	NM	d130	NM
1984	1,210	146	12.1	68	50.9	22.0	106	42.7%	60	5.0
[1]1983	1,128	106	9.4	57	48.7	29.9	72	36.6%	45	4.0
[1]1982	1,264	129	10.2	115	46.5	37.8	44	55.6%	19	1.5
[1]1981	1,335	221	16.6	105	43.3	39.5	167	42.9%	[3]95	7.1
1980	1,282	185	14.4	111	39.0	31.4	144	39.9%	87	6.8
1979	1,133	168	14.8	74	31.5	18.6	136	41.0%	80	7.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	32	556	258	2.2	1,088	8.0%	154	582	766	20.0	15.4%
1987	24	551	280	2.0	1,038	6.2%	156	519	688	22.6	12.6%
1986	37	484	235	2.1	949	NM	151	453	618	24.4	NM
1985	81	545	238	2.3	1,002	NM	152	499	665	22.8	NM
1984	127	598	224	2.7	1,060	5.7%	161	625	821	19.6	9.7%
1983	140	588	218	2.7	1,043	4.2%	162	617	809	20.0	7.4%
1982	44	530	232	2.3	1,008	1.9%	186	544	759	24.4	3.5%
1981	53	606	258	2.3	1,019	9.6%	179	545	748	23.9	18.0%
1980	59	584	238	2.5	953	9.8%	166	512	699	23.7	18.0%
1979	19	504	224	2.3	812	10.5%	107	451	573	18.6	19.0%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change. 4. Bef. spec. item(s) in 1988, 1987 NM-Not Meaningful. d-Deficit

Business Summary

Norton is the world's largest producer of abrasive products; makes engineering materials; and through subsidiaries is a major provider of drilling products and services. Contributions by business segment:

1988	Sales	Profits
Abrasives	67%	58%
Engineering materials	33%	35%
Petroleum & mining	---	7%

International sales amounted to 47% of total sales and 44% of operating profits in 1988.

Abrasives products include bonded abrasives (grinding wheels), coated abrasives (sandpaper), superabrasives (diamond and cubic boron nitride wheels and tools), and construction products (masonry and concrete cutting machines).

Engineering materials include three business units: advanced ceramics (composed of abrasive materials, industrial ceramics and high-performance ceramics), performance plastics and chemical process products.

In late June, 1989 NRT acquired through subsidiary companies the 50% partnership interest of Eastman Christensen (EC) that it did not already own from Texas Eastern Corp. EC provides natural and synthetic diamond-drilling and coring bits, downhole tools, measurement-while-drilling systems, and directional drilling and surveying. NRT also produces proppants in a joint venture with Alcoa.

Dividend Data

Dividends have been paid since 1922. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 26	Feb. 7	Feb. 13	Mar. 6'89
0.50	Mar. 30	May 9	May 15	Jun. 5'89
0.50	Jul. 27	Aug. 9	Aug. 15	Sep. 5'89
0.50	Oct. 27	Nov. 7	Nov. 13	Dec. 4'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $154,400,000, incl. $100 million of 7¾% debs. conv. at $55 a sh.

Common Stock: 20,919,160 shs. ($5 par).
Institutions hold some 71%.
Shareholders of record: 5,975.

Office—120 Front St., Worcester, Mass. 01608-1446. **Tel**—(508) 795-5000 **Chrmn & Pres**—J. M. Nelson **VP-Secy**—W. F. Whitney, Jr **VP-Treas**—G. A. Fuller **Investor Contact**—Andrea Michaels **Dirs**—J. T. Bok, E. P. Casey, R. Chapin, E. R. Corey, R. F. Cox, W. F. Glavin, G. B. Harvey, T. A. Holmes, K. N. Kermes, M. F. Mee, B. F. Meyer, J. M. Nelson, F. T. Vincent, Jr. **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Massachusetts in 1885 **Empl**—16,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

A M Sorrentino, CFA

Norwest Corp.

NYSE Symbol NOB In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
21¼	24⅛-15⅞	9	0.82	3.9%	B+	0.89

Summary

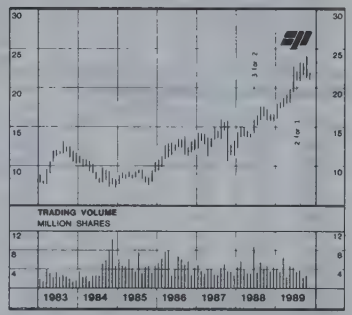
This Minneapolis-based holding company owns banks in seven north-central states and Arizona, and has substantial consumer and commercial finance and mortgage banking operations nationwide. In September, 1989 NOB agreed to acquire First Interstate Corp. of Wisconsin, a $1.7 billion asset bank holding company, for about $215 million in stock. The shares were split 2-for-1 in July, 1989.

Current Outlook

Earnings for 1990 could reach $2.75 a share, up from the $2.53 projected for 1989, after giving effect to the 2-for-1 split.

Dividends were raised 11%, to $0.20½ from $0.18½, with the September, 1989 declaration.

Loans should continue their moderate uptrend through 1990, despite a slowing in the regional economy, as NOB has emerged from its restructuring phase and could increase its market share. Domestic loan quality has improved (nonperforming domestic loans were 0.80% of loans at September 30, versus 0.94% a year ago), benefiting the net interest margin. LDC loans are minimal. NOB has conservative levels of reserves, so that additional provisions could be moderate. NOB continues to improve the efficiency of its banks by consolidation and is developing new sources of revenues, investing heavily in the credit card business and insurance brokering. Mortgage banking is also being rebuilt, after being restructured in the mid-1980s, and could benefit from a pickup in volume. The proposed acquisition of First Interstate of Wisconsin may cause some dilution in 1990. The venture capital portfolio has about $33 million of unrealized gains.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 11%, year to year, reflecting reduced levels of nonperforming loans, growth of earning assets, and a slightly wider net interest margin. The provision for loan losses was 26% higher, at $115 million. Despite larger losses on sale of securities, higher fee income, particularly in mortgage banking and credit card operations, led to a 17% rise in noninterest income. In the absence of $27.6 million of restructuring charges, noninterest expense was up 4.0%, and pretax income rose 43%. After taxes at 26.6%, versus 7.3% (including a tax credit), net income was up 13%. Share earnings were $1.87 ($1.85 fully diluted), versus $1.66 ($1.63).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.60	0.54	0.310	0.27
Jun.	0.63	0.56	d1.765	0.29
Sep.	0.64	0.57	0.510	0.33
Dec.	E0.66	0.60	0.530	0.34
	E2.53	2.26	d0.435	1.22

Important Developments

Sep. '89— NOB and First Interstate Corp. of Wisconsin (FIW), a bank holding company with assets of $1.7 billion, announced a definitive agreement calling for the merger of FIW and NOB. FIW holders will receive NOB common stock intended to have a value of $25.50 a share, or about $215 million in total. The merger is expected to be completed in early 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.58	11.59	12.81	12.26	11.89	11.98	11.28	10.93	10.24	9.27
Earnings[2]	[3]2.260	d0.435	[3]1.22	[3]1.07	[3]0.64	[3]1.35	[3]1.03	[3]1.29	[3]1.47	[3]1.38
Dividends	0.65	0.60	0.60	0.60	0.60	0.60	0.56	0.53⅜	0.48	0.42¾
Payout Ratio	29%	NM	49%	56%	95%	44%	55%	42%	33%	31%
Prices—High	17⅝	16	13⅞	10½	11⅜	13¼	9⅝	10⅞	10⅛	9¾
Low	12¼	10⅝	9⅜	7	7¼	7⅝	5¾	7⅞	6	7¾
P/E Ratio—	8-7	NM	11-8	10-7	18-11	10-6	9-6	8-6	7-4	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1989, 50% Jul. 1988. **1.** Reflects merger or acquisition. **2.** Aft. gains/losses on sec. trans. of -0.11 in 1988, -0.01 in 1987, +0.19 in 1986, +0.06 in 1985, +0.01 in 1984, -0.01 in 1983, -0.32 in 1982, -0.32 in 1981, -0.04 in 1980, -0.04 in 1979. **3.** Ful. dil. 2.23 in 1988, 1.19 in 1986, 1.03 in 1985, 0.62 in 1984, 1.30 in 1983, 0.98 in 1982, 1.23 in 1981, 1.39 in 1980, 1.32 in 1979. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	871	32	464	128	70.9	223	5.1%	211	4.84	1.03	19.2
1987	773	47	454	376	68.3	d18	NM	d30	4.53	NM	NM
1986	761	73	497	248	67.3	147	17.2%	122	4.74	0.62	9.8
1985	753	74	460	266	66.2	105	NM	108	4.64	0.54	8.8
[1]1984	708	85	372	198	72.6	37	NM	70	4.31	0.34	5.3
[1]1983	672	69	326	137	66.3	152	17.8%	125	4.54	0.67	11.6
[1]1982	526	74	256	88	64.5	94	5.2%	89	4.43	0.57	9.2
[1]1981	434	76	202	36	62.8	104	3.6%	100	4.24	0.71	12.1
[1]1980	384	72	157	26	61.2	133	15.0%	113	4.07	0.87	15.0
[1]1979	343	63	130	20	58.4	133	20.1%	107	4.06	0.92	15.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	21,750	451	4,288	5,555	9,991	1.80	3,166	10,736	106.6	2,272	1,118	5.09
1987	20,747	955	4,908	4,850	8,832	2.93	3,023	10,621	95.7	2,136	1,028	5.58
1986	21,539	619	4,983	5,487	8,901	2.30	3,425	10,675	97.7	1,934	1,179	5.86
1985	21,419	1,479	2,912	5,930	8,736	1.92	3,467	10,869	98.1	1,871	1,094	5.35
1984	21,346	2,011	2,410	6,334	8,779	1.54	3,364	11,251	99.5	1,818	1,035	4.98
1983	19,854	1,481	2,859	5,582	8,178	1.26	3,048	10,505	98.0	1,435	1,005	5.17
1982	17,585	1,844	2,554	4,930	6,342	1.15	2,927	9,044	90.7	1,130	913	5.66
1981	15,141	1,516	2,418	4,554	4,448	0.97	2,892	8,494	77.9	457	868	5.87
1980	14,395	2,166	2,448	3,789	4,164	0.96	3,133	7,911	70.9	366	797	5.82
1979	12,416	1,007	2,106	3,322	4,458	0.95	3,089	6,484	80.0	380	719	5.90

Data as orig. reptd. **1.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Norwest Corp. is the nation's 32nd largest banking organization, with over 200 branches in Minnesota, Iowa, Nebraska, Montana, North Dakota, South Dakota, Wisconsin and Arizona. Banking services include large credit card operations (1 million accounts), trust, and insurance brokerage. Other subsidiaries engage in consumer finance (650 offices nationwide), commercial finance, mortgage banking (142 offices), venture capital ($110 million invested), and data processing for financial firms. Operating earnings (in million $) were divided in recent years:

	1988	1987	1986	1985
Banking	$155.1	-$83.0	$39.0	$42.8
Financial services	81.5	76.4	81.9	58.1
Mortgage	-9.7	2.9	0.3	14.5
Venture capital	4.3	9.7	14.5	18.9

Average earning assets of $18.7 billion in 1988 were divided: commercial loans 29%, real estate loans 19%, consumer loans 23%, investment securities 26%, other 3%. Average sources of funds were interest-free deposits 13%, other deposits 51%, borrowings 28%, equity 6% and other 4%.

At year-end 1988 nonperforming assets were $135 million (0.9% of loans and related assets), down from $372 million (2.7%) a year earlier, partly reflecting chargeoffs of LDC loans. Net chargeoffs were 1.93% of average loans in 1988, against 2.38% in 1986.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37	Jan. 24	Jan. 30	Feb. 3	Mar. 1'89
0.37	Apr. 26	May 1	May 5	Jun. 1'89
2-for-1	Jun. 27	Jul. 24	Jul. 7	Jul. 21'89
0.18½	Jul. 25	Jul. 31	Aug. 4	Sep. 1'89
0.20½	Sep. 26	Oct. 30	Nov. 3	Dec. 1'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $2,540,800,000.

Common Stock: 93,467,584 shs. ($1⅔ par).
Institutions hold about 80%.
Stockholders of record: 9,742.

Office—Norwest Center, 6th and Marquette, Minneapolis, Minn. 55479 **Tel**—(612) 667-1234 **Chrmn & CEO**—L. P. Johnson **Pres**—R. M. Kovacevich **CFO**—J. T. Thornton **Secy**—S. S. Stroup **Investor Contact**—R. S. Strickland **Dirs**—D. A. Christensen, P. M. Grieve, C. M. Harper, W. A. Hodder, G. C. Howe, Jr., L. P. Johnson, R. C. King, R. M. Kovacevich, R. S. Levitt, R. D. McCormick, J. E. Pearson, G. Rauenhorst, J. R. Spicola, D. M. Winton **Transfer Agent & Registrar**—Norwest Bank, Minneapolis **Incorporated** in Delaware in 1929. **Empl**—15,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

NOVA Corporation of Alberta

1705U

NYSE Symbol NVA Options on Toronto (Feb-May-Aug-Nov)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
7 3/8	11 7/8–7 1/8	[1]7	[2]0.52	[1]6.1%	B	NA

Summary

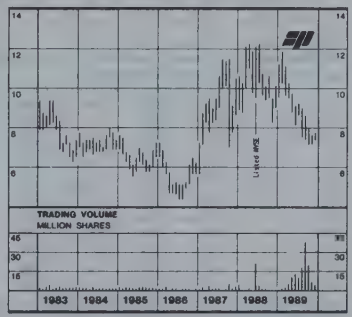
This Alberta-based energy company has interests in petrochemicals, gas transmission, pipeline development, petroleum and manufacturing. The company plans to substantially expand its pipeline system over the next six years. In September, 1989 the company sold 52.1 million common shares under rights at C$8.75 each. Earnings for the first nine months of 1989 fell sharply on higher nonoperating charges.

Current Outlook

Share earnings for 1990 are projected at C$0.95, down from the C$1.05 estimated for 1989.

Dividends are expected to continue at $C0.13 quarterly.

Profits from petrochemical operations for 1990 should remain about unchanged, as a small increase in sales volumes is offset by continued softness in prices. Pipeline profits should be higher, reflecting an increase in transmission volumes on increased demand for gas and expansion of services. Consolidated earnings are expected to be hurt by higher interest charges and additional shares outstanding.



Revenues (Million Can. $)

Quarter:	1989	1988	1987	1986
Mar.	1,297	716	542	789
Jun.	1,209	624	528	639
Sep.	1,088	1,238	585	641
Dec.	---	1,363	667	612
	---	3,941	2,322	2,681

Revenues for the nine months ended September 30, 1989 rose 39%, year to year, reflecting the September, 1988 acquisition of Polysar Energy & Chemical. Income from operations advanced 7.4%, but following sharply higher nonoperating charges, net income was down 29%, to $0.80 a share on 12% more shares, from $1.26.

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	0.51	0.36	0.09	0.04
Jun.	0.29	0.39	0.19	0.12
Sep.	Nil	0.51	0.20	0.11
Dec.	E0.25	0.50	0.22	d0.09
	E1.05	1.76	0.70	0.18

Important Developments

Oct. '89— NVA said that selling prices for its major petrochemical commodities declined between 30% and 35% since the 1989 first quarter, with the largest portion of the decline occurring in the 1989 third quarter. The company said that net income continued to be negatively affected by the high level of the Canadian dollar relative to the U.S. dollar. Separately, for the first nine months of 1989 NVA transported more than 2 Tcf of natural gas, up 3% from the year-earlier level. NVA planned to spend over $3 billion over the next six years to expand its pipeline system.

Sep. '89— NVA sold 52,127,748 common shares at $8.75 (Canadian) each in a 1-for-5 rights offering; net proceeds of about C$445 million were used for debt reduction and the redemption of preferred stock.

Next earnings report expected in mid-February.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	6.23	4.19	3.32	3.08	4.49	4.26	4.88	4.81	12.88	11.22
Earnings[3]	1.48	0.54	0.13	0.27	0.48	0.48	0.65	0.76	2.75	2.54
Dividends[2]	0.32½	0.30⅛	0.29⅜	0.29⅝	0.31	0.32½	0.32¾	NA	NA	NA
Payout Ratio	24%	64%	240%	111%	66%	68%	51%	NA	NA	NA
Prices[4]—High	12⅛	11½	7¼	7⅝	8	9⅜	9⅝	13⅝	13⅜	9½
Low	8¼	5⅝	4⅜	5½	6½	6¼	5¼	7¼	8	4⅞
P/E Ratio—	8–6	NA	NA	NA	NA	NA	NA	NA	NA	NA

Data as orig. reptd. Adj. for stk. div. of 200% in 1981. **1.** Based on current rate of exchange. **2.** In Canadian funds, bef. 15% Canadian tax on nonresidents. **3.** Bef. spec. items of -0.04 in 1986, -1.21 in 1985, +0.30 in 1984, -0.78 in 1983. **4.** Toronto S.E. prices (Can. $) prior to June 13, 1988. NA-Not Available. E-Estimated. d-Deficit.

December 28, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,304	1,033	31.3	368	213	303	558	33.8%	355	10.8
1987	1,786	556	31.1	154	137	198	209	28.5%	138	7.7
[3]1986	1,946	644	33.1	237	212	240	169	26.5%	78	4.0
1985	2,393	719	30.1	277	222	254	254	43.8%	96	4.0
1984	2,872	743	25.9	472	219	296	274	41.5%	118	4.1
1983	3,074	694	22.6	751	248	304	215	29.2%	[3]121	3.9
1982	2,847	619	21.7	993	203	326	200	24.8%	122	4.3
1981	2,250	514	22.9	1,156	157	225	199	26.7%	109	4.9
1980	1,779	452	25.4	477	135	104	255	35.4%	120	6.8
1979	1,065	319	30.0	269	83	82	212	36.9%	100	9.4

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	86	1,225	895	1.4	6,910	6.4%	3,663	1,529	5,974	61.3	26.4%
1987	57	465	404	1.2	3,604	3.1%	1,930	887	3,159	61.1	12.6%
1986	135	699	464	1.5	3,458	1.9%	1,736	471	2,953	58.8	3.8%
1985	145	797	778	1.0	4,542	2.0%	1,958	403	3,719	52.7	7.0%
1984	5	765	736	1.0	4,866	2.2%	2,176	562	4,130	52.7	10.7%
1983	60	877	829	1.1	5,464	2.2%	2,737	514	4,635	59.1	10.4%
1982	74	980	943	1.0	5,140	2.5%	2,228	567	4,196	53.1	13.2%
1981	36	805	772	1.0	4,218	1.6%	1,860	534	3,446	54.0	8.3%
1980	100	764	695	1.1	3,066	4.0%	873	444	2,372	36.8	21.5%
1979	99	686	573	1.2	2,688	4.4%	889	345	2,116	42.0	24.1%

Data as orig. reptd. **1.** Incl. Equity in earns. of nonconsol. subs. **2.** Bef. Spec. item(s) in 1986, 1985, 1984, 1983. **3.** Reflects accounting change.

Business Summary

NOVA Corporation of Alberta (formerly NOVA, AN ALBERTA CORP.) engages principally in energy activities. Contributions to revenues and profits (in Canadian $ millions) in 1988:

	Revs.	Profits
Petrochemicals	61%	$681
Pipelines	15%	286
Gas marketing	20%	5
Petroleum & Other	4%	6

Petrochemical operations conducted through wholly-owned Novacor Chemicals Ltd. and Polysar Ltd. produce products including, ethylene, styrene, propylene, polyethylene, polystyrene, methonol, and rubber.

The Alberta-based gas transmission division operates 9,222 miles of pipeline. Gas throughput in 1988 totaled 2.75 Tcf of gas (2.35 in 1987). NOVA has 50% interests in Foothills Pipe Lines (Yukon) Ltd., which is responsible for construction of the Canadian segment of the Alaska Highway Pipeline Project, Pan-Alberta Gas Ltd. and Trans Quebec & Maritimes Pipeline Inc.

Petroleum operations consist of Husky Oil Ltd. (43%-owned) and wholly-owned Novalta Resources Ltd. Other operations consist of the manufacturing and worldwide sale of pipeline valves and flow control products, and Novacorp International Consulting Ltd., which markets engineering and technical expertise worldwide.

Dividend Data

Cash has been paid each year since 1962. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.13	Feb. 24	Apr. 24	Apr. 28	May 15'89
*0.13	Jun. 23	Jul. 24	Jul. 28	Aug. 15'89
*0.13	Aug. 25	Oct. 23	Oct. 27	Nov. 15'89
*0.13	Dec. 11	Jan. 22	Jan. 26	Feb. 15'90

*Canadian funds, bef. 15% withholding tax.

Capitalization

Long Term Debt: $3,791,000,000.

Minority Interest: $8,000,000.

$1.96 Cum. Pfd. Stk.: 635,571 shs. ($26 par).

$1.90-$2.18 Cum. Pfd. Stk: 7,984,923 shs. ($25 par); in four series.

Common Stock: 297,420,000 shs. (no par). Institutions hold about 16%.

Office—801 Seventh Ave. S.W. (P.O. Box 2535), Calgary, Alberta T2P 2N6. **Tel**—(403) 290-8000. **Chrmn & CEO**—S. R. Blair. **Vice Chrmn**—H. J. S. Pearson. **Pres**—J. Butler. **CFO**—W. Wilson. **VP-Treas & Investor Contact**—R. C. Milner. **Dirs**—J. B. Aird, S. R. Blair, J. H. Butler, A. J. E. Child, R. B. Coleman, W. Comrie, W. Z. Estey, J. J. Healy, H. N. Hotchkiss, W. A. Howard, P. L. P. Macdonnell, F. A. McKinnon, H. P. Milavsky, C. L. Mort, R. A. Morton, H. J. S. Pearson, R. L. Pierce, D. K. Seaman, W. G. Wilson. **Transfer Agents & Registrars**—National Victoria and Grey Trust Co., Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver; Canada Permanent Trust Co., Regina. **Incorporated** in Alberta in 1954.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Maitke

Novo-Nordisk

NYSE Symbol NVO Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
44 1/8	52-38 3/4	14	[1]0.463	[1]1.0%	NR	0.89

Summary

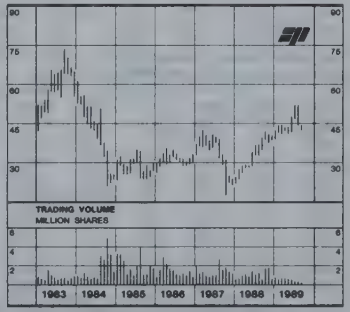
This company (formerly Novo Industri) is one of the worlds's leading producers of insulin, as well as the largest manufacturer of industrial enzymes. Other pharmaceutical and bioindustrial products are also offered. In April, 1989 Novo merged with Nordisk Gentofte A/S, a leading Danish maker of insulin and other drug products, through the issuance of some 6.1 million common shares, and changed its name to Novo-Nordisk.

Current Outlook

Earnings for 1990 are estimated at about $3.50 per ADS, up from the $3.15 indicated for 1989, assuming relative stability in the krone/dollar exchange ratio.

An annual dividend from 1988 earnings of about $0.463 (net of the 15% Danish tax) was paid May 12, 1989, compared with the $0.522 paid in May, 1988 from 1987 earnings.

Revenues for 1990 are expected to show further progress from the 6.8 billion Danish krone forecast for 1989, aided by higher sales of insulin, other pharmaceuticals, and industrial enzymes. Despite rising costs, profitability should benefit from the better volume and cost efficiencies and economies from the combination with Nordisk.



[2]Revenues (Million $)

Period:	1989	1988	1987	1986
3 Mos. Mar.	269.7	201.3	178	117.1
6 Mos. Jun.	493.0	385.9	342	260.4
9 Mos. Sep.		552.1	516	410.7
12 Mos. Dec. ...		796.0	830	580.0

Revenues (in krone) for the six months ended June 30, 1989 advanced 17%, year to year (1988 period restated for the acquisition of Nordisk). Net income rose 3.5%. Earnings per ADS were $1.74 ($1=Dkr. 7.593), versus $1.85 ($1=Dkr. 6.911).

[2]Earnings Per ADS ($)

Period:	1989	1988	1987	1986
3 Mos. Mar.	1.15	0.99	0.70	0.55
6 Mos. Jun.	1.74	2.13	1.22	1.22
9 Mos. Sep.		2.82	1.87	1.98
12 Mos. Dec. ...		3.63	3.07	2.79

Important Developments

Apr. '89— The company merged with Nordisk Gentofte A/S, a leading Danish maker of insulin and other drug products, through the issuance of some 6.1 common shares of Novo-Nordisk. Assuming Novo and Nordisk had been combined from the start of 1988, pro forma Novo-Nordisk would have had revenues of 6.3 billion Dkr., pretax income of 953 million Dkr., taxes of 292 million Dkr., and earnings of 661 million Dkr. (equal to $3.04 per ADS based on 1988 year-end exchange rates). Novo noted that the merger with Nordisk will strengthen its competitive position, especially in the insulin market; bring to Novo new pharmaceutical products, notably growth hormones; and increase its potential to produce new diabetes care, blood products and other new drugs by pooling the R & D efforts of both firms.

Next earnings report expected in mid-November.

Per ADS Data ($)

Yr. End Dec. 31	[3]1988	[3]1987	1986	1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	31.57	32.99	26.18	21.24	15.40	17.31	13.26	10.74	8.48	8.04
Earnings[4]	3.63	3.07	2.79	2.65	2.40	2.91	2.50	2.23	1.37	0.83
Dividends[5]	0.46 3/8	0.52 1/8	0.41 3/8	0.34 3/8	0.25 7/8	0.28 3/4	0.27 3/8	0.32	0.35	0.33
Payout Ratio	13%	17%	15%	13%	11%	10%	11%	14%	26%	40%
Prices—High	41 7/8	42 1/2	35 1/2	35	61 3/8	73 1/2	52	47 5/8	NA	NA
Low	21 3/4	17 1/4	25 7/8	23	20 7/8	42	34 7/8	22 3/8	NA	NA
P/E Ratio—	12-6	14-6	13-9	13-9	26-9	25-14	21-14	21-10	NA	NA

Data as orig. reptd., conv. to U.S.$ at yr.-end exchange rates, prior to 1981 data as reptd. in prospectus dated 5-29-81 (conv. at rate of $1 = Dkr. 7.3325 on 5-26-81). 1. Annual divd (approx.) paid in May 1989; net aft. 15% Danish tax to U.S. residents. 2. As orig. reptd., conv. to U.S.$ at end of period exchange rates. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of +0.19 in 1982. 5. Paid from yr.'s earns. in foll. yr. NA-Not Available.

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1705V

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	796	183	23.0	NA	47.0	29.1	132	29.5%	92.6	11.6
[3]1987	830	149	18.0	104	43.4	31.5	115	30.8%	78.3	9.4
1986	580	122	21.0	141	30.6	23.8	107	34.0%	71.0	12.2
1985	464	103	22.3	77	22.2	[4]18.6	97	30.6%	67.4	14.4
[3]1984	340	89	26.3	57	14.6	14.1	82	25.3%	60.9	17.8
1983	344	103	29.9	56	13.4	12.3	97	26.4%	71.3	20.0
1982	324	83	25.5	59	11.5	13.3	73	22.1%	[4]56.7	17.5
1981	305	77	25.1	42	10.8	14.2	61	24.0%	46.6	15.3
1980	215	84	39.0	28	9.1	10.1	33	26.5%	24.0	11.1
1979	174	59	33.8	17	8.2	8.7	19	24.8%	14.1	8.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	366	710	396	1.8	1,339	6.9%	122	802	929	13.1	11.3%
1987	334	683	345	2.0	1,346	6.4%	143	841	989	14.5	10.4%
1986	272	592	299	2.0	1,110	7.4%	125	669	800	15.7	11.7%
1985	233	475	178	2.7	816	9.4%	82	545	633	12.9	14.3%
1984	190	383	166	2.3	619	9.5%	50	394	448	11.2	14.6%
1983	179	366	140	2.6	580	13.2%	45	386	436	10.3	20.9%
1982	86	258	130	2.0	448	13.0%	53	265	319	16.6	22.2%
1981	108	264	108	2.4	422	11.4%	65	244	314	20.6	21.5%
1980	35	15	84	1.8	272	9.9%	57	131	188	30.2	21.4%
1979	16	10	60	1.7	204	7.2%	53	91	144	36.7	16.4%

Data as orig. reptd.; conv. to U.S.$ at yr.-end exchange rates; prior to 1981 data as reptd. in prospectus dated 5-29-81 & based on accounting principles generally accepted in Denmark (conv. at rate of $1 = Dkr. 7.3325 on 5-26-81). 1. Incl. equity in earns. of nonconsol. subs. aft. 1982. 2. Bef. spec. item(s) in 1982. 3. Reflects merger or acquisition. 4. Reflects accounting change. NA-Not Available.

Business Summary

This company (formerly Novo Industri), whose sales base was substantially augmented with the April, 1989 acquisition of Nordisk Gentofte A/S, is one of the world's leading producers of insulin, as well as the largest maker of indust rial enzymes. It also makes several other drug and bioindustrial products.

Pro forma sales for the combined company in 1988 broke down by product category approximately as follows: diabetes products (principally insulin) 52%, other pharmaceuticals and medical products 14%, enzymes and other bioindustrial products 29%, and A/S Ferrosan products 5%.

Geographically, pro forma 1988 sales were divided: countries in the EEC 44%, other Europe 17%, North and South America 19%, and the rest of the world 20%.

Insulin, which is used in the treatment of diabetes, is the company's principal product. Together with Nordisk, Novo estimated that it accounted for about 35.2% of the 120,000 megaunit world market in 1988. Other pharmaceutical and medical products include heparin, blood products (such as albumin and factor VIII), gynecological items, antibiotics, injection systems and pumps.

Bioindustrial consists of the following divisions: Detergent (provides enzymes to the detergent industry), Enzyme Process (serves the starch, alcohol, dairy, brewing, textile, protein, and leather industries), Wine & Juice (provides enzymes to producers of wine and fruit juice), and Biochemicals (produces bulk antibiotics).

Other operations consist primarily of A/S Ferrosan (100%-owned), which markets prescription and over-the-counter drugs and disinfectants in Scandinavia.

Dividend Data

Dividends have been paid since 1974. Payments are made in April from the prior year's earnings; under Danish law no interim payments may be made. Payment in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.463*	---	Apr. 21	Apr. 27	May 12'89

*Net after 15% Danish tax.

Capitalization

Long Term Debt: $161,789,200.

Class A Stock: About 4,813,000 shs. (DKr. 20 nom. value); 10 votes per sh.; all held by the Novo-Nordisk Foundation (which controls 68% of the voting power of the combined Class A and Class B shares).

Class B Stock: About 26,775,000 shs. (DKr. 20 nom. value). Each American Depositary Share (ADS) represents one Class B share.

Office—Novo Alle, DK-2880 Bagsvaerd, Denmark. Tel (45) 44490033. **U.S. Investor Contact**—Sarah Kendall Bayles (212-230-3288). **Chrmn**—V. Andersen. **Co-Presidents**—M. Ovlisen and H. Brennum. **VP Fin**—K. A. Nielsen. **Dirs**—V. Andersen, H. Brennum, F. Juncker, P. Marcus, J. Oest, M. Oevlisen, A. Philip, J. Ruzicka, O. Scherfig, H. Werdelin. **Depositary for American Depositary Receipts**—Morgan Guaranty Trust Co., NYC. **Incorporated** in Denmark in 1940. **Empl**—7,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B. Saffian

Nucor Corp.

NYSE Symbol NUE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
57½	67½-44⅞	20	0.44	0.8%	B+	1.30

Summary

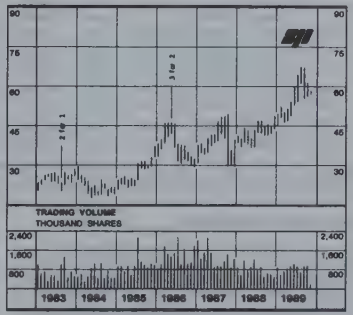
North America's third largest minimill steelmaker and the leading producer of steel joists, Nucor uses highly efficient electric arc furnaces, continuous casters and automated rolling mills. Nucor is in the process of expanding into the market for wide flange beams and sheet and strip steel. Earnings for the first nine months of 1989 were adversely affected by costs related to the start-up of a new plant and higher interest costs for NUE's ongoing expansion. Increased sales, higher margins and lower interest costs should permit higher earnings in 1990.

Current Outlook

Earnings for 1990 are projected at $3.50 a share, versus the $2.50 estimated for 1989.

The $0.11 quarterly dividend may be increased in 1990.

Sales growth for 1990 is expected to match that of 1989, as contributions from Nucor-Yamato and NUE's 800,000 ton-per-year mill to produce hot and cold rolled sheet at Crawfordsville cushion a likely drop in deck, joist and steel sales. Margins should improve, as lower raw material costs and the abatement of start-up costs offset some probable weakness in product prices. Aided further by a decline in interest expense and a level tax rate, earnings should rise. Longer-term prospects are enhanced by NUE's expansion into markets for wide flange beams and sheet and strip steel products.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	310	245	187	189
Jun.	338	273	210	197
Sep.	307	269	222	196
Dec.	---	274	233	173
	---	1,061	853	755

Sales for the nine months ended September 30, 1989 rose 21%, year to year. Margins narrowed, and after interest expense of $6.9 million, up from $394,539, pretax income fell 21%. After taxes at 32.5%, against 34.0%, net income declined 19%. Share earnings were $2.01, versus $2.50.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.75	0.81	0.51	0.56
Jun.	0.76	0.89	0.66	0.58
Sep.	0.50	0.80	0.60	0.65
Dec.	E0.49	0.84	0.62	0.38
	E2.50	3.34	2.39	2.17

Important Developments

Oct. '89— NUE reported a 38% decline in share earnings on a 14% rise in sales for 1989's second quarter. It said that earnings for 1989's first nine months and third quarter were adversely affected by significantly higher pre-operating and start-up costs for new facilities. The cost increases lowered comparative net earnings per share by more than $0.65 in the nine months of 1989, and by more than $0.05 in the third quarter. NUE said that the start-up at the new 800,000 ton-per-year steel mill to produce hot and cold rolled sheet steel, near Crawfordsville, Ind., was proceeding satisfactorily.

Nov. '88— NUE announced that it had completed the sale of its Research Chemicals operation to Rhone-Poulenc and that it had realized a net gain of $38.6 million on the sale.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	25.00	20.19	18.16	16.65	14.11	12.21	11.07	10.17	8.65	6.58
Earnings[1]	3.34	2.39	2.17	2.74	2.11	1.32	1.06	1.67	2.21	2.10
Dividends	0.40	0.36	0.31⅜	0.26¾	0.24	0.20	0.17⅜	0.16	0.14¾	0.11½
Payout Ratio	12%	15%	14%	10%	11%	15%	16%	10%	7%	5%
Prices—High	48¾	49½	46⅛	37⅛	29½	28½	21¼	27½	24¾	13½
Low	36½	29½	29⅛	20⅝	17⅜	20⅛	11½	16⅜	10	8¾
P/E Ratio—	15-11	21-12	21-13	14-8	14-8	22-15	20-11	16-10	11-5	6-3

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1988, 100% Sep. 1983, 50% Jun. 1979. 1. Bef. results of disc. opers. of +1.82 in 1988. E-Estimated

November 17, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,061	166	15.7	346	56.3	9.2	108	34.1%	70.9	6.7
1987	851	124	14.6	189	41.8	3.9	83	39.3%	50.5	5.9
1986	755	114	15.1	81	34.9	5.3	84	44.9%	46.4	6.1
1985	758	130	17.1	29	31.1	4.4	106	44.9%	58.5	7.7
1984	680	103	15.7	26	28.9	4.8	79	43.3%	44.5	6.7
1983	543	74	13.6	20	27.1	4.8	48	41.4%	27.9	5.1
1982	486	72	14.8	15	26.3	8.4	38	41.3%	22.2	4.6
1981	545	77	14.1	102	21.6	10.7	45	22.5%	34.7	6.4
1980	482	88	18.3	62	13.3	3.5	78	40.8%	45.1	9.3
1979	429	86	20.1	46	9.7	4.3	75	43.5%	42.3	9.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26	248	216	1.1	950	8.8%	113	532	734	15.4	14.7%
1987	73	235	147	1.6	654	8.2%	36	428	507	7.0	12.4%
1986	129	296	118	2.5	572	8.3%	42	384	453	9.3	12.6%
1985	185	335	121	2.8	560	11.2%	40	358	439	9.2	17.7%
1984	113	253	101	2.5	482	9.8%	43	300	382	11.3	15.9%
1983	79	194	89	2.2	426	7.0%	46	258	337	13.6	11.3%
1982	45	133	66	2.0	372	5.9%	48	232	306	15.8	10.0%
1981	9	131	73	1.8	385	10.2%	84	212	312	26.9	17.7%
1980	22	115	67	1.7	291	16.8%	40	178	225	17.6	28.8%
1979	37	117	64	1.8	243	19.3%	41	133	180	23.1	37.4%

Data as orig. reptd.

Business Summary

Nucor is primarily a producer of steel and steel products, including hot-rolled and cold-finished steel shapes, steel joists and girders, wide flange beams, heavy structural steel products, steel deck and steel grinding balls.

Annual production capacity (including the newly constructed 650,000 tons-per-year steel mill in Blytheville, Ark.) totaled about 2,800,000 tons in 1988. Production in 1988 totaled 2,095,000 tons, versus 1,790,000 tons in 1987. Approximately 30% of 1988 production was consumed internally.

Four Nucor steel mills produce bar, light structural carbon and alloy steels. Operations are located in South Carolina, Nebraska, Texas, and Utah and consist of highly efficient electric arc furnaces, continuous casters and automated rolling mills. The primary raw material is scrap steel. Steel sales in 1988 totaled 1,437,000 tons, up from 1,313,000 tons in 1987.

Six Vulcraft plants produce steel joists, joist girders and steel deck for nonresidential construction markets. Sales of joists in 1988 were unchanged from 1987's 444,000 tons. Steel deck sales decreased to 147,000 tons in 1988 from 154,000 tons in 1987.

Two divisions produce cold finished steel products. Sales of cold finished steel products totaled 155,000 tons in 1988, up from 133,000 tons in 1987.

Through Nucor-Yamato Steel, a joint venture which is 51% owned by Nucor, NUE produces produces wide flange beams and heavy structural steel products. The new 650,000 tons-per-year mill began operations in the second half of 1988 and was operating at 50% capacity at the end of 1988.

Dividend Data

Cash dividends have been paid since 1973. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Dec. 15	Dec. 23	Dec. 30	Feb. 10'89
0.11	Mar. 17	Mar. 27	Mar. 31	May 12'89
0.11	May 30	Jun. 26	Jun. 30	Aug. 11'89
0.11	Sep. 15	Sep. 25	Sep. 29	Nov. 10'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $185,000,000.

Minority Interest: $77,864,217.

Common Stock: 21,336,703 shs. ($0.40 par).
Institutions hold approximately 68%.
Shareholders of record: 26,000.

Office—4425 Randolph Rd., Charlotte, N.C. 28211. Tel—(704) 366-7000. Chrmn & CEO—F. K. Iverson. Pres—H. D. Aycock. Exec VP-Secy-Treas—S. Siegel. Dirs—H. D. Aycock, F. K. Iverson, S. Siegel, R. N. Vandekieft. Transfer Agent & Registrar—First Union National Bank, Charlotte, N.C. Incorporated in Delaware in 1958. Empl—5,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

NYNEX Corp.

1706T

NYSE Symbol NYN Options on NYSE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
77 3/4	84 1/8-65 1/4	13	4.36	5.6%	A-	0.69

Summary

NYNEX operates the U.S.'s third largest local exchange telephone business, serving the majority of telephone customers in New York State and the New England states (over 50% in the New York City and Boston areas). Long-term growth prospects are enhanced by unregulated businesses. Earnings for the first nine months of 1989 were adversely affected by a slowdown in the financial services industry in New York, increased competition, and a strike by some 60,000 union employees.

Current Outlook

Earnings for 1990 are tentatively placed at $6.30 a share, versus the $5.75 estimated for 1989.

The $1.09 quarterly dividend may be raised a modest amount in early 1990.

Telephone revenues should increase moderately in 1990, reflecting growth in access lines and greater network usage; some rate relief is also anticipated. Telephone operating expenses are likely to rise, holding any increase in telephone profits to a modest amount. Earnings from unregulated units should increase, reflecting continued rapid growth from cellular units and improved profits from NYN's Business Center stores.

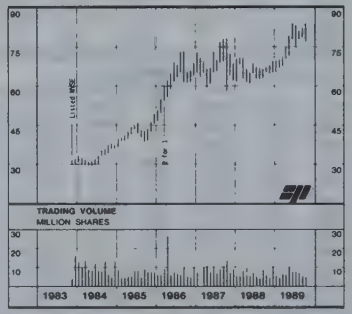
Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.23	3.07	2.89	2.67
Jun.	3.30	3.17	3.01	2.84
Sep.	3.31	3.18	3.08	2.87
Dec.	---	3.24	3.10	2.96
	---	12.66	12.08	11.34

Revenues for the nine months ended September 30, 1989 increased 4.5%, year to year. Margins narrowed, and operating income fell 2.1%. After a 16% increase in interest expense, pretax income decreased 8.2%. After taxes at 28.4%, versus 24.9%, net income declined 12%, to $4.32 a share from $4.90.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.44	1.55	1.47	1.47
Jun.	1.42	1.64	1.58	1.54
Sep.	1.47	1.72	1.62	1.55
Dec.	E1.43	1.74	1.59	1.45
	E5.75	6.63	6.26	6.01



Important Developments

Oct. '89— NYN said that a continuing strike by some 60,000 employees had negatively affected the installation of access lines during the 1989 third quarter; access lines decreased 18,000 during the period. The strike resulted in delays for installation, repair and directory assistance services. The deviation from past earnings growth rates was attributed largely to lower earnings at New York Telephone, which was being affected by softness in the New York City area economy and intensifying competition. Earlier, New York Telephone requested a $359 million rate increase, effective January 1, 1990, which would offset the elimination of previously authorized charges for inside wire and other telephone equipment. Furthermore, New York Telephone was seeking a new five-year regulatory plan and an additional $520 million rate increase effective January 1, 1991.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	**47.57**	44.28	42.37	40.71	38.64	[1]37.34
Earnings	**6.63**	6.26	6.01	5.43	5.05	NA
Dividends	**4.04**	3.80	3.48	3.20	3.00	NA
Payout Ratio	**61%**	61%	58%	59%	59%	NA
Prices—High	**70 7/8**	78 3/8	73 1/4	49 1/4	37 7/8	32 1/8
Low	**60 7/8**	58	46 3/8	36 1/2	29 3/8	30 1/8
P/E Ratio—	**11-9**	13-9	12-8	9-7	8-6	NA

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. Adj. for stk. div(s). of 100% May 1986. 1. As of Jan. 1, 1984. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	**12,661**	**2,154**	**3,303**	**85.3%**	**3.72**	**NA**	**20.2%**	**1,315**	**10.4**	**9.8**	**14.1**
1987	12,084	2,031	2,268	85.8%	4.85	NA	31.7%	1,277	10.6	9.2	14.1
1986	11,342	1,655	2,186	85.7%	5.22	NA	40.3%	1,215	10.7	9.3	14.1
1985	10,314	1,433	2,120	85.3%	4.66	NA	39.9%	1,095	10.6	9.2	13.5
1984	9,507	1,202	2,085	84.9%	3.90	NA	37.3%	986	10.4	9.3	13.1

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	**28,751**	**2,784**	**19,289**	**9.9**	**19,385**	**6,241**	**39.9**	**Nil**	**Nil**	**9,420**	**60.1**
1987	26,995	2,635	18,531	9.4	19,760	6,076	39.8	Nil	Nil	9,197	60.2
1986	25,173	2,402	17,904	9.3	18,873	5,476	38.2	Nil	Nil	8,868	61.8
1985	23,561	2,088	17,107	9.0	17,911	5,403	39.3	Nil	Nil	8,349	60.7
1984	22,063	1,854	16,377	8.9	17,121	5,443	40.9	Nil	Nil	7,854	59.1
[3]1983	20,542	NA	15,678	NA	16,053	5,436	43.0	Nil	Nil	7,213	57.0

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Co. 1. Times int. exp (pretax basis) 2. Based on income bef. interest charges. 3. As of Jan. 1, 1984. NA-Not Available

Business Summary

NYNEX is the third largest telephone holding company in the U.S., based on 1988 revenues. The company's telephone subsidiaries, New York Telephone and New England Telephone & Telegraph, are engaged in the furnishing of exchange telecommunications and access service in New York, Maine, Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont for approximately 15.0 million customer access lines. NYN's telephone subsidiaries accounted for approximately 86% of its operating revenues in 1988.

The company provides cellular mobile communications services through subsidiaries of NYNEX Mobile, either directly or through partnerships, within the company's service areas in the Northeastern U.S. As of year end 1988, NYN was serving some 127,000 cellular customers, up 70% from a year earlier. NYNEX Business Systems sells a wide range of telecommunications, information and other business products through more than 80 NYNEX Business Centers and a direct sales force.

NYNEX Enterprises undertakes various procurement support activities, such as product evaluation, contracting, materials management and disposition, warehousing, transportation, and equipment repairs for NYNEX and its subsidiaries. NYNEX Service provides staff support services. NYNEX Information Resources publishes directories and provides nontraditional directory services. Other subsidiaries provide credit financing, real estate consulting and management, and international marketing and consulting services.

The company jointly owns, with the six other regional holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.01	Dec. 15	Dec. 23	Dec. 30	Feb. 1'89
1.09	Mar. 16	Mar. 27	Mar. 31	May 1'89
1.09	Jun. 15	Jun. 26	Jun. 30	Aug. 1'89
1.09	Sep. 21	Sep. 25	Sep. 29	Nov. 1'89

Next dividend meeting: mid-Dec.'89.

Finances

Capital expenditures amounted to $2.8 billion in 1988, an increase of 9.1% from 1987, and were expected to remain at a comparable level in 1989 During 1988 NYN purchased 4.7 million shares of its common stock (2.9 million shares were purchased in 1987) at a cost of $302 million ($194 million).

To comply with the 1982 concent decree with the DOJ, AT&T on January 1, 1984 spun off its 22 Bell operating companies in the form of seven regional holding companies, one of them being NYNEX.

Capitalization

Long Term Debt: $6,269,000,000.

Common Stock: 196,973,500 shs. ($1 par).
Institutions hold about 37%.
Shareholders: 1,203,363.

Office—335 Madison Avenue, NYC 10017 **Tel**—(212) 370-7400 **Chrmn & CEO**—D C Staley **VP-Secy & Treas**—G J Fippinger **Investor Contact**—T Parra. **Dirs**—R W Bromery, W G Burns, J J Creedon, W C Ferguson, R D Hill, W R Howell, E T Keenan, D J Mahoney, E E Phillips, W V Shipley, D C Staley, D L Yunich **Transfer Agent**—American Transtech Inc., Jacksonville, Fla **Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in Delaware in 1983 **Empl**—97,406

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed H Terrence Riley III, CFA

Occidental Petroleum

1707K

NYSE Symbol OXY Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
27⅞	30½-25⅛	33	2.50	9.0%	B-	0.81

Summary

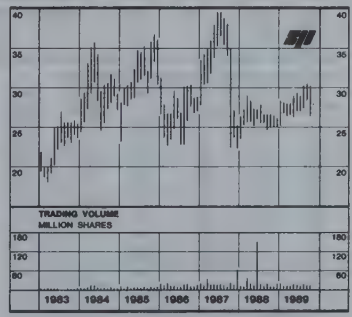
Occidental Petroleum is a worldwide energy exploration and production company with substantial interests in chemicals. OXY has diversified into natural gas transmission, beef processing and coal mining. Oil and gas operations have been impaired by production interruptions in the North Sea, but chemical earnings are benefiting from the May, 1988 acquisition of Cain Chemical Inc. Asset restructurings throughout the corporation can be expected in order to support the common dividend.

Current Outlook

Share earnings for 1990 are estimated at $1.45, versus the $1.25 projected for 1989.

The $0.62½ quarterly dividend is likely to be maintained.

Revenues in 1990 may show some modest improvement owing to higher natural gas prices, increased gas production, and a phased resumption of North Sea production. Potential asset divestitures could be used to pay down debt. Profit comparisons should benefit from improved prospects in the gas sector.



Operating Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	5.14	4.48	4.16	3.83
Jun.	5.05	4.74	4.33	3.83
Sep.	4.83	4.91	4.22	3.72
Dec.	---	5.28	4.39	4.17
	---	19.42	17.10	15.34

Revenues for the nine months ended September 30, 1989 rose 6.3%, year to year. As a result of lower crude oil production in the North Sea, offset in part by the inclusion of Cain Chemical, income from operations declined 2.2%. Following a sharp increase in unallocated corporate charges, net income fell 26%, to $0.82 a share on 15% more shares from $1.28. Earnings exclude an extraordinary gain of $0.11 a share in the 1989 period, versus an extraordinary loss of $0.05 a year earlier.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.27	0.51	0.36	0.48
Jun.	0.31	0.39	0.15	0.12
Sep.	0.24	0.39	0.20	0.12
Dec.	E0.43	0.02	0.10	0.05
	E1.25	1.26	0.78	0.66

Important Developments

Oct. '89— Earnings of OXY's oil and gas division for the first nine months of 1989 fell to $78 million from $253 million a year earlier, reflecting sharply lower crude oil production and a $22 million restructuring charge in domestic oil and gas operations. The natural gas transmission unit recorded earnings of $116 million in the 1989 period, versus $169 million in the 1988 interim, as pricing failed to adequately cover rising costs. Earnings in the chemical sector were $842 million, compared with $622 million a year earlier, reflecting the May, 1988 acquisition of Cain Chemical. Earnings of the company's 51% owned IBP, inc. unit of $56 million, down from $67 million, were limited by lower margins and reduced volumes in beef operations. Coal division earnings were impaired by work stoppages.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[2]1986	1985	1984	1983	[2]1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	23.07	23.96	22.40	23.66	21.98	21.41	21.87	25.27	24.28	17.00
Earnings[3]	1.26	0.78	0.66	2.21	3.08	1.15	0.89	7.77	8.82	7.30
Dividends	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.42½	1.92½	1.31¼
Payout Ratio	219%	340%	419%	121%	78%	218%	361%	34%	23%	18%
Prices—High	29	39⅛	31¼	36¾	35¾	25⅞	24¾	34⅞	39⅛	29⅝
Low	23½	22¼	22⅛	23⅛	24⅜	18	17	21⅛	19	15¾
P/E Ratio—	23-19	51-29	47-34	17-10	12-8	23-16	36-25	4-3	4-2	4-2

Data as orig. reptd. 1. May not add up to total due to chgs. in shs. outstanding. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.09 in 1983, bef. spec. item(s) of -0.05 in 1988, +0.28 in 1987, +0.06 in 1986, +2.32 in 1985, +0.98 in 1983. E-Estimated

November 10, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	19,417	1,990	10.2	1,073	949	958	617	42.3%	313	1.6
1987	17,096	1,989	11.8	613	960	931	757	74.4%	184	1.1
[3]1986	15,344	1,690	11.0	804	876	983	545	65.4%	172	1.1
1985	14,534	1,899	13.1	932	861	819	1,579	71.0%	455	3.1
1984	15,586	2,401	15.4	836	865	572	1,653	65.1%	569	3.6
[4]1983	19,116	2,819	14.7	951	985	635	1,879	73.5%	480	2.5
[3]1982	18,212	2,151	11.8	931	564	406	1,550	89.4%	156	0.9
[3]1981	14,708	2,515	17.1	1,030	476	238	2,463	70.2%	[5]722	4.9
[3]1980	12,476	2,995	24.0	925	408	182	2,707	73.3%	711	5.7
1979	9,555	2,338	24.5	858	369	171	1,946	70.5%	562	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	567	3,953	3,568	1.1	20,747	1.5%	7,688	6,181	14,834	51.8	4.9%
1987	542	3,360	2,947	1.1	16,739	0.9%	6,422	5,121	12,365	51.9	3.1%
1986	655	3,711	3,313	1.1	17,467	1.0%	7,544	3,969	12,541	60.2	2.4%
1985	726	2,973	2,470	1.2	11,586	3.5%	3,845	2,914	8,070	47.6	8.1%
1984	1,195	3,352	2,367	1.4	12,273	4.7%	3,882	2,404	8,956	43.3	12.9%
1983	242	2,645	2,569	1.0	11,775	3.5%	2,819	2,369	8,291	34.0	4.6%
1982	572	5,362	4,813	1.1	15,773	1.3%	4,330	2,390	9,944	43.5	2.6%
1981	252	2,552	2,395	1.1	8,075	9.0%	1,012	2,725	5,027	20.1	26.7%
1980	275	2,434	2,177	1.1	6,630	11.1%	1,002	1,934	3,910	25.6	41.4%
1979	246	2,070	1,858	1.1	5,560	10.9%	1,096	1,230	3,223	34.0	52.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1983, and spec. item(s) in 1988, 1987, 1986, 1985, 1983. 3. Reflects merger or acquisition. 4. Excludes discontinued operations and reflects acctg. change. 5. Reflects acctg. change.

Business Summary

OXY is a diversified energy and chemical company with worldwide oil and gas operations.

Net Income (Million $)	1988	1987
Oil & gas	$210	$276
MidCon	176	245
Chemicals	878	322
Agribusiness	103	85
Coal	14	11

In 1988 production totaled 85 million barrels of oil and 308 Bcf of natural gas. Proved reserves at 1988 year-end stood at 723 million barrels of oil and 2,920 Bcf of natural gas. On July 6, 1988 an explosion destroyed the OXY's 36.5% owned Piper Alpha platform. Daily production from the Piper field through the first six months of 1988 consisted of 132,600 barrels of oil, 15 million cf of natural gas, and 6,100 barrels of natural gas liquids. Production at the Piper Alpha platform may resume in 1992. Production at the smaller tangential Claymore and Scapa combined platform resumed in July, 1989.

Subsidiary operations include Occidental Chemical Corp. which acquired Cain Chemical Inc. in May, 1988. MidCon Corp. is a a natural gas transmission company. The agribusiness sector consists of OXY's 51% interest in IBP, inc. a beef and pork processor. Island Creek Coal Corp. mines Eastern coal.

Dividend Data

Dividends were resumed in 1974. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62½	Nov. 10	Dec. 6	Dec. 12	Jan. 15'89
0.62½	Feb. 16	Mar. 6	Mar. 10	Apr. 15'89
0.62½	May 26	Jun. 19	Jun. 23	Jul. 15'89
0.62½	Jul. 20	Sep. 5	Sep. 11	Oct. 15'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $7,790,000,000.

Minority Interest: $255,000,000.

Red. & Nonred. Pfd. Stock.: $53,000,000.

Common Stock: 269,711,236 shs. ($0.20 par).
Institutions hold about 37%.
Shareholders: 456,000 (com.)

Office—10889 Wilshire Blvd., Los Angeles, Calif. 90024 **Tel**—(213) 208-8800 **Chrmn & CEO**—A Hammer **Pres**—R R Irani **VP-Secy**—M A. Hammer. **EVP-Fin & CFO**—J. J. Dorgan. **Investor Contact**—Philip C. Wallach. (212-586-4444). **Dirs**—O. C. Davis, A. Gore, A. Groman, M. A. Hammer, D. A. Hentschel, J. R. Hirl, R. R. Irani, J. W. Kluge, A.B. Krim, W. A. Moss, L. Nizer, G. O. Nolley, C. E Piper, G. M. Stern, A. O. Syriani, R. Tomich. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC; Montreal Trust Co., Toronto, Canada. **Incorporated** in California in 1920; reincorporated in Delaware in 1986. **Empl**—52,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Ocean Drilling & Exploration

1707M

NYSE Symbol ODR Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
20⅝	24⅛-14⅞	NM	0.30	1.5%	B-	0.98

Summary

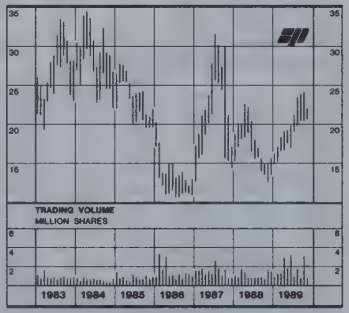
ODR (61%-owned by Murphy Oil) in October, 1989 announced a restructuring plan involving the divestiture of its unprofitable contract drilling business. A new ODR subsidiary consisting of the contract drilling business would make an initial public offering of 15% to 20% of its common stock. Subsequently (according to present plans) ODR would make an exchange offer of the contract drilling stock for a portion of ODR's outstanding shares. Upon completion of the offer, shares of the contract drilling unit still held by ODR would be distributed to remaining ODR stockholders on a pro rata basis.

Current Outlook

Share earnings for 1990 from continuing operations are projected at $0.75, versus 1989's estimated $0.65. Estimates for both years exclude the unprofitable contract drilling business.

The company has declared a quarterly $0.07½ dividend since early 1988. The dividend policy is reviewed quarterly.

Revenues in 1990 from continuing oil and gas production and diving operations are expected to benefit from a firming natural gas market. The oil and gas operations and diving business should be profitable.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	98	85	118
Jun.	[2]159	98	91	92
Sep.	77	95	110	83
Dec.	---	114	105	71
	---	406	390	364

Revenues from continuing operations for the nine months ended September 30, 1989 rose 12%, year to year, owing to sharply higher natural gas production. Higher crude oil prices, increased natural gas production, and firming diving operations led to net income of $26.2 million ($0.51 a share), versus $6.1 million ($0.12). Earnings exclude losses from the contract drilling business of $1.56 a share versus $0.80.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	d0.23	d0.16	d0.17
Jun.	[2]0.43	d0.27	d0.18	d0.35
Sep.	0.08	d0.18	0.03	d0.30
Dec.	E0.14	0.09	d2.20	d4.28
	E0.65	d0.59	d2.51	d5.10

Important Developments

Oct. '89— ODR and Murphy Oil Corp., which owns about 61% of ODR, released a joint announcement that ODR's directors has decided to restructure the company by separating the unprofitable contract drilling business from the oil and gas and diving businesses. ODR will form a new subsidiary for the contract drilling business which would make an initial public offering of between 15% and 20% of its shares. ODR anticipates that during mid-1990 it will make an exchange offer of contract drilling common stock for a portion of the outstanding shares of ODR common Upon completion of the offer, shares of the contract drilling business then held by ODR would be distributed to remaining ODR stockholders on a pro rata basis. As a result of the planned restructuring, ODR began accounting for the contract drilling business as a discontinued operation in 1989's third quarter.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.41	9.24	11.25	16.29	16.34	16.31	15.02	12.09	9.67	6.98
Earnings[1]	d0.59	d2.51	d5.10	0.65	2.29	2.31	3.71	3.36	2.67	1.05
Dividends	0.22½	Nil	0.35	1.00	1.00	1.00	1.00	0.80	0.43¾	0.20
Payout Ratio	NM	Nil	NM	153%	44%	43%	27%	24%	17%	19%
Prices—High	22⅝	31½	20¼	27¾	34½	33½	28⅜	50½	54⅞	22½
Low	12½	12⅝	10⅜	19½	22	19¼	16	22⅞	19⅞	8½
P/E Ratio—	NM	NM	NM	43-30	15-10	15-8	8-4	15-7	21-7	21-8

Data as orig. reptd. Adj. for stk. div(s) of 300% Aug. 1980. 1. Bef. results of disc. opers. of -0.70 in 1984. 2. Six mos. NM-Not Meaningful d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	377	118	31.4	168	128	23.7	5	NM	d30	NM
1987	368	150	40.7	35	143	19.6	d90	NM	d129	NM
1986	376	143	38.1	52	191	24.2	d311	NM	[3]d263	NM
1985	634	316	49.8	152	170	24.5	140	75.9%	34	5.3
[4]1984	699	373	53.4	177	161	23.9	261	54.6%	119	17.0
1983	812	517	63.6	245	174	17.3	304	60.8%	119	14.7
1982	980	587	59.9	331	164	19.9	415	53.7%	[3]192	19.6
1981	892	568	63.7	399	135	14.2	418	58.1%	175	19.6
1980	697	471	67.6	226	103	23.9	348	59.8%	135	19.4
1979	407	254	62.5	151	79	25.1	156	63.5%	[3]53	13.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	209	317	178	1.8	1,026	NM	277	433	727	38.1	NM
1987	159	273	155	1.8	998	NM	203	476	702	28.8	NM
1986	105	203	106	1.9	1,008	NM	183	579	767	21.3	NM
1985	82	252	162	1.6	1,425	2.3%	190	840	1,123	16.9	4.0%
1984	130	315	210	1.5	1,478	7.8%	192	844	1,131	17.0	14.1%
1983	140	322	239	1.3	1,565	7.5%	174	842	1,126	15.4	14.8%
1982	176	435	350	1.2	1,626	12.7%	155	775	1,068	14.6	27.4%
1981	81	337	326	1.0	1,395	13.6%	136	623	874	15.5	31.2%
1980	141	336	309	1.1	1,178	12.7%	118	501	764	15.5	31.4%
1979	43	198	194	1.0	927	6.2%	235	352	694	33.8	15.7%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984. 3. Reflects accounting change. 4. Excl. disc. opers. NM-Not Meaningful. d-Deficit.

Business Summary

Ocean Drilling & Exploration explores for and produces crude oil and natural gas, and has operated a large fleet of offshore drilling rigs. ODR also has interests in underwater diving. Segment contributions in 1988 (profits in million $):

	Revs.	Profits
Contract drilling	30%	-$40.9
Oil and gas	52%	64.0
Diving	18%	-1.3
Affiliated companies	---	-5.7

Excluding affiliated companies, 45% of revenues were generated outside the U.S.

Oil and gas exploration is conducted for ODR's own account mainly in the U.S., the United Kingdom and Gabon. Net crude and liquids production in 1988 averaged 20,015 b/d (44% in the U.K. and 38% in the U.S.), and 130,783 Mcf of gas (nearly all U.S.). Crude and liquids reserves at 1988 year-end were 31.8 million bbls.; gas reserves totaled 331.3 billion cubic feet.

Offshore contract drilling services have been conducted around the world with a fleet of 38 versatile drilling units, consisting of 20 semisubmersibles, 15 jackups, two drillships, and one submersible. Rig utilization in 1988 was 62%, versus 50% in 1987 and 39% in 1986.

Long term debt at 1988 year-end included $80.1 million of the obligation to pay certain banks which had issued letters of credit on behalf of Mentor Insurance Ltd., a bankrupt insurance subsidiary. In March, 1986 the liquidators of MIL filed suit asserting various claims against ODR. ODR has not recognized any liability or loss that may result. Auditors noted in their opinion on ODR's financial statements uncertainties associated with the litigation.

Dividend Data

Dividends were resumed in early 1988 after having been omitted in mid-1986. The dividend policy is to be reviewed on a quarterly basis.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Nov. 17	Jan. 9	Jan. 13	Feb. 1'89
0.07½	Mar. 23	Apr. 10	Apr. 14	May 1'89
0.07½	Jun. 16	Jul. 10	Jul. 14	Aug. 1'89
0.07½	Sep. 28	Oct. 6	Oct. 13	Nov. 1'89

Next dividend meeting: mid-Nov. '89

Capitalization

Long Term Debt: $254,174,000.

Common Stock: 51,516,009 shs. ($0.50 par).
Murphy Oil Corp. owns about 61.1%.
Institutions hold approximately 22%
Shareholders of record: 7,171.

Office—1600 Canal Street, New Orleans, La. 70161. Tel—(504) 561-2611. Chrmn & CEO—J. W. Watkins Secy—T. H. Couvillon III. VP-Treas & Investor Contact—O. F. Vaughan. Dirs—G. E. Breazeal, J. L. Kilpatrick, J. P. MacCarthy, J. W. McNutt, J. W. Watkins. Transfer Agents & Registrars—Whitney National Bank, New Orleans; First Chicago Trust Co. of New York, NYC. Incorporated in Delaware in 1953. Empl—3,158.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Ogden Corp.

NYSE Symbol OG Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
32⅜	34¾-25½	18	1.25	3.9%	B+	1.23

Summary

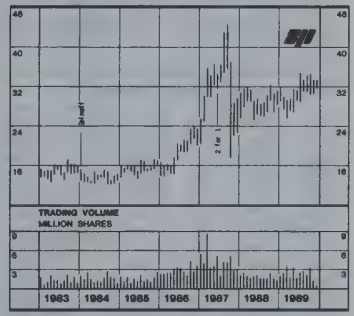
Ogden designs, builds and operates solid-waste resource recovery plants, and engages in diverse service management businesses which serve the building, aviation, food, entertainment and energy industries. OG also provides financial services and recently entered the hazardous waste incineration business. Good earnings growth is expected to continue in 1990, reflecting greater resource recovery construction activity and strength in building and aviation services.

Current Outlook

Earnings for 1990 may rise to $2.00 a share from the $1.75 (including nonrecurring gains) estimated for 1989.

An increase in the $0.31¼ quarterly dividend is possible in early 1990.

Revenues for 1990 are anticipated to advance about 20%. The Operating Services group will continue to benefit from good growth in building services and aviation services, aided by new contracts. Contributions from asbestos abatement should improve strongly. Good gains are seen for Project Services, reflecting greater resource recovery construction activity and higher profits from Environmental Services. Results should benefit from an improved product mix and greater profit contributions from Financial Services. The tax rate should be about 27%. Long-term prospects are enhanced by the strong growth prospects seen for the waste-to-energy and toxic waste processing industries.



Sales & Oper. Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	279	231	203
Jun.	---	331	259	206
Sep.	---	378	284	228
Dec.	---	---	315	222
	---	---	1,088	858

Sales and service revenues for the nine months ended September 30, 1989 rose 28%, year to year. Margins widened, and results were further aided by a $25.6 million pretax gain on the sale of stock of a subsidiary. Net income advanced 41%, to $1.44 a share from $1.03.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.45	0.38	0.32	0.30
Jun.	E0.49	0.39	0.37	0.32
Sep.	E0.52	0.67	0.34	0.34
Dec.	E0.54	E0.31	0.41	0.39
	E2.00	E1.75	1.44	1.35

Important Developments

Nov. '89— The company said that it was considering a spinoff of its Ogden Allied Services unit. OG also noted that it planned to reduce its ownership in its Ogden Projects subsidiary to 80% in 1990 through two separate offerings.

Oct. '89— Ogden entered into an agreement to acquire ERC International Inc. for about 2,359,000 common shares. The company said that ERC's technical and professional services activities would significantly enhance Ogden Allied Services' diversified support services operations and would further the group's program to provide professional services in the high technology field. The transaction was expected to become effective following ERC shareholder approval in January 1990.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[2]1983	[2]1982	[2]1981	1980	[2]1979
Tangible Bk. Val.	10.25	10.10	9.74	5.86	7.52	7.53	12.33	14.33	14.44	12.83
Earnings[3]	1.44	1.35	0.99	0.54	1.03	1.37	1.57	2.43	2.28	2.20
Dividends	1.10	1.00	0.90	0.90	0.90	0.90	0.90	0.85	0.70	0.63½
Payout Ratio	76%	73%	91%	168%	88%	66%	59%	36%	30%	29%
Prices—High	32⅜	44⅝	24	17⅜	15⅜	17¼	14½	19⅞	16¾	13½
Low	25⅛	17½	13⅞	13⅜	12⅛	12⅝	8⅞	12½	9⅛	9⅛
P/E Ratio—	22-17	33-13	24-14	32-25	15-12	13-9	9-6	8-5	7-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1987, 50% Dec. 1980. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results from disc. opers. of +2.09 in 1986, -1.12 in 1985, +0.02 in 1983. E-Estimated.

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1707P

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,088	81	7.5	305	28.6	58.2	62.3	7.2%	57.8	5.3
1987	858	33	3.8	33	17.9	9.9	[3]61.3	11.8%	54.0	6.3
[4]1986	800	42	5.3	36	16.0	20.1	[3]50.2	23.0%	[3]38.6	4.8
[4]1985	1,026	43	4.1	24	21.1	17.8	[3]4.7	NM	21.1	2.1
1984	2,137	125	5.9	69	43.2	35.9	[3]70.0	43.5%	39.5	1.9
[5]1983	1,728	109	6.3	42	39.8	36.0	[3]54.1	3.0%	52.5	3.0
[6]1982	2,202	177	8.1	87	85.7	85.8	52.6	NM	58.5	2.7
[6]1981	2,324	172	7.4	325	53.1	92.2	77.6	16.2%	[3]65.1	2.8
1980	2,187	133	6.1	124	44.4	51.4	67.7	14.0%	58.2	2.7
[6]1979	2,241	155	6.9	103	44.8	37.7	[3]90.0	36.1%	57.5	2.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	179	NA	236	NA	2,202	3.7	1,412	424	1,855	76.1	13.6
1987	290	551	174	3.2	947	6.0	240	413	690	34.7	13.2
1986	299	518	227	2.3	836	4.5	104	393	525	19.7	11.3
1985	207	474	269	1.8	834	2.2	204	275	546	37.3	6.5
1984	66	604	313	1.9	1,109	3.7	320	357	767	41.7	10.9
1983	60	579	309	1.9	1,053	3.8	290	354	718	40.4	11.6
1982	84	610	384	1.6	1,692	2.9	630	535	1,278	49.3	9.9
1981	56	591	386	1.5	1,646	4.2	686	448	1,224	56.0	14.7
1980	65	603	378	1.6	1,340	4.6	484	391	939	51.5	15.2
1979	87	551	358	1.5	1,200	4.9	381	383	819	46.5	16.1

Data as orig. reptd. 1. Bef. results of disc. opers. in 1986, 1985, 1983. 2. Reflects accounting change. 3. Incl. equity in earns. of nonconsol. subs. 4. Excludes discontinued operations. 5. Excludes discontinued operations and reflects merger or acquisition. 6. Reflects merger or acquisition. NM-Not Meaningful. NA-Not Available.

Business Summary

Ogden Corp. is one of the largest and most comprehensive service management organizations in the world. It also builds and operates mass burn resource recovery facilities and has financial and hazardous waste units. Contributions by segment in 1988:

	Revs.	Profits
Operating services	86%	82%
Project services	13%	16%
Environmental services	1%	Nil
Financial services	---	22%

Ogden Allied Services Corp. offers building, aviation, leisure, industrial, human and asbestos abatement services. Customers include airlines, banks, owners and tenants of office buildings, sports arenas and other large industrial organizations.

Ogden Projects (OPI; 92% owned) builds and operates solid-waste resource-recovery plants utilizing the mass-burn technology of Martin GmbH of West Germany. At November 22, 1989 OPI had 26 Martin projects (including 13 fully operational and seven under construction) with a value about $3.5 billion. OPI also owns Ogden Environmental Services (formed in 1986), which builds and operates modular facilities to incinerate nonradioactive hazardous waste using circulating bed combustion technology.

Dividend Data

Dividends were resumed in 1972.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31¼	Jan. 19	Mar. 8	Mar. 14	Apr. 3'89
0.31¼	May 25	Jun. 8	Jun. 14	Jul. 5'89
0.31¼	Jul. 20	Sep. 8	Sep. 14	Oct. 5'89
0.31¼	Nov. 16	Dec. 8	Dec. 14	Jan. 2'90
*Stk.	Sep. 21	Dec. 8	Dec. 14	Jan. 9'90

*0.025 of a com. sh. of Ogden Projects.

Finances

In August, 1989 OG sold through an initial public offering 2.875 million shares (8%) of its Ogden Projects, Inc., subsidiary at $14 a share.

Capitalization

Long Term Debt: $250,508,000, incl. $85 million of 6% debs. conv. into com. at $39.875 a sh. and $75 million of 5¾% debs. conv. at $42.625.

$1.875 Part. Pfd. Stk.: 84,000 shs. ($1 par); conv. into 5.85664 com.

Common Stock: 40,056,823 shs. ($0.50 par).
Allen & Co. and associates own about 10%.
Institutions hold some 50%.
Shareholders of record: 12,000.

Office—2 Pennsylvania Plaza, New York, NY 10121. Tel—(212) 868-6100. Chrmn & CEO—R. E. Ablon. VP & Investor Contact—P. F. Ruppel. VP-Secy—K. Ritch. Dirs—R. E. Ablon, R. R. Ablon, D. M. Abshire, N. G. Einspruch, R. R. Fraad, A. Kappas, T. A. Kramer, D. A. Krenz, M. Monet, J. D. Moyers, W. E. Mullestein, H. A. Neal, S. S. Penner, F. Seitz, D. L. Sokol, A. Zeleznik. Transfer Agent & Registrar—Manufacturers Hanover Trust Co., NYC. Incorporated in Delaware in 1939. Empl—37,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Michael V Pizzi

Ohio Edison

NYSE Symbol OEC In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jul. 25'89	1989					
22⅛	22⅜-18⅝	16	1.96	8.9%	A-	0.52

Summary

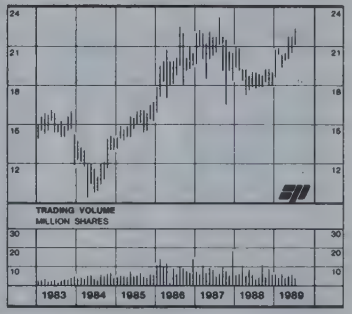
This electric utility, serving Ohio and western Pennsylvania, has diversified its fuel sources with substantial investments in the Perry nuclear facility and the Beaver Valley 2 nuclear plant. In 1989's third quarter, the company will be initiating a rate request that will complete the recovery of OEC's nuclear investments. A decision is expected by the end of 1990's second quarter. The longer-term outlook is enhanced by the completed construction program and materially improved cash flow.

Current Outlook

Share earnings for 1989 are projected at $2.30, up from 1988's $1.22, which included an $0.84 write-off of nuclear plant costs. Share earnings for 1990 are estimated at $2.40.

Materially improved cash flow and a supportive regulatory outlook should enable OEC to maintain the $0.49 quarterly dividend.

Share earnings for 1989 will reflect the absence of the write-off of disallowed nuclear expenditures. Longer-term prospects are enhanced by the completed construction program and strong cash flow.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	547	527	446	462
Jun.	513	516	443	422
Sep.	---	567	473	434
Dec.	---	533	418	425
	---	2,143	1,780	1,742

Revenues for the 12 months ended June 30, 1989 rose 12%, year to year, due to higher rates related to the Perry 1 nuclear plant. After a less rapid increase in fuel costs, operating income was up 32%. Following the write-off of disallowed nuclear expenditures, net income declined 31%. Share earnings were $1.36, versus $1.96.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.60	0.54	0.72	0.70
Jun.	0.50	0.42	0.68	0.60
Sep.	E0.60	0.52	0.60	0.57
Dec.	E0.60	d0.25	0.40	0.60
	E2.30	1.22	2.40	2.47

Important Developments

Jun. '89— The company announced its intention to file on or about August 1, 1989 a rate case for recovery of its remaining nuclear investments. The company received an initial rate order for the Perry 1 nuclear plant in January, 1988. OEC will be seeking a 7.5% increase effective July 1, 1990 and a 5.3% hike effective July 1, 1991, essentially for costs of the Beaver Valley 2 nuclear plant. As part of the August rate filing, OEC will be seeking to recover some $483.0 million of deferred costs for Beaver Valley 2 and also Perry 1. An order is expected by the end of 1990's second quarter. OEC reported that it has not reached a decision on the future of the mothballed Perry 2 nuclear plant in which it has invested some $397.0 million. A net charge would be $210.0 million, excluding taxes and salvage value.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.30	17.05	16.83	16.15	15.78	15.68	15.37	15.51	15.50	16.23
Earnings[1]	1.22	2.40	2.47	2.45	2.50	2.22	1.89	2.10	1.52	1.80
Dividends	1.96	1.96	1.92	1.88	1.84	1.80	1.76	1.76	1.76	1.76
Payout Ratio	161%	82%	78%	77%	74%	81%	93%	84%	116%	98%
Prices—High	21	23¼	22¼	16⅜	14⅛	16⅛	15⅛	13½	15¼	17½
Low	17¼	16½	15⅞	13⅛	9⅜	11⅞	11⅜	11	10¼	13⅛
P/E Ratio—	17-14	10-7	9-6	7-5	6-4	7-5	8-6	6-5	10-7	10-7

Data as orig. reptd. 1. Bef. spec. item(s) of +0.24 in 1982, +0.20 in 1981. E-Estimated. d-Deficit

August 2, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	2,143	224	150	76.8%	2.31	18	32.3%	230	10.7	5.9	7.0
1987	1,780	167	157	77.7%	2.62	325	30.7%	424	23.8	9.2	13.8
1986	1,742	153	138	77.5%	2.28	321	30.6%	422	24.2	10.1	14.9
1985	1,755	143	129	78.3%	2.13	288	31.8%	381	21.7	10.4	15.2
1984	1,637	131	129	79.1%	2.13	257	31.5%	348	21.3	10.5	15.9
1983	1,516	116	122	80.0%	2.06	204	34.5%	280	18.5	10.1	14.2
1982	1,430	103	140	81.1%	---	160	33.6%	202	14.1	9.6	13.5
1981	1,280	96	124	80.3%	---	128	34.5%	189	14.7	10.1	14.6
1980	1,081	86	128	84.3%	---	107	9.4%	140	13.0	8.3	9.7
1979	995	81	103	83.5%	---	97	21.3%	139	14.0	7.8	11.2

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [6]LT Debt	[6]% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	7,862	222	6,048	8.0	6,764	3,209	51.8	451	7.3	2,531	40.9
1987	7,910	705	6,336	5.4	7,036	3,333	51.0	550	8.4	2,651	40.6
1986	8,618	776	7,216	5.7	7,273	3,641	53.5	616	9.1	2,542	37.4
1985	7,889	816	6,609	6.1	6,692	3,431	54.4	645	10.2	2,234	35.4
1984	7,107	861	5,946	6.1	6,157	3,272	56.1	614	10.5	1,947	33.4
1983	6,195	746	5,151	6.3	5,391	2,851	55.6	562	11.0	1,712	33.4
1982	5,476	774	4,523	6.4	4,864	2,662	57.2	507	10.9	1,488	31.9
1981	4,739	568	3,868	6.9	4,057	2,207	56.7	456	11.7	1,228	31.6
1980	4,242	515	3,435	5.3	3,504	1,859	54.8	464	13.7	1,067	31.5
1979	3,757	477	3,012	5.7	2,934	1,411	49.7	458	16.1	970	34.2

Data as orig reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. divs of subs.; bef. spec. item(s) in 1982, 1981. 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant. 6. Incl. other long term oblig.

Business Summary

Ohio Edison and its wholly-owned subsidiary Pennsylvania Power Co. serve the highly industrialized areas of northern Ohio and western Pennsylvania. OEC is enhancing electric sales by an aggressive marketing program to other electric utilities. Electric revenue contributions:

Revenues	1988	1987	1986	1985
Residential	34%	35%	36%	35%
Commercial	25%	26%	26%	25%
Industrial	25%	26%	26%	28%
Other	16%	13%	12%	12%

Sources of electric generation in 1988 were 72% coal, 21% nuclear and 7% purchases. Peak demand was 5,027 mw and system capability totaled 6,405 mw, for a capacity margin of 22%. The company could be vulnerable to severe acid rain legislation. Current proposals are vague and OEC has not speculated on the potential finacial impact.

OEC has access to 35% of the Perry 1 nuclear station and 42% of the Beaver Valley 2 nuclear unit. In March, 1989 the PUC of Ohio issued an order that finalized the prudency disallowance for the two plants. As a result of the order, OEC's total write-off was $284.0 million (pretax). Share earnings for 1988 were restated to $1.22 from $2.06 because of the write-off. In their report on OEC's 1988 financial statements auditors noted the existence of uncertainties associated with the nuclear construction program.

Dividend Data

Dividends have been paid since 1930. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.49	Aug. 16	Sep. 1	Sep. 8	Sep. 30'88
0.49	Nov. 15	Dec. 1	Dec. 7	Dec. 30'88
0.49	Feb. 21	Mar. 1	Mar. 7	Mar. 31'89
0.49	May 16	Jun. 1	Jun. 7	Jun. 30'89

Next dividend meeting: mid-Aug. '89.

Capitalization

Long Term Debt & Obligations: $3,197,931,000.

Subsidiary Preferred Stock: $106,607,000.

Red. Cum. Pfd. & Pref. Stk.: $31,700,000.

Cum. Preferred Stk.: $312,335,000.

Common Stock: 152,508,875 shs. ($9 par).
Institutions hold about 21%.
Shareholders of record: 192,835.

Office—76 South Main St., Akron, Ohio 44308. Tel—(216) 384-5100. Pres—J. T. Rogers, Jr. Secy—G F LaFlame Treas & Investor Contact—K. J. Verbic Dirs—D. C. Blasius, H. P. Burg, R. H. Carlson, L. G. Ford, R. L. Loughhead, G. H. Meadows, W. R. Miller, J. Nelson, C. W. Ranger, J. T. Rogers, Jr., G. M. Smart, D. W. Tschappat, F. C. Watson Transfer Agent—Company's Office Registrar—National City Bank, Akron. Incorporated in Ohio in 1930. Empl—7,180.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Oklahoma Gas & Electric

1712

NYSE Symbol OGE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 11'89	1989					
37¾	38¼-32	13	2.38	6.3%	A-	0.32

Summary

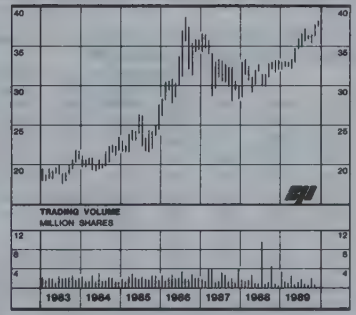
This electric utility, which serves a large portion of Oklahoma, including Oklahoma City, and western Arkansas, derives slightly more than half its power from coal and the remainder from gas following the addition of coal-fired plant in mid-1984. No new base load capacity additions are planned before the year 2000. Modestly higher earnings are expected for 1990, reflecting more normal weather and slightly higher electric rates.

Current Outlook

Earnings for 1990 could reach $3.25 a share, up from the $3.15 likely for 1989.

Dividends at $0.59½ quarterly are the minimum expectation.

A modest earnings increase is anticipated for 1990, reflecting a variety of factors, including a return to more normal weather conditions, the absence of certain costs associated with overhaul of production facilities, an increase in electric customers and modestly higher electric rates. A stock repurchase plan could bolster earnings per share comparisons.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	235	238	224	239
Jun.	270	269	266	243
Sep.	357	359	350	362
Dec.	---	233	225	246
	---	1,098	1,065	1,091

Operating revenues for the nine months ended September 30, 1989 fell 0.4%, year to year, reflecting unseasonably cool weather in the second and third quarters of 1989. Operating expenses were up 1.7% due to increases in scheduled overhauls and routine maintenance. Net income declined 12%. Share earnings were $2.52 on 1.0% fewer shares, versus $2.83.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.28	0.33	0.26	0.35
Jun.	0.63	0.71	0.67	0.35
Sep.	1.82	1.79	1.10	1.50
Dec.	E0.62	0.37	0.59	0.55
	E3.15	3.20	2.60	2.75

Important Developments

Dec. '89— The company said that through November it had repurchased 1,186,000 shares of its common stock under a program to buy back up to two million shares in 1989.

Nov. '89— The company said that despite the adverse effects of unfavorable weather conditions, it remained optimistic that total 1989 revenues would meet or exceed last year's revenues. Management cited several factors in support of its belief: first of all, increases in natural gas sales by the Enogex unit; secondly, an increase in sales for resale; thirdly, a slight increase in electric customers; fourthly, consistent growth in industrial kwh sales; and lastly, a $7.0 million increase in electric rates due to the expiration of a temporary rate reduction.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.87	19.97	20.29	18.89	18.52	17.91	17.09	16.40	16.47	16.50
Earnings[1]	3.20	2.60	2.75	2.30	2.47	2.68	2.57	2.05	1.73	1.36
Dividends	2.28	2.20½	2.08	2.00	1.92	1.84	1.76	1.68	1.60	1.60
Payout Ratio	71%	85%	76%	87%	78%	69%	68%	82%	92%	118%
Prices—High	33⅜	36⅝	38¾	27⅝	23½	21⅞	19½	14½	15	17⅞
Low	28½	28	26⅛	21½	19⅛	17½	13⅜	12	11½	13
P/E Ratio—	10-9	14-11	14-10	12-9	10-8	8-7	8-5	7-6	9-7	13-10

Data as orig. reptd. 1. Bef. spec. item(s) of +0.25 in 1987. E-Estimated.

December 19, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	1,098	98.1	66.7	81.1%	3.74	4.1	31.5%	138	12.6	9.3	15.5
1987	1,065	95.9	65.1	82.4%	3.46	2.7	40.6%	114	10.7	8.5	12.5
1986	1,091	93.1	64.2	82.5%	4.16	2.8	48.2%	126	11.6	9.0	13.8
1985	1,085	78.6	61.6	85.5%	3.54	14.2	43.8%	109	10.0	8.3	12.3
1984	1,029	69.7	55.6	85.2%	3.68	24.1	42.9%	113	11.0	8.7	13.5
1983	972	60.7	52.7	85.1%	3.87	34.5	41.1%	118	12.1	9.1	15.3
1982	908	61.8	46.5	83.6%	---	19.7	45.0%	105	11.6	9.3	15.2
1981	826	59.4	38.2	83.8%	---	10.5	46.8%	79	9.6	8.5	12.4
1980	709	47.5	32.0	85.3%	---	21.5	42.7%	65	9.2	7.6	10.5
1979	581	39.9	30.3	87.5%	---	28.9	33.9%	50	8.6	6.2	8.0

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	3,106	94	2,193	9.5	2,291	861	47.7	55	3.0	889	49.3
1987	3,030	99	2,201	8.5	2,189	799	46.9	55	3.2	851	49.9
1986	2,942	98	2,199	9.1	2,230	837	45.9	55	3.0	930	51.1
1985	2,669	136	2,004	8.0	2,063	734	43.3	160	9.5	799	47.2
1984	2,540	139	1,945	8.0	1,994	734	44.2	160	9.6	768	46.2
1983	2,402	169	1,869	8.0	1,929	749	45.8	160	9.8	724	44.4
1982	2,229	221	1,751	8.9	1,828	749	47.9	160	10.2	656	41.9
1981	2,011	118	1,589	8.6	1,648	693	48.8	160	11.3	567	39.9
1980	1,914	115	1,534	6.9	1,568	705	51.0	160	11.6	516	37.4
1979	1,813	142	1,471	5.1	1,426	605	47.8	160	12.7	499	39.5

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges.

Business Summary

Oklahoma Gas and Electric supplies electricity to a population of about 1,600,000 in Oklahoma and western Arkansas, deriving about 90% of 1988 revenues from the former state. The Enogex Inc. subsidiary owns and operates a gas pipeline system and five gas processing plants. Contributions to total revenues by class of customers:

Revenues	1988	1987	1986	1985
Residential	36%	37%	37%	36%
Commercial	23%	23%	24%	23%
Industrial	20%	21%	22%	22%
Other	21%	19%	17%	19%

The fuel mix in 1988 was 45% natural gas and 55% coal. A mix of 41% natural gas and 59% coal was expected by 1993. Peak load in 1988 was 4,690 mw and capacity at time of peak was 5,703 mw, for a capacity margin of 17.8%.

With the commercial operation of the 515-mw, coal-fired Muskogee Unit 6 in 1984, OGE completed its base load construction for this century. In lieu of base load plants, OGE intends to meet its power needs through purchased power and small peaking units in the 100mw-200mw size range.

Dividend Data

Dividends have been paid since 1908. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.59½	Dec. 13	Jan. 4	Jan. 10	Jan. 30'89
0.59½	Mar. 14	Apr. 4	Apr. 10	Apr. 28'89
0.59½	Jun. 13	Jul. 5	Jul. 11	Jul. 28'89
0.59½	Sep. 12	Oct. 3	Oct. 10	Oct. 30'89

Next dividend meeting: mid-Dec. '89.

Finances

OGE estimated construction expenditures (including AFUDC) at $113 million for 1989, $113 million for 1990, and $104 million for 1991.

Capitalization

Long Term Debt: $854,268,000.

Cum. Preferred Stock: $55,000,000.

Common Stock: 41,088,107 shs. ($2.50 par). Institutions hold about 47%.
Shareholders of record: 42,753.

Office—321 North Harvey Ave., Oklahoma City, Okla 73102 **Tel**—(405) 272-3000 **Chrmn & Pres**—J. G. Harlow, Jr. **Secy, Treas & Investor Contact**—A. M. Strecker. **Dirs**—H. H. Champlin, M. A. Griffin, J. G. Harlow, Jr., F. D. Harper, H. L. Hembree III, W. D. Little, Jr., J. F. Snodgrass, B. Swisher, J. A. Taylor, R. H. White. **Transfer Agents**—Morgan Guaranty Trust Co., NYC; Liberty National Bank & Trust Co, Oklahoma City. **Registrars**—Morgan Guaranty Trust Co., NYC; Liberty National Bank & Trust Co., Oklahoma City **Incorporated** in Oklahoma in 1902 **Empl**—3,573.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Old Kent Financial

NASDAQ Symbol OKEN (incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
27	29⅝-22⅜	8	1.06	3.9%	A+	0.87

Summary

Headquartered in Grand Rapids, this multibank holding company owns 17 banks in Michigan and five in Illinois with over 190 banking offices. Recent results benefited from loan growth and higher interest rates. The dividend was increased 15% in late 1989.

Business Summary

Old Kent Financial Corporation is a multibank holding company headquartered in Grand Rapids, Mich. As of November 10, 1989, the company had 22 affiliate banks with nearly 200 banking offices serving more than 100 Michigan and Illinois communities. The largest affiliate bank is Old Kent Bank & Trust Co. (Grand Rapids), with assets of $3.26 billion at 1988 year-end. Other subsidiaries ranged in size from $717 million in assets to $14 million.

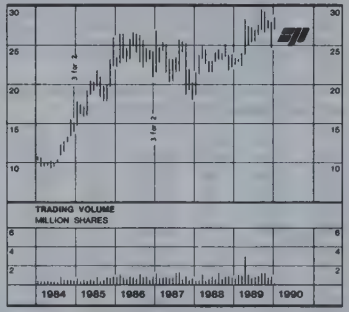
Loans outstanding totaled $4.69 billion at the end of 1988 and were divided:

Commercial	37%
Consumer	20%
Real estate	43%

The allowance for loan losses totaled $57,296,000 (1.22% of loans outstanding) at the end of 1988, compared with $49,063,000 (1.18%) a year earlier. Net loan chargeoffs in 1988 amounted to $9,133,000 (0.21% of average loans), versus $14,767,000 (0.41%) in 1987. As of December 31, 1988, nonperforming loans (including nonaccrual loans, accruing loans past due 90 days or more, and restructured loans) aggregated $50,372,000 (1.07%) of loans outstanding, compared with $47,198,000 (1.13%) a year earlier.

Deposits averaged $6.09 billion in 1988 and were apportioned: 38% savings, 12% negotiable time, 2% foreign time, 32% other time and 16% demand. Interest and fees on loans provided 64% of total income for 1988, interest on investment securities 18%, interest on deposits 7%, other interest income 1%, trust income 4%, service charges on deposit accounts 3% and other noninterest income 3%.

On a tax-equivalent basis, the average yield on total earning assets was 9.78% in 1988 (9.55% in 1987), while the average rate paid on interest-bearing liabilities was 6.53% (6.18%), for a net spread of 3.25% (3.37%).



Important Developments

Jan. '90— The company said it would redeem all outstanding shares of its Series A 14% cumulative convertible voting preferred stock on April 1, 1990, at $13.30 a share (see Capitalization).

Nov. '89— The company said it completed the sale of two north-central Illinois subsidiaries, Colonial Trust & Savings Bank and Illinois Regional Bank (combined assets of $65 million), for $5.75 million.

Jul. '89— Based on a study performed by Olson Research Associates in the July 1989 issue of the United States Banker magazine, Old Kent was named the top bank holding company in the nation. The rankings are based on a complex formula involving 125 financial ratios that evaluate each holding company's profitability, safety, soundness and ability to sustain a high level of earnings.

Next earnings report due in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	[1]1983	1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	20.64	19.35	17.42	15.60	13.77	11.98	10.33	9.44	8.65	7.89
Earnings	[2]2.95	[2]2.81	[2]2.71	[2]2.55	[2]2.33	[2]1.69	1.35	1.22	1.22	1.18
Dividends	0.87½	0.81½	0.75	0.68⅜	0.54	0.47⅜	0.45	0.42⅞	0.40⅞	0.38⅞
Payout Ratio	30%	29%	28%	27%	23%	28%	33%	35%	33%	33%
Prices—High	25⅛	26⅞	26⅛	26	15½	10⅞	7⅛	5⅞	6½	7⅜
Low	18⅜	18	20⅞	14⅝	9¼	6⅜	4¾	4⅞	5⅛	6⅛
P/E Ratio—	9-6	10-6	10-8	10-6	7-4	6-4	5-4	5-4	5-4	6-5

Data as orig. reptd. Adj. for stk. divs. of 50% Dec. 1986, 50% Dec. 1984, 5% Nov. 1981, 5% Nov. 1980, 5% Dec. 1979. 1. Refl. merger or acq. 2. Ful. dil. 2.83 in 1988, 2.45 in 1987, 2.34 in 1985, 2.09 in 1984, 1.60 in 1983.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	266	17	76	17	61.5	103	25.60%	77	4.15	1.04	15.2
[1]1987	205	23	53	17	55.8	85	25.70%	63	4.31	1.12	15.4
[1]1986	190	36	51	15	53.1	80	23.90%	61	4.72	1.17	16.6
1985	149	29	36	12	51.1	64	22.50%	49	4.69	1.21	17.5
1984	139	26	34	10	52.5	60	24.40%	45	4.66	1.18	18.3
1983	108	23	28	5	57.2	39	17.60%	32	4.38	1.00	14.4
1982	74	16	17	3	57.3	27	14.70%	23	4.31	0.99	13.6
[1]1981	58	18	17	2	57.2	20	NM	20	3.87	0.93	13.4
[1]1980	57	18	14	2	55.1	19	NM	20	4.43	1.07	14.7
[1]1979	55	16	11	3	51.2	20	1.76%	19	4.72	1.15	15.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	7,854	683	1,767	1,749	2,937	1.22	1,025	5,480	72.0	93	511	6.49
1987	6,455	770	1,287	1,779	2,031	1.17	925	4,488	70.4	63	406	6.73
1986	5,582	1,205	736	1,493	1,620	1.18	875	3,988	64.0	67	361	6.54
1985	4,323	941	620	1,212	1,229	1.18	585	3,049	67.1	65	274	6.22
1984	4,024	1,043	592	976	1,093	1.24	543	2,880	60.3	30	236	5.72
1983	3,706	941	673	786	975	1.19	509	2,657	55.4	36	204	6.14
1982	2,353	672	481	427	582	1.27	327	1,632	51.3	30	173	7.29
1981	2,237	448	513	441	599	1.17	342	1,493	56.3	35	158	6.96
1980	1,951	165	582	431	570	1.00	363	1,270	60.9	35	145	7.32
1979	1,730	25	543	411	568	0.96	349	1,111	66.5	35	130	7.38

Data as orig. reptd. 1. Refl. merger or acq. NM-Not Meaningful.

Review of Operations

Total interest income for the nine months ended September 30, 1989, advanced 22%, year to year, reflecting a higher interest rate environment and continued growth in earning assets. The higher rates led to a 31% jump in interest expense, and the gain in net interest income was limited to 9.7%. The provision for loan losses gained 20%. Following a 13% increase in noninterest income and a 6.1% rise in noninterest expense, pretax income was up 18%. After taxes at 27.5%, versus 25.1%, net income rose 14%, to $63,392,000 ($2.40 a share; $2.14 fully diluted), from $55,452,000 ($2.12; $1.89), as restated to reflect the October 1988 acquisition of Unibancorp on a pooling-of-interests basis.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.70	0.64	0.68
Jun.	0.81	0.73	0.66	0.71
Sep.	0.83	0.69	0.77	0.70
Dec.		0.83	0.74	0.62
		2.95	2.81	2.71

Dividend Data

Cash has been paid on the common shares since 1937.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Jan. 16	Feb. 13	Feb. 17	Mar. 15'89
0.23	Apr. 17	May 9	May 15	Jun. 15'89
0.23	Jun. 20	Aug. 8	Aug. 14	Sep. 15'89
0.26½	Oct. 16	Nov. 7	Nov. 13	Dec. 15'89

Finances

In October 1988, Old Kent acquired, for 3,377,955 common shares, Unibancorp, Inc., a multi-bank holding company headquartered in Chicago, with assets of about $600 million.

Capitalization

Long Term Debt: $89,549,000 (9/89).

$1.82 Cum. Conv. Pfd. Stk.: 2,282,086 shs. ($13 stated value); ea. conv. into 1.5811 com. shs.

Common Stock: 25,395,106 shs. ($1 par).
Institutions hold about 41%.
Shareholders: 12,000 of record (1/89).

Office—1 Vandenberg Center, Grand Rapids, Mich. 49503. **Tel**—(616) 771-5000. **Chrmn, Pres & CEO**—J. C. Canepa. **Exec VP-Treas**—B. P. Sherwood III. **SVP & CFO**—W. L. Waanders. **Sr VP-Secy**—M. J. Allen Jr. **Dirs**—J. M. Bissel, J. D. Boyles, J. C. Canepa, R. M. DeVos, J. W. Dwyer, E. D. Holton, M. S. Keeler II, J. P. Keller, F. H. Merlotti, W. U. Parfet, R. L. Sadler, B. P. Sherwood III. **Transfer Agent**—Old Kent Bank & Trust Co., Grand Rapids. **Incorporated** in Michigan in 1972. **Empl**—4,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R Bigger

ONEOK Inc.

NYSE Symbol OKE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
27¾	31⅝-18½	11	1.40	5.1%	B	1.11

Summary

This company operates a fully integrated intrastate gas utility and is also engaged in nonutility energy-related activities, including oil and gas exploration, natural gas liquids extraction, and contract drilling. In July, 1989 directors raised the quarterly dividend 17% and authorized the repurchase of about 1.4 million OKE common shares. In January, 1990 shareholders are expected to vote on proposals to increase the number of authorized shares and to effect a 2-for-1 stock split.

Current Outlook

Share earnings for the fiscal year ending August 31, 1990 are projected at $2.70, up from fiscal 1989's $2.58 (both unadjusted for proposed 2-for-1 split).

Dividends are expected to continue at $0.35 (unadjusted) quarterly.

Profits from utility operations in fiscal 1990 should increase slightly, assuming normal weather conditions and some residential customer additions; gas volumes sold and transported to industrial customers should increase partly due to increased movement by corporations of industrial operations into the state of Oklahoma. Profits from oil and gas exploration and production operations should rise slightly on higher average energy prices.

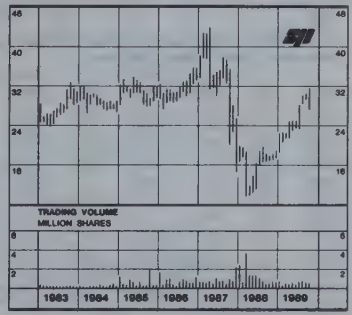
Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	128	111	143	173
Feb.	241	230	231	290
May	143	134	124	166
Aug.	106	97	89	108
	618	571	587	737

Revenues for the fiscal year ended August 31, 1989 (preliminary) rose 8.2%, year to year. Benefiting from lower interest expense and the absence of a $1.57 a share writedown of certain assets, net income advanced to $36.6 million from $7.1 million. Share earnings were $2.58, versus $0.48 (both unadjusted), which excludes a special credit of $1.03.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	0.37	0.09	0.22	0.16
Feb.	2.03	1.76	1.21	1.80
May	0.59	0.46	0.31	0.59
Aug.	d0.41	d1.83	d0.38	d0.07
	2.58	0.48	1.36	2.48



Important Developments

Sep. '89— OKE said that shareholders may be asked to vote at the January 18, 1990 meeting on proposals to increase the number of authorized shares from 20 million to 60 million and to declare a 2-for-1 stock split. In July directors raised the quarterly dividend 17%, to $0.35 from $0.30, effective with the August, 1989 payment, and authorized the company to repurchase about 1.4 million shares of its outstanding common stock.

Jun. '89— OKE sold its Thermal Systems Inc. unit to Trigen Energy Co.; the unit sells steam and chilled water, and operates a food warehouse.

Apr. '89— The Oklahoma Department of Commerce said more than $700 million of investment in new and expanding industry was announced in the state during the last year, which will create over 10,000 new jobs during the next few years.

Next earnings report expected in early January.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	22.68	22.44	24.71	29.61	29.41	28.50	28.53	24.57	22.22
Earnings[1]	2.58	0.48	1.36	2.48	2.80	3.46	2.51	4.88	4.42	3.82
Dividends	0.95	1.28	2.56	2.56	2.56	2.48	2.40	2.30	2.10	1.90
Payout Ratio	37%	267%	188%	103%	91%	72%	96%	47%	48%	50%
Prices—High[2]	31⅝	19⅞	44	35¾	33¾	32	32¾	30¼	41	44⅞
Low[2]	18½	9⅝	14½	27¼	27⅞	26½	23¾	24⅛	27⅛	17½
P/E Ratio—	12-7	41-20	32-11	14-11	12-10	9-8	13-9	6-5	9-5	12-5

Data as orig. reptd. 1. Bef. spec. item(s) of +1.03 in 1988. 2. Cal yrs. NA-Not Available. d-Deficit.

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1717R ONEOK Inc.

Income Data (Million $)

Year Ended Aug. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	571	79.5	7.66	92.4%	1.28	0.30	33.0%	7.1	1.2	5.8	2.1
1987	587	42.1	7.73	89.9%	1.94	0.44	49.1%	19.4	3.3	7.3	5.8
1986	737	36.5	8.60	90.0%	2.62	0.91	46.8%	34.5	4.7	9.3	10.1
1985	1,049	52.1	7.84	92.7%	2.66	0.47	43.8%	37.5	3.6	8.6	9.5
1984	1,169	49.3	7.75	92.7%	2.97	0.82	45.3%	44.3	3.8	9.8	11.9
1983	1,059	38.6	7.29	92.9%	2.25	1.60	45.1%	30.8	2.9	9.2	8.8
1982	1,119	35.8	7.47	92.1%	---	1.20	36.2%	56.1	5.0	13.1	18.3
1981	1,085	24.0	6.70	93.7%	---	0.44	43.8%	46.7	4.3	12.9	18.9
1980	860	21.6	5.92	93.0%	---	0.50	41.9%	40.3	4.7	12.2	18.0
1979	676	18.0	5.18	92.7%	---	0.27	37.6%	32.5	4.8	11.4	15.6

Balance Sheet Data (Million $)

Aug. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,046	32	616	6.8	713	232	41.5	9	1.6	318	56.9
1987	1,037	33	671	8.7	795	287	47.0	9	1.5	315	51.5
1986	1,024	73	680	11.1	820	314	47.2	9	1.4	341	51.4
1985	1,118	76	770	10.1	899	298	42.2	9	1.3	400	56.5
1984	1,053	63	748	11.4	883	318	44.8	9	1.3	383	53.9
1983	998	77	733	10.4	846	339	48.4	9	1.3	353	50.3
1982	949	181	713	13.7	782	308	47.0	9	1.4	338	51.6
1981	734	105	547	13.5	544	207	43.7	9	1.9	258	54.4
1980	637	65	469	13.4	517	221	47.9	9	1.9	232	50.2
1979	580	53	427	12.2	469	203	47.7	9	2.1	214	50.2

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1988. 3. Based on income before interest charges.

Business Summary

ONEOK, Inc. (formerly Oklahoma Natural Gas) is a diversified energy company engaged in natural gas utility operations in Oklahoma and nonutility energy-related activities, including oil and gas exploration and production. Segment data (profits in million $):

Fiscal 1988	Revs.	Profits
Gas utility	86%	$86.4
Oil and gas production	5%	-20.9
Gas liquids extractions	7%	- 1.2
Contract drilling	1%	-17.0
Other	1%	- 0.3

Gas utility operations are conducted principally by Oklahoma Natural Gas Co., which distributes gas to about 629,000 customers in 225 communities in Oklahoma, with Oklahoma City and Tulsa the largest markets, and at wholesale to other distributors serving 41 Oklahoma communities. Gas sales volume in fiscal 1988 totaled 113.5 Bcf, compared with 106.7 Bcf a year earlier.

The ONEOK Exploration Co. and ONEOK Resources Co. subsidiaries are engaged in oil and gas exploration, development and production. At fiscal 1988 year-end proved reserves amounted to 98.7 Bcf of gas and 2.5 million barrels of oil. Other nonutility operations include extraction and sale of natural gas liquids and contract drilling of oil and gas wells.

The company planned to file for the recovery of take-or-pay costs in future rate proceedings.

Dividend Data

Common dividends, omitted in March, 1988, were resumed in 1989 as follows. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 19	Jan. 25	Jan. 31	Feb. 15'89
0.30	Apr. 20	Apr. 24	Apr. 28	May 15'89
0.35	Jul. 20	Jul. 25	Jul. 31	Aug. 15'89
0.35	Oct. 19	Oct. 25	Oct. 31	Nov. 15'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $181,117,000.

$2.37½ Cum. Pfd. Stk.: 180,000 shs. ($50 par).

Common Stock: 14,026,270 shs. (no par).
Institutions hold about 46%.
Shareholders of record: 15,337.

Office—100 W. Fifth St., P. O. Box 871, Tulsa, Okla. 74102. Tel—(918) 588-7000. Chrmn, Pres & CEO—J. D. Scott. VP, CFO & Treas—P. A. Wimpey. VP-Secy—N. E. Duckworth. Investor Contact—Weldon Watson. Dirs—W. M. Bell, D. R. Cummings, W. L. Ford, J. M. Graves, A. G. Hays, S. J. Jatras, B. H. Mackie, J. A. McNeese, F. B. Mulfeld, D. A. Newsom, K. G. Reed, J. D. Scott, J. C. Tucker, J. E. Tyree, G. R. Williams, S. L. Young. Transfer Agents—Chase Manhattan Bank, NYC; Harris Trust & Savings, Chicago; Bank of Oklahoma, Tulsa, Liberty National Bank & Trust Co. of Oklahoma City. Registrars—Chase Manhattan Bank, NYC; Harris Trust & Savings, Chicago; Bank of Oklahoma, Tulsa; First National Bank & Trust Co. of Oklahoma City. Incorporated in Delaware in 1933. Empl—2,136.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Optical Radiation

4875S

NASDAQ Symbol ORCO (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
28⅜	30-13	18	None	None	B	0.79

Summary

This company designs and manufactures precision optical components and systems for medical, industrial and scientific applications. Earnings rose strongly in fiscal 1989, and continued to climb in the first quarter of fiscal 1990, benefiting from stong operating results in most of the company's product areas.

Business Summary

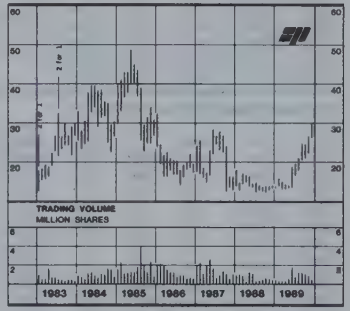
Optical Radiation Corporation manufactures optical products of two principal types—ophthalmic and industrial/scientific. Contributions to sales in recent fiscal years were:

	1989	1988	1987
Vision care	80%	81%	79%
Scientific/industrial	20%	19%	21%

Ophthalmic products offered by the Optical Components segment include the ORCOLITE line of hard-resin, bifocal and trifocal lens blanks, which are used by optical laboratories to produce finished prescriptions, and an abrasion-resistant lens coating. The group also develops specialized ophthalmic and related products for the scientific, military and optical laboratory markets. During 1989, Optical introduced a line of polycarbonate "finished" single vision lenses that eliminate conventional grinding and polishing.

The Omega Group subsidiary is the world's largest independent processor of eyeglass lenses. Omega also provides a wide range of optical laboratory products and services, contact lenses, national-branded frames and eyewear, optical equipment and related accessories.

Ophthalmic products in the vision care segment include newly developed models of intraocular lenses (IOLs), which are used to restore substantial vision for patients who have lost the natural lens of the eye as a result of cataract surgery. The IOL is surgically implanted after the cataract is removed. The line includes ultraviolet-blocking IOLs, which give the company a leadership position in the IOL market. In fiscal 1985, Optical Radiation developed LiteStyle eyeglass lenses, which are more scratch-resistant than plastic, can be up to 20% thinner than plastic and require 10 times the energy to break the glass. In April 1989, the company received FDA approval to initiate a 600 person clinical study of Orcolon, a new ophthalmic surgery product; premarket approval is expected in late fiscal 1990. Approval was also received to commence human trials on Memory Lens; the lens, made from a new, patented material, could represent a major advance for small incision IOL implants.



Industrial and scientific products include a line of custom-designed and standardized photo exposure systems sold to electronic component manufacturers to produce multilayer circuit boards and microcircuits; theatrical and audio-visual equipment; and xenon and mercury-xenon lamps and electroforming technology used within the company and in a number of aerospace, defense, electronic and medical instrument applications. In late fiscal 1989, the company discontinued operations of its Visionetics Corp. unit (see Finances).

Important Developments

Sep. '89— Optical Radiation and Eastman Kodak Co. said they had developed a process through which a digital optical sound track can be printed directly onto motion picture film. The product will be marketed in early 1990 as Cinema Digital Sound.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jul. 31	1989	[1]1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	11.24	10.73	10.06	9.44	8.42	5.86	4.59	2.00	1.79	1.53
Earnings[2]	1.42	1.13	1.11	1.01	1.50	1.05	0.47	0.21	0.26	0.23
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	26¼	18	28⅛	32¼	48¾	39½	32½	13⅝	5	4⅞
Low	13	12¼	12½	14	22⅝	22½	12½	2⅝	3⅛	2⅛
P/E Ratio—	18-9	16-11	25-11	32-14	33-15	38-21	69-27	65-13	19-12	21-9

Data as orig. reptd. Adj. for stk. divs. of 100% Jul. 1983, 100% Jan. 1983. **1.** Refl. merger or acq. **2.** Bef. results of disc. ops. of -0.76 in 1989. **3.** Cal. yr.

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Income Data (Million $)

Year Ended Jul. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[2]1989	110	16.8	15.3	5.6	4.36	1.54	12.3	22.7%	9.5	8.7
[1]1988	101	13.6	13.4	7.5	4.26	0.85	10.7	20.1%	8.6	8.5
1987	101	12.4	12.3	7.4	3.50	0.87	10.0	9.0%	9.1	9.1
1986	96	14.0	14.6	7.8	3.43	0.90	11.5	27.5%	8.3	8.7
[1]1985	97	22.1	22.9	20.0	2.62	0.91	21.5	42.0%	12.5	12.9
1984	48	14.1	29.2	6.2	0.82	0.15	14.2	44.8%	7.9	16.3
1983	27	5.9	22.1	1.7	0.58	0.17	5.7	45.9%	3.1	11.6
1982	19	2.5	13.7	0.9	0.49	0.19	2.0	38.1%	1.2	6.7
1981	17	3.3	18.9	1.0	0.39	0.18	2.9	47.4%	1.5	8.8
1980	15	3.1	20.1	0.2	0.34	0.25	2.5	47.7%	1.3	8.6

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	23.8	74.1	19.3	3.8	132	7.8	22.6	84.0	107	21.2	11.6
1988	20.2	65.0	18.6	3.5	122	7.4	10.3	88.1	98	10.5	10.1
1987	33.6	71.7	17.6	4.1	123	7.8	9.5	93.1	106	9.0	10.2
1986	36.5	73.3	15.1	4.9	114	7.6	8.5	88.1	98	8.6	9.9
1985	28.5	61.8	14.6	4.2	102	15.5	8.1	77.8	87	9.3	20.1
1984	18.6	39.6	9.5	4.2	53	16.8	1.5	41.4	43	3.5	21.3
1983	18.7	32.5	5.9	5.5	40	10.5	1.6	31.5	34	4.6	13.6
1982	1.2	10.0	2.7	3.7	16	8.0	1.6	11.7	13	11.9	11.2
1981	1.2	8.9	2.5	3.5	15	10.8	1.8	10.4	12	14.4	15.7
1980	1.0	8.0	2.6	3.1	13	10.4	1.8	8.8	11	17.1	16.1

Data as orig. reptd. **1.** Refl. merger or acq. **2.** Excl. disc. ops. **3.** Bef. results of disc. ops.

Sales (Million $)

Quarter:	1989-90	[1]1988-9	1987-8	1986-7
Oct.	29.51	26.04	24.35	24.43
Jan.		25.27	23.07	23.22
Apr.		28.08	26.84	26.31
Jul.		30.18	27.24	26.70
		109.57	101.50	100.69

Net sales for the three months ended October 28, 1989, advanced 13%, year to year, reflecting gains in both the vision care and scientific/industrial products areas, as well as significant growth in consumer optical products. Costs and expenses rose less rapidly, and pretax income climbed 50%. After taxes at 27.0%, versus 25.1%, income from continuing operations was up 46%, to $2,727,000 ($0.42 a share, on 6.9% fewer shares), from $1,866,000 ($0.27). Results exclude a loss of $0.05 a share from discontinued operations in the 1988 interim.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	0.42	0.27	0.29	0.24
Jan.		0.28	0.22	0.16
Apr.		0.34	0.31	0.29
Jul.		0.55	0.31	0.429
		1.42	1.13	1.11

Dividend Data

No cash has been paid.

Finances

During fiscal 1989, Optical Radiation discontinued its Visionetics Corp. subsidiary, a Brookfield, Conn., manufacturer of automatic optical inspection equipment for the printed circuit board industry. As a result, the company recorded a charge of $3,508,000 ($0.52) to close the operations, and a charge of $1,572,000 ($0.24) to reflect the unit's loss for the year.

Over the past three fiscal years, the company has repurchased more than 1.9 million shares at a cost of $27.2 million.

In May 1989, Optical Radiation placed a $15 million mortgage on most of its Azusa, Calif., complex, replacing other mortgages aggregating $2.3 million. Net proceeds of $12.6 million were earmarked for general corporate purposes, which could include additional stock repurchases, depending on market conditions.

Capitalization

Long Term Debt: $22,636,000 (7/89).

Common Stock: 6,401,000 shs. ($0.50 par).
Officers & directors own more than 25%.
Institutions hold about 37%.
Shareholders: 3,000 (9/89).

Options: To purchase 654,000 shs. at $3.31 to $30.68 ea.

1. Refl cont ops

Office—1300 Optical Drive, Azusa, Calif. 91702. **Tel**—(818) 969-3344 **Chrmn, Pres, CEO & Investor Contact**—Richard D. Wood. **VP, CFO & Treas**—G. N. Patten **SVP-Secy**—J. N. Wilkinson. **Dirs**—L. W. Biegler, V. H. Blackman, R. Seidler, Jr., J. N. Wilkinson, F. D. Wood, R. D. Wood **Registrar & Transfer Agent**—Security Pacific National Bank, Los Angeles. **Incorporated** in California in 1989 **Empl**—1,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Walter J. Dillingham, Jr

Oracle Systems

4876T

NASDAQ Symbol ORCL (Incl. in Nat'l Market; marginable) Options on CBOE In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
22⅞	26-9⅜	35	None	None	B	NA

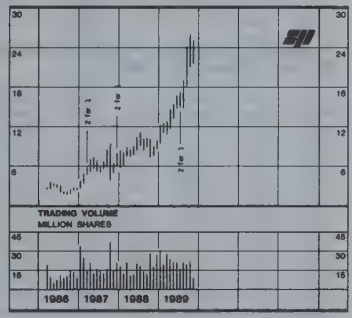
Summary

Oracle supplies computer software products used for database management, applications development and decision support, as well as end user and other applications. Significant earnings growth has been achieved, aided by strong worldwide demand for the company's products, and further profitable growth is expected in the 1989-90 fiscal year. The shares were split two for one in mid-1989.

Earnings for the fiscal year ending May 31, 1990, are estimated at $1.00 a share, up from 1988-9's $0.61.

Initiation of cash dividends is not anticipated.

Revenues are expected to continue growing in excess of a 50% rate in the 1989-90 fiscal year, reflecting high demand for Oracle's relational database management system and related tools and applications, which run across a variety of hardware platforms. Margins may narrow somewhat, as the company invests heavily in sales and marketing and R&D programs, and further builds the infrastructure necessary to support its growth. The tax rate is expected to approximate 32%.



Operating Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	175.5	90.6	41.3	17.8
Nov.		123.7	60.3	28.4
Feb.		153.4	76.3	34.9
May		215.9	104.2	50.4
		583.7	282.1	131.3

Total operating revenues for the three months ended August 31, 1989, rose 94%, year to year, reflecting a doubling of license revenues and a 77% increase in service revenues. Margins narrowed slightly on high sales and marketing costs and R&D expenses, and following other expense versus other income (net), pretax income was up 63%. After taxes at 32.0%, against 33.0%, net income advanced 65%, to $11,679,000, from $7,067,000. Earnings per share were $0.09, compared with $0.05, as adjusted for the two-for-one stock split in mid-1989.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.09	0.06	0.03	NM
Nov.	E0.21	0.13	0.06	0.03
Feb.	E0.29	0.18	0.10	0.04
May	E0.41	0.25	0.14	0.06
	E1.00	0.61	0.32	0.13

Important Developments

Jul. '89— ORCL announced a series of database server products for various operating systems and network environments. Earlier, the company began shipping Oracle for Macintosh, which transforms Apple Computer's Hypercard into a full-function SQL database and allows Macintosh, IBM PC, minicomputer and mainframe systems to share identical database information.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	1.82	1.12	0.72	0.27	0.06	0.04	0.02	0.01	0.01
Earnings	0.61	0.32	0.13	0.06	0.02	0.02	0.01	0.01	NM
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	11⅛	9½	3⅝	NA	NA	NA	NA	NA	NA
Low	5⅝	2½	1⅝	NA	NA	NA	NA	NA	NA
P/E Ratio—	18-9	29-8	29-13	NA	NA	NA	NA	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Jul. 1989, 100% Dec. 1987, 100% Mar. 1987, 100% Oct. 1985. NA-Not Available. E-Estimated.

December 1, 1989

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	584	143	24.4	68.4	19.7	4.32	120	32.0%	81.8	14.0
1988	282	75	26.4	[1]31.0	10.6	1.54	65	34.0%	42.9	15.2
1987	131	33	25.2	16.9	4.6	1.16	28	44.0%	15.8	11.9
1986	55	13	23.1	11.5	2.0	0.51	10	43.7%	5.9	10.6
1985	23	4	16.0	3.3	1.0	0.25	3	40.0%	1.6	6.7
1984	13	3	23.9	2.0	0.4	0.05	2	39.5%	1.4	10.9
1983	5	1	23.3	0.3	0.2	0.04	1	34.5%	0.7	13.1
1982	3	[2]NM	[2]14.0	NA	NA	0.06	NM	8.1%	0.3	11.0
1981	1	[2]NM	[2]7.8	NA	NA	0.05	NM	8.5%	NM	3.5

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	49.4	337	178	1.9	460	22.6	33.5	231	276	12.1	43.9
1988	48.6	192	102	1.9	250	21.5	5.4	135	147	3.6	38.8
1987	37.6	109	48	2.3	144	15.1	9.0	83	95	9.5	27.4
1986	12.5	41	22	1.9	57	15.5	5.6	29	35	16.1	34.7
1985	0.6	10	6	1.6	15	13.8	1.4	[3]7	9	15.1	30.8
1984	0.1	4	4	1.0	7	28.6	0.2	3	3	7.4	70.9
1983	NA	NA	NA	NA	3	33.4	0.1	1	1	10.4	70.6
1982	NA	NA	NA	NA	1	23.0	0.2	1	1	23.1	66.7
1981	NA	NA	NA	NA	1	NA	0.3	NM	1	63.7	NA

Data as orig. reptd. 1. Net. 2. Aft. depr. not separately reptd. 3. Refl. conv. of pfd. stk. at time of initial public offering. NA-Not Available. NM-Not Meaningful.

Business Summary

Oracle Systems Corporation develops and markets computer software products used for database management, applications development, decision support, programmer tools, computer network communication, end user applications and office automation. The principal product is "Oracle," a relational database management system (DBMS). The company offers its products, along with related database design, applications consulting and support services worldwide.

Operating revenues in recent fiscal years were derived as follows:

	1988-9	1987-8
Domestic operations	51.7%	52.5%
Foreign distributors-		
Europe	0.9%	1.2%
Other	0.6%	1.3%
European operations	33.0%	35.0%
Other intl. operations	13.8%	10.0%

"Oracle" has the same user interface, the SQL command language, as IBM's relational DBMS products for its mainframe computers, SQL/DS and DB2. The software was designed and written to make it adaptable, or "portable," to most computer hardware and operating systems. In addition to IBM and other mainframes, "Oracle" currently runs on a broad range of minicomputers and microcomputers.

A variety of applications development "tools," which increase programmer productivity, are sold as add-ons to the "Oracle" DBMS. Oracle currently offers four decision support products: a spreadsheet interface to the database; Easy, a simple interface for the novice user; a reporting tool; and an add-in for Lotus 1-2-3. Office automation products for use with the "Oracle" DBMS include "Oracle Mail."

The company also offers an integrated family of end user financial applications including general ledger, purchasing, payables, assets, receivables and revenue accounting programs, and end user manufacturing applications. These application products use the "Oracle" DBMS and related development and decision support tools.

Dividend Data

No cash dividends have been paid. Two-for-one stock splits were effected in July 1989 and in March and December 1987.

Finances

R & D expenditures totaled $52,570,000 (9.0%) of operating revenues in 1988-9, compared with $25,708,000 (9.1%) the year before.

Capitalization

Long Term Liabilities: $37,746,000 (8/89).

Common Stock: 127,774,713 shs. ($0.01 par).
Lawrence J. Ellison & Robert N. Miner beneficially own some 27% & 10%, respectively.
Shareholders: 1,457 of record (5/89).

Office—20 Davis Dr., Belmont, Calif. 94002 **Tel**—(415) 598-8000 **Chrmn**—D. L. Lucas. **Pres & CEO**—L. J. Ellison. **Sr VP & CFO**—J. L. Walker. **Secy**—G. K. Davidson. **Investor Contact**—Michael Musson. **Dirs**—L. J. Ellison, D. L. Lucas, R. N. Miner, A. N. Silverman. **Transfer Agent & Registrar**—Bank of America, San Francisco. **Reorganized** in 1985-6; reincorporated in Delaware in 1987. **Empl**—4,148

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Orange & Rockland Utilities

NYSE Symbol ORU

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
29½	30⅞-27¼	10	2.30	7.8%	A	0.32

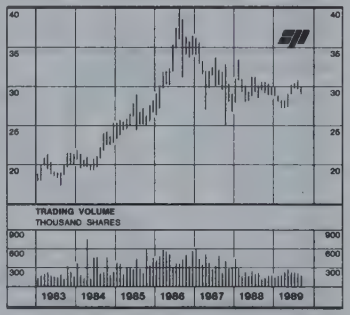
Summary

This electric-gas utility serves a 1,350-square-mile area in southeastern New York State, northern New Jersey, and northeastern Pennsylvania. The company has no nuclear plant capacity and does not anticipate construction of additional capacity for the foreseeable future. Nonregulated subsidiaries are engaged in natural gas marketing, land development, and radio broadcasting.

Business Summary

Orange & Rockland Utilities, through its subsidiaries (Rockland Electric Co. in New Jersey and Pike County Light & Power Co. in Pennsylvania) supplies electric service to about 241,000 customers and gas service to about 102,000 customers in a 1,350 square-mile area on the northern fringe of New York City including part of southeastern New York, northern New Jersey, and northeastern Pennsylvania. Electric revenues accounted for 78% of revenues and 90% of operating income in 1988, and gas for 22% and 10%, respectively. Contributions to electric business by class of customers:

Revenues	1988	1987	1986	1985
Residential	43%	42%	42%	39%
Commercial	26%	26%	27%	26%
Industrial	26%	25%	25%	24%
Other	5%	6%	6%	11%



The fuel mix in 1988 was oil 26%, natural gas 24%, coal 24%, purchased power 22%, and hydro 4%. The company expects purchased energy to continue to grow as a percentage of total system output. Peak load in 1988 was 971 mw and net capability at time of peak was 1,020 mw, for a capacity margin of 4.8%. Average residential rates were 10.90c per kwh (10.50c in 1987), and average annual usage 7,079 kwh (6,703).

During 1988 ORU sold 21,976 Mmcf of natural gas, versus 19,840 Mmcf in 1987. At December 31, 1988 the gas distribution system included 1,554 miles of mains. The company purchases over 90% of its firm contract demand natural gas from Tennessee Gas Pipeline Co. and Columbia Gas Transmission Corp.

In June, 1989 ORU estimated construction expenditures for 1989-93 at $269.5 million, including $49.2 million for 1989. No new generating capacity additions are anticipated for the foreseeable future. The company expects to finance such expenditures with internally generated funds and equity financing. Future growth in demand for electricity is expected to be met by purchased power (including Canada), by cogeneration, and by demand-side management (conservation programs).

Nonutility subsidiaries are engaged in natural gas marketing, oil and gas production, land development and the operation of several radio stations.

Important Developments

Aug. '89— ORU filed an application with the New York Public Service Commission for a 7.4% or $22.5 million electric base rate increase. If approved, the new rates would go into effect in July, 1990. Management said that the request was made to recover projected costs in a number of areas, and increase ORU's return on equity to 13.96% from 12.5%.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.86	22.07	21.70	20.94	20.21	19.55	18.76	18.14	17.63	17.17
Earnings	3.18	2.93	2.91	2.81	2.76	2.64	2.59	2.35	2.21	2.00
Dividends	2.24	2.20	2.16	2.09	1.98	1.86	1.74	1.64	1.58	1.54
Payout Ratio	70%	75%	74%	74%	72%	70%	67%	70%	71%	77%
Prices—High	33½	36¼	40	29	25⅜	21½	19	14⅝	14⅝	15¾
Low	27⅛	25	26¼	23¼	19¼	17¼	13⅜	11⅝	10⅝	12⅜
P/E Ratio—	11-9	12-9	14-9	10-8	9-7	8-7	7-5	6-5	7-5	8-6

Data as orig. reptd

October 2, 1989
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	[2]Invest. Capital	[3]Com. Equity
1988	487	26.9	32.6	84.7%	3.08	6.44	33%	44.2	9.1	9.8	14.1
1987	451	23.5	32.4	86.7%	3.09	7.46	36%	40.9	9.1	9.5	13.3
1986	475	23.3	27.3	88.5%	3.63	9.41	41%	40.9	8.6	9.7	13.7
1985	524	22.0	27.0	89.3%	4.12	1.76	43%	39.8	7.6	9.4	13.6
1984	538	21.8	24.8	89.4%	3.87	3.40	41%	38.7	7.2	9.6	13.7
1983	526	19.8	19.4	90.0%	3.53	2.71	43%	36.1	6.9	9.6	13.7
1982	479	19.2	20.2	89.5%	---	1.84	41%	34.1	7.1	9.9	13.9
1981	425	17.3	17.3	89.7%	---	5.04	33%	30.4	7.2	9.0	13.1
1980	374	16.4	15.2	88.2%	---	4.10	38%	27.8	7.4	9.0	12.6
1979	295	15.6	13.1	87.2%	---	3.85	37%	24.9	8.4	8.3	11.7

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	[6]% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	970	60.2	694	11.0	757	290	45.0	58.9	9.1	296	45.9
1987	927	90.8	668	9.5	737	289	45.6	60.4	9.6	284	44.8
1986	839	88.6	598	9.8	674	254	43.0	62.0	10.5	274	46.5
1985	748	45.8	522	11.0	622	215	39.5	63.7	11.7	265	48.8
1984	703	33.2	496	11.6	616	212	39.6	65.3	12.2	259	48.2
1983	669	30.7	482	11.0	587	203	39.6	66.9	13.1	242	47.3
1982	646	38.5	476	10.3	565	205	41.4	67.2	13.6	223	45.0
1981	656	44.1	505	8.9	541	208	43.3	67.5	14.0	205	42.7
1980	616	30.7	475	9.5	530	219	45.7	67.8	14.2	192	40.1
1979	588	29.3	461	8.3	507	225	47.5	68.2	14.4	181	38.1

Data as orig reptd 1. Times int exp. & pfd. divs. covered (pretax basis). 2. Based on income bef interest charges 3. As reptd by co. 4. Utility Plant. 5. Incl. oblig. under capital leases aft. 1983

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	145.7	131.2	129.6	142.3
Jun.	122.8	106.0	102.6	106.4
Sep.		123.6	108.1	107.1
Dec.		125.9	111.1	118.8
		486.7	451.3	474.7

Operating revenues for the six months ended June 30, 1989 rose 13%, year to year, reflecting higher fuel cost recoveries and increased electric sales. Following increases in the cost of fuel used for electric production and the cost of gas purchased for resale, operating income fell 4.2%. After higher interest charges, net income declined 14%. Following preferred dividends, share earnings were $1.25, versus $1.49.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.73	0.93	0.90	0.86
Jun.	0.51	0.55	0.62	0.68
Sep.		1.26	0.91	0.87
Dec.		0.44	0.50	0.50
		3.18	2.93	2.91

Finances

On September 7, 1989 the New York Public Service Commission approved the company's petition to issue up to $80 million of first mortgage bonds, which ORU will offer in one or more series when appropriate market conditions prevail. Proceeds would primarily be used to reduce outstanding short-term debt.

Dividend Data

Dividends have been paid since 1908. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.56½	Oct. 6	Oct. 11	Oct. 17	Nov. 1'88
0.56½	Jan. 5	Jan. 9	Jan. 16	Feb. 1'89
0.56½	Apr. 6	Apr. 11	Apr. 17	May 1'89
0.57½	Jun. 27	Jul. 11	Jul. 17	Aug. 1'89

Capitalization

Long Term Debt: $289,684,000.

Subsidiary Preferred Stock: $4,020,000.

Red. Cum Preferred Stock: $11,079,000.

Cum. Pfd. and Pref. Stk.: $43,405,000.

Common Stock: 12,839,251 shs. ($5 par).
Institutions hold about 13%.
Shareholders of record: 28,025.

Office—1 Blue Hill Plaza, Pearl River, N Y 10965 **Tel**—(914) 352-6000 **Chrmn & CEO**—J. F Smith **Pres**—T A. Griffin, Jr **VP-Secy**—V A. Roque **Treas & Investor Contact**—R J McBennett **Dirs**—R M Baruch, R L Brickley, P J. Chambers, Jr., J F Creamer, M Del Giudice, T A Griffin, Jr., M W Higgins, R G Hildreth, Jr., F A. McDermott, Jr., J F O'Grady, Jr., J. F Smith, H K Vanderhoef, J F White **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1926 **Empl**—1,718

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Oryx Energy

NYSE Symbol ORX In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
36¼	42-25½	91	1.20	3.3%	NR	NA

Summary

Oryx Energy is the largest independent oil and gas company in North America. Formerly Sun Exploration and Production, the company was renamed Oryx Energy in May, 1989 following its divestiture from Sun Co. in November, 1988. In September, 1989 ORX announced an agreement to acquire substantial oil and gas properties from British Petroleum Co. in the North Sea and elsewhere. The acquisition, expected to be closed on January 1, 1990, positions ORX as a worldwide energy producer. The acquisition's debt service would restrict near-term earnings and may place the $0.30 quarterly dividend at some risk.

Current Outlook

Share earnings for 1990 are estimated at $0.30, down from the $0.45 projected for 1989.

The heavy financing costs associated with the purchase of the overseas oil and gas properties and the unfavorable payout ratio may place the $0.30 quarterly dividend at some risk.

Revenues for 1990 are expected to be up substantially over 1989 due to the planned production from the overseas oil and gas properties. Higher natural gas prices and increased gas volumes should aid operating margins. The debt service resulting from the acquisition would impair profitability.

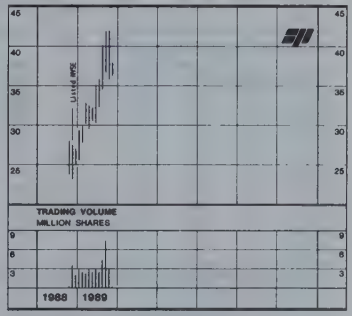
Total Revenues (Million $)

Quarter:	1989	1988	[1]1987
Mar.	306	332	---
Jun.	304	332	---
Sep.	295	306	---
Dec.	---	316	---
	---	1,286	1,564

Revenues for the nine months ended September 30, 1989 declined 6.7%, year to year, reflecting lower crude oil volumes. Higher crude oil and natural gas prices, increased gas volumes, and the absence of the 1988 period's asset divestitures resulted in net income of $40 million ($0.38 a share, excluding an $0.80 special credit), in contrast to a net loss of $307 million ($2.91).

Earnings Per Unit ($)

Quarter:	1989	1988	[1]1987
Mar.	0.16	d0.05	---
Jun.	0.16	d2.58	---
Sep.	0.06	d0.28	---
Dec.	E0.07	0.02	---
	E0.45	d2.89	1.7



Important Developments

Sep. '89— ORX announced that it had agreed to acquire a portfolio of international oil and gas properties from BP Exploration for $1.31 billion, with closing scheduled for January 1, 1990. The acquisition will add 283 million equivalent barrels of proved reserves, mostly in the North Sea but also in Indonesia, Dubai, Ecuador, Colombia, Gabon and Italy. ORX said it expected these properties to produce about 34 million eqb in 1990, which would be a 40% increase over current U.S. production. ORX projected discretionary cash flow, before financing and exploration expenses, from the properties at about $250 million in 1990. The acquisition, which would be funded through debt, is expected to result in some earnings dilution. ORX would seek to reduce the debt through internal cash flow, asset sales and lower capital spending.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987
Tangible Bk. Val.	15.24	NA
Earnings	[2]d2.89	1.70
Dividends	0.30	NA
Payout Ratio	NM	NA
Prices—High	28	NA
Low	23¼	NA
P/E Ratio—	NM	NA

Data as orig. reptd., prior to 1988 pro forma data as reptd. in Prospectus dated Sep. 14, 1988. **1.** Pro forma. **2.** Assumes 105.7 million com. shs. outstanding NM-Not Meaningful. NA-Not Available d-Deficit E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,070	52	4.9	580	416	275	d466	NM	d305	NM
[1]1987	1,465	622	42.5	554	334	71	305	39.3%	185	12.5
1986	1,453	481	33.1	429	322	342	d22	NM	d13	NM
1985	2,678	1,098	41.0	797	409	378	466	28.3%	334	12.5
1984	2,994	NA	NA	1,341	NA	NA	NA	NA	336	11.2
1983	3,031	NA	NA	704	NA	NA	NA	NA	227	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	138	363	321	1.1	4,094	NM	1,082	1,611	3,563	30.4	NM
[2]1987	150	397	392	1.0	4,242	NA	1,123	1,722	2,845	39.5	NA
1986	Nil	1,199	385	3.1	5,106	NM	2,154	1,625	4,595	46.9	NM
1985	NA	NA	NA	NA	6,444	5.5%	3,247	1,632	NA	NA	26.5%
1984	NA	NA	NA	NA	5,600	6.4%	3,104	888	NA	NA	32.9%
1983	NA	NA	NA	NA	4,832	NA	2,229	1,152	NA	NA	NA

Data as orig. reptd.; prior to 1988 data as reptd. in Prospectus dated Sep. 14, 1988 **1.** Pro forma. **2.** As of Jun. 30, 1988; pro forma. d-Deficit NM-Not Meaningful. NA-Not Available.

Business Summary

Oryx Energy (formerly Sun Exploration and Production), together with its subsidiaries, acquires, explores for and develops, produces and markets crude oil and condensate, natural gas and natural gas liquids. The company was spun off by Sun Co. in November, 1988. Effective June 30, 1988 ORX adopted a plan to divest nonstrategic oil and gas assets. The provision for the asset divestitures was $395 million in 1988 ($260 million, net), $14 million in 1987 ($8 million, net) and $48 million in 1986 ($26 million, net).

The company is the managing general partner of 97.9%-owned Sun Energy Partners, L.P., which conducts the company's U.S. exploration and production business. In December, 1985 ORX conveyed to Sun Energy Partners, L.P. all of its U.S. oil and gas properties and other related assets in exchange for a 97.9% general partnership interest in the form of units of partnership interest. The remaining 2.1% interest was sold publicly.

Net production in 1988 was 125,700 barrels per day of crude oil and condensate, 23,800 barrels per day of processed natural gas liquids, and 674 Mcf per day of natural gas. At December 30, 1988 ORX had estimated net proved domestic reserves of 601 million barrels of crude oil, condensate and recoverable natural gas liquids and 2,242 Bcf of natural gas. At the end of 1988, the company held 4,300,000 gross (2,067,000 net) developed oil and gas acres and 5,197,000 gross (2,982,000 net) undeveloped acres.

During 1988 the company participated in the drilling of 10 net exploratory oil wells (16 in 1987), 17 exploratory gas wells (12) and 80 dry wells (99). In 1988 ORX replaced 97% of its reserves. In 1988 44% of the reserves added were gas, which resulted in an oil to gas reserve mix of about 60/40. By the mid-1990s the company's goal is to increase gas reserves so that the reserve mix would be closer to 50/50.

The average price received for crude oil production during 1988 was $13.78 per barrel, a 16% decrease from 1987's average price of $16.48. The average price received for natural gas production during 1988 was $1.64 per Mcf, up 10% from 1987's average price of $1.49. The company does not anticipate the price of oil to surge back to levels exceeding $30 a barrel, as in the early 1980s. By the mid-1990s ORX is projecting oil prices in the mid-$20 range. The company estimated that natural gas prices per Mcf would be valued at about 1/8 of crude oil prices per barrel.

Dividend Data

Dividends were initiated on a quarterly basis in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 2	Feb. 14	Feb. 21	Mar. 10'89
0.30	May 2	May 15	May 19	Jun. 9'89
0.30	Aug. 3	Aug. 14	Aug. 18	Sep. 8'89
0.30	Nov. 2	Nov. 13	Nov. 17	Dec. 8'89

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $1,094,000,000.

Common Stock: 105,094,436 shs. ($1par).
Institutions hold about 48%.
Shareholders of record: 70,600.

Office—5656 Blackwell, Four NorthPark East, Dallas, Texas 75231. **Tel**—(214) 890-6000 **Chrmn & CEO**—R. P. Hauptfuhrer **Pres**—J. E. McCormick **VP-CFO**—E. W. Moneypenny. **Treas**—W. F. Cass, Jr. **Secy**—F. B. Sweeney. **Investor Contact**—John O'Keefe. **Directors**—C. J. Grayson, Jr., R. P. Hauptfuhrer, D. S. Hollingsworth, J. C. Kenefick, J. E. McCormick, J. G. Pew, Jr., A. E. Piscopo, C. H. Plator, Jr. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1971. **Empl**—3,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Oshkosh B'Gosh

4880

NASDAQ Symbol GOSHA (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
38¾	39½-20	18	[1]0.32	[1]0.8%	B+	NA

Summary

Founded in 1895 as a regional manufacturer of overalls, Oshkosh B'Gosh produces high-quality apparel for children, youth wear and men's and women's casual and workwear clothing. After declining substantially in 1988 because of production problems, shipping delays and order cancellations, earnings should rebound in 1989 and 1990 on a more-favorable product mix and more-efficient manufacturing operations.

Current Outlook

Earnings for 1990 could reach $2.65 a share, up from 1989's estimated $2.40.

The quarterly dividend on the Class A stock was increased 14%, to $0.08 a share, with the September 1989 payment.

Sales for 1990 should rise 8%-12%, reflecting continued demand for GOSHA's apparel resulting from favorable demographics, as well as international expansion and higher prices. Margins may continue to widen somewhat on a more-profitable product mix, streamlined production techniques and more-efficient shipping schedules.

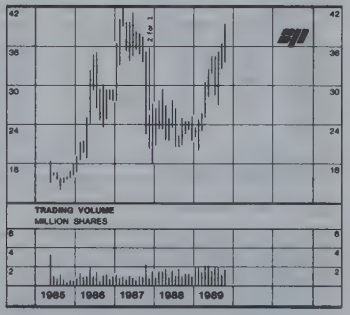
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	90.5	65.3	64.1	48.8
Jun.	53.3	51.1	45.2	38.8
Sep.	107.9	85.0	63.3	60.2
Dec.	---	51.6	53.7	50.4
	---	253.0	226.3	198.2

Net sales for the first nine months of 1989 rose 25%, year to year, reflecting increased unit shipments and higher prices. Margins widened substantially on manufacturing efficiencies and improved product pricing, and pretax income was up 72%. After taxes at 38.4%, versus 38.1%, net income rose 71%, to $29.3 million ($2.01 a share), from $17.1 million ($1.17).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.72	0.36	0.53	0.36
Jun.	0.33	0.23	0.27	0.22
Sep.	0.96	0.58	0.48	0.42
Dec.	E0.39	0.12	0.35	0.42
	E2.40	1.29	1.64	1.42



Important Developments

Oct. '89— GOSHA attributed the 27% year-to-year gain in sales for the third quarter of 1989 to strong demand for basic merchandise, coupled with earlier shipments of Holiday merchandise. The company said unit shipments were up 21%, year to year. Earnings improvement resulted from the increased unit sales, as well as improved gross margins.

Aug. '89— Increased net income on a year-to-year basis during the second quarter of 1989 was attributed to favorable pricing and manufacturing efficiencies, which included high plant utilization, relatively stable textile prices, sewing efficiencies from larger production runs and more-timely delivery of trim and material.

Next earnings report expected in February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980
Book Value[2]	6.66	5.72	4.41	3.26	2.46	1.79	1.34	1.06	0.93
Earnings[2]	1.29	1.64	1.42	0.97	0.88	0.57	0.37	0.25	0.22
Dividends[3]	0.35	0.34⅛	0.26⅞	0.20⅞	0.18⅞	0.11⅝	0.08⅜	0.07⅝	0.06⅛
Payout Ratio	27%	21%	19%	22%	21%	21%	23%	29%	28%
Prices[3]—High	29½	42	35⅛	18½	NA	NA	NA	NA	NA
Low	20½	18	16⅝	12½	NA	NA	NA	NA	NA
P/E Ratio—	23-16	26-11	25-12	19-13	NA	NA	NA	NA	NA

Data as orig. reptd. Adj. for stk. div. of 100% Nov. 1987. 1. Excl. extra; see Dividend Data. 2. Comb. Cl. A & Cl. B shs. 3. Cl. A shs. NA-Not Available E-Estimated

October 27, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	253	34.1	13.5	18.2	3.43	1.57	30.5	38.4%	18.8	7.4
1987	226	44.5	19.7	10.8	2.79	0.65	42.2	43.4%	23.9	10.6
1986	198	43.6	22.0	6.7	2.52	0.91	40.7	49.2%	20.6	10.4
1985	162	30.0	18.5	4.8	2.30	1.17	26.9	47.8%	14.0	8.7
1984	137	27.3	19.9	7.7	1.78	1.09	25.0	48.6%	12.9	9.4
1983	92	17.0	18.5	4.6	1.10	0.34	15.7	47.5%	8.2	8.9
1982	61	11.1	18.1	1.6	0.79	0.37	10.0	46.6%	5.3	8.7
1981	48	[1]7.2	15.1	NA	NA	NA	7.2	47.2%	3.8	8.0
1980	43	[1]6.7	15.7	NA	NA	NA	6.3	48.0%	3.3	7.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	0.13	94.3	34.1	2.8	139	14.9	5.66	97.2	104	5.5	20.8
1987	8.90	83.5	21.2	3.9	113	22.9	6.79	83.4	91	7.5	32.3
1986	6.83	73.6	21.6	3.4	95	24.9	7.92	64.4	73	10.9	36.9
1985	3.58	52.2	13.6	3.8	71	22.1	8.79	47.5	57	15.6	33.6
1984	0.63	40.6	12.4	3.3	56	25.8	7.33	36.1	44	16.9	41.3
1983	1.39	32.3	12.0	2.7	43	23.3	4.74	26.2	31	15.3	36.0
1982	NA	NA	NA	NA	28	22.1	0.76	19.6	20	3.7	30.4
1981	NA	NA	NA	NA	21	19.1	0.77	15.4	16	4.8	26.0
1980	NA	NA	NA	NA	19	NA	0.86	13.6	15	5.9	NA

Data as orig. reptd. 1. Aft. depr. not separately reptd. NA-Not Available.

Business Summary

Oshkosh B'Gosh designs, manufactures and markets a broad range of children's clothing, as well as lines of youth wear and men's and women's casual and workwear clothing. Children's wear is for sizes up to seven; youth wear for sizes seven to 20; and men's and women's clothing are in adult sizes. Approximately 89% of 1988's sales were children's wear, versus 16% in 1979. The company's products are marketed primarily under its Oshkosh or Oshkosh B'Gosh labels.

Spring and fall are the primary selling seasons, accounting for 73% of 1988's sales. Product offerings for a season will typically consist of a variety of clothing items, including bib overalls, pants, jeans, shorts and shortalls, shirts, blouses and knit tops, skirts, jumpers, sweaters, jackets and coats, coveralls, children's playwear, work outerwear and miscellaneous accessories. Substantially all of the company's products are designed and sold as separates, versus ensembles.

The company's products are sold primarily through better-quality department and specialty stores, although sales are made also through direct-mail catalog companies, foreign retailers and other outlets, including 13 company-operated retail stores.

In 1988, the company made 67% of its products at its own 16 manufacturing facilities. The remaining 33% was produced by independent contractors.

As of December 31, 1988, the company had $93 million of booked orders, versus $72 million a year earlier. Products generally are shipped three to six months after booking.

Dividend Data

Prior to its 1985 recapitalization, the company paid some cash on its old common shares in each year since 1936. Currently, when any cash payment is made on the Class B, a dividend equal to 115% of such amount per share must be paid on the Class A stock.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Oct. 30	Nov. 8	Nov. 15	Dec. 1'88
0.07 Ext.	Oct. 30	Nov. 8	Nov. 15	Dec. 1'88
0.07	Feb. 7	Feb. 13	Feb. 17	Mar. 1'89
0.07	May 5	May 15	May 19	Jun. 1'89
0.08	Aug. 7	Aug. 14	Aug. 18	Sep. 1'89

Capitalization

Long Term Debt: $5,271,000 (6/89).

Cl. A Common Stock: 12,776,860 shs. ($0.01 par); holders elect 25% of directors but may not vote on other matters except as required by law. Officers & directors own some 16%. Institutions hold about 62%.

Cl. B Common Stock: 1,808,940 shs. ($0.01 par); holders elect 75% of directors & vote on all other matters. Some 57% is held by the Wyman & Pickard groups. Shareholders: 2,029 Class A; 318 Class B (2/89).

Office—112 Otter Ave., Oshkosh, Wis. 54902 Tel—(414) 231-8800 Pres & CEO—C F Hyde. VP & Treas—W. P. Jacobsen. Secy—S R Duback. Dirs—O. J. Bradley, S. R. Duback, C F Hyde, D. W. Hyde, W. P. Jacobsen, E. F. Layhe, J. C. Pickard, M. D. Wachtel, T. R Wyman Transfer Agent—Harris Trust & Savings Bank, Chicago. Incorporated in Delaware in 1929. Empl—5,851.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Outboard Marine

NYSE Symbol OM Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
26⅜	46-25	24	0.80	3.0%	B+	1.29

Summary

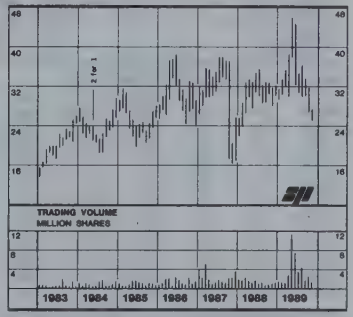
This company is a leading maker of outboard motors, and has acquired 10 boat businesses since September, 1986. OM recently sold its non-marine operations, which include include power mowers and turf care equipment. OM's earnings from continuing operations are expected to rebound in fiscal 1990, but still be far short of the record level achieved in fiscal 1988.

Current Outlook

Earnings from continuing operations for the fiscal year ending September 30, 1990 are estimated at $1.80 a share, up from fiscal 1989's $1.09.

The dividend may remain at $0.20 quarterly.

Earnings in fiscal 1990 are likely to be restrained by a relatively slow-growth economic environment. However, profitability may be helped by the absence of unusual charges and improved results from some of OM's newer boat businesses. Demographics of the U.S. population are favorable for long-term growth of the marine industry, but in times of consumer caution, purchases may be deferred.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	---	260	169
Mar.	---	---	401	323
Jun.	---	[1]1,078	465	394
Sep.	---	386	480	404
	---	1,464	1,605	1,289

Sales from continuing operations for the fiscal year ended September 30, 1989 (preliminary) rose 7.7% from those of fiscal 1988. Net income declined 66%, to $1.09 a share from $3.20, before income from discontinued operations of $2.55, versus $0.54, and a special credit of $0.30 in fiscal 1988.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	Ed0.10	---	0.11	d0.40
Mar.	E0.40	---	1.04	0.52
Jun.	E0.85	[1]1.17	1.48	1.23
Sep.	E0.65	d0.08	1.11	1.16
	E1.80	1.09	3.74	2.56

Important Developments

Nov. '89— In fiscal 1989's fourth quarter OM's earnings from continuing operations were hurt by a $0.25 a share charge related to the closing of manufacturing operations in Canada and the transferral of work to other facilities; and a $0.33 a share charge related to a factory recall program for stern drive engines. Also, OM's net sales from continuing operations, which now include only marine-related businesses, were down 9.0%, year to year; U.S. sales declined 15%, while international sales were up 14%. OM said that an industrywide decline for U.S. marine products had begun in the spring of 1989 and had continued into the fall. Certain of OM's expense levels, including marketing costs, were geared toward higher sales goals, and this likely contributed to the lower earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	24.68	21.51	23.06	22.77	21.79	19.71	18.23	17.57	16.36
Earnings[2]	1.09	3.74	2.56	0.66	1.74	3.02	2.26	2.02	1.61	0.14
Dividends	0.80	0.70	0.64	0.64	0.64	0.58	0.46⅞	0.41⅜	0.36⅜	0.35
Payout Ratio	73%	19%	27%	98%	37%	19%	21%	21%	23%	249%
Prices—High[3]	46	35½	38	38½	31½	29⅝	26	16⅛	11⅜	8½
Low[3]	25	21⅞	16¼	23⅞	19⅝	18⅜	13½	9⅜	5⅞	4½
P/E Ratio—	42-23	9-6	15-6	58-36	18-11	10-6	12-6	8-5	7-4	60-32

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1984. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +2.55 in 1989, and spec. item(s) of +0.30 in 1988, +0.82 in 1987, +0.19 in 1986. 3. Cal. yr. 4. Nine mos. from continuing opers. d-Deficit. E-Estimated. NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,605	212	13.2	69.9	63.3	29.8	123	41.6%	[2]71.8	4.5
[3]1987	1,289	157	12.2	62.2	53.6	26.0	93	49.9%	[2]46.8	3.6
1986	972	82	8.5	37.5	47.1	14.4	11	0.3%	11.1	1.1
1985	880	99	11.3	41.4	38.1	13.9	53	45.7%	29.4	3.3
1984	922	133	14.4	44.8	33.6	11.4	102	48.6%	52.7	5.7
1983	789	114	14.5	38.7	28.9	13.4	79	50.8%	39.3	5.0
1982	778	95	12.2	20.4	29.5	16.0	62	44.7%	[2]34.0	4.4
1981	796	104	13.0	11.0	30.8	17.9	62	56.1%	26.9	3.4
1980	687	56	8.1	12.1	33.0	24.3	3	4.7%	2.3	0.3
1979	741	74	9.9	18.3	32.4	17.9	29	40.6%	16.7	2.3

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23	699	304	2.3	1,141	6.9%	178	580	758	23.5	13.2%
1987	49	576	241	2.4	966	5.1%	132	518	664	19.9	9.7%
1986	10	515	212	2.4	775	1.5%	86	392	515	16.7	2.8%
1985	48	483	172	2.8	721	4.2%	86	385	521	16.6	7.8%
1984	76	457	150	3.0	672	8.2%	91	367	492	18.5	15.1%
1983	127	468	159	2.9	649	6.3%	99	346	473	21.0	11.8%
1982	80	435	135	3.2	593	5.6%	105	315	439	24.0	11.0%
1981	89	449	161	2.8	604	4.7%	112	294	432	26.0	9.5%
1980	35	373	113	3.3	542	0.4%	121	273	419	28.9	0.9%
1979	16	377	128	2.9	560	3.1%	124	277	426	29.1	6.1%

Data as orig. reptd. 1. Bef. spec. item(s) in 1988, 1987, 1986. 2. Reflects acctg. change. 3. Reflects merger or acquisition.

Business Summary

Outboard Marine is a major manufacturer of marine products, including outboard motors, stern-drive engines and boats. Since late 1986, OM has acquired 10 boat manufacturers. OM was also a manufacturer of power lawn mowers and light industrial vehicles, but these businesses were recently sold (see Finances). Sales contributions by business segment in recent fiscal years (including businesses that have since been sold):

	1988	1987
Marine products	85%	85%
Lawn-Boy & related products	10%	9%
Vehicles & turf care	5%	6%

Marine products include Johnson Evinrude outboard motors. Cobra stern drives, Sea Drive marine power systems, plus a variety of replacement parts and accessory items. Boat businesses acquired by OM since December, 1986 include Bramco, Inc., Sunbird Boat Co., Stratos Boat Co., Carl A. Lowe Industries, Inc., Four Winns, Inc., Sea Nymph, Inc., Hydra-Sports Corp., RYDS Batindustri AB, Donzi Marine Corp., and Chris-Craft.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Jan. 19	Feb. 6	Feb. 10	Feb. 24'89
0.20	Apr. 20	May 8	May 12	May 26'89
0.20	Jul. 20	Aug. 7	Aug. 11	Aug. 25'89
0.20	Nov. 9	Dec. 11	Dec. 15	Dec. 29'89

Finances

In 1989, OM sold its non-marine businesses, which included Cushman vehicles and Lawn-Boy power mowers, for a total of $335 million, subject to adjustment. In fiscal 1989's fourth quarter OM recognized a net gain from the transactions of $3.00 a share. These businesses had sales in fiscal 1989 of $214 million.

Capitalization

Long Term Debt: About $233,000,000.

Common Stock: 19,313,156 shs. ($0.30 par). Institutions hold approximately 64%. Shareholders of record: 5,640.

Office—100 Sea-Horse Drive, Waukegan, Ill 60085 Tel—(312) 689-6200 Chrmn & CEO—C D Strang Pres & COO—J C Chapman Secy—D E McArdle. Treas—M S Duffey VP-Investor Contact—W. E. Jones Dirs—F. Borman, J. B. Briggs, J C Chapman, R. C Ernest, W. C. France, Jr., U. T. Kuechle, R. T. Lindgren, J. W. Marriott, Jr., R. Merrell, C. D. Strang. Transfer Agent & Registrar—The First National Bank of Boston, Mass. Incorporated in Delaware in 1936.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Owens & Minor

1723V

NYSE Symbol OMI

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
11½	15⅞-11¼	18	0.26	2.3%	A	1.20

Summary

This company distributes medical and surgical supplies, pharmaceuticals and related products. It also packages generic and brand name pharmaceuticals and assembles sterile procedure trays. After four consecutive annual earnings increases, profits for the first half of 1989 were down sharply, reflecting price weakness for medical gloves, a nonrecurring charge, higher expenses for computers and other factors. Late in 1989's second quarter, OMI acquired National Healthcare & Hospital Supply, which has annual sales of about $250 million.

Business Summary

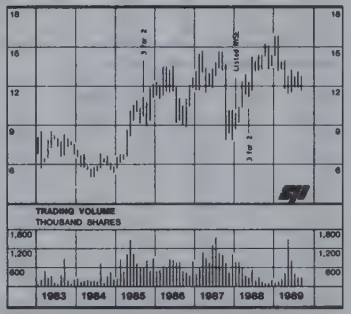
Owens & Minor distributes medical and surgical supplies; and pharmaceutical and other products. The company also packages generic and brand name pharmaceuticals and assembles sterile procudure trays. Contributions by business segment in 1988:

	Sales	Profit
Medical/surgical	68%	72%
Wholesale drug	32%	28%

The medical/surgical division distributes over 48,000 products, and was operating 19 distribution centers serving hospitals, nursing homes, and other institutions in 25 states and the District of Columbia as of year-end 1988. Areas served include New Jersey, Minnesota and surrounding states, and in the mid-Atlantic, southeastern, and southcentral sections of the U.S. Products distributed include urological products, dressings, needles and syringes, surgical packs and gowns, sterile procedure trays, surgeon's and examination gloves, sutures, and intravenous products.

Hospitals generally account for over 90% of the medical/surgical division's sales, reflecting Owens & Minor's strategy to concentrate on hospital customers in the belief that hospitals will remain the primary focus on the health care industry. Important elements of this strategy have been to focus on providing a high volume of disposable products at low cost.

The wholesale drug division distributes over 28,000 products, including prescription and over-the-counter drugs, health and beauty aids, and sundries. As of year-end 1988 this division was operating three distribution centers serving independent retail drugstores, chain drugstores, and hospital pharmacies in Delaware, Maryland, the District of Columbia, Virginia, North Carolina and Florida. Pharmaceuticals generally account for over 80% of this division's sales.



Important Developments

Aug. '89— Owens & Minor said that it expected a significant amount of new business in all operating divisions during the second half of 1989. Normal sales growth momentum was expected to resume, with additional benefits anticipated from completed acquisitions. In addition, the company said that its program to control costs had begun to show positive results. Moreover, OMI said that it had started the task of centralizing certain functions that it felt could be more efficiently performed at headquarters without taking away the entrepreneurship of divisional management.

Aug. '89— OMI said that results for the 1989 second quarter reflected one month of performance from recently acquired National Healthcare & Hospital Supply (NHHS). NHHS operates 8 medical-surgical distribution centers in the western U.S., with annual sales of about $250 million.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31[1]	[2]1988	1987	1986	1985	1984	1983	1982	[2]1981	1980	1979
Tangible Bk. Val.	9.19	8.51	6.90	6.23	5.69	5.20	4.34	4.11	3.69	3.51
Earnings	1.00	0.95	0.83	0.76	0.63	0.63	0.34	0.58	0.28	0.38
Dividends	0.25½	0.22¾	0.19¾	0.18¼	0.16	0.13⅞	0.11⅞	0.10⅜	0.09½	0.09½
Payout Ratio	25%	24%	24%	24%	25%	26%	34%	18%	34%	25%
Prices—High	15¼	14⅜	13½	12⅛	7⅛	8½	8½	4⅛	2¾	2¾
Low	8⅛	7⅛	8⅛	5¾	5	5¾	3⅜	2⅛	1⅞	1⅞
P/E Ratio—	15-9	16-8	16-11	16-7	11-8	14-9	25-10	7-4	10-7	7-5

Data as orig. reptd. Adj. for stk. divs. of 50% Jun 1988, 50% Sep. 1985, 100% Nov. 1982, 10% Mar 1982, 10% Dec 1980. 1. Yrs. ended Mar. of fol. cal. yr. prior to 1981. 2. Reflects merger or acquisition. 3. Data deleted due to fiscal year change.

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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	732	19.7	2.7	[3]3.29	3.14	[4]2.86	13.7	39.1%	8.37	1.1
1987	577	16.4	2.8	[3]4.90	2.43	[4]2.80	11.1	41.7%	6.49	1.1
1986	468	14.1	3.0	[3]5.13	1.83	[4]2.80	9.5	48.3%	4.90	1.0
1985	367	11.8	3.2	[3]1.68	1.41	[4]2.16	8.2	46.2%	4.41	1.2
1984	307	9.8	3.2	1.64	1.11	1.97	6.8	46.8%	3.64	1.2
1983	255	8.4	3.3	1.79	0.84	1.80	5.6	46.1%	3.01	1.2
1982	211	6.1	2.9	1.05	0.67	3.01	2.6	43.5%	1.47	0.7
[5]1981	144	7.1	4.9	0.70	0.47	1.98	4.7	47.6%	2.47	1.7
1980	150	4.5	3.0	1.23	0.57	1.99	2.1	43.9%	1.18	0.8
1979	132	5.0	3.8	0.55	0.47	1.60	3.0	46.8%	1.59	1.2

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	0.58	171	64.0	2.7	190	4.9%	46.8	77.2	124	37.8	11.3%
1987	0.62	138	48.9	2.8	154	3.9%	33.7	70.8	105	32.2	10.1%
1986	6.17	114	42.5	2.7	127	4.3%	42.6	40.9	84	50.8	12.6%
1985	2.59	87	33.1	2.6	97	5.1%	27.5	35.9	64	43.4	12.8%
1984	1.85	67	22.3	3.0	75	5.3%	20.1	32.1	52	38.5	11.9%
1983	1.34	56	20.0	2.8	62	4.3%	12.7	29.3	42	30.2	11.2%
1982	0.97	53	19.3	2.8	58	2.5%	20.1	18.6	39	51.9	8.1%
1981	1.42	55	26.8	2.0	59	4.8%	14.5	17.6	32	45.0	14.7%
1980	0.85	40	17.6	2.2	44	2.7%	10.7	15.5	26	40.8	7.8%
1979	0.58	38	16.2	2.4	42	4.0%	11.0	14.7	26	42.7	11.3%

Data as orig. reptd. 1. Yrs. ended Mar. of fol. cal. yr. prior to 1981. 2. Reflects merger or acquisition. 3. Net of curr. yr. retirement and disposals. 4. Net of int. inc. 5. Data deleted due to fiscal year change.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	195.8	177.7	132.2	106.0
Jun.	218.7	177.4	140.9	111.2
Sep.		186.6	147.2	121.5
Dec.		189.9	156.6	128.8
		731.6	576.8	467.6

Sales for the first half of 1989 advanced 17%, year to year, reflecting additional revenues from the second quarter 1989 acquisition of National Healthcare. Profitability was adversely affected by a deterioration in the market price of imported surgeon's and examination gloves, costs related to the implementation of a new computer system, 131% heavier interest charges (net), and larger than expected expenses related to the TransHealth acquisition. Including a $2.5 million ($0.17 a share) nonrecurring charge in 1989 for the devaluation of surgical gloves, net income fell 78%, to $0.11 a share from $0.48 (adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.11	0.23	0.23	0.19
Jun.	Nil	0.25	0.22	0.15
Sep.		0.26	0.24	0.24
Dec.		0.26	0.25	0.25
		1.00	0.95	0.83

Dividend Data

Cash dividends have been paid in each year since 1926. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06½	Oct. 28	Dec. 9	Dec. 15	Dec. 31'88
0.06½	Feb. 24	Mar. 9	Mar. 15	Mar. 31'89
0.06½	Apr. 27	Jun. 9	Jun. 15	Jun. 30'89
0.06½	Jul. 21	Sep. 11	Sep. 15	Sep. 30'89

Next dividend meeting: late Oct. '89.

Finances

In February, 1989 OMI acquired a controlling interest in Harbor Medical (a maker of custom sterile procedure-tray packaging for hospitals with sales of about $6.8 million for 1988) for an undisclosed amount of cash. In August, 1988 OMI acquired for $7.8 million in cash the Products and Public Warehousing divisions of TransHealth, Inc.

Capitalization

Long Term Debt: $75,487,000.

Common Stock: 8,341,219 shs. ($2 par).
Officers & directors control about 12%.
Institutions hold some 37%.
Shareholders of record: 3,900.

Office—2727 Enterprise Pkwy., Richmond, Va 23229 Tel—(804) 747-9794. Chrmn—G. G. Minor Jr. Pres & CEO—G. G. Minor III. Sec—D. St. J. Carneal. VP-CFO & Treas & Investor Contact—Richard Ciotoni. Dirs—R. E. Cabell Jr., J. B. Farinholt Jr., W. F. Fife, E. M. Massey, G. G. Minor Jr., G. G. Minor III, P. M. Minor, W. R. Smith, J. E. Ukrop Transfer Agent—Crestar Bank, Richmond. Incorporated in Virginia in 1926 Empl—1,671.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N.J. DeVita

Owens-Corning Fiberglas

NYSE Symbol OCF Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
26⅛	36⅞-22¼	6	None	None	NR	1.56

Summary

This company is a leading producer of glass fiber products and also makes other construction and industrial products. OCF underwent a dramatic restructuring in 1986 to defeat a takeover attempt by Wickes Companies. In the restructuring, OCF assumed $1.5 billion of debt, increased shares outstanding by more than nine million, and sold its aerospace and strategic materials group. Despite weakness in the homebuilding market, earnings are expected to remain relatively strong in 1990.

Current Outlook

Earnings for 1990 are expected to approximate the $4.00 a share estimated for 1989.

An early resumption of dividends, omitted in 1986, is unlikely.

Sales for 1990 are expected to be flat to up slightly, reflecting a weak homebuilding market. Other construction markets may also soften. International markets should be strong. Earnings should be helped by lower interest costs as the company continues to pay down debt.

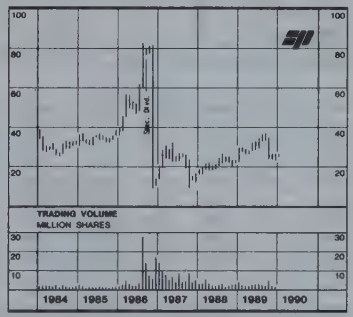
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	665	632	736
Jun.	---	721	735	688
Sep.	---	743	760	753
Dec.	---	---	704	714
	---	---	2,831	2,891

Sales for the nine months ended September 30, 1989 were essentially unchanged, year to year. Margins narrowed, and pretax earnings declined 2.8%. After taxes at 43.8% versus 41.6%, and lower equity income, net income was down 9.4%. Per-share earnings were $2.99, compared with $3.34. Results for the 1988 interim excluded a special charge of $0.20 a share for the early retirement of debt.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.80	0.82	0.66	2.61
Jun.	E1.10	1.28	1.32	0.81
Sep.	E1.10	0.89	1.36	0.95
Dec.	E1.00	E1.01	1.37	0.93
	E4.00	E4.00	4.71	5.30



Important Developments

Oct. '89— The company said that third quarter earnings reflected reduced activity in a number of major markets including construction and marine products. Automotive products sales were expected to continue to decline. International sales were strong, particularly in Europe.

Aug. '89— OCF completed the acquisition of its affiliate, Fiberglas Canada, by purchasing the 50% interest held by PPG Industries for about $200 million in cash.

Jan. '89— OCF announced that it had formed a new industrial materials group combining domestic and European production of fiber glass reinforcements and textile products under one management structure.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986
Tangible Bk. Val.	NA	d15.18	d20.23	d25.93
Earnings[2]	NA	4.71	5.30	0.49
Dividends	Nil	Nil	Nil	1.05
Payout Ratio	Nil	Nil	Nil	265%
Prices—High	36⅞	26½	32⅜	13⅞
Low	22¼	15⅞	9	8⅛
P/E Ratio—	NA	6-3	6-2	28-18

Data as orig reptd. 1. Reflects merger or acquisition. 2. Bef spec item(s) of -0.20 in 1988, -0.49 in 1987. E-Estimated. d-Deficit. NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,831	594	21.0	127	117	170	324	39.2%	197	7.0
1987	2,891	548	19.0	97	121	222	356	38.2%	[3]220	7.6
[4]1986	3,644	531	14.6	145	157	95	27	43.0%	16	0.4
[5]1985	3,305	376	11.4	194	125	40	222	40.8%	131	4.0
1984	3,021	381	12.6	130	118	29	185	38.6%	114	3.8
1983	2,753	311	11.3	112	116	34	120	33.6%	80	2.9
[4]1982	2,373	226	9.5	104	113	35	42	28.5%	[3]30	1.3
[3]1981	2,375	211	8.9	152	119	40	63	20.7%	50	2.1
1980	2,285	227	9.9	176	110	[3]39	65	16.3%	54	2.4
1979	2,245	317	14.1	184	90	22	182	39.9%	109	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23	687	585	1.2	1,596	12.3%	1,315	d610	729	NM	NM
1987	35	693	580	1.2	1,590	11.5%	1,482	d809	717	NM	NM
1986	94	1,248	1,310	1.0	2,195	0.6%	1,645	d1,025	687	NM	13.7%
1985	32	1,030	548	1.9	2,366	6.4%	543	945	1,621	33.5	14.6%
1984	56	720	432	1.7	1,732	6.7%	224	842	1,171	19.1	14.1%
1983	45	655	418	1.6	1,641	4.8%	226	766	1,088	20.8	10.9%
1982	61	604	386	1.6	1,598	2.0%	324	655	1,082	30.0	4.4%
1981	16	567	354	1.6	1,602	3.2%	283	774	1,159	24.4	6.5%
1980	26	543	344	1.6	1,534	3.6%	284	760	1,132	25.1	7.2%
1979	53	590	433	1.4	1,502	8.0%	193	740	1,018	18.9	15.5%

Data as orig reptd. 1. Incl equity in earns of nonconsol subs. 2. Bef spec item(s) in 1988, 1987, 1983. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Reflects merger or acquisition and acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

OCF is the world's leading manufacturer of glass fiber products. It also produces calcium silicate, asphalt, and polyester resins. Contributions by industry segment in 1988 were:

	Sales	Profits
Construction products	63%	46%
Industrial materials	19%	29%
International	18%	25%

Construction products include glass wool fibers formed into thermal and acoustical insulation; roofing shingles and systems; air-handling systems; and calcium silicate insulation.

The industrial materials segment produces glass fiber yarns, rovings, mats, strand and reinforcement products, resins and gelcoats.

International operations are conducted in Europe and South America and include production and sale of glass fiber insulation, yarns, rovings and chopped strand mats.

The aerospace and strategic materials division was sold early in 1987.

Dividend Data

Common dividends were omitted in 1986 after having been paid since 1950. The most recent payment was $0.35 on September 15, 1986. A "poison pill" stock purchase right was adopted in 1986.

Finances

The company is a defendant in some 62,700 lawsuits claiming health damage from use of the company's asbestos products manufactured and distributed from 1958 through 1972. The company does not believe the lawsuits will have a materially adverse effect on its financial position, and OCF's auditors gave an unqualified opinion on the 1988 financial statements.

In November, 1986 shareholders approved a restructuring plan in which each OCF common share was converted into $52 cash, $35 face amount of a subordinated discount debenture, and one share of new common stock. The restructuring was financed by $1.5 billion of new debt and the sale of the aerospace and strategic materials group, and was in response to a takeover attempt by Wickes Companies.

Capitalization

Long Term Debt: $1,455,000,000.

Common Stock: 40,231,670 shs. ($0.10 par). Institutions hold approximately 67%. Shareholders of record: 16,244.

Office—Fiberglas Tower, Toledo, Ohio 43659 **Tel**—(419) 248-8000 **Chrmn & CEO**—W. W. Boeschenstein **Pres**—M. O. Weber **VP-Secy**—W. W. Colville **VP-Treas**—H. G. Kaminer. **Investor Contact**—B. C. Oelman **Dirs**—W. W. Boeschenstein, L. W. Cabot, P. Daverio, C. E. Exley, Jr., L. Hilliard, J. R. Houghton, D. T. McGovern, F. C. Moseley, Jr., R. V. Roosa, P. L. Scott, M. O. Weber. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1938. **Empl**—17,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

PHH Corporation

NYSE Symbol PHH

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
36½	38⅞–31⅝	12	1.16	3.2%	A-	0.72

Summary

PHH offers a broad range of corporate services in the areas of vehicle, relocation, and facilities management to more than 2,500 corporate clients. In the fiscal 1989-90 first half the company's two largest business segments, vehicle services and relocation services, continued their growth of recent years, but domestic vehicle deliveries slowed in the second quarter as U.S. customers slowed spending for new vehicles amid an uncertain economic outlook.

Business Summary

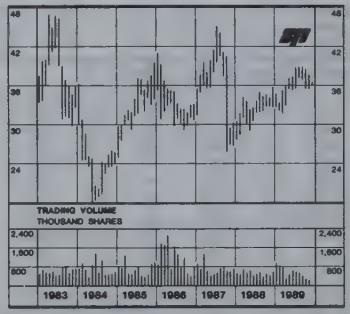
PHH Corporation (formerly PHH Group, Inc.) through its subsidiaries, offers a broad range of vehicle, relocation and facilities management services to over 2,500 clients, including many of the world's largest corporations. Contributions to revenues and operating income (in thousand $) by business segment in fiscal 1988-9 were:

	Revs.	Income
Vehicle services	58%	$38,851
Relocation services	41%	39,573
Facilities services	1%	-4,518

Foreign operations, primarily in Europe and Canada, accounted for 14% of consolidated revenues in fiscal 1988-9.

Vehicle related services consist of truck and auto fleet management, and leasing and vehicle cost control services for corporations in the U.S., Canada and the U.K. Services include new vehicle purchasing and arranging delivery; fleet financing; registration, title, tax, and insurance requirements compliance; used vehicle sales; business travel expense control programs; fuel purchasing and control programs and centralized billing programs. The number of vehicles under management equaled 409,651 at April 30, 1989, up 8.7% from 376,840 a year ago.

Relocation services (U.S., Canada, and U.K.) consist of transferred employee/spouse counseling and consulting, moving services, and rental management; the purchase, management and resale of transferees' homes on behalf of corporate and government clients; and mortgage banking services. A subsidiary provides corporate relocation services. During fiscal 1988-9, the company acquired 28,928 homes (versus 28,283 in fiscal 1987-8) and sold 27,927 homes (28,576). At April 30, 1989 the mortgage servicing portfolio totaled $1.7 billion, up from $1.1 billion a year earlier, and the ending inventory of homes was 9,422 (8,421).



Facilities management services consist of strategic facilities planning, interior architectural design, space planning, and furniture and fixture procurement, installation and resale for corporate clients.

Important Developments

Nov. '89— PHH reported that operating performance of the international vehicle services and relocation segments in the fiscal 1989-90 first half were in line with objectives. Although vehicles under management at October 31, 1989 increased 9%, year to year, PHH said that a reduction in domestic vehicle deliveries negatively impacted results in the domestic vehicle services segment during the second quarter. The company saw more uncertainty in the U.S. marketplace and felt this might be causing customers to be less aggressive in their new vehicle acquisition plans. PHH remained optimistic relative to international expansion plans and its relocation services businesses.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	[1]1987	1986	[1]1985	1984	[1]1983	1982	1981	[2]1980
Tangible Bk. Val.	16.04	14.81	11.95	14.01	12.50	13.41	11.94	10.45	9.15	6.09
Earnings[3]	2.91	1.12	2.35	2.40	2.56	2.30	2.20	1.93	1.69	1.36
Dividends	1.12	1.08	1.04	1.00	0.88	0.84	0.74	0.64	0.49	0.38
Payout Ratio	38%	97%	44%	42%	34%	36%	34%	33%	33%	28%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	35¾	45	41	39½	36¼	47	38	25¾	22	11⅞
Low	27⅝	25¾	29⅛	24⅞	18	29¾	17¼	17⅝	9½	7⅝
P/E Ratio—	12-9	40-23	17-12	16-10	14-7	20-13	17-8	13-9	13-6	9-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1981. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. results of disc. ops. of +0.14 in 1989 and spec. item(s) of +1.49 in 1988, -0.06 in 1980

December 12, 1989

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Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	1,735	709	40.9	21.7	638	NA	72.7	32.5%	49.1	2.8
1988	1,618	593	36.7	25.9	534	NA	38.2	51.0%	18.7	1.2
[3]1987	1,362	425	31.2	18.1	364	NA	64.9	39.1%	39.5	2.9
1986	866	72	8.3	15.6	9	NA	63.8	39.6%	38.5	4.5
[3]1985	700	76	10.9	7.0	7	NA	70.9	42.5%	40.8	5.8
1984	538	70	12.9	5.2	5	NA	65.9	44.8%	36.4	6.8
[3]1983	577	65	11.3	6.0	5	NA	60.3	42.6%	34.6	6.0
1982	472	58	12.2	8.0	3	NA	[4]54.9	46.1%	29.6	6.3
1981	396	46	11.6	4.7	3	NA	[4]43.6	48.3%	22.6	5.7
[5]1980	280	35	12.6	4.5	3	NA	[4]32.8	48.5%	16.9	6.0

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	[6]Total Debt	Common Equity	[7]Total Inv. Capital	[7]% LT Debt of Cap.	Ret. On Equity
1989	21	NA	NA	NA	4,231	1.2%	3,122	349	3,615	86.4	14.7%
1988	152	NA	NA	NA	4,148	0.5%	3,158	316	3,628	87.0	6.2%
1987	218	NA	NA	NA	3,483	1.2%	2,582	289	3,052	84.6	14.0%
1986	210	NA	1,554	NA	2,754	1.5%	2,009	262	2,428	82.7	15.3%
1985	54	NA	1,196	NA	2,216	2.1%	1,512	239	1,907	79.3	18.0%
1984	15	NA	854	NA	1,653	2.4%	1,083	212	1,433	75.6	18.2%
1983	10	NA	732	NA	1,340	2.5%	837	188	1,153	72.6	19.7%
1982	11	NA	NA	NA	1,405	2.3%	948	160	1,214	78.1	19.7%
1981	14	NA	NA	NA	1,210	1.8%	827	139	1,055	78.4	19.5%
1980	6	NA	NA	NA	1,066	1.7%	759	75	905	83.9	24.3%

Data as orig. reptd. 1. Bef. spec. item(s) in 1988, 1980. 2. Excl. disc. operations. 3. Reflects merger or acquisition. 4. Incl. equity in earns. of nonconsol. subs. 5. Reflects accounting change. 6. Incl. current portion of lt. debt. 7. Incl. curr. portion and other debt. NA-Not Available.

Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	458	426	394	336
Oct.	474	421	392	320
Jan.		418	391	337
Apr.		470	441	370
		1,735	1,618	1,362

Revenues for the six months ended October 31, 1989 rose 9.7%, year to year, reflecting growth in vehicle services and relocation services. Profitability improved, and pretax earnings rose 15.2%. After taxes at 34.9%, versus 32.7%, net income was up 11.4%, to $23.6 million ($1.39 a share) from $21.2 million ($1.26), which excludes income related to discontinued operations of $2.4 million ($0.14).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.71	0.64	0.59	0.53
Oct.	0.68	0.62	0.61	0.50
Jan.		0.76	0.68	0.61
Apr.		0.87	d0.76	0.71
		2.91	1.12	2.35

d-Deficit.

Dividend Data

Dividends have been paid since 1959. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Mar. 20	Apr. 3	Apr. 7	May 1'89
0.29	Jun. 19	Jun. 30	Jul. 7	Jul. 31'89
0.29	Sep. 26	Oct. 2	Oct. 6	Oct. 31'89
0.29	Nov. 20	Dec. 29	Jan. 5	Jan. 31'90

Next dividend meeting: late Feb. '90.

Finances

The company maintains $1.6 billion in five-year revolving credit agreements and an additional $554 million in lines of credit. PHH also utilizes a $500 million shelf registration which authorizes the issuance of medium term notes maturing from nine months to 15 years in multiple currencies. At April 30, 1989 $1.7 billion was undrawn and available under the company's $2.1 billion in committed facilities.

Capitalization

Total Debt: $3,120,012,000.

Common Stock: 16,842,282 shs. (no par).
Institutions hold about 81%.
Shareholders of record: 2,749.

Office—11333 McCormick Rd., Hunt Valley, Md. 21031. **Tel**—(301) 771-1900 **Chrmn**—J. W. Geckle **Pres & CEO**—R. D. Kunisch **Sr VP-CFO**—R. A. Meierhenry **VP-Treas**—T. E. Kridler **Investor Contact**—E. Truett **Dirs**—J. W. Geckle, A. P. Hobitzell, Jr., P. X. Kelley, T. V. King, L. P. Kline, R. D. Kunisch, F. P. Lucier, G. W. Milner, W. J. Price, A. B. Trowbridge, H. K. Walls, T. C. Wolff, Jr. **Transfer Agent**—Maryland National Bank, Baltimore. **Registrar**—Company's office. **Incorporated** in Maryland in 1953. **Empl**—4,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark S. Basham

PHM Corp.

1730D

NYSE Symbol PHM Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
16⅞	18⅞-10	7	0.12	0.7%	B	1.76

Summary

PHM Corp. is a holding company that operates Pulte Home (a large builder of moderately-priced single-family homes and condominiums with operations in 170 subdivisions in 11 states) and has mortgage banking and finance subsidiaries. About 40% of the shares are closely held.

Current Outlook

Earnings for 1989 are estimated at $1.95 a share, versus the $1.26 of 1988, which included numerous unusual items. Earnings for 1990 are projected at $1.50 a share.

Dividends should remain at $0.03 quarterly.

Homebuilding revenues for 1989 should be down moderately despite a flat first half because of a declining backlog. Financial services revenues will be up strongly because of acquisitions. Wider margins on higher priced units in the move-up market should help earnings.

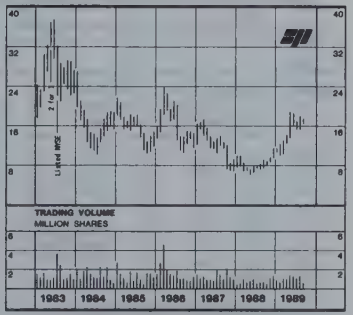
[1]Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	271	217	258	135
Jun.	283	275	290	202
Sep.	---	298	273	234
Dec.	---	381	310	267
	---	1,170	1,131	837

Revenues for the six months ended June 30, 1989 rose 13%, year to year, reflecting the S&L acquisitions. Operating results were favorably impacted by benefits provided from the thrift operations, reduced mortgage foreclosure losses and increased gains on the sale of mortgage-backed securities. Pretax income more than doubled. After a tax credit, versus taxes at 39.3%, net income was $34.2 million ($1.28 a share), compared with $7.4 million ($0.28). Results exclude special losses of $0.11 and $0.01 per share in the respective interims.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.41	0.05	0.11	0.04
Jun.	0.87	0.23	0.37	0.10
Sep.	E0.37	0.19	0.16	0.30
Dec.	E0.30	0.79	d0.35	0.35
	E1.95	1.26	0.29	0.79



Important Developments

Aug. '89— Second quarter share earnings included $0.11 for a land condemnation award, $0.15 for a reduction in mortgage foreclosure losses, and $0.14 from the sale of mortgage-backed securities related to the early redemption of certain long-term debt.

Aug. '89— The order backlog at June 30 was 1,907 units, down 23%, year to year. The dollar value of the backlog was $275 million, down 11%. New orders during the second quarter were 1,458 units, down 22%.

Mar. '89— Earnings for 1988 were favorably impacted by $0.39 a share from the sale of mortgage servicing rights and $0.37 a share from income and reduced taxes from S&L operations. Earnings for the year were negatively impacted by reserves of $0.31 a share established for valuation of western state assets and $0.30 a share for mortgage-related losses.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[3]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.45	9.14	7.94	7.19	6.31	5.70	3.71	2.82	2.47	1.98
Earnings[4]	1.26	0.29	0.79	0.90	0.65	1.84	0.91	0.38	0.48	0.57
Dividends	0.12	0.12	0.12	0.12	0.12	0.09¼	0.05½	0.05	0.04½	0.03⅛
Payout Ratio	10%	41%	14%	13%	16%	4%	6%	12%	9%	5%
Prices—High	11½	17⅜	24	21¾	27	37½	19½	4½	3¾	2⅛
Low	6⅛	6¾	10½	10⅜	10⅛	17⅝	3⅜	2⅝	1¼	1
P/E Ratio—	9-5	60-23	30-13	24-12	42-16	20-10	21-4	12-7	8-2	4-2

Data as orig. reptd. Adj. for stk. divs. of 100% May 1983, 100% Dec. 1982, 100% Aug. 1980, 50% Jan. 1979. 1. Excl. other income, net sales prior to 1988. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. spec. item(s) of -0.05 in 1988, +1.13 in 1987. E-Estimated d-Deficit.

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,179	NA	NA	Nil	NA	283	43.4	23.5%	33.2	2.8
[4]1987	1,143	NA	NA	Nil	NA	333	12.3	38.7%	7.5	0.7
1986	837	44.6	5.3	NA	3.86	4	41.0	49.4%	20.7	2.5
1985	773	29.9	3.9	[5]1.31	4.04	4	37.4	36.6%	23.7	3.1
1984	839	15.5	1.9	[5]4.36	4.14	5	24.2	28.6%	17.3	2.1
1983	863	80.3	9.3	[5]3.69	2.35	4	88.3	44.6%	48.9	5.7
1982	478	30.6	6.4	1.85	1.58	5	38.0	38.4%	23.4	4.9
1981	384	6.0	1.6	4.11	1.64	12	12.1	20.8%	9.6	2.5
1980	326	17.9	5.5	5.96	1.19	6	22.4	46.8%	11.9	3.7
1979	294	26.0	8.9	3.92	0.77	5	28.5	49.1%	14.5	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**120**	**NA**	**NA**	**NA**	**4,892**	**0.7%**	**[6]2,810**	**255**	**3,179**	**88.4**	**13.3%**
1987	703	1,830	1,357	1.3	3,742	0.4%	2,054	225	2,386	86.1	3.6%
1986	79	361	148	2.4	524	4.3%	17	188	375	4.5	11.6%
1985	81	295	103	2.9	443	5.7%	20	169	341	6.0	14.9%
1984	56	248	87	2.8	388	4.7%	24	148	300	7.9	12.2%
1983	62	253	80	3.2	353	16.5%	26	134	272	9.7	44.3%
1982	55	168	60	2.8	242	11.1%	29	87	182	15.8	30.6%
1981	7	139	37	3.8	176	5.4%	29	65	139	20.7	15.8%
1980	20	156	45	3.5	180	7.2%	49	56	135	36.1	23.6%
1979	28	149	60	2.5	158	11.1%	39	46	98	39.9	36.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. prior to 1988. 2. Bef. spec. item(s) in 1988, 1987. 3. Reflects merger or acquisition; revs. incl. other inc. 4. Reflects accounting change; revs. include other income. 5. Net of curr. yr. retirement and disposals. 6. Incl. current portion. NA-Not Available.

Business Summary

PHM Corp. is a holding company for Pulte Home, a major nationwide builder of moderately-priced single-family homes, and mortgage and finance subsidiaries. Operations are conducted in 170 company-developed subdivisions in 11 states. Units sold (settlements) in recent years were:

Single-family	1988	1987	1986
detached	5,037	6,220	6,606
attached	1,948	1,317	2,677

The prices for units sold in 1988 ranged from $60,000 to over $500,000, with an average price of $121,000.

Construction of homes is generally initiated after a down payment has been made by the customer and a written mortgage commitment has been received from a reputable lender. Homes are sold only for cash. No second mortgages are accepted. PHM does not speculate in raw land. ICM Mortgage, PHM's mortgage banking subsidiary, provides customers with financing. Mortgages are often issued at below market interest rates with PHM expensing the mortgage discounts.

In September, 1988 PHM acquired five insolvent savings and loan associations in Texas. PHM committed to invest a total of $45 million in the thrifts.

Dividend Data

Dividends have been paid since 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Nov. 2	Dec. 12	Dec. 16	Jan. 3'89
0.03	Feb. 27	Mar. 13	Mar. 17	Apr. 3'89
0.03	Apr. 28	Jun. 12	Jun. 16	Jul. 3'89
0.03	Jul. 28	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: Oct. 27'89.

Finances

The company records sales of its homes when they are completed and settlements are made with customers. All advertising, commission, pre-opening and start-up costs (except expenses incurred on land prior to exercise of land options) are expensed as incurred and not capitalized.

Capitalization

Long Term Debt: $2,068,687,000.

Common Stock: 25,079,776 shs. ($0.01 par).
W. J. Pulte owns 20%; J. Grosfeld owns 20%.
Institutions hold approximately 32%.
Shareholders of record: 1,419.

Options: To purchase 2,399,948 shs.

Office—33 Bloomfield Hills Pkwy., Suite 200, Bloomfield Hills, Michigan 48013 **Tel**—(313) 647-2750 **Chrmn & CEO**—J. Grosfeld **Chrmn, Exec Comm**—W. J. Pulte. **Pres**—R. K. Burgess. **Secy**—M. Shaevsky. **Treas**—B. C. Noreen. **Dirs**—H. P. Berkowitz, R. K. Burgess, J. Grosfeld, W. J. Pulte, A. E. Schwartz. **Transfer Agent & Registrar**—National Bank of Detroit. **Incorporated** in Delaware in 1969; reincorporated in Michigan in 1985. **Empl**—2,330.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

PNC Financial

NYSE Symbol PNC Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
41⅛	49-38½	8	2.12	5.2%	A	0.90

Summary

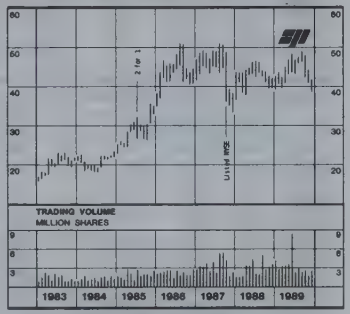
This bank holding company, the 14th largest in the nation, has evolved into a "superregional" bank through interstate acquisitions. Headquartered in Pennsylvania, it also owns banks in Indiana, Kentucky, Ohio, New Jersey and Delaware. Good loan quality and excellent expense controls should help the company extend its record of strong operating earnings gains in 1990. In December, 1989 PNC's Pittsburgh National Bank agreed to merge with a $3 billion asset Pittsburgh-based savings and loan.

Current Outlook

Earnings for 1990 could reach $5.90 a share ($5.80 fully diluted), up from the $5.35 ($5.25) estimated for 1989.

The $0.53 quarterly dividend is the minimum expected.

Loan growth eased during the first nine months of 1989, running about a 13% growth rate versus 1988's 16% pace, reflecting slowing economic growth. The pace is expected to slow in 1990 as well. Loan quality remains good, domestic nonperforming loans are only 1.3% of loans, and are reserved at about 90%. While problem real estate construction loans declined in the September quarter, this $2.9 billion portfolio does represent a source of risk. LDC loans, reduced to $216 million, are adequately reserved for at 64%. Large, well-run trust operations, which include advising money market mutual funds, are a source of growth. PNC continues to enhance the profitability of its large corporate business through sales of fee-based services. It is also building its investment banking products business aimed at middle market corporations. PNC, already highly efficient, should benefit from the consolidation of its data processing centers. The First Federal merger will increase PNC's Pittsburgh market share to 24%, and is expected to aide earnings in 1990.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.4%, year to year (1988 restated for acquisition), reflecting a 10% increase in average interest-earning assets. The net interest margin (taxable equivalent basis) was 3.65%, compared with 3.75%. The provision for credit losses was 1.1% higher, at $114 million. Aided by a 17% increase in service charges, fees and commissons, noninterest income gained 5.7%. With noninterest expense up 5.1%, pretax earnings increased 11%. After taxes at 24.4%, versus 23.6%, net income was up 10%, to $3.98 a share ($3.89 fully diluted) from $3.70 ($3.61).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.32	1.25	1.13	1.01
Jun.	1.33	1.26	0.35	1.26
Sep.	1.33	1.26	1.14	1.07
Dec.	E1.37	1.32	0.37	1.10
	E5.35	5.09	3.00	4.44

Important Developments

Dec. '89— Pittsburgh National Bank, an affiliate of PNC, and First Federal of Pittsburg, (FFP) a savings and loan with $3.0 billion in assets, announced they reached agreement to merge FFP into Pittsburgh National. Because FFP is a mutual institution, the merger will be effected without a cash payment or the issuance of additional stock by PNC. It was anticipated the transaction could be completed in the first quarter of 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	[1]1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	28.11	24.81	24.66	22.99	20.50	18.35	17.26	15.59	14.10	12.87
Earnings[3]	[4]5.09	[4]3.00	[4]4.44	[4]3.88	[4]3.26	[4]2.83	2.49	2.32	1.94	1.83
Dividends	1.83	1.64	1.47	1.28	1.11	1.01	0.91	0.80½	0.71¼	0.65
Payout Ratio	36%	55%	33%	33%	34%	36%	37%	35%	37%	36%
Prices—High	46½	51	51	35⅝	23½	23⅛	18⅞	14⅛	11⅞	11⅜
Low	36½	33¼	34⅞	22⅞	18⅛	15¾	11½	11	8¼	9
P/E Ratio—	9-7	17-11	11-8	9-6	7-6	8-6	8-5	6-5	6-4	6-5

Data as orig. reptd.; for Provident National Corp. prior to 1983. Adj. for stk. div. of 100% Jul. 1985, 100% Oct. 1981. 1. Reflects merger or acquisition. 2. Major merger resulted in formation of new co. 3. Aft. gains/losses on sec. trans. of +0.20 in 1988, +0.46 in 1987, +0.54 in 1986, +0.28 in 1985, +0.21 in 1984, -0.02 in 1983, -0.46 in 1982, -0.29 in 1981, -0.30 in 1980, -0.17 in 1979. 4. Ful. dil.. 4.95 in 1988, 2.93 in 1987, 4.19 in 1986, 3.64 in 1985, 3.09 in 1984, 2.74 in 1983 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	1,167	94	490	162	53.1	590	25.0%	443	3.71	1.20	19.3
[1]1987	980	125	443	325	54.7	310	17.5%	256	3.73	0.79	12.3
[1]1986	689	170	395	144	52.6	333	14.1%	286	4.07	1.22	19.2
[1]1985	514	113	246	55	55.9	236	20.5%	188	4.26	1.12	17.6
[1]1984	399	82	196	33	58.0	182	21.4%	143	4.29	1.09	16.6
[2]1983	349	58	164	19	58.4	155	24.4%	117	4.18	1.03	16.2
1982	224	34	75	22	52.9	79	22.3%	62	4.28	0.87	15.1
1981	179	37	63	18	51.1	68	15.8%	57	3.94	0.87	15.5
1980	149	37	57	12	53.4	51	4.6%	48	3.85	0.84	14.3
1979	137	32	50	11	54.5	49	8.3%	45	4.19	0.96	14.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	40,811	2,746	10,401	13,344	11,276	2.19	4,759	22,694	87.5	540	2,439	6.11
1987	36,504	2,572	9,715	11,936	9,177	2.48	4,667	19,328	85.9	875	2,079	6.22
1986	26,936	1,031	7,074	9,615	6,354	1.61	4,396	13,215	88.7	747	1,623	6.20
1985	18,778	1,115	5,132	5,948	4,541	1.35	2,929	8,897	86.4	511	1,093	6.15
1984	14,870	1,137	3,528	4,668	3,629	1.29	2,521	6,456	89.8	426	894	6.47
1983	12,245	1,613	2,726	3,268	3,108	1.33	2,047	5,390	83.4	416	761	6.33
1982	7,622	1,685	992	1,920	2,075	1.23	1,195	3,599	81.5	133	428	5.78
1981	6,935	1,110	1,221	1,755	1,931	1.07	1,174	3,266	81.3	83	389	5.63
1980	6,225	1,332	827	1,476	1,772	0.95	1,181	2,998	76.0	53	352	5.88
1979	5,563	1,083	814	1,272	1,723	0.86	1,219	2,693	74.3	44	322	6.50

Data as orig. reptd.; for Provident National Corp prior to 1983. 1. Reflects merger or acquisition. 2. Major merger resulted in formation of new co

Business Summary

PNC Financial Corp, the nation's 13th largest bank holding company, was formed in 1983 through the merger of Pittsburgh National Corp. and Provident National Corp. PNC provides retail banking services through the 510 branches of its subsidiary banks in Pennsylvania, Kentucky, Ohio, Indiana, New Jersey and Delaware; wholesale banking services, including asset based finance, are provided through offices in 19 states and 9 foreign countries. PNC's trust operations are sizable, with about $79 billion ($41 billion discretionary) of assets under management.

During 1988 average earning assets of $34.0 billion (up 15% from 1987) were divided: commercial loans 39%, real estate loans 11%, consumer loans 13%, foreign loans 2%, investment securities 28%, other investments 7%. Average sources of funds were demand and savings deposits 31%, time deposits 38% (total deposits were $24.8 billion, up 17%), short-term borrowings 22%, long-term debt 2%, equity 6%, and other 3%.

At year-end 1988 nonperforming assets were $451 million (1.83% of loans), against $436 (2.04%) a year earlier. The reserve for loan losses was 2.19% of loans, down from 2.48%, reflecting net chargeoffs of LDC loans of $37 million. LDC loans of $351 million were 50% reserved for. Net chargeoffs during 1988 were 0.66% of average loans, versus 0.54%. Increases in these ratios reflected deterioration in the LDC loan portfolio.

Dividend Data

Cash has been paid by the predecessors in each year since the 1860s. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47	Feb. 16	Feb. 27	Mar. 3	Apr. 1'89
0.53	May 18	May 26	Jun. 2	Jul. 1'89
0.53	Aug. 17	Sep. 1	Sep. 8	Oct. 1'89
0.53	Nov. 16	Dec. 4	Dec. 8	Jan. 2'90

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $896,657,000, incl. $22.6 million of debs. conv. into com.

Preferred Stock: $52,273,000 (liquid. value).

Common Stock: 93,429,418 shs. ($5 par).
Institutions hold about 53%.
Shareholders of record: 38,742.

Offics—Fifth Ave & Wood Street, Pitsburgh, Pa. 15222 **Tel**—(412) 762-2666 **Chrmn, Pres & CEO**—T H. O'Brien **EVP-CFO**—W E. Gregg, Jr. **VP-Secy**—J. A. Richardson Jr. **VP-Investor Contact**—S. S. Fiachi **Dirs**—O W. Birckhead, T E. Bolger, R E. Chappell, R N. Clay, P J. Clifford, E. I. Colodny, W. G. Copeland, D. D. Danforth, G. A. Davidson, Jr., F. E. Dixon Jr., M E. Gilliland, H. Gittis, C G. Greffenstette, J D Grissom, R., E. P. Junker III, P. E. Lego, T. Marshall, W. C. McClelland, Q. C. McKenna, L. I. Miller, R. C. Milsom, D I Moritz, T B Morton, Jr., T H. O'Brien, J. H. Randolf, R. H. Ross, J. L. Ryon Jr., V A. Sarni, R. P. Simmons, P. R. Staley, W E Swales, D L Tressler Sr., J Twyman, D C Ulmer, K. M. Weis. **Transfer Agent & Registrar**—Pittsburgh National Bank, PNC Trust, NYC. **Empl**—15,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

PPG Industries

NYSE Symbol PPG Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
39⅝	46-38⅝	9	1.52	3.8%	A+	1.33

Summary

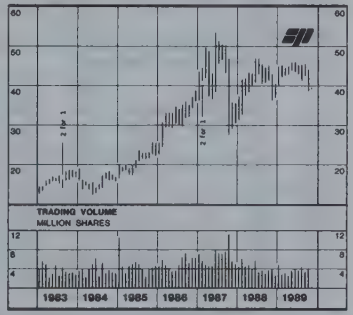
This company is a leading manufacturer of flat and fiber glass, industrial and specialty chemicals, coatings and resins, and medical instruments and services. PPG intends to continue to strengthen its core businesses and to expand international operations, while developing new products related to existing businesses and entering into new businesses through acquisitions. Earnings for 1989 and 1990 should be restricted by downturns in key markets.

Current Outlook

Earnings for 1990 are projected at about $4.30 a share, versus the $4.10 expected for 1989.

Dividends at $0.38 quarterly are the minimum expected.

Earnings for 1990 are expected to benefit from continued moderate worldwide economic growth and ongoing productivity and cost reduction programs, including the restructuring of the glass business. The trade paint business should be aided by the acquisition of the Lucite business, while continued strong replacement and European markets should boost the glass and coatings units. However, expected weak domestic automobile and construction markets, continued price competition for flat glass, and lower prices for chlorine derivatives should limit the earnings gain.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,459	1,373	1,261	1,137
Jun.	1,490	1,451	1,334	1,209
Sep.	1,360	1,361	1,261	1,140
Dec.	---	1,432	1,328	1,201
	---	5,617	5,183	4,687

Sales for first nine months of 1989 rose 3.0%, year to year, reflecting volume and price increases. With lower glass profits, net income declined 0.4%. Share earnings were $3.25 (on slightly more shares), versus $3.32.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.15	1.07	0.73	0.59
Jun.	1.13	1.22	0.85	0.77
Sep.	0.97	1.03	0.76	0.70
Dec.	E0.85	0.94	0.85	0.61
	E4.10	4.26	3.19	2.66

Important Developments

Oct. '89— PPG said that lower third-quarter earnings reflected the effect on the glass business of increased competitive production capacity and reduced domestic demand. Chemical profits were penalized by lower prices for chlorine derivatives. A $117 million pretax gain, primarily for the sale of its 50% interest in Fiberglass Canada for $200 million, was largely offset by reserves for restructuring of the flat glass business.

Sep. '89— PPG agreed to purchase the Lucite paint and Olympic stain businesses of The Clorox Co. for $130 million. Combined annual sales of the units exceed $100 million.

Jan. '89— PPG sold six million shares of treasury stock to its employee stock ownership plan, and initiated a 10 million share stock repurchase program. The sale increased the ESOP's interest in PPG to 14%.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	[1]1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	20.48	18.43	16.57	14.39	14.41	13.21	12.28	11.98	11.24	10.25
Earnings	4.26	3.19	2.66	2.27	2.17	1.67	1.13	1.57	1.59	1.70
Dividends	1.28	1.11	0.94	0.82	0.70	0.61½	0.59	0.57⅞	0.53	0.47
Payout Ratio	30%	33%	35%	32%	32%	37%	53%	37%	34%	28%
Prices—High	46⅞	53½	38⅞	25¾	19	18⅝	13½	14⅝	10¼	8⅝
Low	31¼	27½	22½	16½	12½	12⅝	7⅜	8⅞	6⅝	6
P/E Ratio—	11-7	17-9	15-8	11-7	9-6	11-8	12-6	9-6	6-4	5-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1987, 100% Sep. 1983. 1. Reflects merger or acquisition. E-Estimated.

November 9, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	5,617	1,172	20.9	402	274	125	788	39.5%	468	8.3
[2]1987	5,183	957	18.5	396	266	117	642	40.4%	377	7.3
[2]1986	4,687	860	18.4	389	242	115	563	42.0%	[3]316	6.8
[2]1985	4,345	771	17.7	424	214	75	539	43.5%	303	7.0
1984	4,242	746	17.6	312	206	65	527	42.5%	303	7.1
[2]1983	3,682	566	15.4	463	185	61	377	38.0%	233	6.3
[2]1982	3,296	368	11.2	509	163	65	204	23.0%	155	4.7
1981	3,354	460	13.7	325	147	60	353	38.0%	[3]211	6.3
1980	3,158	465	14.7	400	131	[3]51	371	40.5%	209	6.6
1979	3,092	481	15.5	251	119	47	391	41.8%	219	7.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	103	1,899	1,265	1.5	5,154	9.3%	877	2,243	3,583	24.5	21.9%
1987	82	1,836	1,275	1.4	4,988	8.1%	903	2,044	3,404	26.5	19.4%
1986	66	1,616	976	1.7	4,641	7.2%	1,008	1,978	3,437	29.3	17.1%
1985	24	1,370	824	1.7	4,084	8.3%	983	1,705	3,058	32.2	17.7%
1984	64	1,332	773	1.7	3,797	8.2%	489	2,015	2,843	17.2	15.7%
1983	44	1,225	738	1.7	3,615	6.7%	562	1,846	2,687	20.9	13.1%
1982	84	1,109	597	1.9	3,270	4.9%	550	1,707	2,498	22.0	9.2%
1981	104	1,055	469	2.2	2,955	7.2%	514	1,628	2,363	21.8	13.4%
1980	181	1,112	483	2.3	2,826	7.6%	524	1,501	2,228	23.5	14.6%
1979	263	1,193	486	2.5	2,649	8.7%	517	1,338	2,029	25.5	17.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change.

Business Summary

PPG, a diversified manufacturer, derived 1988 sales and operating income as follows:

	Sales	Profits
Glass	42%	46%
Coatings & resins	35%	29%
Chemicals	20%	27%
Other	3%	-2%

Foreign activities contributed 30% of sales and 29% of operating profits in 1988.

PPG is one of the world's largest producers of flat glass. Major markets include original and replacement glass for automobiles, commercial and residential construction, aircraft transparencies, and glass products for various industrial uses. PPG is the second largest domestic producer of continuous strand and chopped strand fiber glass, including plastic reinforcement yarns and industrial and decorative yarns.

PPG produces protective and decorative coatings for the automotive, appliance, container, industrial and trade paint markets, metal pretreatments, adhesives and sealants for the automotive industry, and printing inks.

PPG is a leading worldwide producer of chlorine and caustic soda, vinyl chloride monomer, and chlorinated solvents. Specialty chemicals include optical resins, water treatment chemicals, silica compounds, surfactants, phosgene derivatives, and flame retardants. The biomedical systems business provides services for human health care.

Dividend Data

Dividends have been paid since 1899. A dividend reinvestment plan is available. A revised "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Jan. 14	Feb. 14	Feb. 21	Mar. 10'89
0.38	Apr. 20	May 4	May 10	Jun. 12'89
0.38	Jul. 20	Aug. 4	Aug. 10	Sep. 12'89
0.38	Oct. 19	Nov. 6	Nov. 10	Dec. 12'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $1,156,300,000.

Minority Interest: $65,200,000.

Common Stock: 109,926,934 shs. ($1.66⅔ par). Institutions hold about 47%. An ESOP owns 14%. Shareholders of record: 43,700.

Office—One PPG Place, Pittsburgh, Pa 15272 **Tel**—(412) 434-3131 **Chrmn & CEO**—V A Sarni. **Secy**—E Mezeski, Jr **Treas**—L M Call. **Investor Contact**—J. F. Compton. **Dirs**— D. D. Danforth, S. C. Gault, J. F. Junge, S. F. Keating, A. J. Krowe, H. A. McInnes, J. W. Morrison, R W Morse, V A. Sarni, D G. Vice, L S Williams **Transfer Agent & Registrar**—Pittsburgh National Bank, Pittsburgh. **Incorporated** in Pennsylvania in 1883. **Empl**—38,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA

PSI Holdings

NYSE Symbol PIN In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
18⅛	18¼- 13⅛	10	0.80	4.4%	B	0.72

Summary

This Indiana-based utility holding company, parent of Public Service of Indiana, abandoned its fuel diversification into nuclear energy in 1984. In their opinion to the company's 1988 financial statements, auditors noted uncertainty concerning the outcome of litigation arising from PIN's former nuclear construction program. Prospects for the company have improved, however, and in January, 1989 PIN resumed common dividends after a three-year hiatus.

Business Outlook

Share earnings for 1990 are projected at $2.30, down from the $2.40 estimated for 1989.

Common dividends were resumed with a $0.20 quarterly payment in March, 1989. A modest payout ratio should make possible above-average dividend growth for the foreseeable future.

Share earnings for 1990 could reflect lower rates and potential refunds following resolution of various rate cases. Longer-term prospects could be limited by expenditures made necessary by potentially stringent acid rain legislation.

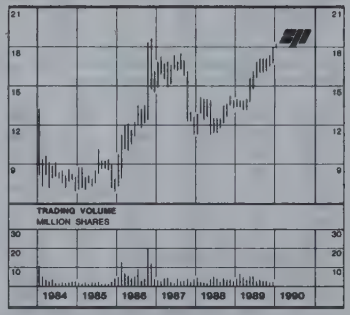
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	266	289	269	269
Jun.	251	217	260	250
Sep.	275	281	278	278
Dec.	---	257	264	252
	---	1,043	1,071	1,049

Revenues for the nine months ended September 30, 1989 rose fractionally (0.6%), year to year. After increased maintenance costs and higher taxes, operating income declined 7.0%. However, following lower interest charges and a 16% decrease in subsidiary preferred dividend requirements, net income was up marginally (0.8%). Share earnings were $1.96, versus $1.95.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.74	0.73	0.52	0.42
Jun.	0.68	0.56	0.47	0.33
Sep.	0.54	0.66	0.78	0.53
Dec.	E0.44	d0.11	0.56	0.40
	E2.40	1.84	2.33	1.68



Important Developments

Dec. '89— PIN reported that the Indiana Court of Appeals agreed to hear oral arguments in the appeal of PIN's 1986 retail rate order. Intervenor groups have asked the court to nullify the order, which authorized an 8.2% rate increase and incorporated a previous 5% increase into base rates. Separately, the final set of hearings was conducted before the Indiana Utility Regulatory Commission in PIN's request for permanent rates. PSI is seeking a retail rate moratorium until March 1, 1993, as well as performance incentives. The IURC staff has supported a reduction in retail rates of $51.4 million (5.9%), while the Utility Consumer Counselor (UCC) is seeking a $91.4 million (10.4%) reduction. The IURC denied a request by the UCC to make PIN's retail rates interim and subject to refund. A final order is not expected before late February, 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	7.22	5.07	2.14	2.97	27.29	27.24	25.96	24.40	24.84
Earnings[1]	NA	1.84	2.33	1.68	1.66	1.06	4.46	4.55	3.42	3.21
Dividends	0.80	Nil	Nil	Nil	1.00	1.00	2.82	2.72	2.57	2.44
Payout Ratio	NA	Nil	Nil	Nil	60%	94%	63%	60%	75%	76%
Prices—High	18	14¼	17½	18⅝	10⅛	13¼	27⅜	27½	22½	24⅝
Low	13⅛	11¼	11¼	7¼	6⅞	6⅞	10⅞	20⅛	18¼	17½
P/E Ratio—	NA	8-6	8-5	11-4	6-4	13-6	6-2	6-4	7-5	8-5

Data as orig. reptd. 1. Bef. spec. item(s) of +1.75 in 1987, -2.62 in 1986, -24.83 in 1985. E-Estimated. d-Deficit. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	1,043	90.9	85.7	77.2%	2.10	1	24.5%	117	11.2	13.5	24.0
1987	1,070	88.0	77.2	77.0%	3.10	NM	49.0%	145	13.6	15.7	49.5
1986	1,049	86.4	72.1	77.1%	2.59	NM	52.6%	119	11.3	13.0	56.0
1985	975	86.0	64.9	75.8%	2.65	NM	NM	118	12.1	8.3	10.9
1984	910	84.7	63.7	76.6%	2.16	NM	50.0%	86	9.4	5.8	3.9
1983	874	82.3	59.1	78.8%	4.86	221	31.3%	256	29.3	8.7	16.6
1982	809	76.0	62.0	79.0%	---	198	31.5%	233	28.8	8.9	17.9
1981	720	70.4	56.9	78.3%	---	110	34.5%	152	21.1	8.1	13.7
1980	646	68.0	58.4	78.7%	---	69	36.2%	123	19.0	7.9	12.7
1979	629	64.8	45.5	77.1%	---	42	41.9%	123	19.6	8.7	15.6

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	[4]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,690	104	1,616	14.8	1,603	720	53.2	160	11.9	472	34.9
1987	2,602	71	1,599	15.3	1,461	644	55.1	170	14.5	355	30.4
1986	2,543	63	1,613	14.8	1,743	1,012	67.8	330	22.1	150	10.1
1985	2,496	21	1,637	14.1	2,025	1,249	71.3	330	18.9	172	9.8
1984	2,501	37	1,712	12.3	3,810	1,271	41.4	330	10.7	1,474	47.9
1983	4,767	565	4,055	4.9	3,795	1,338	42.6	330	10.5	1,470	46.9
1982	4,180	563	3,540	5.2	3,516	1,363	46.1	330	11.2	1,263	42.7
1981	3,601	508	3,021	5.6	3,003	1,203	47.3	306	12.0	1,034	40.7
1980	3,078	493	2,556	5.9	2,505	981	46.5	285	13.5	844	40.0
1979	2,595	387	2,133	7.3	2,120	831	46.1	235	13.0	737	40.9

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987, 1986, 1985. 3. Based on income before interest charges. 4. Excl. abandoned Marble Hill Nuclear Project aft. 1983. NM-Not Meaningful.

Business Summary

PSI Holdings, Inc. is the holding company formed in June, 1988 by Public Service Co. of Indiana, now its main subsidiary. Sales in recent years:

Revenues	1988	1987	1986	1985
Residential	37%	37%	37%	36%
Commercial	24%	24%	24%	23%
Industrial	26%	26%	27%	28%
Other	13%	13%	12%	13%

Virtually all power requirements in 1988 were derived from coal. PIN is vulnerable to stringent acid rain legislation. Peak load in 1988 was 4,401 mw and capability totaled 5,921 mw for a capacity margin of 26%.

In 1985 PIN wrote off $2.4 billion ($1.3 billion after taxes) of its $2.7 billion investment in the Marble Hill nuclear facility which was cancelled in November, 1984. The charge was net of regulatory asset and salvage value. In November, 1986 PIN wrote-off some $141.0 million net, of its Marble Hill investment allocated to wholesale customers. Auditors noted in their opinion of the company's 1988 financial statements, legal actions associated with the Marble Hill project and subsequent regulatory proceedings to resolve Marble Hill rate issues.

Dividend Data

Common dividends were resumed in January, 1989 after having been omitted in January, 1986. Subsidiary preferred dividends, which were also omitted in January, 1986, were resumed in January, 1987. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Jan. 26	Feb. 6	Feb. 10	Mar. 1'89
0.20	Apr. 19	May 8	May 12	Jun. 1'89
0.20	Jul. 25	Aug. 8	Aug. 14	Sep. 1'89
0.20	Oct. 26	Nov. 8	Nov. 14	Dec. 1'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $626,212,000.

Subsid. Red. Cum. Pfd. Stock: $30,000,000.

Subsid. Cum. Pfd. Stock: $87,113,000.

Common Stock: 54,144,733 shs. (no par).
Institutions hold about 70%.
Shareholders of record: 30,360.

Office—1000 East Main St., Plainfield, Ind. 46168. **Tel**—(317) 839-9611. **Chrmn & CEO**—J. E. Rogers, Jr. **Secy**—J. E. Rogers. **VP-CFO**—J. W. Leonard. **Investor Contact**—Leigh J. Pefley. **Dirs**—J. K. Baker, H. A. Barker, S. E. Eizenstat, S. M. Hannig, J. A. Hillenbrand II, E. Kampen, D. V. Menscer, M. Pereiman, W. G. Pinnell, J. E. Rogers, Jr., S. A. Shideler, V. P. Smith, R. B. Stoner, R. L. Thompson. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Indiana in 1941. **Empl**—4,232.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillip

PACCAR Inc

NASDAQ Symbol PCAR (Incl. in Nat'l Market) Options on NYSE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
22½	52½-37¾	8	[1]1.00	2.4%	B+	1.02

Summary

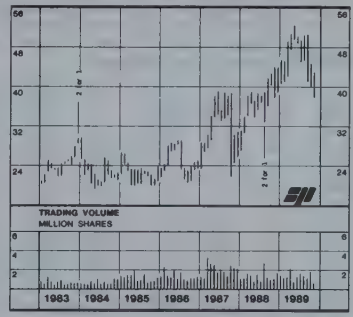
This leading producer of heavy-duty trucks is also active in the manufacture of equipment for the oil and gas and construction industries. PCAR expanded its auto parts distribution business in 1988 with the purchase of Grand Auto for $49 million. Profits could slip in 1990, reflecting slackening demand for heavy-duty trucks. Directors authorized a 4,000,000-common-share (11.5%) buyback plan in April 1989.

Current Outlook

Profits for 1990 are estimated at $5.00 a share, versus the $5.40 anticipated for 1989.

Dividends, at $0.25 a share quarterly, are likely to be supplemented with an extra payment of approximately $1.50 a share in early 1990.

Truck volumes are expected to slip moderately in 1990 as a slowdown in the manufacturing sector prompts fleet operators to curtail new equipment purchases. PCAR's truck volumes should outperform the industry, however, as PCAR expands its share of the medium-haul conventional market and for off-road construction applications. Continued solid contributions are expected from PCAR's Mexican truck unit. While the loan portfolio for PCAR's finance unit will be flat, profits should benefit from reduced reserve requirements. Comparisons for the auto parts business will continue to benefit from a turnaround at Grand Auto. Softer oil prices could check Trico's profits.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	835	714	513	438
Jun.	850	752	605	427
Sep.	834	803	636	433
Dec.	---	842	669	497
	---	3,112	2,424	1,796

Net sales for 1989's first nine months rose 11%, year to year. Net income also was up 11%. Share earnings were $4.07, versus $3.61.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.33	1.11	0.59	0.39
Jun.	1.36	1.21	0.73	0.03
Sep.	1.38	1.28	0.83	0.39
Dec.	E1.33	1.30	0.98	0.71
	E5.40	4.90	3.13	1.51

Important Developments

Oct. '89— PCAR completed the sale of its Wagner Mining Equipment Co. unit to Atlas Copco AB, a Swedish conglomerate, for an undisclosed amount. Wagner, which generates annual revenues of about $85 million, is a leading producer of underground mining vehicles.

Apr. '89— Directors authorized the repurchase of 4,000,000 (11.5%) of PCAR common shares, from time to time, through open-market purchases. PCAR noted that during April it had repurchased 202,000 of its shares for $9.8 million. In February, PCAR bought 693,860 of its common shares in a private transaction for $29.8 million.

Jun. '88— PCAR acquired Grand Auto, Inc., a distributor of auto parts in California, Nevada, Washington and Alaska, for $49.2 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2,3]1988	[3]1987	1986	1985	1984	1983	1982	1981	[3]1980	1979
Tangible Bk. Val.	25.18	22.34	20.27	19.70	18.89	16.67	16.11	16.59	14.90	13.32
Earnings[4]	4.90	3.13	1.51	2.01	3.46	1.04	1.03	2.35	2.24	3.32
Dividends	2.40	1.60	0.70	1.10	1.10	0.52½	0.50	0.66	0.64⅞	0.84⅛
Payout Ratio	49%	51%	46%	55%	32%	51%	49%	28%	29%	25%
Prices—High	44	39⅛	29⅛	26⅝	29¾	29½	22½	19⅞	17	14⅛
Low	27	21¾	20½	19⅞	19¼	20¼	13¼	13⅝	9½	11
P/E Ratio—	9-6	13-7	19-14	13-10	9-6	29-20	22-13	8-6	8-4	4-3

Data as orig. reptd. Adj. for stk. divs. of 100% Aug. 1988, 100% Dec. 1983, 10% Jan. 1982. 1. Excl. extra. 2. Refl. acctg. change. 3. Refl. merger or acq. 4. Bef. spec. item of +0.07 in 1983. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	[5]3,267	379	11.6	59.3	50.4	95.6	268	34.3%	176	5.4
[4]1987	2,424	169	7.0	33.9	29.1	5.5	176	36.0%	[3]112	4.6
1986	1,796	83	4.6	[6]31.6	22.7	2.9	78	30.4%	54	3.0
1985	1,893	97	5.1	[6]33.5	21.1	2.6	118	38.4%	73	3.9
1984	2,249	173	7.7	[6]14.5	19.8	2.3	200	37.3%	125	5.6
1983	1,412	47	3.3	[6]25.7	19.1	3.0	62	39.1%	37	2.7
1982	1,230	35	2.9	[6]18.0	19.6	7.2	59	36.4%	[3]37	3.0
1981	1,735	112	6.5	[6]31.3	19.6	7.3	135	37.1%	85	4.9
[4]1980	1,674	113	6.8	79.4	13.5	4.5	133	39.2%	81	4.8
1979	1,883	195	10.3	45.3	10.7	3.2	212	43.3%	120	6.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
[3]1988	381	NA	NA	NA	2,832	8.5	386	904	1,290	29.9	20.6
1987	334	768	428	1.8	1,300	9.5	31	801	833	3.8	14.7
1986	22	635	309	2.1	1,079	5.1	12	727	739	1.6	7.6
1985	20	664	303	2.2	1,057	7.1	12	715	727	1.7	10.4
1984	24	638	278	2.3	1,002	13.2	14	685	699	2.0	19.4
1983	20	527	246	2.1	896	4.4	14	604	618	2.3	6.3
1982	16	484	186	2.6	807	4.5	13	584	597	2.1	6.3
1981	15	503	205	2.5	848	10.5	16	602	643	2.4	14.9
1980	17	471	196	2.4	773	10.7	17	540	576	3.0	15.8
1979	14	524	230	2.3	742	17.7	18	483	513	3.5	27.4

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item in 1983. 3. Refl. acctg. change. 4. Refl. merger or acq. 5. Incl. other inc. 6. Net. NA-Not Available.

Business Summary

Contributions to pretax profits (in millions) by business segment in recent years were:

	1988	1987	1986
Truck manufacturing	$244	$177	$75
Other	3	-12	-6
Financial services	32	28	25

Heavy-duty trucks used for highway and off-road applications are manufactured in the U.S. under the Peterbilt and Kenworth names. PCAR, which distributes trucks through a network of 269 independent dealers in the U.S., ranked second in 1988 among heavy-duty truck manufacturers, commanding a 22.9% market share, versus 20.3% in 1987. PCAR also produces trucks in England under the Foden nameplate. PCAR markets the medium-duty Mid-Ranger vehicle through a venture with Volkswagen do Brasil S.A. and has a 49% interest in VILPAC S.A., a Mexican truck producer.

Winches, used in logging, construction, oil drilling and fishing, are produced through the Braden-Carco-Gearmatic unit. Trico Industries manufactures oilfield pumps and other extraction equipment. In October 1989, PCAR sold its Wagner Mining Equipment Co. unit, a producer of underground mining vehicles, to Atlas Copco AB.

Grand Auto, Inc., acquired in mid-1988, distributes tires, auto parts and accessories and provides minor auto repair and maintenance work at more than 100 retail outlets in Washington, California, Nevada and Alaska. Al's Auto Supply, acquired in late 1987, distributes auto parts through 29 retail outlets in Washington.

Other operations include PACCAR Financial Corp. (with assets of $1.2 billion at 1988 year-end), which provides financing for trucks and trailers produced by PCAR and other manufacturers. PACCAR Leasing manages a full-service lease fleet of 4,500 trucks and trailers.

Dividend Data

Cash has been paid in each year since 1943.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.50 Ext.	Dec. 9	Dec. 16	Dec. 22	Jan. 5'89
0.25	Dec. 9	Feb. 13	Feb. 20	Mar. 6'89
0.25	Apr. 26	May 16	May 22	Jun. 5'89
0.25	Apr. 26	Aug. 15	Aug. 21	Sep. 5'89
0.25	Sep. 13	Nov. 13	Nov. 17	Dec. 5'89

Capitalization

Long Term Debt: $688,784,000 (6/89), incl. certain current maturities.

Common Stock: 34,884,984 shs. ($12 par).
Officers & directors own about 22%.
Institutions hold about 47%.
Shareholders: 3,711 of record.

Office—777 106th Ave. N.E. (P.O. Box 1518; 98009), Bellevue, Wash. 98004 **Tel**—(206) 455-7400. **Chrmn & CEO**—C. M. Pigott **Pres**—J. M. Dunn **VP-Secy**—G. G. Morie. **Treas**—R. A. Johnsen **Investor Contact**—Jack C. McRae. **Dirs**—J. M. Dunn, J. M. Fluke Jr., H. J. Haynes, C. M. Pigott, J. C. Pigott, J. W. Pitts, J. H. Wiborg, T. A. Wilson **Transfer Agent**—Morgan Shareholder Services Trust Co., NYC **Incorporated** in Washington in 1924, reincorporated in Delaware in 1972 **Empl**—13,709

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Pacific Enterprises

1735V

NYSE Symbol PET Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
50¼	53¾-37⅛	16	3.48	6.9%	A-	0.51

Summary

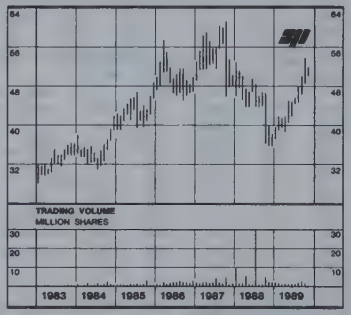
This holding company's principal interest is the distribution of natural gas to over 4 million customers in southern and central California, including Los Angeles. It is also involved in specialty retailing, and oil and gas exploration and production. Share earnings for the first nine months of 1989 declined, reflecting higher interest charges and more shares outstanding. PET has a $130.9 million rate increase application pending.

Current Outlook

Share earnings for 1990 are projected at $3.40, up from the $3.20 estimated for 1989.

Dividends should continue at $0.87 quarterly, supported by cash flow.

Gas utility profits for 1990 are expected to advance, reflecting higher rates, approximately a 5% growth in the rate base, greater use of gas for environmental reasons, and increased competitiveness. Oil and gas exploration and production profits should advance on higher average oil and gas prices and increased production. Retailing earnings are expected to be slightly higher on better margins, partly reflecting efforts to improve efficiency through installation of computer systems in stores.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,861	1,493	1,540	1,530
Jun.	1,545	1,293	1,232	1,260
Sep.	1,573	1,556	1,173	1,233
Dec.	---	1,590	1,394	1,300
	---	5,932	5,339	5,324

Revenues for the nine months ended September 30, 1989 rose 15%, year to year. Income from operations advanced 8.4%, but following higher interest charges, net income was down 6.6%. Share earnings declined 14%, to $2.49 (on 5.9% more average shares outstanding) from $2.90.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.02	1.12	1.05	d1.01
Jun.	0.78	0.78	0.90	0.83
Sep.	0.69	1.00	0.94	0.89
Dec.	E0.71	0.62	0.80	0.59
	E3.20	3.51	3.69	1.34

Important Developments

Oct. '89— PET said that its Southern California Gas (SCG) unit expected regulatory decisions by 1989 year-end on the authorized rate of return for 1990, the level of noncore earnings SCG is authorized for 1990, and a rate increase request of $130.9 million.

Jun. '89— PET agreed to a contract with Kern River Pipeline Co. for 150 million cubic feet of capacity per day. The company said that the contract would allow PET to diversify its gas supply by providing the ability to obtain additional gas from the Rocky Mountain region.

May '89— PET sold 1,500 preferred shares at $100,000 each; proceeds would be used to reduce debt. In March PET adopted a "poison pill" stock purchase right.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	28.40	27.11	26.25	35.52	34.85	34.73	33.20	31.65	29.96	28.48
Earnings¹	3.51	3.69	1.34	3.80	3.56	5.02	4.57	4.52	4.04	3.80
Dividends	3.48	3.48	3.48	3.36	3.20	3.04	2.82	2.60	2.29	2.06
Payout Ratio	103%	95%	264%	90%	93%	67%	62%	59%	58%	55%
Prices—High	52⅞	61¼	57½	48⅝	41⅜	36⅜	31	29¾	24½	23¾
Low	35⅝	45¾	45	39	30¾	26	22½	19¾	17	19⅜
P/E Ratio—	15-10	17-12	43-34	13-10	12-9	7-6	7-5	7-4	6-4	6-5

Data as orig. reptd 1. Bef. results of disc. opers. of +0.45 in 1987. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1988	5,932	887	15.0	1,076	311	226	410	44.1%	229	3.9
1987	5,339	765	14.3	521	233	158	404	42.6%	232	4.3
1986	5,324	487	9.1	491	205	180	154	40.9%	91	1.7
1985	5,083	707	13.9	454	191	173	352	53.7%	163	3.2
1984	4,781	604	12.6	556	187	177	286	48.9%	146	3.0
1983	4,586	502	11.0	650	123	146	294	45.8%	159	3.5
1982	4,359	352	8.1	244	87	137	181	28.1%	130	3.0
1981	3,357	320	9.5	215	79	97	195	36.2%	124	3.7
1980	3,328	282	8.5	199	75	103	187	42.2%	108	3.3
1979	2,200	295	13.4	152	71	84	191	48.2%	99	4.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	158	1,924	2,074	0.9	6,866	3.7%	1,917	1,814	4,566	42.0	12.2%
1987	60	1,402	1,388	1.0	5,027	4.6%	1,403	1,612	3,547	39.6	13.8%
1986	64	1,400	1,492	0.9	5,020	1.8%	1,428	1,547	3,411	41.8	4.3%
1985	22	765	909	0.8	4,133	3.8%	1,254	1,428	3,148	39.8	10.6%
1984	91	1,062	1,120	0.9	4,243	3.4%	1,292	1,350	3,053	42.3	9.8%
1983	21	921	936	1.0	3,719	4.1%	1,257	1,152	2,724	46.1	13.4%
1982	46	951	1,054	0.9	3,257	4.3%	1,066	903	2,165	49.2	13.9%
1981	9	659	797	0.8	2,706	4.5%	854	839	1,873	45.6	14.4%
1980	140	830	966	0.9	2,662	4.2%	707	761	1,665	42.5	13.8%
1979	17	725	726	1.0	2,403	4.4%	770	699	1,652	46.6	13.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987.

Business Summary

Pacific Enterprises (formerly Pacific Lighting) distributes natural gas in southern California, including Los Angeles, and portions of central California through its Southern California Gas subsidiary, the nation's largest gas distributor. PET also has substantial nonutility interests. Industry segment contributions in 1988:

	Revs.	Profits
Utility	54%	70%
Retailing	40%	18%
Oil and gas expl. & prod.	4%	9%
Other	2%	3%

Gas sales volume in 1988 totaled 654 Bcf, down from 771 Bcf in 1987. Customers served at 1988 year-end were 4,414,060, compared with 4,303,211 at the end of 1987. PET's major U.S. pipeline suppliers are El Paso Natural Gas Co. and Transwestern Pipeline Co. In 1988 PET acquired 47% of gas supplies on the spot market.

Oil and gas exploration and production is conducted primarily in the U.S. and, to a lesser extent, in Canada and the Dutch North Sea. Proved reserves at year-end 1988 were 74.6 million barrels of oil and 325.5 Bcf of gas, versus 52.4 million barrels and 167.3 Bcf of gas a year earlier.

Other operations include drug and sporting goods stores, interstate and offshore gas transmission, financial services, and alternate energy development. PET intends to derive one-half of its net income from nonutility operations by 1992; they accounted for 33% in 1988.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.87	Jan. 3	Jan. 13	Jan. 20	Feb. 15'89
0.87	Apr. 4	Apr. 14	Apr. 20	May 15'89
0.87	Jun. 12	Jul. 14	Jul. 20	Aug. 15'89
0.87	Oct. 3	Oct. 16	Oct. 20	Nov. 15'89

Next dividend meeting: early Jan.'90.

Capitalization

Long Term Debt: $1,779,000,000.

Subsidiary Preferred Stock: $80,000,000.

Red. Cum. Preferred Stock: $110,000,000.

Remarketed Preferred Stock: $150,000,000.

Common Stock: 63,882,347 shs. (no par). Institutions hold approximately 23%. Shareholders of record: 62,966.

Office—801 South Grand Ave., Los Angeles, Calif 90017. Tel—(213) 895-5000. Chrmn & CEO—J. R Ukropina Pres—W. S. Wood. Secy—J. F. Hames. Treas—P. A. Williams II Investor Contact—A. M. Foster (800-722-5483). Dirs—H. H. Bertea, J. F. Dickason, R. R. Dockson, I. E. Lozano, Jr., J. N. Mitchell, J. R. Rensch, D. B. Rice, R. C. Siciliano, W. F. Smith, L. H. Straus, J. R. Ukropina, D. G. Volkmann, Jr., D. L. Walker, W. B. Wood, J. H. Zumberge. Transfer Agent—Company's office Registrar—Manufacturers Hanover Trust Co. of California, Los Angeles. Incorporated in California in 1907. Empl—40,538.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Pacific Gas & Electric

NYSE Symbol PCG Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
20⅜	21⅝-17¼	36	1.40	6.9%	B+	0.49

Summary

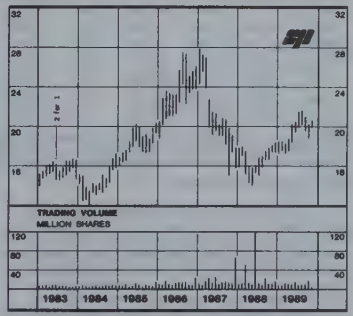
This California-based utility owns the two unit Diablo Canyon nuclear facility. In 1988 PCG agreed to a rate settlement for the plant, which resulted in a $1.43 per share write-off of disallowed costs and a 27% dividend cut. As part of the settlement, revenues derived from the plant will be based upon the facility's operating performance. In October, 1989 PCG stated that repair costs due to the San Francisco area earthquake on October 17 were not expected to have a significant earnings impact. PCG added that it will suffer no significant revenue losses as a result of earthquake-related power outages.

Current Outlook

Share earnings for 1990 are estimated at $2.20, up from the $2.10 projected for 1989.

The $0.35 quarterly dividend, cut 27% from $0.48 in June, 1988, may be raised by mid-1990.

Share earnings for 1990 will benefit from Diablo Canyon's performance-based pricing. Share earnings for 1991 are expected to be below 1990 because both Diablo Canyon units are scheduled for refueling and maintenance outages.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,109	1,870	1,752	2,012
Jun.	2,086	1,767	1,775	1,877
Sep.	2,246	1,986	1,828	2,001
Dec.	---	2,044	1,831	1,927
	---	7,646	7,186	7,817

Revenues for the 12 months ended September 30, 1989 rose 14%, year to year, primarily reflecting the generating performance at the Diablo Canyon nuclear plant. Following a less rapid increase in production costs, operating income advanced 21%. After the write-off of disallowed Diablo Canyon costs in December, 1988, net income was $336.0 million, versus $672.7 million. After preferred dividend requirements, share earnings were $0.56, compared with $1.44.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.53	0.28	0.17	0.70
Jun.	0.50	0.30	0.33	0.63
Sep.	0.69	0.53	0.47	0.73
Dec.	E0.38	d1.19	0.32	0.54
	E2.10	d0.10	1.29	2.60

Important Developments

Oct. '89— PCG stated that repair costs arising from the San Francisco area earthquake on October 17 were not expected to have a significant earnings impact. Also, the company said it will suffer no significant revenue losses as a result of earthquake-related power outages. Separately, PCG reported that Diablo Canyon 1 was taken down for a scheduled maintenance and refueling outage and added that in February, 1990 Diablo Canyon 2 will begin its maintenance and refueling outage.

Aug. '89— PCG updated to $325 million its revenue request in the 1990 General Rate Case. The company stated that the new amount, representing an increase over rates in effect January 1, 1989, is comprised of $250 million in electric revenues and $75 million in gas revenues.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	16.57	18.29	18.71	17.83	16.99	16.22	15.71	15.01	14.85	14.91
Earnings[1]	d0.10	1.29	2.60	2.65	2.62	2.15	2.46	1.71	1.80	1.78
Dividends	1.66	1.92	1.90	1.81	1.69	1.57½	1.46½	1.36	1.30	1.19
Payout Ratio	NM	149%	73%	68%	65%	73%	60%	80%	72%	67%
Prices—High	18⅜	27⅞	27½	20⅜	17¼	16¾	14½	12⅛	12½	12⅝
Low	14	15	18¾	16	12	13⅞	10⅛	9⅞	9⅝	10⅞
P/E Ratio—	NM	22-12	11-7	8-6	7-5	8-6	6-4	7-6	7-5	7-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1983. 1. Bef. spec. item(s) of +0.24 in 1987. NA-Not Available. NM-Not Meaningful. d-Deficit E-Estimated d-Deficit NM-Not Meaningful.

November 16, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	7,646	932	382	83.0%	0.95	19	NM	62	0.8	4.7	NM
1987	7,186	875	341	82.4%	2.23	3	47.9%	597	8.3	7.4	8.1
1986	7,817	694	352	78.8%	3.10	112	46.8%	1,081	13.8	10.3	14.1
1985	8,431	536	313	83.8%	2.77	340	37.3%	1,031	12.2	10.8	15.1
1984	7,830	446	288	85.9%	2.88	480	35.9%	975	12.5	11.2	15.7
1983	6,647	391	250	85.6%	2.69	430	38.0%	788	11.9	10.6	13.4
1982	6,785	371	224	86.5%	---	358	37.3%	810	11.9	12.2	15.8
1981	6,195	303	182	89.6%	---	285	9.6%	585	9.1	10.4	11.3
1980	5,259	281	157	89.1%	---	254	12.1%	525	10.0	10.2	11.7
1979	4,372	251	133	88.2%	---	195	16.0%	458	10.5	9.0	11.5

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	Capitalization [6]% LT Debt	Capitalization Pfd.	Capitalization % Pfd.	Capitalization Com.	Capitalization % Com.
1988	23,280	1,317	16,562	6.6	17,902	7,937	49.5	1,190	7.4	6,910	43.1
1987	22,661	1,329	16,452	7.7	18,886	8,376	49.8	1,205	7.1	7,252	43.1
1986	21,607	1,834	16,140	10.6	18,183	7,688	47.6	1,433	8.9	7,016	43.5
1985	19,945	2,137	15,139	9.5	16,773	7,604	49.5	1,680	10.9	6,087	39.6
1984	18,109	2,085	13,795	8.6	14,718	6,651	48.3	1,687	12.2	5,444	39.5
1983	15,788	1,933	11,853	8.5	12,768	5,465	45.2	1,687	14.0	4,926	40.8
1982	14,317	1,335	10,694	8.9	11,481	4,922	44.5	1,612	14.6	4,516	40.9
1981	13,088	1,384	9,793	6.9	9,983	4,347	44.5	1,502	15.4	3,925	40.1
1980	12,102	1,222	9,071	6.6	9,364	4,087	44.5	1,377	15.0	3,727	40.5
1979	11,025	1,149	8,232	6.6	8,504	3,688	44.3	1,252	15.0	3,389	40.7

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. As reptd. by co. 5. Incl. customer conservation loans funding aft. 1981, and capital lease oblig. aft. 1983. NM-Not Meaningful.

Business Summary

Pacific Gas & Electric, the nation's largest electric and gas utility, serves much of northern and central California. Of 1988 revenues, electricity accounted for 72% and gas 28%. Electric revenues in recent years:

Revenues	1988	1987	1986	1985
Residential	35%	33%	29%	29%
Commercial	38%	38%	34%	34%
Industrial	17%	19%	21%	24%
Other	10%	10%	16%	13%

Capability in 1988 was 23,947 mw, derived from thermal 38% (gas and geothermal), nuclear 9%, hydro 16%, and purchased power 37%. Peak load in 1988 was 18,490 mw for a capacity margin of 23%. Gas sales in 1988 were 461,292 MMcf, up from 424,722 MMcf in 1987. PCG's nuclear power is derived from its two unit 2,200 mw Diablo Canyon facility. Effective July 1, 1988, PCG resolved prudency and rate issues related to the plant and wrote off $1.0 billion ($1.43 a share) of plant costs. As part of the settlement, revenues from Diablo Canyon will be based on a pre-established price for each kwh of electricity generated by the plant. PCG's future sources of electric generation are expected to come from cogeneration projects.

Dividend Data

Dividends have been paid since 1919. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Feb. 15	Mar. 9	Mar. 15	Apr. 15'89
0.35	May 19	Jun. 9	Jun. 15	Jul. 15'89
0.35	Jul. 10	Sep. 11	Sep. 15	Oct. 15'89
0.35	Oct. 20	Dec. 11	Dec. 15	Jan. 15'90

Next dividend meeting: mid-Feb. '90.

Finances

Auditors noted in their opinion of the company's 1988 financial statements, uncertainties associated with legal and regulatory issues related to PCG's Diablo Canyon nuclear project.

Capitalization

Long Term Debt: $7,917,016,000.

Red. Cum. Preferred Stock: $167,378,000.

Cum. Preferred Stock: $1,010,195,000.

Common Stock: 423,091,000 shs. ($5 par). Institutions hold about 36%. Shareholders of record: 387,703.

Office—77 Beale St., San Francisco, Calif 94106 **Tel**—(415) 972-7000. **Chrmn & CEO**—R. A. Clarke. **Pres**—G. A. Maneatis. **VP-Secy**—T. W. High **Treas**—J. F. Jenkins-Stark **Investor Contact**—Kent M. Harvey. **Dirs**—R. A. Clarke, H. M. Conger, L. S. Eaton, I. M. Heyman, M. B. Lane, L. L. Luttgens, R. B. Madden, P. A. Magowan, G. A. Maneatis, M. S. Metz, F. W. Mielke, Jr., W. F. Miller, J. B. M. Place, C. E. Reichardt, W. C. Riles, S. T. Skinner **Transfer Agent**—Company's office. **Registrar**—First Interstate Bank of California, San Francisco. **Inc.** in Calif. in 1905 **Empl**—26,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Pacific Telesis

1744T

NYSE Symbol PAC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
43⅝	47¼-30⅜	15	1.88	4.3%	A-	0.72

Summary

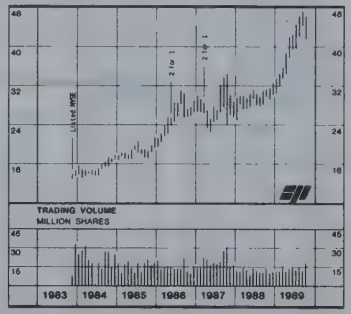
Pacific Telesis, the sixth largest telephone holding company in the U.S., primarily provides telephone service in parts of California and Nevada. The company has also made considerable investments in non-regulated businesses, particularly high growth areas such as cellular mobile telephone operations. The California PUC ordered a shift to incentive regulation as of January 1, 1990.

Current Outlook

Earnings for 1990 are tentatively projected at about $2.90 a share, unchanged from the $2.90 estimated for 1989.

The $0.47 quarterly dividend is the minimum expectation.

Revenues for 1990 from telephone operations are anticipated to decrease, as the benefits from gains in access lines and calling volume are more than offset by a rate cut associated with a new regulatory program for Pacific Bell. Telephone margins are likely to be adversely affected by increased employment and capital costs. Contributions from unregulated operations are expected to continue to significantly improve, reflecting primarily strong growth from the company's cellular and paging units.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.34	2.31	2.13	2.22
Jun.	2.41	2.37	2.27	2.26
Sep.	2.37	2.38	2.32	2.31
Dec.	---	2.43	2.42	2.19
	---	9.48	9.13	8.98

Revenues for the nine months ended September 30, 1989 increased 0.9%, year to year. Margins narrowed slightly, and operating income decreased 0.9%. After a 5.0% decrease in interest charges, pretax income fell 0.7%. After taxes, and minority interests, net income decreased 2.0%, to $2.23 a share (on 2.6% fewer shares outstanding) from $2.22.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.76	0.71	0.55	0.64
Jun.	0.79	0.76	0.61	0.66
Sep.	0.68	0.75	0.70	0.66
Dec.	E0.67	0.59	0.35	0.55
	E2.90	2.81	2.21	2.51

Important Developments

Oct. '89— The California PUC announced a final decision on an incentive regulation plan for Pacific Bell. The plan, which would become effective January 1, 1990, would replace traditional rate of return regulation. Upon implementation, Pacific Bell would cut rates to an amount compatable with an 11.5% rate of return (ROR). Thereafter, a benchmark ROR of 13.0% would be used as a starting point for a sharing mechanism, whereby earnings above the benchmark ROR would be split equally between ratepayers and shareowners. Earnings above a 16.5% ROR would be refunded to ratepayers. On January 1 of each year, price caps for monopoly services and partially competitive services would be changed according to a formula of inflation minus a 4% productivity factor. Pacific would be required to file for a review of the plan in May, 1992.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	18.72	17.88	17.40	16.81	16.03	NA
Earnings	2.81	2.21	2.51	2.27	2.12	NA
Dividends	1.76	1.64	1.52	1.43	1.35	NA
Payout Ratio	63%	74%	61%	63%	64%	NA
Prices—High	32½	34½	31⅛	21½	17⅞	14¾
Low	24⅞	22½	19½	16¾	13¼	12⅞
P/E Ratio—	12-9	16-10	12-8	9-7	8-6	NA

Data as orig reptd. Reflects spin-off from American Telephone & Telegraph Company. Adj. for stk. div(s). of 100% Mar 1987, 100% Jun. 1986. E-Estimated NA-Not Available

November 8, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[1]Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On [3]Com. Equity
1988	9,483	1,845	NA	81.8%	4.19	34.0	38.7%	1,188	12.5	10.2	14.7
1987	9,131	1,707	1,458	84.1%	3.99	39.0	40.2%	950	10.4	8.5	11.9
1986	8,977	1,511	1,534	82.0%	4.84	38.8	44.3%	1,079	12.0	9.2	14.2
1985	8,499	1,238	1,677	82.6%	4.25	61.4	44.7%	929	10.9	9.0	13.5
1984	7,824	1,084	1,781	82.7%	3.95	62.7	41.5%	829	10.6	8.9	13.2

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	[4]Pfd.	[4]% Pfd.	Com.	% Com.
1988	24,359	1,590	17,155	10.0	17,916	5,475	40.3	37	0.3	8,085	59.4
1987	23,142	2,028	17,192	8.5	17,689	5,321	40.2	22	0.2	7,890	59.6
1986	22,334	2,103	17,245	9.4	17,678	5,515	41.4	50	0.4	7,753	58.2
1985	21,145	2,257	16,968	8.9	17,360	5,804	43.5	218	1.6	7,317	54.9
1984	19,464	2,082	16,000	8.7	15,956	5,499	44.2	475	3.8	6,482	52.0
[5]1983	18,137	1,829	15,129	NA	15,355	5,811	47.2	511	4.2	5,980	48.6

Data as orig. reptd. Reflects spin-off from American Telephone & Telegraph Company. 1. Times int. exp. (pretax basis). 2. Based on income bef. interest charges. 3. As reptd. by co. 4. Incl. minority interest. 5. As of Jan. 1, 1984. NA-Not Available.

Business Summary

Pacific Telesis is the sixth largest telephone holding company in the U.S. based on 1988 revenues. The company's telephone subsidiaries, Pacific Bell and Nevada Bell, furnish exchange telecommunications and access service in California and Nevada for approximately 13.5 million customer access lines. Telephone operations are regulated under Federal (Federal Communications Commission) and state (public utility commissions or PUCs) authorities. Pacific Bell Directory publishes white and yellow pages and specialized directories for Pacific and Nevada Bell.

Cellular telephone services are provided under the PacTel Cellular name. PacTel Cellular has cellular interests in 33 markets, including majority interests in five of the largest cellular markets in the U.S. As of September, 1989 Pactel Cellular served some 341,000 customers, up 47% from a year earlier. Expansion of the unit's service areas has been made through acquisitions, including 1988 acquisitions in Michigan, Ohio and Georgia. PAC is also the nation's fourth largest provider of paging services, which are offered in over 30 markets.

The company also engages in the business of marketing customer premises telecommunications equipment and related activities in California and Nevada. PacTel Publishing engages in directory related ventures. Other PacTel companies market communications systems outside the U.S.; invest in, manage and broker real properties; and provide financial support services.

The company jointly owns, with the six other regional Bell holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Dec. 20	Dec. 23	Dec. 30	Jan. 31'89
0.47	Feb. 24	Apr. 3	Apr. 7	May 1'89
0.47	Jun. 23	Jul. 3	Jul. 10	Aug. 1'89
0.47	Sep. 22	Oct. 3	Oct. 10	Nov. 1'89

Next dividend meeting: late Dec.'89.

Finances

Since October 1987, directors authorized the purchase of up to 30 million PAC common shares. Through December, 1988 the company had purchased 13.9 million PAC shares under those authorizations, and were holding the shares as treasury stock pending their ultimate disposition.

Capital expenditures totaled $1.59 billion in 1988, a decrease of 22% from the $2.03 billion spent in 1987.

On January 1, 1984 AT&T spun-off its 22 Bell operating companies in the form of PAC and six other regional holding companies (RHCs). That action was taken pursuant to a divestiture agreement settling Federal antitrust action.

Capitalization

Long Term Debt: $5,470,000,000.

Minority Interest: $57,000,000.

Common Stock: 412,498,000 shs. ($0.10 par).
Institutions hold about 42%.
Shareholders of record: 1,082,199.

Office—130 Kearny St., San Francisco, Calif 94108 **Tel**—(415) 394-3000 **Chrmn, Pres & CEO**—S Ginn **EVP-Secy**—R W Odgers **VP-Treas**—L. L. Christensen **Investor Contact**—J. Heyser. **Dirs**—N. Barker Jr., W. P. Clark, W. K. Coblentz, C. L. Cox, M. Du Bain, H. E. Gallegos, S. L. Ginn, D. E. Guinn, J. R. Harvey, I. J. Houston, J. E. Huise, L. L. Luttgens, E. L. McNeely, M. S. Metz, P. J. Quigley, S. D. Ritchey, W. F. Smith. **Transfer Agent**—American Transtech, Jacksonville, Fla. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated**—in Nevada in 1983. **Empl**—69,518

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

PacifiCorp

NYSE Symbol PPW In S&P 500

rice	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
ec. 12'89	1989					
5½	45¾-33⅛	13	2.76	6.1%	A-	0.39

ummary

his utility holding company, with interests in resource development, telecommunications and financial ervices, added to its utility operations through its January, 1989 acquisition of Utah Power & Light. ombined utility operations serve customers in Oregon, California, Idaho, Washington, Montana, Wyo- ing and Utah. On December 1, 1989 PPW offered to acquire Pinnacle West Capital, a holding company hose principal subsidiary is Arizona Public Service, for stock. Subject to regulatory approval, a 2-for-1 tock split may be distributed in early 1990.

urrent Outlook

hare earnings for 1990 are projected at $3.70, o from the $3.50 estimated for 1989, before giv- g effect to the pending 2-for-1 split.

he dividend on the pre-split shares is expected o continue at $0.69 quarterly.

hare earnings for 1990 will reflect higher kwh ales and increased contributions from nonutility perations. Longer-term prospects are strength- ned by PPW's wholesale power strategy.

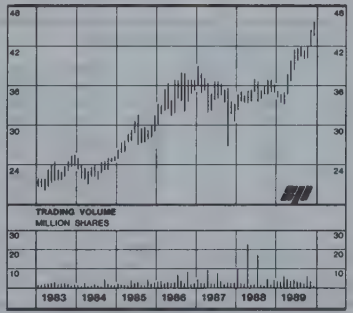
perating Revenues (Million $)

Quarter:	1989	1988	1987	1986
ar.	949	885	542	510
n.	860	814	527	466
ep.	916	889	523	512
ec.	---	932	570	580
	---	3,519	2,163	2,067

evenues for the nine months ended September 0, 1989 rose 5.3%, year to year, mainly reflecting ains in the telecommunications and financial ervices segments and, to a lesser extent, the ility and mining units. After higher operations and aintenance expenses and a 53% increase in nancial services' interest expense, operating come was unchanged. Net income was up 0.4%, $2.65 a share from $2.64 (both unadjusted).

ommon Share Earnings ($)

Quarter:	1989	1988	1987	1986
ar.	1.03	1.13	1.10	0.95
n.	0.76	0.69	0.78	0.69
ep.	0.87	0.83	0.69	0.69
ec.	E0.84	0.82	1.04	1.13
	E3.50	3.46	3.60	3.45



Important Developments

Dec. '89— On December 1, PPW revised its offer to acquire Pinnacle West Capital's (PNW) Arizona Public Service Co. (APS) unit by offering to acquire PNW itself through an exchange of 0.18 PPW common share (unadjusted) for each of the 86.7 million PNW common shares outstanding; PPW would either exchange comparable preferred stock or pay cash for the approximately $372.6 million of outstanding APS preferred shares. This offer, which follows an earlier proposal to acquire APS for about $2.1 billion, is based on the assumption that PNW's troubled MeraBank unit is sold prior to closing after having received a capital infusion of $510 million from PNW, and that PNW's other assets (excluding APS) have a net value of $300 million. PPW added that the exchange ratio is subject to adjustment.

Next earnings report expected in early February.

er Share Data ($)

. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
angible Bk. Val.	22.43	24.23	22.82	21.65	21.28	19.21	20.94	20.37	19.76	19.97
arnings[2]	3.46	3.60	3.45	3.44	3.42	4.11	3.05	2.82	2.53	2.46
ividends	2.61	2.49	2.40	2.34	2.24	2.16	2.16	2.07	2.04	1.95
ayout Ratio	75%	70%	71%	71%	52%	53%	76%	77%	85%	80%
rices—High	37	39	38	31½	25¼	25½	21¾	21¾	22⅛	22⅜
Low	32¼	26¾	30⅛	24¾	21	20	16¼	16	16¼	17
/E Ratio—	11-9	11-7	11-9	9-7	7-6	6-5	7-5	8-6	9-6	9-7

ta as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. and spec. item(s) of -3.66 in 1983, -0.02 in 1982. E- timated.

December 20, 1989

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25 Broadway, NY, NY 10004

1746E PacifiCorp

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	3,519	1,465	41.6	872	419	343	667	33.0%	447	12.7
1987	2,163	891	41.2	364	268	199	436	38.9%	266	12.3
1986	2,067	899	43.5	392	240	217	428	41.4%	251	12.1
1985	1,983	809	40.8	655	230	225	358	30.5%	249	12.5
1984	1,786	820	45.9	335	214	223	402	35.9%	245	13.7
1983	1,598	739	46.2	432	209	208	425	31.0%	277	17.3
1982	1,406	618	44.0	577	160	210	305	31.7%	198	14.1
1981	1,289	485	37.7	384	123	204	223	20.0%	168	13.0
1980	975	379	38.9	377	111	160	173	19.2%	134	13.7
1979	640	235	36.6	630	76	119	128	8.9%	113	17.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	264	1,323	1,955	0.7	11,396	4.2%	4,347	2,936	8,940	48.6	13.9%
1987	84	772	724	1.1	5,726	4.7%	2,085	1,814	4,733	44.0	14.1%
1986	90	725	598	1.2	5,521	4.7%	2,206	1,677	4,705	46.9	14.1%
1985	21	581	596	1.0	5,122	4.9%	2,038	1,571	4,323	47.1	14.4%
1984	138	633	516	1.2	4,736	5.1%	1,900	1,383	4,069	46.7	15.2%
1983	53	483	493	1.0	4,451	6.2%	1,913	1,169	3,808	50.3	19.0%
1982	25	358	532	0.7	4,412	4.5%	1,852	1,233	3,763	49.2	13.0%
1981	35	292	439	0.7	4,017	4.2%	1,824	1,094	3,484	52.4	12.7%
1980	21	227	409	0.6	3,559	3.6%	1,609	967	3,105	53.7	11.4%
1979	23	197	330	0.6	3,129	4.0%	1,516	809	2,772	54.7	11.6%

Data as orig. reptd. 1. Bef. results of disc. opers. and spec. item(s) in 1983, 1982. 2. Reflects merger or acquisition.

Business Summary

PacifiCorp (formerly Pacific Power & Light) owns electric and telephone utilities and engages in non-regulated ventures of telecommunications, resource development and finance. Giving effect to the January, 1989 acquisition of Utah Power & Light Co. for 53.5 million common shares, results for 1988 were as follows:

	Revs.	Profits
Electric	60%	71%
Mining/minerals	18%	14%
Telecommunications	15%	11%
Financial services	7%	4%

Electric services are supplied in Oregon, Wyoming, Washington, California, Montana, Idaho and Utah. Electric generation in 1988 for PPW was 81% coal, 7% hydro, and 12% purchased power.

NERCO, Inc. (83%-owned) is one of the largest coal producers in the U.S., with reserves in Montana, Wyoming, Indiana, Alabama, Kentucky and Tennessee. It is also a large producer of silver and gold, and has oil and natural gas interests.

Pacific Telecom, Inc. (87%-owned) provides long distance telecommunication services in Alaska and local services in nine states. Private network service is also available. The unit also has investments in nonregulated and technology areas.

PacifiCorp Financial Services, Inc. engages in specialized financing, leasing and asset management services. PPW is exploring the sale of the unit.

Dividend Data

Dividends have been paid since 1950. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.66	Feb. 15	Apr. 18	Apr. 24	May 15'89
0.69	May 17	Jul. 18	Jul. 24	Aug. 15'89
0.69	Aug. 16	Oct. 17	Oct. 23	Nov. 15'89
0.69	Nov. 15	Jan. 17	Jan. 23	Feb. 15'90
*2-for-1	Nov. 15	---	Jan. 23	Mar. 1'90

*Subject to regulatory approval.
Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $4,523,200,000.

Minority Interest: $227,700,000.

Red. Cum. Preferred Stock: $56,300,000.

Cum. Preferred Stock: $242,400,000.

Common Stock: 123,608,721 shs. ($3.25 par). Institutions hold about 32%.
Shareholders of record: 184,000.

Office—700 N. E. Multnomah St., Portland, Oregon 97232-4116. Tel—(503) 731-2000. Chrmn—D. C. Frisbee. Pres & CEO—A. M. Gleason. Secy—S. A. Nolziger. EVP—G. K. Drummond. Investor Contact—D. L. Spalding. Dirs—C. M. Binkley, C. M. Bishop, Jr., R. C. Edgley, D. C. Frisbee, A. M. Gleason, J. C. Hampton, S. K. Hathaway, B. E. Hawthorne, W. D. Hendry, P. H. Knight, M. O. Leavitt, J. A. Lindquist, Sr., L. B. Perry, E. L. Shields, R. A. Skotheim, A. W. Sweet, D. M. Wheeler, N. Wilgenbusch, R. A. Young. Transfer Agent—First Interstate Bank of Oregon, Portland. Registrar—Company's office, Portland, Oregon. Incorporated in Maine in 1910; reincorporated in Oregon in 1989. Empl—16,418.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

PaineWebber Group

NYSE Symbol PWJ Options on CBOE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 12'89	1989					
17⅛	23⅝-16⅛	26	0.52	3.0%	B+	1.68

Summary

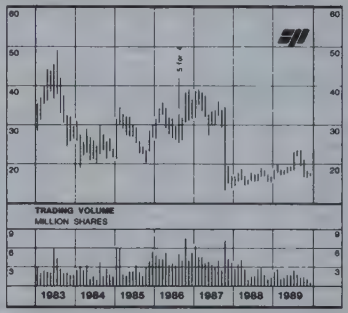
PaineWebber Group is a holding company that provides a broad range of investment services principally through its broker-dealer subsidiary, PaineWebber Inc. With other subsidiaries engaged in specialized investment services, the company is one of the largest financial services firms in the U.S. In December, 1987 PWJ sold 6.7 million preferred shares with an 18% voting interest to a Japanese insurance company for $300 million. Cost controls and share buybacks should boost per-share earnings in 1990.

Current Outlook

Earnings for 1990 are expected to reach $1.40 a share, versus 1989's estimated $1.15.

The $0.13 quarterly dividend is the minimum expected.

Revenue and earnings growth in 1990 may be limited by expected stagnant retail investor activity. Trading volume will likely be contained and commissions under pressure, if investors remain on the sidelines. However, if retail clients do regain their enthusiasm for equities, PWJ would be a strong beneficiary. Underwriting revenues are also expected to be negatively impacted, reflecting heightened competition and narrower margins. While an emphasis on the merger and acquisition and the merchant banking businesses will help longer term, these areas will likely slow from the growth experienced in the recent past. A growing presence in the asset management area will boost and add stability to earnings. As of mid-October PWJ repurchased about 4.6 million common shares, and had authorization to buy back another 3.3 million shares. This, plus general cost controls, should aid share earnings comparisons.



Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	678	608	629	594
Jun.	727	566	638	608
Sep.	719	642	629	606
Dec.	---	696	541	606
	---	2,512	2,437	2,414

Total revenues for the nine months ended September 30, 1989 rose 17% year to year, as a 22% increase in commissions and a 53% gain in interest income more than offset declines of 22% in principal transactions (due to 1988's $46.3 million gain from the National Car rental deal) and an 18% drop in investment banking revenues. Total expenses were 18% higher, and pretax income fell 3%. After taxes at 37.0%, versus 38.0%, net income was off 1.8%. Following preferred dividends, share earnings were $0.85 on 6.0% fewer shares, versus $0.77.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.11	0.48	1.13	1.03
Jun.	0.33	d0.22	0.53	0.20
Sep.	0.41	0.50	0.44	0.71
Dec.	E0.30	d0.20	0.16	0.57
	E1.15	0.58	2.25	2.51

Important Developments

Nov. '89— PWJ approved an expansion of its share repurchase program to 8,000,000 common shares from 6,500,000 shares. At mid-October PWJ had repurchased 4,639,000 common shares, and 2,147,600 shares of convertible exchangeable preferred stock. Separately, in discussing third-quarter results PWJ noted the progress of its asset gathering strategy, as total customer assets rose to $62.9 billion from $47.6 billion a year earlier.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31[2]	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	24.87	23.90	21.40	16.70	15.82	15.80	9.50	7.73	6.37	8.30
Earnings[3]	0.58	2.25	2.51	1.36	0.62	4.42	2.02	1.02	d0.79	1.34
Dividends	0.52	0.52	0.49	0.48	0.48	0.42	0.29	0.26½	0.26½	0.26½
Payout Ratio	0.90%	23.00%	20.00%	35.00%	78.00%	9.00%	14.00%	26.00%	NM	20.00%
Prices—High[4]	18⅞	39⅛	39⅛	34½	31	49	33⅝	16¾	15⅛	6¾
Low[4]	14⅜	13⅛	25⅜	20¼	18⅞	24¼	8¼	7½	4⅝	4¼
P/E Ratio—	33-25	17-6	16-10	25-15	50-31	11-5	17-4	16-7	NM	5-3

Data as orig reptd Adj for stk div(s) of 25% Aug 1986, 33⅓% Nov 1982 **1.** Reflects 1986 year-end change **2.** Prior to 1987 yrs ended Sep 30 **3.** Bef spec item(s) of -0.08 in 1987 **4.** Cal yrs d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31[1]	Commissions	Int. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [3]Equity
1988	543	970	2,512	757	97.5	63	33.0%	42.4	1.7	0.3	2.4
1987	787	837	2,437	676	95.5	110	32.4%	74.6	3.1	0.5	11.3
1986	762	800	2,385	720	93.9	145	50.6%	71.6	3.0	0.5	14.2
1985	537	761	1,885	692	97.0	56	39.7%	33.8	1.8	0.3	8.5
1984	461	631	1,553	565	99.4	9	NM	13.0	0.8	0.1	3.9
1983	559	422	1,541	331	88.5	177	48.7%	90.6	5.9	1.5	35.8
1982	304	435	1,100	349	93.7	70	49.5%	35.3	3.2	0.9	25.2
1981	364	438	1,027	340	97.0	31	48.2%	15.9	1.5	0.5	13.5
1980	335	335	896	315	101.8	d16	NM	d6.9	NM	NM	NM
1979	200	220	507	188	95.2	25	43.6%	13.8	2.7	0.5	17.4

Balance Sheet Data (Million $)

Dec. 31[1]	Total Assets	Cash Items	Rec.	[4]Secs. Owned	Sec. Borrowed	Due Brokers & Cust.	Other Liabs.	Capitalization [5]Debt	Capitalization [3]Equity	Capitalization Total
1988	17,934	810	12,057	4,022	9,068	2,709	4,153	413	695	1,464
1987	12,956	630	8,380	2,979	6,287	2,630	2,601	345	693	1,038
1986	14,726	244	10,342	2,890	8,472	2,178	3,040	404	550	1,037
1985	13,589	194	8,374	3,738	7,441	1,946	3,475	296	348	644
1984	10,496	112	6,744	3,289	5,486	1,416	3,024	243	325	569
1983	7,541	173	4,835	2,348	4,394	1,249	1,403	173	310	495
1982	4,295	181	3,010	993	2,020	1,176	843	83	155	256
1981	3,206	93	2,552	441	1,916	669	381	97	124	239
1980	3,500	122	2,694	505	2,018	808	441	118	82	234
1979	2,672	70	2,187	384	1,613	496	388	73	74	174

Data as orig. reptd. **1.** Prior to 1987 yrs. ended Sep. 30 **2.** Bef. spec. item(s) in 1987. **3.** Common. **4.** At market value. **5.** Incl. curr. portion. NM-Not Meaningful. d-Deficit.

Business Summary

PaineWebber Group is the holding company for PaineWebber Inc. (PWI), one of the largest investment services firms in the U.S. Other subsidiaries include PaineWebber International Inc., Mitchell Hutchins Assets Management Inc., PaineWebber Properties Inc., PaineWebber Capital Inc., and Rotan Mosle Financial Corp. Revenue contributions in recent fiscal years.

Revenues	1988	1987	1986
Commissions	22%	32%	32%
Principal trans.	19%	15%	17%
Interest income	39%	34%	34%
Invest. bank.	13%	11%	12%
Asset mgmt. & Other	7%	8%	5%

PWJ's primary business is comprised of four major business groups; retail sales, capital transactions, asset management and banking. Retail sales consists primarily of PWJ's domestic branch office system, which provides clients with investment products and investment services. Capital transactions includes the company's trading and institutional sales function. At year-end 1988 total asset under management were $32.3 billion. The banking group provides financial advice to, and raises capital for a broad range of corporate clients.

Dividend Data

Dividends were resumed in 1975.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.13	Feb. 16	Feb. 27	Mar. 3	Mar. 15'89
0.13	May 4	May 26	Jun. 2	Jul. 3'89
0.13	Aug. 8	Aug. 29	Sep. 5	Oct. 4'89
0.13	Nov. 9	Nov. 29	Dec. 5	Jan. 4'90

Finances

At September 30, 1989 PWJ's net capital, as defined, of $529.0 million was $489.7 million in excess of the 2% minimum capital requirement.

Capitalization

Long Term Debt: $415,094,000.

$1.375 Conv. Exch. Pfd. Stk.: 1,855,695 shs. ($25 liquid. value); conv. at $44.125 a sh.

7% Cum. Conv. Pfd. Stk.: 6,741,574 shs. ea. conv. into 1.53 common shs., all held by Yasuda Mutual Life Insurance Co.

Common Stock: 25,005,215 shs. ($1 par).
Yasuda Mutual Life Insurance Co. has an 18% voting interest.
Institutions hold approximately 62%.
Shareholders of record: 6,389.

Office—1285 Ave of the Americas, NYC 10019 **Tel**—(212) 713-2000 **Chrmn & CEO**—D. B. Marron **Pres**—D. E. Nickelson **VP-Secy**—J. C. Treadway Jr **VP-Treas**—P. R. Smith **Investor Contact**—K. K. Shea. **Dirs**—T. S. Armour, E. G. Bewkes Jr., J. A. Butt, P. B. Guenther, J. E. Kilgore, Jr., R. M. Loeffler, D. B. Marron, E. N. Ney, D. E. Nickelson, Y. Oshima, E. Randall III, H. Rosovsky, K. Sonmachi. **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC, Security Pacific National Bank, Los Angeles **Founded** in 1879; incorporated in Delaware in 1973 **Empl**—12,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Pall Corp.

ASE Symbol PLL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
33¾	36⅝-27⅛	23	0.48	1.4%	A+	1.20

Summary

This company is the leading producer of fine disposable filters and other fluid clarification equipment for the health care, aeropower and fluid processing industries. Aided by greater penetration of expanding health care markets and contributions from new products, the company's long record of sales and operating earnings growth should be extended in the years ahead.

Current Outlook

Earnings are estimated at about $1.85 a share for fiscal 1990, up from $1.51 in fiscal 1989 (after a nonrecurring charge of $0.11).

Some increase in the dividend, currently $0.12 a quarter, is likely in early calendar 1990.

Sales in fiscal 1990 should again show double-digit growth, led by another strong gain in health-care related products. Sales to aerospace and fluid processing markets should also rise. Margins should benefit from increased volume, a more favorable product mix and productivity improvements.

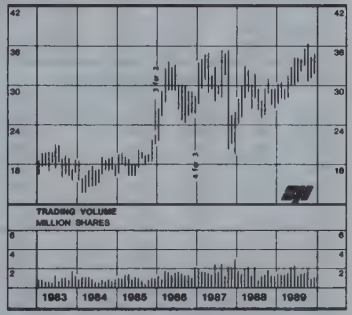
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Oct.	110.7	100.5	88.5	80.6
Jan.		118.3	104.0	94.0
Apr.		134.2	114.9	103.5
Jul.		144.0	121.8	107.1
		497.0	429.2	385.1

Net sales for the 13 weeks ended October 28, 1989, rose 10%, year to year. Results were penalized by the effects of Hurricane Hugo (see Important Developments), and pretax income fell 12%. After taxes at 32.0% in each period, net income was also down 12%, to $7,250,000 ($0.19 a share), from $8,260,000 ($0.22).

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Oct.	0.19	0.22	0.21	0.20
Jan.		0.31	0.30	0.29
Apr.		0.36	0.53	0.39
Jul.		0.62	0.51	0.43
		1.51	1.55	1.31



Important Developments

Nov. '89— Pall said it expects fiscal 1990 to be its 19th consecutive year of growth in revenues and earnings. The company added that sales in the health care sector are targeted to increase by about 25%; aeropower, which grew 7% in fiscal 1989, should grow about 10%; and fluid processing, which had a boom year in fiscal 1989, is expected to grow about 10% in fiscal 1990, followed by greater growth in the future.

Sep. '89— The company's three facilities in Puerto Rico suffered damage and production interrruptions from Hurricane Hugo. Pall estimated that the storm reduced its revenues by about $3 million, and cut earnings by about $0.05 a share.

Next earnings report due in mid-March.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.69	8.85	7.23	6.03	4.76	4.00	3.44	2.92	2.55	1.99
Earnings	1.51	1.55	1.31	1.13	0.95	0.86	0.77	0.70	0.70	0.53
Dividends	0.46	0.38½	0.32⅛	0.27⅜	0.23	0.19½	0.17½	0.15¼	0.12⅞	0.10⅞
Payout Ratio	31%	25%	25%	25%	24%	23%	23%	22%	19%	21%
Prices[2]—High	36⅝	33	35⅜	33⅜	22½	19½	21	18¼	14⅝	14⅞
Low	27⅛	24⅛	19½	21½	16¼	13⅝	16	9¼	10	8½
P/E Ratio—	24-18	21-16	27-15	30-19	24-17	22-16	27-21	26-13	23-16	28-12

Data as orig. reptd. Adj. for stk. divs. of 33⅓% Dec. 1986, 50% Dec. 1985, 33⅓% Dec. 1982, 50% Dec. 1980. 1. Incl. U.K. tax relief of 0.07. 2. Cal. yr.

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Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	497	121	24.4	62.9	24.7	16.1	84.1	31.4%	57.7	11.6
1988	429	101	23.7	45.7	21.9	12.2	84.9	32.4%	57.4	13.4
1987	385	96	24.8	35.5	17.7	15.2	67.8	29.0%	48.1	12.5
1986	332	75	22.6	39.2	13.6	11.2	54.6	25.0%	40.9	12.3
1985	276	62	22.6	43.0	10.1	10.1	46.6	26.5%	34.3	12.4
1984	242	56	23.3	33.9	9.7	7.0	43.5	29.3%	30.7	12.7
1983	215	49	22.7	18.3	8.4	5.3	38.3	27.4%	27.8	13.0
1982	196	46	23.7	15.9	7.3	8.3	34.2	27.0%	[2]25.0	12.8
1981	169	41	24.4	35.4	5.8	5.7	32.2	22.9%	24.8	14.7
1980	141	36	25.6	22.0	4.0	1.4	31.5	40.1%	18.9	13.4

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	129	433	269	1.6	707	8.9%	40.4	374	432	9.4	16.3%
1988	92	339	186	1.8	570	10.5%	39.5	321	378	10.4	19.5%
1987	86	318	188	1.7	522	10.0%	40.0	267	328	12.2	19.6%
1986	60	257	155	1.7	441	10.1%	42.2	221	281	15.0	20.7%
1985	43	214	136	1.6	362	10.4%	35.5	173	222	16.0	21.5%
1984	39	175	110	1.6	293	11.6%	23.5	144	179	13.1	22.9%
1983	38	141	89	1.6	237	12.7%	15.1	124	148	10.2	24.3%
1982	23	111	67	1.7	200	13.0%	20.2	105	133	15.2	25.4%
1981	15	98	69	1.4	182	15.7%	13.9	91	113	12.3	30.5%
1980	7	76	47	1.6	133	16.9%	6.1	71	85	7.1	29.9%

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. acctg. change.

Business Summary

Pall Corp. makes fine filters and other fluid clarification devices for the removal of solid, liquid and gaseous contaminants from a variety of liquids and gases. Contributions in fiscal 1989:

	Sales	Profits
Health care	38%	46%
Aeropower	33%	34%
Fluid processing	29%	20%

Sales in Europe and in the Pacific Basin accounted for 39% and 12% of fiscal 1989 sales, respectively.

Health care products include filters for direct use by consumers to protect against contamination in ingested or administered fluids; for use in diagnosis of human, animal and plant disease; and for the production of sterile pharmaceuticals and biologicals.

Aeropower products include fuel filters, lubrication oil filters, hydraulic system filters and manifolds. Filters are supplied to manufacturers of military mobile equipment, naval vessels, aircraft ground support equipment, military and commercial airframes and aircraft engines, as well as to producers and users of industrial machinery and mobile equipment.

Fluid processing involves the removal of contaminants and bacteria from liquids and gases in process streams; the retention and recirculation of catalysts; and the collection of the final product of chemical processes. Major markets served are microelectronics components, magnetic tape, film, fiber, paint, chemicals, petrochemicals, gas and oil, and electric power.

Dividend Data

With the exception of fiscals 1971-1973, cash has been paid each year since 1958. A "poison pill" stock purchase rights plan was adopted in November 1989. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Jan. 17	Jan. 24	Jan. 30	Feb. 10'89
0.12	Apr. 14	Apr. 24	Apr. 28	May 12'89
0.12	Jul. 12	Jul. 18	Jul. 24	Aug. 4'89
0.12	Oct. 18	Oct. 25	Oct. 31	Nov. 10'89

Capitalization

Long Term Debt: $41,589,000 (10/89).

Common Stock: 38,563,681 shs. ($0.25 par).
Some 9.4% is owned by officers and directors.
Institutions own about 55%.
Shareholders: About 4,000 of record.

Office—30 Sea Cliff Ave., Glen Cove, N.Y. 11542. Tel—(516) 671-4000. Chrmn—A. Krasnoff. Pres & CEO—M. G. Hardy. Secy & Investor Contact—P. Schwartzman. SVP-Treas—S. Wernick. Dirs—A. S. Appel, M. G. Hardy, A. Krasnoff, D. S. Pall, H. Petronis, C. F. Seibert, J. S. Shulman, A. S. Sitrka, J. S. Watson, S. Wernick. Transfer Agent & Registrar—Wachovia Bank & Trust Co., Winston-Salem, Va. Incorporated in New York in 1946. Empl—6,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Pan Am

NYSE Symbol PN In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
2½	5⅛-2¼	NM	None	None	C	0.84

Summary

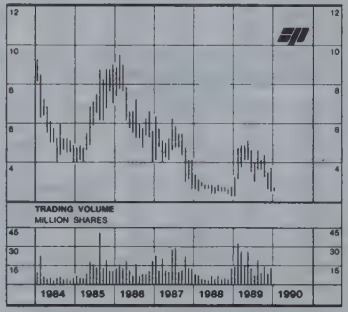
This company's principal subsidiary, Pan American World Airways, had its financial position severely weakened by losses in most years of the 1980s, despite assets sales and new financing. In order to remain viable, Pan Am is attempting to effect a merger or operating combination with another carrier. A mid-1989 attempt to merge with NWA, Inc. failed.

Current Outlook

A loss of about $1.00 a share is projected for 1990, compared with a loss of $2.40 a share estimated for 1989.

Dividends are unlikely for the foreseeable future.

Revenues for 1990 could be up moderately. Pan Am probably can increase its share of transatlantic traffic, which in 1989 was decreased by the aftereffects of the 747 bombing. Some improvement is also possible on expanded domestic services. Results will depend importantly on improving revenue yield, which was depressed on international routes in 1989 by the use of fare wholesaling to attract transatlantic passengers.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	733	764	760	678
Jun.	909	925	897	674
Sep.	1,020	1,040	1,059	889
Dec.	---	840	877	797
	---	3,569	3,593	3,038

Revenues for the first nine months of 1989 decreased 2.4%, year to year. Operating expenses rose 5.1%. There was a loss from continuing operations of $273.9 million ($1.88 a share), versus a loss of $21.0 million ($0.29).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d1.07	d0.64	d0.68	d0.89
Jun.	d0.69	d0.08	0.08	d1.13
Sep.	d0.12	0.42	0.45	0.04
Dec.	Ed0.52	d0.39	d1.76	d1.44
	Ed2.40	d0.68	d1.91	d3.42

Important Developments

Nov. '89— The company reported that its revenues continued to be negatively affected by declines in traffic and fares in its transatlantic operations and increased competition in its Internal German Service. In addition, yields were depressed by the strength of the U.S. dollar versus European currencies.

Oct. '89— Pan Am began an expansion that was planned to increase its Florida operations 50% by mid-December.

Aug. '89— Pan Am completed transfer of its lease at Kennedy Airport to its employee pension plans in order to satisfy unpaid contributions.

May '89— The company completed the sale of Pan Am World Services for $165 million.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	[2]1980
Tangible Bk. Val.	NA	d2.12	d1.75	0.06	3.36	2.17	4.19	4.11	11.05	11.32
Earnings[3]	NA	d0.68	d1.91	d3.42	0.42	d2.00	d0.68	d6.30	d3.65	1.13
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	5⅛	3⅜	6¼	9½	9	9¼	9	4¼	6	6⅛
Low	2¼	2¼	2⅝	4	4	4	3½	2½	2⅜	3¾
P/E Ratio—	NM	NM	NM	NM	21-10	NM	NM	NM	NM	5-3

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. results of disc. opers. of +0.17 in 1988, +3.38 in 1981, bef. spec. item(s) of +0.03 in 1985, +0.10 in 1983. NM-Not Meaningful. NA-Not Available. d-Deficit. E-Estimated.

January 10, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	3,569	141	4.0	218	205	128	d96	NM	d97	NM
1987	3,593	29	0.8	248	132	118	d264	NM	[3]d265	NM
[4]1986	3,039	d147	NM	343	176	121	[5]d465	NM	d463	NM
1985	3,484	22	0.6	221	203	143	[5]56	12.9%	49	1.4
1984	3,685	113	3.1	204	208	163	[5]d207	NM	d207	NM
1983	3,789	262	6.9	89	211	153	[5]d58	NM	d60	NM
1982	3,716	d74	NM	225	241	115	[5]d479	NM	d485	NM
[2]1981	3,797	d114	NM	398	239	134	[5]d402	NM	d260	NM
[3]1980	4,016	139	3.5	535	226	144	[5]97	17.3%	80	2.0
[4]1979	2,485	246	9.9	330	168	70	[5]80	4.8%	76	3.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	315	851	1,265	0.7	2,149	NM	883	d306	577	NM	NM
1987	297	898	1,235	0.7	2,216	NM	992	d245	747	NM	NM
1986	265	807	1,107	0.7	2,108	NM	827	9	835	99.0	NM
1985	400	1,348	1,182	1.1	2,448	1.7%	687	449	1,136	60.5	13.2%
1984	472	1,034	1,278	0.8	2,645	NM	1,033	224	1,257	82.2	NM
1983	429	991	1,126	0.9	2,911	NM	1,103	432	1,535	71.8	NM
1982	47	609	949	0.6	2,696	NM	1,145	337	1,482	77.3	NM
1981	28	726	902	0.8	2,963	NM	1,127	787	1,913	58.9	NM
1980	57	1,012	1,077	0.9	3,366	2.7%	1,416	806	2,222	63.7	10.5%
1979	34	518	807	0.6	2,677	3.2%	1,004	725	1,815	55.3	11.1%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1981, and spec. item(s) in 1985, 1983. 2. Excludes discontinued operations. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Business Summary

Pan Am Corporation is a holding company whose operating subsidiaries are Pan American World Airways, Pan Am Express and the Pan Am Shuttle.

Air transportation revenues for 1988 were divided geographically as follows: Atlantic 58%, Latin America 18%, and domestic 24%. Atlantic operations connect the U.S. and points in Europe, the Near and Middle East and Africa. Latin American routes connect the U.S. and points in Central and South America and the Caribbean. In April, 1989 cities served included 25 in Latin America, 36 in Europe, 31 in the U.S., and seven elsewhere. In early 1986 Pan Am sold its Pacific routes to UAL.

Pan Am Express (formerly Ransome Airlines) serves 11 cities in the northeastern U.S. and in Europe connects 11 cities with West Berlin. Pan Am Shuttle provides no-reservation service connecting New York with Washington, D.C. and Boston.

Pan Am World Services, which provides management and technical services, was sold in mid-1989.

As of September, 1989 the active fleet comprised 35 B-747s, 5 737-200s, 89 727-200s (including 13 for the Pan Am Shuttle), 12 A300s and 19 A310s. It plans to acquire two A310s in 1990 and two in 1991.

Dividend Data

No dividends have been paid on the common stock since 1969.

Capitalization

Long Term Debt: $840,926,000, incl. $20.8 million of capital leases, and 3 issues of sub. debs. totaling $242 million, conv. into 26.66 million com. shs.

Common Stock: 146,781,129 shs. ($0.25 par). Employee Stock Ownership Plan owns about 11%. Institutions hold about 16%. Shareholders of record: 112,800.

Warrants: To purchase 10,000,000 shs. at $8 ea. to 5/93.

Office—Pan Am Bldg., NYC 10017. **Tel**—(212) 880-1234. **Chrmn, Pres & CEO**—T. G. Plaskett. **Secy**—R. A. Cooke. **VP-Treas**—C. J. D. Davies. **Investor Contact**—P. Hanlon. **Dirs**—J. D. Budd, W. T. Coleman, Jr., D. M. Kendall, J. S. Parker, T. G. Plaskett, P. C. Sheehne, M. Tree, H. M. Williams, W. B. Wriston. **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Crocker National Bank, San Francisco. **Registrars**—Morgan Shareholder Services Trust Co., NYC; Manufacturers Hanover Trust, San Francisco. **Incorporated** in New York in 1927. **Empl**—26,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M. Canning, CFA

Panhandle Eastern

NYSE Symbol PEL Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
29⅞	30-20½	NM	2.00	6.7%	B+	0.79

Summary

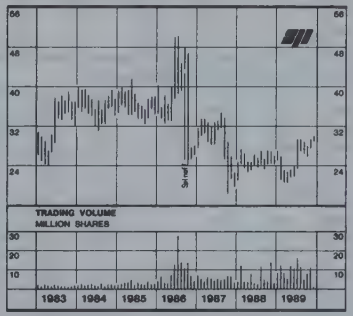
This company owns and operates a major natural gas pipeline network serving Midwestern and Eastern states. Other interests include liquid hydrocarbons, liquefied natural gas, and cogeneration. In June, 1989 PEL completed the acquisition of Texas Eastern Corp.; in April, PEL had acquired 81% of Texas Eastern for $2.58 billion. Operations returned to profitability for the first nine months of 1989 in the absence of a substantial take-or-pay related charge.

Current Outlook

Share earnings for 1990 are projected at $1.25, up from the $0.90 estimated for 1989.

Dividends should continue at $0.50 quarterly, supported by cash flow.

Pipeline profits for 1990 should increase slightly, reflecting growth in transportation volumes at Trunkline Gas, Panhandle Eastern Pipe Line, and Texas Eastern Transmission, despite costs associated with environmental cleanup at Texas Eastern Transmission. Profits from liquefied natural gas operations should benefit from reactivation of the Lake Charles, La. plant. Share earnings growth will be restricted by higher interest charges.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	334	431	564	764
Jun.	603	285	325	479
Sep.	721	270	288	428
Dec.	---	275	386	579
	---	1,261	1,563	2,250

Revenues for the nine months ended September 30, 1989 rose 68%, year to year, reflecting the acquisition of Texas Eastern Corp. In the absence of a $244.0 million after-tax charge ($4.48 a share) relating to take-or-pay settlement, net income of $28.3 million ($0.42 a share, on 23% more shares), contrasted with a net loss of $139.4 million ($2.56).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.58	1.98	0.81	0.89
Jun.	d0.09	d0.02	0.41	d9.34
Sep.	0.01	d4.44	0.18	0.39
Dec.	E0.40	d0.58	0.67	d0.44
	E0.90	d3.13	2.07	d8.23

Important Developments

Oct. '89— PEL asked for FERC approval for the construction of a pipeline from the Arkoma basin to Independence, Miss. In July, PEL agreed to joint construction of a pipeline connecting PEL's pipeline system to Memphis Light, Gas & Water; the interconnection was expected to be completed by the 1989 winter heating season. Separately, PEL said a program to sell non-pipeline assets had allowed PEL to reduce $1.7 billion of the debt incurred by the acquisition of Texas Eastern Corp.

Jun. '89— Texas Eastern Corp. (TET) was merged into PEL in a transaction where each TET common share not already held by PEL was converted into the right to receive 2.304 PEL common shares. In April PEL had purchased through a tender offer at $53 per share in cash, 48.65 million TET common shares, or 81% of the total TET common shares outstanding.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.06	19.15	18.92	37.89	37.53	36.04	34.80	31.85	26.18	22.80
Earnings[1]	d3.13	2.07	d8.23	2.83	3.88	3.64	5.36	6.52	4.86	4.01
Dividends	2.00	2.00	2.22½	2.30	2.30	2.30	2.30	2.00	1.74	1.51¼
Payout Ratio	NM	97%	NM	82%	60%	64%	43%	31%	36%	38%
Prices—High	27⅜	34¾	50¼	41½	40	39	37	46¾	52¼	33
Low	21	18¼	24¼	32⅜	31	23⅞	20½	30⅜	28⅜	20
P/E Ratio—	NM	17-9	NM	15-11	10-8	11-7	7-4	7-5	11-8	8-5

Data as orig. reptd. Reflects spin-off of Anadarko Petroleum Corp. in Sep. 1986. Adj. for stk. div(s). of 100% Jun. 1980. 1. Bef. results of disc. opers. of -0.03 in 1987, -2.83 in 1986; bef. spec. item(s) of +0.27 in 1988. NM-Not Meaningful. d-Deficit. E-Estimated.

December 13, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,262	200	15.9	90	114	148	d274	NM	d172	NM
[3]1987	1,563	372	23.8	101	115	134	180	39.0%	110	7.0
[3]1986	2,250	408	18.1	200	118	137	d702	NM	[4]d404	NM
1985	2,889	575	19.9	237	215	215	242	48.3%	125	4.3
1984	3,212	644	20.0	255	203	256	288	42.2%	166	5.2
1983	3,405	708	20.8	257	226	250	313	51.2%	152	4.5
1982	3,391	577	17.0	553	199	219	257	14.3%	220	6.5
1981	3,266	648	19.9	752	187	200	383	30.8%	[4]262	8.0
1980	2,472	492	19.9	702	162	143	254	26.8%	184	7.4
1979	1,968	405	20.6	513	138	102	198	24.1%	[4]148	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	40	639	729	0.9	2,973	NM	1,206	798	2,137	56.4	NM
1987	41	669	707	0.9	3,045	3.6%	1,033	1,030	2,251	45.9	10.7%
1986	86	676	707	1.0	3,024	NM	1,092	992	2,206	49.5	NM
1985	117	1,059	703	1.5	5,026	2.4%	1,572	1,696	4,209	37.4	7.4%
1984	58	1,329	990	1.3	5,369	3.1%	1,790	1,634	4,274	41.9	10.4%
1983	46	1,195	1,025	1.2	5,194	2.9%	1,810	1,528	4,076	44.4	10.2%
1982	40	1,284	1,053	1.2	5,061	4.8%	1,842	1,442	3,837	48.0	15.9%
1981	22	746	785	1.0	4,079	6.9%	1,364	1,294	3,138	43.5	22.0%
1980	29	561	592	0.9	3,228	6.2%	1,159	999	2,545	45.5	19.5%
1979	23	518	595	0.9	2,646	6.0%	821	849	2,011	40.8	17.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986. 3. Excl. disc. opers. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

This holding company through its Panhandle Eastern Pipe Line and Trunkline Gas subsidiaries is involved in the interstate transportation and sale of natural gas. Other interests include extraction and sale of hydrocarbon liquids, liquefied natural gas, the intrastate sale of natural gas, coal mining, and cogeneration. Profit contributions by business group in recent years (in million $):

	1988	1987	1986
Gas transmission	$64.0	$127.2	$133.5
LNG project	Nil	-5.1	-10.5
Other	-5.0	-12.4	-8.5

PEL's Panhandle Eastern Pipe Line and Trunkline Gas, owns and operates a 17,000-mile gas pipeline network delivering gas to over 100 utilities, serving primarily the Midwest, and four underground storage fields. Gas sales volume in 1988 was 203 Bcf, versus 274 Bcf in 1987. Gas transported for others was 548 Bcf, versus 304 Bcf. Texas Eastern Corp., which was acquired in 1989, operates a pipeline system serving the East Coast.

PEL estimated take-or-pay settlement payments at $892 million; as of December 31, 1988 PEL had paid $694 million to producers.

Other activities include operation of an intrastate gas gathering system and a gas liquids extraction plant in Kansas, marketing of liquid hydrocarbons cogeneration, and operation of a facility for the regasification of imported liquefied natural gas from Algeria. Oil and gas exploration activities were discontinued in 1986.

Dividend Data

Dividends have been paid since 1937. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Feb. 1	Feb. 13	Feb. 17	Mar. 15'89
0.50	Apr. 26	May 15	May 19	Jun. 15'89
0.50	Jul. 26	Aug. 14	Aug. 18	Sep. 15'89
0.50	Oct. 25	Nov. 13	Nov. 17	Dec. 15'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $2,943,329,000.

Subsid. Red. Preferred Stock: $32,914,000.

Common Stock: 86,675,947 shs. ($1 par).
Institutions hold approximately 52%.
Shareholders of record: 16,611.

Office—5400 Westheimer Ct., Houston, Texas 77056-5310 (P.O. Box 1642, Houston, Texas 77251-1642). Tel—(713) 627-5400. Chrmn, Pres & CEO—R. D. Hunsucker. VP-Secy—C. J. Smith. VP-Treas—P. A. Keener. Investor Contact—Dorothy C. Mathias. Dirs—P. J. Burguieres, H. E. Ekblom, W. T. Esrey, H. S. Hook, R. D. Hunsucker, C. C. Kraft, Jr., L. E. Linbeck, Jr., R. L. O'Shields, W. M. Osborne, Jr., J. B. Pearson. Transfer Agent & Registrar—First City National Bank, Houston. Incorporated in Delaware in 1929; reincorporated in Delaware in 1981. Empl—3,170.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mathis

Pansophic Systems

NYSE Symbol PNS Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
16¼	18⅜-12⅛	15	0.16	1.0%	B+	1.47

Summary

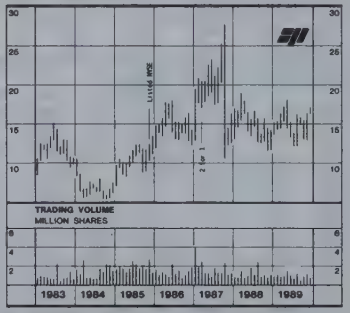
Pansophic develops and supports a variety of systems software products that facilitate information retrieval, library control, and application development. PNS also offers applications and graphics software products, which have become increasingly important contributors in recent years. Share earnings comparisons through fiscal 1990-1 should benefit from strong revenue growth, slightly wider margins, the absence of further investment losses, and a stock repurchase program.

Current Outlook

Earnings for the fiscal year ending April 30, 1991 are projected at $1.40 a share, versus the $1.20 estimated for fiscal 1989-90, and the $0.96 reported for fiscal 1988-9.

Dividends are expected to continue at $0.04 quarterly.

Revenues through fiscal 1990-1 should benefit from continued growth in the company's productivity product segment, and particular strength in the applications and graphics areas. Earnings comparisons are expected to be aided by gradually widening margins and the absence of further investment losses. Per-share earnings are expected to be bolstered by a stock repurchase program. Longer-term growth should be generated from the addition of newly-acquired or internally-developed products, allowing the company to build on its large customer base.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	50.0	40.9	33.6	20.8
Oct.	59.2	44.4	37.4	24.3
Jan.	---	53.0	43.6	34.6
Apr.	---	51.9	50.6	34.9
	---	190.3	165.3	114.6

Revenues for the six months ended October 31, 1989 rose 28%, year to year, reflecting strength across all product lines, particularly in the applications and graphics product segments, with Telon and productivity product sales exhibiting renewed vigor in the second quarter. Margins narrowed on higher selling expenses as a result of a major sales force expansion. However, following investment income of $687,000, versus an investment loss of $1.0 million, pretax earnings increased 36%. After taxes at 35.0% in both interims, net income was also up 36%, to $0.34 a share from $0.25.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.09	0.05	0.14	0.13
Oct.	0.25	0.20	d0.02	0.21
Jan.	E0.58	0.49	0.41	0.35
Apr.	E0.28	0.22	0.31	0.26
	E1.20	0.96	0.84	0.95

Important Developments

Nov. '89— PNS said that it had repurchased about 275,000 of its common shares (about 1.5% of those utstanding) under an authorization to buy back up to 5% of its stock.

May '89— PNS acquired, for $21.1 million and the assumption of certain liabilities, the Systems division of Genigraphics Corp., which manufactures and markets presentation graphics software, workstations and peripherals.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.17	6.41	6.23	5.27	4.33	3.66	1.75	1.36	0.40	0.24
Earnings	0.96	0.84	0.95	0.85	0.70	0.51	0.40	0.33	0.22	[1]0.15
Dividends	0.16	0.14	0.06	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	17%	17%	6%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	19	27¾	18	13½	10⅝	15⅛	10	7½	NA	NA
Low	11½	10½	11⅞	7	5⅜	8½	4⅛	5½	NA	NA
P/E Ratio—	20-12	33-13	19-13	16-8	15-8	30-17	25-10	23-16	NA	NA

Data as orig. reptd. prior to 1982 data as reptd. in prospectus dated 8-5-81. Adj. for stk. div(s). of 100% Apr. 1987. 1. Pro forma, assuming wholly owned domestic international sales corporation (DISC) earned all commissions on export sales. E-Estimated. d-Deficit. NA-Not Available.

December 18, 1989

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Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	190	32.4	17.0	12.9	5.86	0.80	27.7	35.6%	17.8	9.4
1988	165	29.5	17.9	8.9	5.14	2.06	22.9	31.6%	15.7	9.5
[1]1987	115	22.7	19.8	3.6	2.59	0.79	25.1	33.3%	[2]16.8	14.6
1986	81	20.0	24.6	3.5	4.54	0.11	21.5	33.3%	14.3	17.6
1985	67	18.5	27.4	1.9	4.48	0.22	17.9	33.9%	11.8	17.5
1984	53	13.6	25.7	3.1	2.55	0.31	12.7	34.6%	8.3	15.7
1983	43	11.2	26.0	0.5	1.59	0.15	9.6	39.7%	5.8	13.4
1982	36	9.7	27.2	0.2	1.44	0.46	8.0	41.8%	[2]4.6	13.0
1981	30	7.3	24.3	0.4	1.28	1.45	4.0	38.2%	2.5	8.2
1980	23	4.1	17.6	0.5	0.75	0.64	2.7	43.8%	1.5	6.6

Balance Sheet Data (Million $)

Apr. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	28.8	107	31.1	3.4	183	9.9%	0.79	142	148	0.5	13.2%
1988	43.8	108	40.2	2.7	174	9.4%	0.39	125	134	0.3	13.2%
1987	64.1	107	37.1	2.9	155	12.7%	0.69	110	118	0.6	16.5%
1986	60.5	84	10.3	8.1	105	14.9%	0.47	90	95	0.5	17.5%
1985	49.8	69	8.3	8.2	86	14.9%	1.02	73	77	1.3	17.5%
1984	40.4	57	7.2	8.0	73	15.0%	1.43	62	65	2.2	18.3%
1983	8.2	21	5.6	3.8	33	19.5%	0.73	25	27	2.7	25.8%
1982	7.4	18	5.6	3.2	26	20.1%	Nil	20	21	Nil	37.5%
1981	3.5	11	8.0	1.3	20	13.8%	5.90	5	12	49.9	64.8%
1980	0.8	6	4.8	1.3	18	13.0%	6.51	3	10	67.6	61.2%

Data as orig. reptd.; data for 1978-81 as reptd. in prospectus dated 8-5-81; pro forma, assuming wholly owned domestic international sales corporation (DISC) earned all commissions on export sales. 1. Reflects merger or acquisition. 2. Reflects accounting change.

Business Summary

Pansophic Systems develops, markets and supports packaged software products which aid users in the operation, management, and control of computer systems. The products operate primarily on IBM and IBM-compatible mainframe computers, IBM System/3X and AS/400 minicomputers, IBM microcomputers, and other mini and microcomputers, mainly those of Digital Equipment Corp. and Data General. Contributions by product areas:

	1988-9	1987-8	1986-7
System life cycle	31%	38%	40%
Productivity	41%	41%	44%
Applications	15%	9%	6%
Graphics	7%	5%	2%
Other	6%	7%	8%

System Life Cycle products include PANVALET, a library management product which provides storage, controls access and simplifies the ongoing maintenance and production of computer programs, and TELON, a productivity-enhancing applications generation product.

Productivity products include the EASYTRIEVE PLUS and FUSION lines of information retrieval/data management programs, and PANAUDIT PLUS, which is employed in auditing applications. The CORPORATE TIE and PANLINK are mainframe-to-micro communications links, GENER/OL is a non-procedural applications development tool, and TELEVIEW is a session management product.

Applications software products offer manufacturing, distribution and financial reporting capabilities, exclusively for the IBM midrange market.

PNS' graphics software operates in mainframe, mini and microcomputer environments.

Dividend Data

Dividends were initiated in late 1986. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.04	Dec. 12	Dec. 19	Dec. 23	Jan. 9'89
0.04	Feb. 21	Mar. 6	Mar. 10	Apr. 7'89
0.04	Jun. 12	Jun. 26	Jun. 30	Jul. 14'89
0.04	Aug. 18	Sep. 25	Sep. 29	Oct. 16'89

Capitalization

Long Term Debt: $1,140,000 of capital lease obligations.

Common Stock: 18,356,078 shs. (no par).
Institutions hold about 69%.
Shareholders of record: 6,000.

Office—2400 Cabot Drive, Lisle Ill 60532 **Tel**—(312) 505-6000 **Chrmn & CEO**—D J Eskra **Pres**—W G Nelson, IV **Secy**—D A Hart **Investor Contact**—Cheryl A Treleaven **Dirs**—R C Batastini, E M Esber, Jr., D J Eskra, W A Lami, H F McCance, W G Nelson, M Piscopo, K. N. Pontikes. **Transfer Agent & Registrar**—First National Bank of Boston, Dorchester, Mass. **Incorporated** in Illinois in 1969. **Empl**—1,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Paramount Communications

1761

NYSE Symbol PCI Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
55⅞	66¾-39½	40	0.70	1.3%	B+	0.90

Summary

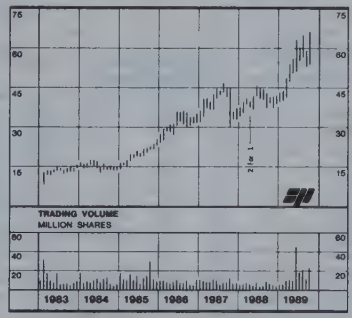
In October 1989, this major entertainment and publishing company (formerly Gulf + Western Inc.) sold its Associates finance business to Ford Motor Co. for $3.35 billion. Paramount was recently unsuccessful in a bid to acquire Time Inc. for about $10.7 billion, but PCI may seek to acquire another sizable company. Also, PCI could be an acquisition target itself.

Current Outlook

On the unlikely assumption that PCI's cash position of more than $3 billion is used only to generate investment income, earnings from continuing operations for the fiscal year ending October 31, 1990, are estimated at $2.30 a share, up from the $0.75 expected for fiscal 1989, which includes unusual third-quarter charges, but excludes prospective asset sale gains.

Dividends currently are at $0.17½ quarterly; future dividend policy could be affected by acquisition activity.

PCI's current entertainment and publishing businesses are expected to have operating profit of about $435 million in fiscal 1990, up from the approximately $410 million expected for fiscal 1989.



Net Revenues[1] (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	773	706	657	461
Apr.	699	620	559	438
Jul.	951	795	695	619
Oct.		936	993	576
		3,056	2,904	2,094

Revenues for the nine months ended July 31, 1989, increased 14%, year to year. After sizable expense related to an attempted acquisition, net earnings from continuing operations fell to $0.20 a share, from $0.61.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.10	0.54	0.56	0.28
Apr.	d0.05	0.46	0.43	0.37
Jul.	0.15	1.00	0.83	0.66
Oct.	E0.55	1.21	1.07	0.54
	E0.75	3.21	2.88	1.83

Important Developments

Oct. '89— PCI completed the sale of its its Associates First Capital (AFC) finance unit to Ford Motor Co. for $3.35 billion. AFC had net income of $237.8 million in fiscal 1988. PCI was expected to have an after-tax gain of about $1.3 billion from the sale, and after taxes, net proceeds to PCI were expected to be about $2.7 billion (about $22.60/share). Earlier, in July, PCI terminated an offer to acquire Time Inc. for about $10.7 billion, following several court decisions that were unfavorable to PCI. It appears that PCI may make another attempt to acquire a sizable company in the entertainment/media area. PCI's former target, Time, is now known as Time Warner Inc., reflecting its still-in-process merger with entertainment company Warner Communications. In June, PCI changed its name to Paramount Communications from Gulf + Western Inc.

Next earnings report expected early January.

Per Share Data ($)

Yr. End Oct. 31[2]	[3]1988	[3]1987	1986	[3]1985	1984	1983	1982	1981	[4]1980	1979
Tangible Bk. Val.	11.88	10.34	7.00	9.01	11.55	11.78	13.25	12.87	12.57	11.24
Earnings[5]	3.21	2.88	1.83	0.92	1.81	1.69	1.29	1.88	2.19	1.85
Dividends	0.67½	0.56⅜	0.45	0.45	0.45	0.37½	0.37½	0.37½	0.31⅞	0.29
Payout Ratio	20%	20%	24%	49%	24%	23%	29%	20%	15%	15%
Prices—High[6]	45¾	46⅞	36⅜	25½	17½	15⅞	9½	11⅛	10½	7⅞
Low[6]	34	29⅞	23⅞	13⅞	12⅝	8	5⅝	7	5⅝	5½
P/E Ratio—	14-11	16-10	20-13	28-15	10-7	9-5	7-4	6-4	5-3	4-3

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1988, 25% Apr. 1980. **1.** Revs. excl. nonconsol. finance subs. **2.** Yrs. ended Jul. 31 prior to 1988. **3.** Reflects merger or acquisition. **4.** Reflects accounting change. **5.** Bef. results of disc. opers. of +0.74 in 1985, -0.03 in 1984, -3.11 in 1983, -0.20 in 1982, and bef. spec. item(s) of +0.31 in 1986. **6.** Cal. yr. d-Deficit

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Income Data (Million $)

Year Ended Oct. 31[1]	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	3,056	967	31.6	62	592	169	641	40.0%	[4]385	12.6
[5]1987	2,904	956	32.9	NA	558	154	609	41.5%	356	12.3
1986	2,094	254	12.1	74	47	161	386	40.8%	229	10.9
[6]1985	1,677	104	6.2	60	17	168	193	32.7%	130	7.7
[7]1984	4,182	407	9.7	77	124	164	444	40.7%	263	6.3
[7]1983	3,993	258	6.5	72	89	244	412	36.8%	260	6.5
[7]1982	5,331	462	8.7	214	112	336	270	27.9%	199	3.7
1981	5,702	497	8.7	238	117	269	437	32.0%	291	5.1
[4]1980	5,338	473	8.9	277	104	240	378	30.3%	255	4.8
1979	5,288	469	8.9	250	116	191	345	31.1%	227	4.3

Balance Sheet Data (Million $)

Oct. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	616	2,147	1,081	2.0	5,378	7.6%	1,390	2,266	3,671	37.9	17.8%
1987	365	1,737	961	1.8	4,929	7.9%	1,335	2,107	3,456	38.6	17.9%
1986	62	1,270	778	1.6	4,243	5.6%	1,261	1,902	3,178	39.7	12.3%
1985	42	2,056	1,078	1.9	4,524	3.0%	1,028	2,052	3,095	33.2	6.6%
1984	74	2,077	1,120	1.9	4,149	6.5%	858	1,837	2,709	31.7	14.8%
1983	191	2,178	1,124	1.9	4,418	4.9%	992	1,894	2,900	34.2	12.6%
1982	482	2,971	1,309	2.3	5,847	3.4%	1,875	2,086	4,201	44.6	9.3%
1981	382	2,908	1,438	2.0	5,893	4.4%	1,751	2,081	4,096	42.7	13.7%
1980	218	2,628	1,373	1.9	5,417	4.8%	1,801	1,539	3,716	48.5	17.1%
1979	248	2,531	1,303	1.9	5,160	4.9%	1,873	1,322	3,596	52.1	17.9%

Data as orig. reptd. **1.** Yrs. ended Jul. 31 prior to 1986. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Bef. results of disc. opers. in 1985, 1984, 1983, 1982, and spec. item(s) in 1986. **4.** Reflects accounting change. **5.** Reflects merger or acquisition. **6.** Excl. disc. opers. & reflects merger or acquisition. **7.** Excl. disc. opers. NA-Not Available

Business Summary

This major entertainment and publishing company (formerly Gulf + Western Inc.) is now operating with two primary business segments, following the sale of its consumer/commercial finance business. Contributions to profits in the past two fiscal years:

	1988	1987
Consumer/commercial finance	46%	41%
Publishing/information	23%	21%
Entertainment	31%	38%

Entertainment includes Paramount Pictures Corp., which produces and distributes filmed entertainment; Famous Players, which operates about 448 movie screens in Canada; a 50% interest in a U.S. theater business; interests in overseas movie theaters; Madison Square Garden, which PCI is planning to renovate; the MSG cable channel; and a 50% interest in the USA cable network. Also, PCI has purchased, subject to regulatory approval, a 79% equity interest in TVX Broadcast Group Inc., which owns a group of independent television stations.

Publishing and information services, operated through Simon & Schuster and Prentice Hall, include hardcover and paperback books for the general public, textbooks and information services.

PCI's consumer/commercial finance operations, which were conducted by Associates First Capital Corp., were sold to Ford Motor Co. in October 1989 for $3.35 billion.

Dividend Data

A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Nov. 15	Dec. 12	Dec. 16	Jan. 1'89
0.17½	Mar. 7	Mar. 13	Mar. 17	Apr. 1'89
0.17½	Jun. 6	Jun. 12	Jun. 16	Jul. 1'89
0.17½	Sep. 12	Sep. 18	Sep. 22	Oct. 1'89

Finances

PCI has been a substantial repurchaser of its common stock, having bought back more than 25 million shares (adjusted) since 1985.

Capitalization

Long Term Debt: $1,638,800,000.

$5.75 Red. Cum. Preferred Stk.: 145,611 shs.

Common Stock: 119,305,666 shs. ($1 par).
Institutions hold about 48%.
Shareholders of record: About 31,000.

Office—15 Columbus Circle, NYC 10023-7780 **Tel**—(212) 373-8000. **Chrmn & CEO**—M. S. Davis. **Exec VP-Secy**—D. Oresman **Sr VP-CFO**—R. L. Nelson **VP-Investor Contact**—J. E. Parent **Dirs**—M. S. Davis, G. J. Fippinger, I. R. Fischer, J. C. Leighton, J. H. Ledtke, F. J. Lutolf, J. A. Nicholas, D. Oresman, J. A. Pattison, L. Pollack, I. Schloss, S. J. Silberman, G. A. Smathers, H. A. Walker, Jr., G. Weissman **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Michigan in 1934, reincorporated in Delaware in 1967

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Parker Hannifin

NYSE Symbol PH Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
26⅝	32⅛-24	13	0.84	3.2%	B+	1.50

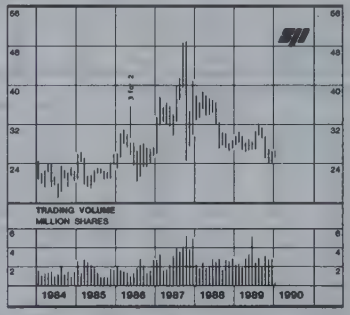
Summary

This company is a worldwide supplier of components for fluid power systems to a wide range of industrial, automotive and aerospace markets. Increased interest expense, lower margins, restructuring charges and higher taxes led to a decline in earnings in fiscal 1989. A forecasted modest gain in sales, improved margins, the probable absence of nonrecurring charges, stable interest costs and a level tax rate should result in higher earnings in fiscal 1990.

Current Outlook

Share earnings for the fiscal year ending June 30, 1990 are projected at $2.30, versus fiscal 1989's $2.11, which excludes a special credit of $0.44. The $0.21 quarterly dividend may be raised in 1990.

Revenues are expected to rise at a less rapid rate in fiscal 1990, reflecting slower growth in the industrial and automotive segments and continued strength in the dollar. Margins should improve, as PH benefits from declining raw material costs while still having raw material surcharges in place. Also, aerospace margins will expand following PH's absorption of costs on new aircraft programs in fiscal 1989. Assuming stable interest costs, the probable absence of restructuring charges and a level tax rate, earnings should rise.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	611	596	513	444
Dec.	---	613	550	446
Mar.	---	654	574	471
Jun.	---	658	615	516
	---	2,520	2,252	1,877

Sales for the three months ended September 30, 1989 rose 2.5%, year to year, primarily reflecting gains in the industrial segment. Gross margins were adversely affected by increased aerospace contract reserves and operating income declined fractionally. Penalized further by higher interest expense and lower nonoperating income, pretax income fell 10%. After taxes at 40.0%, versus 40.3%, net income decreased 9.8%. Share earnings were $0.48, versus $0.54.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.48	0.54	0.46	0.42
Dec.	E0.60	0.57	0.50	0.47
Mar.	E0.65	0.62	0.57	0.39
Jun.	E0.57	0.39	0.67	0.60
	E2.30	2.11	2.20	1.88

Important Developments

Dec. '89— PH sold its three automotive aftermarket divisions for approximately $80 million in cash. The company said that the sale would result in a modest gain and that proceeds would be used principally to retire debt. PH said that it planned to focus its automotive efforts on its traditional product lines, such as hose, connectors and air conditioning components.

Aug. '89— The company completed the repurchase of 2.5 million common shares on the open market at an average cost of $28 a share. The share repurchase was undertaken in connection with the establishment of a leveraged Employee Stock Ownership Plan. Under the ESOP, PH established a trust which borrowed $70 million to implement the purchase of PH's common shares for the ESOP.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	[1]1986	1985	[1]1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	16.02	16.07	15.41	14.70	13.82	12.81	11.81	11.85	11.35	10.07
Earnings[2]	2.11	2.20	1.88	1.98	2.04	1.79	0.78	1.54	1.83	1.69
Dividends	0.84	0.82	0.80	0.76	0.73⅜	0.69⅜	0.65⅜	0.64	0.58¾	0.53⅜
Payout Ratio	40%	37%	43%	38%	36%	39%	85%	42%	34%	32%
Prices[3]—High	32⅛	38⅝	49	31	26⅜	24½	24¾	15⅞	17	15½
Low	24	26½	26	20¼	18⅞	16⅞	13½	9⅞	11⅞	10⅝
P/E Ratio—	15-11	18-12	26-14	16-10	13-9	14-9	32-17	10-6	9-7	9-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1986, 50% Sep. 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item of +0.44 in 1989. 3. Cal yr

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[1]1989	2,520	320	12.7	153	90.2	[3]53.1	171	39.8%	103	4.1
[1]1988	2,252	282	12.5	124	80.0	39.0	164	35.0%	107	4.7
[1]1987	1,877	245	13.1	109	66.5	30.1	157	45.6%	85	4.5
[1]1986	1,730	231	13.4	112	54.2	24.0	155	43.3%	[2]88	5.1
1985	1,460	203	13.9	92	42.4	15.9	149	43.5%	84	5.8
[1]1984	1,305	172	13.2	75	37.4	16.1	124	42.4%	72	5.5
1983	1,038	95	9.2	43	34.0	16.6	47	36.6%	30	2.8
1982	1,148	134	11.7	60	32.1	20.1	93	37.7%	[2]58	5.0
1981	1,106	151	13.7	48	28.3	22.8	108	40.9%	64	5.8
[1]1980	1,022	134	13.1	52	22.8	20.4	92	39.4%	56	5.5

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	29.1	1,088	485	2.2	1,923	5.6%	494	841	1,383	35.8	12.2%
1988	20.0	951	411	2.3	1,742	6.5%	406	846	1,304	31.1	12.9%
1987	17.2	753	352	2.1	1,426	6.3%	271	752	1,074	25.2	11.9%
1986	18.4	712	346	2.1	1,270	7.6%	208	672	924	22.5	13.6%
1985	14.3	559	226	2.5	966	8.8%	129	577	740	17.4	15.1%
1984	45.8	552	217	2.5	905	8.3%	146	518	688	21.2	14.4%
1983	42.2	471	166	2.8	777	3.7%	137	454	610	22.5	6.5%
1982	10.8	494	180	2.7	799	7.3%	154	450	619	24.9	13.1%
1981	4.9	488	194	2.5	777	8.5%	139	428	583	23.9	15.8%
1980	1.7	435	171	2.5	654	8.8%	135	338	483	28.0	17.2%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Net of interest income. 4. Bef. spec. item(s) in 1989.

Business Summary

Parker Hannifin designs and manufactures devices to control, confine, and utilize the flow of fluids. Contributions by business segment in fiscal 1989:

	Sales	Profits
Industrial	62%	63%
Aviation/Space/Marine	28%	28%
Automotive	10%	9%

Repair and replacement components account for about half of total sales. Foreign operations accounted for 21% of sales and 24% of profits in fiscal 1989.

Industrial products include a broad line of fluid power systems and components, including cylinders, pumps, and valves. These products are used in industrial, agricultural, construction, and other operations.

The aviation group manufactures sophisticated high-precision components for military and commercial aircraft, space, marine, and other uses. Products include flight controls, fueling systems, and actuators.

Automotive products consist of air conditioning components, and lubrication pumps sold primarily to original equipment manufacturers. PH sold its three automotive aftermarket divisions in late 1989.

Biomedical operations (begun in 1981) include external and implantable programmable drug delivery pumps and plasma therapy products such as pumps, controls, filters and separators.

Dividend Data

Dividends have been paid since 1949. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Jan. 26	Feb. 13	Feb. 17	Mar. 3'89
0.21	Apr. 13	May 11	May 17	Jun. 2'89
0.21	Jul. 13	Aug. 10	Aug. 16	Sep. 1'89
0.21	Oct. 25	Nov. 8	Nov. 14	Dec. 1'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $518,509,000.

Common Stock: 48,852,416 shs. ($0.50 par).
Officers and directors own about 4%.
Institutions hold approximately 62%.
Shareholders of record: 32,156.

Office—17325 Euclid Ave., Cleveland, Ohio 44112-1290. **Tel**—(216) 531-3000. **Chrmn**—P. S. Parker. **Pres & CEO**—P. G. Schloemer. **Secy**—J. D. Whiteman. **Treas & Investor Contact**—W. C. Young. **Dirs**—R. Bertea, J. G. Breen, R. H. Cannon, Jr., P. G. Ely, Jr., A. H. Ford, F. A. LePage, P. W. Likins, P. S. Parker, A. L. Rayfield, S. A. Rogers, Jr., P. G. Schloemer, M. L. Schwarz, D. W. Sullivan. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Ohio in 1938. **Empl**—33,463.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Penn Central

1773R

NYSE Symbol PC Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
24 1/2	28 3/8-22 7/8	10	0.40	1.6%	B-	0.51

Summary

Penn Central's core businesses are in the telecommunications and defense industries. PC also has significant real estate holdings. As part of an asset redeployment program, PC has sold major businesses over the past three years. PC entered the insurance business in March, 1989 through an acquisition, and additional acquisitions were planned.

Business Summary

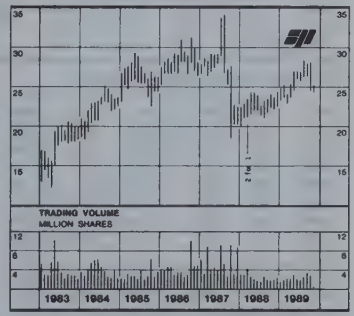
Penn Central manufactures products and supplies services primarily in the telecommunications and the defense industries. PC also has significant property holdings. Through the March, 1989 acquisition of Republic American, PC's businesses included a workers' compensation insurance company. Industry segment contributions in 1988:

	Revs.	Profits
Telecommunications	60%	55%
Federal systems	26%	20%
Diversified industries	14%	25%

Penn Central Telecommunications Co. is one of the largest copper wire and cable manufacturers in the U.S. Wire and cable products are used for the transmission of voice, data and electrical current. Other products include high performance connectors for commercial and defense applications, and the manufacture of aerial lift trucks for the telephone and electric utility industries.

The Federal Systems group provides systems and software engineering to the military, related primarily to ballistic and guided missiles, ship communications and air support systems. The group also designs, builds and installs computer-tracking radar and radar simulation systems throughout the world.

The diversified industries group include Marathon Manufacturing Co., and real estate and coal properties operations. Marathon is a worldwide competitor in the manufacture and sale of heavy-duty, off-road equipment, and also makes specialized batteries and jack-up offshore drilling rigs. Real estate operations include the marketing of real estate that related to former rail operations, transferable air rights in the New York City area, and coal properties and leases held principally in Illinois. In March, 1989 PC acquired Republic American Corp., which is engaged in the sale of workers' compensation insurance in California.



PC sold Gulf Energy Development Corp. in July, 1988. The electronics components business was spun off in August, 1987. Pipeline and gas distribution businesses were sold in December, 1986.

Important Developments

Aug. '89— PC offered for public sale $200 million of 9.75% subordinated notes, due August 1, 1999, through Shearson Lehman Hutton, Drexel Burnham Lambert Inc., and other underwriters. Net proceeds would be used for general corporate purposes, including possible acquisitions and investments. Under certain conditions, holders would have the option of requiring the company to repurchase the notes at par plus accrued interest.

Mar. '89— PC completed the acquisition of all the common stock of Republic American Corp. that it did not already own for $15.75 a share, or a total of about $249 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	[1]1984	[1]1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	23.78	21.58	24.20	18.87	16.23	18.18	18.69	16.69	16.90	5.45
Earnings[2]	1.33	0.45	1.93	1.38	2.23	d0.24	1.51	2.09	0.91	0.81
Dividends	0.10	0.02 1/2	0.02 1/2	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	8%	5%	1%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	24 3/8	34 1/4	31 3/8	29 3/8	25 1/8	20 5/8	15 3/8	16 3/8	15 7/8	8 3/4
Low	19 7/8	18 1/2	25 3/8	22 1/2	18 3/8	12 3/8	10 1/8	10 7/8	4 3/4	4 5/8
P/E Ratio—	18-15	77-42	16-13	21-16	11-8	NM	10-7	8-5	17-5	11-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Mar 1988, 50% Jan. 1982 **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of +0.13 in 1988, +0.02 in 1987. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,547	120	7.8	36	36	27	146	34.8%	94	6.1
[4]1987	1,421	145	10.2	35	50	15	78	45.3%	35	2.4
[3]1986	2,388	274	11.5	119	108	37	292	46.0%	154	6.5
[3]1985	2,527	307	12.1	182	111	46	213	47.0%	111	4.4
[5]1984	2,569	374	14.6	169	104	40	318	45.6%	170	6.6
[5]1983	2,539	318	12.5	292	103	53	35	42.9%	20	0.8
1982	3,165	389	12.3	154	93	86	255	48.3%	132	4.2
[5]1981	3,349	439	13.1	627	86	123	315	46.5%	169	5.0
1980	2,014	268	13.3	157	51	[6]70	182	48.7%	94	4.6
[5]1979	1,087	177	16.3	336	31	47	112	46.5%	57	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	758	1,274	304	4.2	2,400	3.9%	160	1,770	1,973	8.1	5.5%
1987	1,072	1,635	421	3.9	2,493	1.3%	189	1,657	1,917	9.9	2.0%
1986	1,079	1,702	503	3.4	2,933	5.4%	87	2,092	2,237	3.9	8.0%
1985	193	1,050	539	1.9	2,874	3.9%	242	1,826	2,189	11.0	6.4%
1984	38	896	539	1.7	2,766	5.3%	284	1,619	2,005	14.2	8.4%
1983	318	1,096	534	2.1	2,874	0.7%	290	1,442	2,132	13.6	NM
1982	89	979	514	1.9	3,099	4.0%	454	1,468	2,336	19.4	6.9%
1981	91	1,205	603	2.0	3,395	5.5%	733	1,309	2,447	30.0	11.2%
1980	180	808	419	1.9	2,727	2.4%	498	1,081	1,893	26.3	7.7%
1979	85	562	353	1.6	5,392	NA	461	490	1,841	25.1	NA

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers in 1988, 1987. **3.** Excludes discontinued operations and reflects merger or acquisition. **4.** Excludes discontinued operations. **5.** Reflects merger or acquisition. **6.** Reflects accounting change. NM-Not Meaningful. NA-Not Available.

Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	343	338	320	629
Jun.	444	380	339	580
Sep.	469	360	348	566
Dec.		469	414	613
		1,547	1,421	2,388

Sales for the nine months ended September 30, 1989 rose 17%, year to year. Aided by a $74.7 million gain on sale of a subsidiary, pretax income rose 80%. After taxes at 23.5%, versus 31.0%, net income was $148.8 million ($2.10 a share), versus $74.8 million ($1.05, before income from discontinued operations of $0.13 a share). Because of net operating loss carryforwards, taxes are neither accruable nor payable. Net income from continuing operations excluding the tax deduction equaled $2.75 a share, versus $1.83.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.31	0.29	0.17	0.32
Jun.	0.38	0.31	0.16	0.42
Sep.	0.41	0.46	0.23	0.20
Dec.		0.27	d0.11	1.00
		1.33	0.45	1.93

d-Deficit

Dividend Data

Dividends were initiated in 1986 on an annual basis and were placed on a quarterly basis in late 1988. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Dec. 15	Dec. 23	Dec. 30	Jan. 18'89
0.10	Mar. 28	Mar. 30	Apr. 5	Apr. 19'89
0.10	Jun. 20	Jun. 26	Jun. 30	Jul. 14'89
0.10	Sep. 19	Sep. 25	Sep. 29	Oct. 13'89

Next dividend meeting: mid-Dec.'89.

Finances

In December, 1986 PC sold Buckeye Pipeline Co. and Buckeye Gas Products Co. to an equity partnership, Buckeye L.P., for an aggregate $955 million, resulting in a net gain of $280 million.

Capitalization

Debt: $219,600,000.

Minority Interest: $13,400,000.

Common Stock: 69,409,446 shs. ($1 par).
American Financial Corp. holds about 31%.
Institutions hold approximately 80%.
Shareholders of record: 20,053

Office—One East Fourth St., Cincinnati, Ohio 45202 **Tel**—(513) 579-6600 **Chrmn & CEO**—C. H. Lindner **Pres**—R. F. Walker **VP-Secy**—R. W. Olson. **Treas**—P. A. Hagel **Investor Contact**—Robert M. Burton. **Dirs**—H. F. Culverhouse, R. Dicker, T. H. Emmerich, J. E. Evans, A. L. Fergenson, T. M. Hunt, J. W. Ingraham, C. H. Lindner, S. C. Lindner, A. W. Martinelli, R. F. Walker, J. H. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1846; reincorporated in Pennsylvania in 1987. **Empl**—13,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Penney (J.C.)

NYSE Symbol JCP Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
71⅛	73¼-50⅜	11	2.24	3.1%	A	1.13

Summary

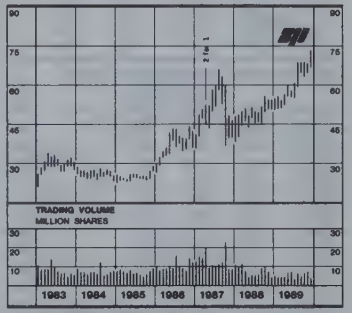
J.C. Penney is one of the largest retailers of general merchandise through its stores and catalog operations. In mid-1987 the company announced a major program to reposition its merchandising strategy, which would entail substantial expansion of its women's apparel line and discontinuance of some hard goods products. The repositioning coupled with cost cutting should enhance profitability in the next few years.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991 are projected at $7.25, versus the $6.25 estimated for 1989-90.

An increase in the $0.56 quarterly dividend is anticipated.

Sales for fiscal 1990-1 will reflect moderate increases in comparable store sales and new store additions. Margins should benefit from the change in product mix, greater emphasis on apparel, and fewer markdowns and tight cost controls. Share earnings will reflect fewer shares outstanding. Acquisitions are possible.



Sales (Billion $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	3.34	3.17	3.22	3.05
Jul.	3.44	3.21	3.41	3.22
Oct.	4.06	3.61	3.76	3.49
Jan.	---	4.84	4.94	4.99
	---	14.83	15.33	14.74

Sales for the 39 weeks ended October 28, 1989 rose 8.5%, year to year. Gross margins widened slightly and SG&A expenses remained at the same percentage of sales. Following a decline in costs and expenses of other businesses and interest expense, pretax income advanced 15%. After taxes at 31.8%, versus 33.3%, net income rose 17%. Share earnings were $3.36 (on 8.6% fewer shares), versus $2.74.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.97	0.96	0.36	0.58
Jul.	0.74	0.61	0.68	0.38
Oct.	1.65	1.17	1.14	0.78
Jan.	E2.89	3.28	1.93	1.80
	E6.25	6.02	4.11	3.53

Important Developments

Nov. '89— JCP said that promotional events launched in October contributed to the momentum which continues to build for the Christmas selling season. During the third quarter of fiscal 1989-90, gross profit declined as a percentage of sales, reflecting promotional activity; the SG&A ratio also declined as a percentage of sales. The company sold its property and casualty operations to Metropolitan Property and Casualty Insurance Co. JCP did not incur any significant gain or loss in the sale. In October, the company opened a store at Newport Center, Jersey City, N.J. and also planned to open a 139,000 sq. ft. store at Queens Center, Elmhurst, N.Y. in May, 1990. During the first half of fiscal 1989-90, the company purchased 10 million under a 15 million share buyback program authorized in 1988.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jan. 31	[1]1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	26.47	30.15	29.00	27.16	25.63	23.97	21.98	20.41	18.84	18.08
Earnings[2]	6.02	4.11	3.53	2.66	2.91	3.13	2.94	2.75	1.41	1.76
Dividends	2.00	1.48	1.24	1.18	1.18	1.08	1.00	0.92	0.92	0.88
Payout Ratio	33%	34%	35%	44%	40%	34%	34%	33%	48%	50%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	55¾	66	44¼	28⅞	28⅝	33⅞	29	18⅜	14½	16¾
Low	38	35⅝	26⅜	22⅜	23	20⅞	13⅝	10⅞	9⅞	12½
P/E Ratio—	9-6	16-9	13-7	11-8	10-8	11-7	10-5	7-4	8-5	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987. 1. Reflects accounting change. 2. Bef. results of disc. opers. of -0.26 in 1983, -0.25 in 1981; bef. results of spec. item(s) of -0.35 in 1988. E-Estimated.

January 3, 1990
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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	15,296	1,535	10.0	481	258	365	1,192	32.3%	807	5.3
1988	15,332	1,638	10.7	376	241	324	964	36.9%	608	4.0
1987	14,740	1,504	10.2	348	229	383	958	44.7%	530	3.6
1986	13,747	1,265	9.2	426	212	397	694	42.8%	397	2.9
1985	13,451	1,245	9.3	505	198	363	725	40.0%	435	3.2
1984	12,078	1,205	10.0	443	153	290	812	42.5%	467	3.9
[4]1983	11,414	1,091	9.6	287	144	289	732	41.3%	430	3.8
1982	11,860	1,039	8.8	208	155	277	676	42.8%	387	3.3
[4]1981	11,353	800	7.0	295	145	[5]246	452	40.7%	268	2.4
1980	11,274	772	6.8	358	135	[5]265	410	40.5%	244	2.2

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	670	7,246	2,785	2.6	12,254	7.4%	3,064	3,251	8,367	36.6	22.7%
1988	112	7,130	2,686	2.7	10,842	5.7%	2,608	4,173	8,156	32.0	14.9%
1987	639	7,532	2,712	2.8	11,188	4.9%	2,655	4,340	8,476	31.3	12.6%
1986	158	7,077	2,723	2.6	10,522	4.2%	3,099	4,051	7,799	39.7	10.1%
1985	43	4,424	1,839	2.4	8,170	5.6%	2,085	3,812	6,331	32.9	11.8%
1984	61	3,962	1,801	2.2	7,438	6.6%	1,709	3,559	5,637	30.3	13.7%
1983	174	3,591	1,802	2.0	6,682	6.6%	1,384	3,228	4,880	28.4	13.8%
1982	123	3,427	1,702	2.0	6,216	6.3%	1,405	2,933	4,514	31.1	13.7%
1981	462	3,148	1,761	1.8	5,883	4.9%	1,328	2,639	3,967	33.5	10.4%
1980	99	2,631	1,622	1.6	5,077	4.9%	836	2,520	3,356	24.9	9.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1983, 1981, and spec. item(s) in 1987. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Net of interest income.

Business Summary

J. C. Penney is one of the largest retailers of family apparel, home furnishings and leisure lines operating through 1,789 stores in 50 states and Puerto Rico at the end of fiscal 1988-9 and its catalog mail order operations. JCP sold its Belgian retail operations in 1987.

At January 31, 1989 JCP had 698 metropolitan market department stores with sales per square foot in fiscal 1988-9 of $118. The metropolitan market stores are primarily in premier regional shopping centers in the suburbs. There were 657 geographic market stores with sales per square foot of $113 located in nonmetropolitan areas and in satellite towns. Catalog sales totaled $2.9 billion in fiscal 1988-9, 20% of total retail sales. The company operated 1,879 catalog sales facilities, located in J.C.Penney stores, selected drug stores, and in free standing facilities.

Drug stores, operating under the Thrift and The Treasury Drug Center names, totaled 434 stores at fiscal 1988-9 year-end. Together, these units accounted for 6.6% of company fiscal 1988-9 sales.

J.C. Penney Life Insurance Co. markets life, health and credit insurance through direct response. During the third quarter of fiscal 1989-90 the company sold its J.C. Penney Casualty Insurance Co. unit. JCP Realty had interests in more than 80 projects at fiscal 1988-9 year-end, primarily regional shopping centers.

Dividend Data

Dividends have been paid since 1922. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.56	Mar. 28	Apr. 4	Apr. 10	May 1'89
0.56	Jun. 27	Jul. 3	Jul. 10	Aug. 1'89
0.56	Sep. 26	Oct. 3	Oct. 10	Nov. 1'89
0.56	Nov. 28	Jan. 4	Jan. 10	Feb 1'90

Next dividend meeting: late Mar. '90.

Capitalization

Long Term Debt: $2,837,000,000.

Conv. Preferred Stock: $706,000,000; conv. into 11.8 million com. shs. All owned by ESOP.

Common Stock: 120,656,514 shs. ($0.50 par). Institutions hold about 61%.
Shareholders of record: 57,000.

Office—1481 N. Dallas Pkwy., Dallas, Tex. 75240. Tel—(214) 591-1000. Chrmn & CEO—W. R. Howell. Vice Chrmn & COO—D. F. Miller. VP-Secy—C. R. Lotter. SVP-CFO—R. E. Northam. Investor Contact—G. Duff-Bloom. Dirs—M. A. Burns, C. H. Chandler, W. M. Ellinghaus, C. C. Garvin, Jr., R. B. Gill, W. R. Howell, V. E. Jordan, Jr., J. M. Kreps, D. F. Miller, G. Nigh, J. C. Pfeiffer, D. V. Seibert, J. D. Williams, W. B. Winston, B. Yavitz. Transfer Agents—Co.'s office, P.O. Box 407, Pittsburgh, Pa.; Registrar & Transfer Co., NYC. Registrars—Registrar & Transfer Co., NYC; Wilmington Trust Co., Wilmington, Del. Incorporated in Delaware in 1924. Empl—190,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Seok

Pennzoil Co.

NYSE Symbol PZL Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
79⅝	86-71⅝	13	3.00	3.8%	B-	0.29

Summary

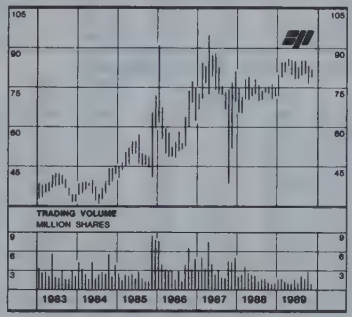
Pennzoil is a diversified oil and gas company with interests in sulphur mining and filtration products. In April, 1988 PZL received a $3 billion litigation settlement from Texaco Inc. arising out of TX's acquisition of Getty Oil Co. Following the receipt of the settlement, PZL has been restructuring its oil and gas operations in order to enhance its domestic reserve base and to widen the distribution of its leading branded products. PZL is expected to reinvest the settlement proceeds by year-end 1990 in oil and gas equity interests that would broaden the company's integrated energy operations.

Current Outlook

Share earnings for 1990 are projected at $4.20, versus 1989's estimated $5.90, which includes a projected net nonrecurring gain of $1.35.

The $0.75 quarterly dividend, raised 36% in early 1988, is the minimum expectation.

Revenues for 1990 will be limited by the absence of a gain from the sale of PZL's investment in Burlington Resources Inc. Earnings comparisons will be further restricted by the expected dilution from the planned acquisition of the 51.3% of Proven Properties Inc. that PZL doesn't already own.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	673	485	445	514
Jun.	791	548	443	485
Sep.	644	617	450	426
Dec.	---	625	499	497
	---	2,274	1,836	1,921

Revenues for the nine months ended September 30, 1989 rose 28%, year to year, due to a gain on the sale of Burlington Resources common stock and greater investment income. In the absence of the 1988 period's restructuring charges, net income was $206.0 million ($5.36 a share), versus a loss of $223.0 million ($5.93, excluding a gain on the Texaco settlement of $42.00).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.34	0.01	0.20	d0.49
Jun.	3.15	d6.78	0.08	0.51
Sep.	0.87	0.93	d0.03	0.22
Dec.	E0.54	0.88	0.44	1.03
	E5.90	d5.22	0.69	1.28

Important Developments

Nov. '89— Operating earnings of the oil and gas business in 1989's third quarter were up sharply, year to year, due to higher crude oil price and lower exploration expenses; profits in the motor oil and automobile products segment fell due to higher crude oil prices. Third quarter 1989 profits in the sulphur unit were restricted by higher operating costs, offset in part by increased sales volumes. Results in the filtration segment were impaired by eroding margins. In 1989's first nine months PZL incurred a $13.5 million provision for losses on marketing assets associated with the quick lube industry. Other income was up substantially in 1989's first nine months, versus a year earlier, due to investment income. Also, PZL recorded a gain on the sale of common stock of Burlington Resources Inc. in 1989's second quarter.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	35.67	15.04	16.79	18.23	21.38	23.88	22.99	21.55	19.88	15.23
Earnings[1]	d5.22	0.69	1.28	3.96	3.89	3.03	3.60	4.23	5.90	4.69
Dividends	2.60	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.00	1.49⅝
Payout Ratio	NM	318%	172%	54%	51%	73%	61%	52%	34%	32%
Prices—High	79⅛	95	91	72	45⅜	42½	50¼	58¼	62½	44⅛
Low	65¼	38½	48⅛	40½	30¾	31¼	23⅝	35¼	30	20
P/E Ratio—	NM	NM	47-38	18-10	12-8	14-10	14-7	14-8	11-5	9-4

Data as orig reptd Adj for stk div(s) of 50% Dec 1979 1. Bef results of disc opers of -1 76 in 1985, -1 66 in 1984, and spec item(s) of +42 80 in 1988, -0 56 in 1986 d-Deficit E-Estimated NM-Not Meaningful

November 16, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,124	404	19.0	312	623	151	d311	NM	d187	NM
1987	1,786	423	23.7	199	269	158	65	31.4%	44	2.5
1986	1,908	625	32.8	233	280	165	150	54.2%	[3]69	3.8
1985	2,239	749	33.5	590	336	140	309	39.1%	188	8.5
[4]1984	2,349	817	34.8	372	381	140	350	38.9%	214	9.5
1983	2,317	668	28.8	355	282	143	288	43.1%	164	7.1
1982	2,269	667	29.4	606	303	155	261	27.7%	189	8.3
1981	2,682	720	26.8	604	284	134	345	35.7%	222	8.3
1980	2,483	815	32.8	524	265	[5]91	472	34.7%	309	12.4
1979	2,052	677	33.0	369	243	[5]83	364	34.4%	239	11.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	2,128	2,856	365	7.8	4,480	NM	1,415	1,291	3,941	35.9	NM
1987	345	846	373	2.3	3,305	1.3%	1,439	621	2,865	50.2	4.4%
1986	390	851	288	3.0	3,369	2.1%	1,510	695	2,985	50.6	7.3%
1985	41	573	462	1.2	3,300	6.0%	1,270	753	2,761	46.0	20.6%
1984	93	623	369	1.7	3,243	6.7%	1,104	955	2,814	39.2	19.2%
1983	294	933	418	2.2	3,584	4.8%	1,129	1,229	3,128	36.1	12.9%
1982	41	722	392	1.8	3,226	6.1%	1,150	1,180	2,730	42.1	16.2%
1981	38	782	549	1.4	2,999	8.0%	932	1,103	2,389	39.0	20.5%
1980	38	705	421	1.7	2,592	12.5%	806	1,023	2,113	38.1	33.2%
1979	85	633	459	1.4	2,292	10.8%	754	792	1,780	42.3	33.2%

Data as orig. reptd 1. Incl. equity in earns. of nonconsol. subs. aft. 1982. 2. Bef. results of disc. opers. in 1985, 1984, and spec. item(s) in 1986. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Net of interest income. d-Deficit. NM-Not Meaningful

Business Summary

Pennzoil Co. is a natural resources company with five wholly-owned major subsidiaries. The exploration and production company is engaged in crude oil and natural gas development. The products company manufactures and markets a broad range of refined products, including PZL's leading brand of motor oils. PZL explores for and produces sulphur. Facet Enterprises manufactures and markets filters and other equipment. Richland Development Corp. manages the company's real estate and gold mining interests. PZL also has a 48.7% interest in Proven Properties Inc., which was formed to acquire and operate producing oil and gas properties. Profits in recent years:

Oper. profits	1988	1987
Oil & gas production	18%	32%
Petr. ref. & mkt.	46%	44%
Sulphur	33%	24%
Filtration products	3%	---

In 1988 net crude oil, condensate, and natural gas liquids production averaged 30,544 barrels a day, natural gas produced for sale 355.1 million cubic feet a day, refinery runs, 58,523 b/d, and petroleum product sales 78,152 b/d.

Net proved reserves at 1988 year-end were 150 million barrels of oil, condensate and natural gas liquids and 967 billion cubic feet of natural gas. In 1988, PZL replaced 100% of its crude and liquids production and 132% of its gas production.

Following the April, 1988 receipt of its $3 billion settlement from Texaco Inc., PZL implemented a major restructuring that included a $489 million asset writedown. In order to defer the gain attributable to the settlement, PZL must acquire replacement property before 1991.

Dividend Data

Dividends have been paid since 1925. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Feb. 23	Feb. 27	Mar. 3	Mar. 15'89
0.75	Apr. 27	May 24	May 31	Jun. 15'89
0.75	Jul. 19	Aug. 25	Aug. 31	Sep. 15'89
0.75	Nov. 1	Nov. 24	Nov. 30	Dec. 15'89

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $1,404,876,000.

Preference Common Stock: $257,081,000.

Common Stock: 36,282,398 shs. ($0.83½ par).
Institutions hold about 56%.
Shareholders of record: 26,157.

Office—Pennzoil Place, P.O. Box 2967, Houston, Tex. 77252-2967 **Tel**—(713) 546-4000 **Chrmn**—J. H. Liedtke **Pres & CEO**—R. B. McDonald **Secy**—M. F. Owen **SVP-Treas**—J. L. Pate **VP-Investor Contact**—W. L. Gay **Dirs**—D. J. Bourne, W. J. Bovaird, A. H. Carruth, E. H. Cockrell, G. L. Coleman, A. Fanjul, Jr., C. W. Flint Jr., J. G. S. Gammell, D. S. Holland, L. F. Johnson, B. P. Kerr, J. H. Liedtke, R. B. McDonald **Transfer Agents**—Company's office, The Royal Trust Co., Toronto **Registrars**—Texas Commerce Bank, Houston; Guaranty Trust Co. of Canada, Toronto **Inc.** in Pennsylvania in 1889; reinc. in Del. in 1968 **Empl**—10,021.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Edward G. Graves

Peoples Energy

NYSE Symbol PGL In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
22	24-18⅞	10	1.60	7.4%	B+	0.88

Summary

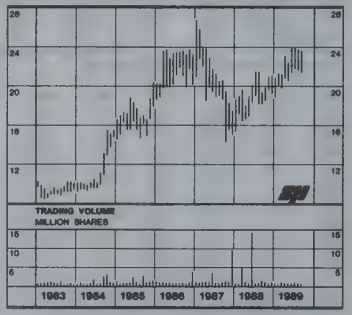
This holding company operates two natural gas distribution utilities in Illinois, serving about one million customers in Chicago and 56 communities in the northeastern part of the state. PGL has an excellent gas supply, and modest rate base growth is expected due to a growing residential and commercial customer base. Earnings for the first nine months of fiscal 1989 declined on higher operating expenses.

Current Outlook

Share earnings for the fiscal year ending September 30, 1990 are projected at $2.45, up from the $2.35 estimated for fiscal 1989.

Dividends are expected to continue at $0.40 quarterly.

Assuming normal weather conditions, gas utility profits for fiscal 1990 are expected to rise, reflecting expected small growth in the number of residential and commercial customers served by North Shore Gas and Peoples Gas Light and Coke. Long-term prospects are enhanced by expected development of new gas markets, including the market where gas is used for environmental reasons.



Operating Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	292	275	331	397
Mar.	539	530	508	687
Jun.	246	221	236	277
Sep.	---	91	100	137
	---	1,117	1,175	1,498

Revenues for the nine months ended June 30, 1989 rose 5.0%, year to year, reflecting the passage of higher gas costs to customers in the form of higher rates. Penalized by higher operating expenses, net income declined 2.5%, to $2.73 a share from $2.81.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.74	0.60	0.58	0.64
Mar.	1.64	1.90	1.39	1.77
Jun.	0.35	0.31	0.24	0.27
Sep.	Ed0.38	d0.50	d0.55	d0.41
	E2.35	2.31	1.66	2.27

Important Developments

Aug. '89— The Illinois legislature passed a bill under which no assistance is to be provided to participants under the Illinois Residential Affordable Payment Program (IRAPP) after October 31, 1989. This bill also established an energy assistance program in lieu of IRAPP. The Illinois Commerce Commission (ICC) determined the reimbursable shortfalls incurred by PEL under the IRAPP program were $4,825,000.

May '89— PGL and Trunkline Gas Co., a Panhandle Eastern Corp. pipeline unit reached an agreement whereby Trunkline would construct a 24-mile pipeline extension from its mainline near Tuscola, Ill. to PGL's facilities. The connection would allow for delivery of up to 270 million cubic feet of gas per day, and is expected to be useable during the 1989-90 heating season.

Next earnings report expected early November.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.09	14.27	14.02	13.07	11.88	10.93	10.71	10.30	10.08	10.63
Earnings	2.31	1.66	2.27	2.34	2.07	1.25	1.54	1.66	1.23	1.78
Dividends	1.50	1.41	1.29	1.16½	1.04½	1.00	0.75	NA	NA	NA
Payout Ratio	65%	85%	57%	50%	50%	80%	49%	NA	NA	NA
Prices—High[1]	21½	26¾	23¾	20⅜	15½	10¼	10⅞	9⅝	NA	NA
Low[1]	15⅝	14¼	18⅛	14½	9⅛	8⅝	7	7¾	NA	NA
P/E Ratio—	9-7	16-9	10-8	9-6	7-4	8-7	7-5	6-5	NA	NA

Data as orig. reptd. Prior to 1981 as reptd. in proxy statement dated 8-3-81, reflects spin-off of MidCon (nonutility opers). 1. Cal. yr. E-Estimated. d-Deficit NA-Not Available.

October 6, 1989
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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	1,117	46.8	33.2	90.6%	6.19	0.33	33.3%	78.0	7.0	10.5	15.8
1987	1,175	45.1	30.3	92.8%	6.20	0.13	40.5%	56.8	4.8	9.0	11.7
1986	1,498	44.7	31.0	93.3%	7.98	0.08	44.4%	77.8	5.2	11.6	16.8
1985	1,642	44.8	29.2	93.7%	8.34	0.04	45.5%	80.3	4.9	12.3	18.8
1984	1,688	42.4	28.6	95.0%	9.63	0.20	44.7%	70.6	4.2	10.7	18.2
1983	1,481	42.7	25.8	95.5%	7.62	0.13	42.6%	43.9	3.0	8.2	11.6
1982	1,542	41.2	26.0	95.2%	---	0.17	41.0%	51.3	3.3	9.4	14.6
1981	1,316	38.5	24.8	94.1%	---	0.13	41.5%	53.6	4.1	9.8	16.3
1980	1,229	37.1	22.0	94.3%	---	0.14	40.6%	37.7	3.1	NA	11.8
1979	1,097	35.6	22.1	92.9%	---	0.05	41.7%	50.9	4.6	NA	16.8

Balance Sheet Data (Million $)

Sep. 30	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,472	86.6	1,000	10.8	1,197	460	46.9	29.8	3.0	491	50.1
1987	1,400	91.9	960	9.0	1,120	410	45.2	33.0	3.6	464	51.2
1986	1,328	90.1	913	11.2	1,053	354	41.9	36.0	4.2	455	53.9
1985	1,249	75.3	885	12.2	980	306	39.0	55.0	7.0	422	54.0
1984	1,203	67.6	838	10.2	969	338	43.4	59.0	7.6	381	49.0
1983	1,150	66.4	813	8.4	931	352	46.7	63.0	8.4	339	44.9
1982	1,095	66.9	788	9.6	909	357	47.8	64.0	8.6	326	43.6
1981	1,039	56.5	761	10.2	883	364	49.8	65.0	8.9	302	41.3
1980	995	51.8	746	NA	864	373	51.1	66.1	9.1	290	39.8

Data as orig. reptd. Prior to 1981 as reptd. in proxy statement dated 8-3-81, reflects spin-off of Midcon Corp. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. divs. of subs. 3. Based on income bef. interest charges. 4. Based on average common equity. NA-Not Available.

Business Summary

Peoples Energy Corp.'s operations consist of two gas distribution utilities located in Illinois. Revenues in the past two fiscal years were derived as follows:

	1988	1987
Residential	69%	67%
Commercial	18%	21%
Industrial	7%	10%
Other	6%	2%

The Peoples Gas Light and Coke Co. subsidiary distributes natural and synthetic gas to approximately 845,000 residential, commercial and industrial customers within Chicago. The utility also operates a synthetic gas production plant, a gas storage field, and a liquefied natural gas plant.

The North Shore Gas Co. unit serves more than 110,000 residential, commercial and industrial customers in 56 communities in northeastern Illinois.

Gas volumes sold and transported in fiscal 1988 totaled 284,611 MMcf, versus 259,030 MMcf a year earlier.

The company obtains most of its gas supply from Natural Gas Pipeline Co. of America (formerly a subsidiary, but now a unit of MidCon Corp.) under long-term contract. Supplementary sources, including synthetic natural gas, are used to meet peak seasonal requirements.

The Peoples Gas Light and Coke Co. and North Shore Gas Co. units are subject to regulation by the Illinois Commerce Commission.

Dividend Data

Dividends have been paid since the 1981 restructuring. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.38	Dec. 7	Dec. 13	Dec. 19	Jan. 13'89
0.40	Feb. 1	Mar. 13	Mar. 17	Apr. 14'89
0.40	May 3	Jun. 13	Jun. 19	Jul. 14'89
0.40	Aug. 2	Sep. 13	Sep. 19	Oct. 13'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $455,789,000.

Subsid. Red. Preferred: $27,550,000.

Common Stock: 32,613,327 shs. (no par).
Institutions hold about 42%.
Shareholders of record: 36,756.

Office—122 S. Michigan Ave., Chicago, Ill. 60603. Tel—(312) 431-4000. Chrmn & CEO—E. A. Tracy. Pres—R. E. Terry. Secy & Treas—E. P. Cassidy. Dirs—P. S. J. Cafferty, J. S. Gore, G. J. Hansen, J. B. Hasch, F. C. Langenberg, H. Livingston, Jr., W. G. Mitchell, E. L. Neal, R. E. Terry, R. P. Toft, E. A. Tracy, A. R. Velasquez. Transfer Agent & Registrar—Harris Trust & Savings Bank, Chicago. Incorporated in Illinois in 1855; reincorporated in Illinois in 1967.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

PepsiCo

NYSE Symbol PEP Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
59¾	62⅜-37¾	18	1.00	1.7%	A	1.03

Summary

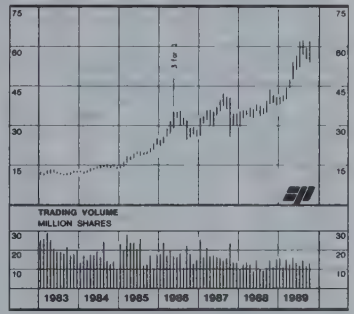
This major soft drink company is also a leading operator and franchisor of restaurants, with its Kentucky Fried Chicken, Pizza Hut and Taco Bell chains. In addition, PEP's Frito-Lay snack food unit is a dominant force in the U.S. and a major presence overseas. In 1989, PEP has spent about $3.1 billion on the acquisition of additional soft drink bottling operations and two major snack food companies in the United Kingdom.

Current Outlook

Earnings for 1990 are estimated at $4.00 a share, up from the $3.42 expected for 1989.

The dividend was raised 19%, to $0.25 quarterly with the June, 1989 payment.

Further broad-based profit growth is expected in 1990. Pizza Hut's improvement will be fueled by its delivery business, while Taco Bell's emphasis on a lower-priced menu is expected to continue generating strong results. Recent weakness in PEP's domestic Kentucky Fried Chicken business is of some concern, but lower chicken prices, operational improvements, and menu additions are expected to help 1990 results. New products and international growth are expected to help boost snack food results, while aggressive marketing is expected to help keep soft drink demand at high levels.



Sales & Oper. Revenues (Billion $)

Period:	1989	1988	1987	1986
12 Wks. Mar.	2.96	2.57	2.29	1.72
12 Wks. Jun.	3.59	3.01	2.79	2.05
12 Wks. Sep.	3.90	3.24	2.94	2.40
16 Wks. Dec.	---	4.19	3.47	3.12
	---	13.01	11.49	9.29

Net sales for the 36 weeks ended September 9, 1989, advanced 23%, year to year (1988 restated). Net income was up 22%, to $2.64 a share from $2.18.

Capital Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks. Mar.	0.62	0.43	0.31	0.26
12 Wks. Jun.	1.00	0.84	0.72	0.47
12 Wks. Sep.	1.02	0.91	0.72	0.58
16 Wks. Dec.	E0.78	0.72	0.55	0.44
	E3.42	2.90	2.30	1.75

Important Developments

Oct. '89— PEP said that full-year 1989 earnings would be more than 15% above 1988's $2.90 a share, despite about $0.40 dilution from key acquisitions. Recent acquisitions diluted third quarter earnings by $0.10 a share. In July, 1989 PEP acquired two leading snack food companies in the United Kingdom— Walkers Crisps and Smiths Crisps— from French company BSN, for $1.34 billion. In March, PEP acquired most of General Cinema's soft drink bottling operations for $1.77 billion. On a pro forma basis, including these acquisitions, in the first 36 weeks of 1989 PEP had net sales of $10.83 billion and earnings of $2.48 a share. Meanwhile, in 1989's third quarter, operating profit from the Pizza Hut and Taco Bell businesses each rose more than 40%, year to year, but the profit from Kentucky Fried Chicken's declined.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	1985	1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	2.20	4.32	2.98	6.28	6.00	5.55	5.05	5.40	4.64	4.02
Earnings[3,4]	2.90	2.30	1.75	1.50	0.73	1.00	0.80	[5]1.20	[5]1.07	[5]0.95
Dividends	0.80	0.67	0.62⅞	0.58½	0.55½	0.54	0.52¾	0.47⅜	0.42	0.36⅞
Payout Ratio	28%	29%	36%	37%	76%	53%	66%	39%	39%	38%
Prices—High	43⅝	42¼	35⅝	25⅛	15¼	13½	16¾	13⅛	9½	9½
Low	30	25½	22	13½	11½	10⅞	10½	9	8¾	7⅜
P/E Ratio—	15-10	18-11	20-13	17-9	21-16	13-11	21-13	11-7	9-6	10-8

Data as orig. reptd. Adj. for stk. div(s). of 200% May 1986. **1.** Reflects merger or acquisition and accounting change. **2.** Reflects merger or acquisition **3.** Bef. results of disc. opers. of -0.04 in 1987, +0.44 in 1985, +0.02 in 1984 and spec. item(s) of -0.06 in 1980. **4.** Ful. dil.: 2.89 in 1988, 1.74 in 1986, 0.94 in 1979. **5.** As restated in 1982 to correct acctg. irregularities sh. earns. were 1.07 in 1981, 0.95 in 1980, 0.90 in 1979. E-Estimated

November 6, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	13,007	2,003	15.4	755	619	347	[3]1,138	33.0%	762	5.9
[4]1987	11,485	1,624	14.1	785	549	302	960	37.0%	[5]605	5.3
[6]1986	9,291	1,250	13.5	898	399	274	680	32.7%	458	4.9
[4]1985	8,057	1,055	13.1	801	290	208	664	36.7%	420	5.2
[4]1984	7,699	950	12.3	586	255	215	354	41.7%	207	2.7
1983	7,896	809	10.2	544	260	184	425	33.2%	284	3.6
[6]1982	7,499	873	11.6	533	229	172	451	50.3%	[5]224	3.0
1981	7,027	846	12.0	491	203	153	544	38.8%	333	4.7
1980	5,975	746	12.5	582	171	[5]125	493	40.8%	292	4.9
1979	5,091	622	12.2	450	141	73	433	38.9%	265	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,618	3,265	3,874	0.8	11,135	7.5%	2,656	3,161	6,618	40.1	26.8%
1987	1,353	2,940	2,723	1.1	9,023	7.1%	2,579	2,509	5,892	43.8	26.5%
1986	921	2,504	2,223	1.1	8,029	6.6%	2,633	2,059	5,469	48.1	23.6%
1985	912	2,795	1,836	1.5	5,861	8.0%	1,163	1,838	3,814	30.5	23.5%
1984	813	2,290	1,625	1.4	4,950	4.3%	686	1,853	3,161	21.7	11.3%
1983	555	1,900	1,456	1.3	4,638	6.4%	819	1,794	3,030	27.0	16.5%
1982	280	1,591	1,346	1.2	4,197	5.4%	864	1,650	2,764	31.3	13.5%
1981	239	1,774	1,368	1.3	4,057	8.9%	816	1,640	2,607	31.3	21.7%
1980	232	1,358	1,005	1.4	3,418	9.2%	782	1,429	2,344	33.3	21.6%
1979	205	1,201	844	1.4	2,888	10.1%	619	1,264	1,989	31.1	22.0%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1987, 1985, 1984, and spec. item(s) in 1980. **2.** Reflects merger or acquisition and accounting change. **3.** Incl. equity in earns. of nonconsol. subs. **4.** Excludes discontinued operations. **5.** Reflects accounting change. **6.** Reflects merger or acquisition

Business Summary

PepsiCo's diversified interests include soft drinks, snack foods (Frito-Lay), and food service (fast-food restaurants).

1988	Revs.	Profits
Soft drinks	36%	31%
Snack foods	27%	43%
Restaurants	37%	26%

Foreign operations accounted for 19% of sales and 12% of operating profits in 1988.

Soft drink operations include the production and distribution (to franchised bottlers) of concentrates and syrups. Principal brands include Pepsi-Cola, Diet Pepsi, Pepsi Light, Pepsi Free, Diet Pepsi Free, Teem, Patio, Slice, Diet Slice and Mountain Dew. Products are available in roughly 150 countries and territories. PEP is also a major bottler of these products. In 1986, PEP acquired the international business of The Seven-Up Company for $246 million.

Food products operations are conducted domestically through Frito-Lay, which produces the nation's best-selling line of salty snacks, including potato chips and corn chips, and packaged cookies.

Restaurant chains include Kentucky Fried Chicken, which was acquired for $841 million from RJR Nabisco in October 1986; Pizza Hut and Taco Bell. At 1988 year-end the three chains had 17,353 units, including 10,457 franchise restaurants, 6,271 company units and 625 joint venture units. Of the total 3,798 were located outside the U.S.

Dividend Data

Dividends have been paid since 1952. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Oct. 27	Dec. 5	Dec. 9	Jan. 1'89
0.21	Feb. 23	Mar. 6	Mar. 10	Mar. 31'89
0.25	May 3	Jun. 5	Jun. 9	Jun. 30'89
0.25	Jul. 27	Sep. 1	Sep. 8	Sep. 30'89

Capitalization

Long Term Debt: $5,839,800,000.

Capital Stock: 263,209,480 shs. ($0.05 par).
Institutions hold some 60%.
Shareholders of record: 94,000.

Office—Purchase, N.Y. 10577. **Tel**—(914) 253-2000. **Chrmn & CEO**—D. W. Calloway, Sr. **SVP-Secy**—E. V. Laney, Jr. **SVP-Treas**—L. Schutzman **Investor Contact**—Margaret D. Moore. **Dirs**—D. W. Calloway, F. T. Cary, W. T. Coleman, Jr., R. A. Enrico, C. C. Garvin, Jr., M. H. Jordan, D. M. Kendall, J. J. Murphy, A. E. Pearson, S. P. Rockefeller, R. B. Smith, R. H. Stewart, III, A. R. Weber **Transfer Agent**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1919; reincorporated in North Carolina in 1986 **Empl**—235,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Perkin-Elmer

NYSE Symbol PKN Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
27	28¾–21⅜	25	0.68	2.5%	B–	1.30

Summary

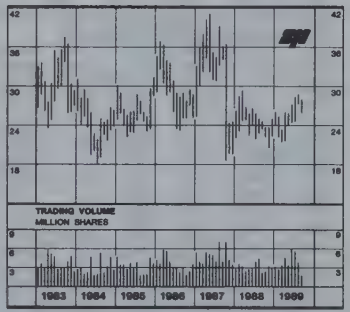
This high technology firm has embarked on a major restructuring in order to focus its efforts on analytical instruments and materials and surface technology. Proceeds from the sale of its semiconductor production equipment, aerospace electro-optical systems and avionic instruments businesses will primarily be used to repurchase common stock and/or make a cash distribution to shareholders. An 82% interest in Concurrent Computer Corp. was sold in 1988. Excluding a large loss on the restructuring, earnings from continuing operations rose substantially in fiscal 1989. Slower earnings growth is likely in fiscal 1990.

Current Outlook

Earnings from continuing operations for the fiscal year ending July 31, 1990 should rise to $1.40 a share from the $1.08 reported from continuing operations in fiscal 1989.

The $0.17 quarterly dividend could be augmented by a special dividend resulting from the restructuring.

Sales from continuing operations for fiscal 1990 are expected to increase only moderately, led by strong growth of materials and surface technology. Instrument sales growth has recently slowed and it is likely to be substantially less than the rapid growth of recent years. Margins should benefit from the higher volume and a continuing program of cost reductions. Interest expense should decline substantially as cash is received from the sale of divested businesses. Share repurchases would boost per-share earnings further.



Net Sales (Million $)

Quarter:	1989–90	1988–9	1987–8	1986–7
Oct.	---	---	257	312
Jan.	---	'374	298	321
Apr.	---	199	288	337
Jul.	---	212	322	364
	---	784	1,165	1,334

Revenues from continuing operations for the fiscal year ended July 31, 1989 (preliminary) increased 15%, year to year. Margins widened, and pretax income advanced 37%. After taxes at 34.4% versus 36.6%, and minority interest, income from continuing operations rose 42%, to $1.08 a share from $0.74. Results exclude a loss from discontinued operations of $1.64 a share, versus income of $0.87.

Common Share Earnings ($)

Quarter:	1989–90	1988–9	1987–8	1986–7
Oct.	E0.32	---	0.25	0.24
Jan.	E0.35	'0.54	0.33	0.27
Apr.	E0.36	0.24	0.37	0.40
Jul.	E0.37	0.30	0.40	d1.31
	E1.40	1.08	1.35	d0.40

Important Developments

Aug. '89— PKN said that plans to divest its semiconductor equipment, West German aerospace, and government systems units were proceeding on schedule. Net proceeds may be distributed to shareholders and/or used to repurchase PKN stock.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	16.15	15.34	15.73	13.95	12.78	11.93	11.28	10.59	9.09
Earnings[2]	1.08	1.35	d0.40	1.61	1.84	1.49	1.15	1.45	1.81	1.67
Dividends	0.66	0.60	0.60	0.59	0.54½	0.50	0.50	0.48½	0.42	0.33½
Payout Ratio	61%	45%	NM	36%	29%	33%	43%	33%	23%	21%
Prices[3]—High	NA	29⅜	41⅛	36⅛	31⅜	31⅛	37½	32½	36⅜	35⅞
Low	NA	20½	18½	23⅛	22⅛	17⅞	23½	17	21⅛	18
P/E Ratio—	NA	22–15	NM	23–14	17–12	21–12	33–20	22–12	20–12	21–11

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1961. 1. Six mos. 2. Bef. results of disc. opers. of -1.64 in 1989, +0.26 in 1988. 3. Cal. yr. NA-Not Available E-Estimated d-Deficit NM-Not Meaningful.

October 2, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,165	166	14.3	[3]83.6	54.7	17.8	104	38.6%	[4]60.0	5.1
1987	1,334	153	11.5	[3]66.5	58.7	20.3	7	372.6%	d18.2	NM
1986	1,291	164	12.7	[3]68.5	48.8	19.4	112	35.4%	72.6	5.6
1985	1,305	178	13.6	[3]63.4	43.4	15.1	136	39.6%	82.1	6.3
1984	1,182	131	11.1	[3]53.5	34.0	10.4	93	28.7%	66.1	5.6
1983	1,015	108	10.7	[3]43.7	30.3	13.2	88	42.7%	50.2	4.9
1982	1,037	130	12.5	[3]40.9	26.3	15.5	109	41.0%	[4]62.7	6.0
1981	1,116	168	15.1	[3]49.2	23.1	13.0	147	45.9%	78.1	7.0
1980	996	149	15.0	55.0	17.9	12.5	125	44.0%	68.2	6.9
[4]1979	733	111	15.2	47.0	13.7	7.3	94	45.5%	50.3	6.9

Balance Sheet Data (Million $)

Jul. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	29	806	499	1.6	1,369	4.4%	37	722	801	4.6	8.5%
1987	161	986	518	1.9	1,400	NM	47	696	816	5.8	NM
1986	188	1,033	497	2.1	1,399	5.7%	85	706	852	10.0	10.9%
1985	114	846	389	2.2	1,135	7.6%	76	619	715	10.6	13.8%
1984	105	761	340	2.2	1,030	6.8%	83	563	663	12.6	12.1%
1983	122	678	270	2.5	892	5.7%	53	515	597	8.9	10.0%
1982	124	657	238	2.8	870	7.3%	105	483	606	17.4	13.4%
1981	129	654	244	2.7	840	9.8%	106	450	574	18.5	18.7%
1980	94	577	214	2.7	741	10.2%	106	381	503	21.0	20.0%
1979	28	424	184	2.3	557	10.1%	55	282	353	15.7	19.3%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988. 2. Excl. disc. opers. 3. Net of curr. yr. retirement and disposals. 4. Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Perkin-Elmer manufactures technology-based products. Contributions by segment:

Fiscal 1988	Sales	Profits
Instruments	41%	43%
Semiconductor equipment	17%	2%
Materials and surface technology	15%	20%
Bodenseewerk Geraetetechnik	14%	25%
Government systems	13%	10%

Foreign sales accounted for 49% of sales and 59% of operating income from continuing operations in fiscal 1988.

Analytical instruments made by PKN are used in determining the composition and molecular structure of chemical substances and measuring the concentration of materials in a sample.

The materials and surface technology group produces combustion, electric arc, and plasma thermal spray equipment and supplies.

The company's other operations were classified as discontinued in the third quarter of fiscal 1989 and are being held for sale. The semiconductor production equipment group is the largest supplier of that type of gear. Products include microlithography equipment, sputters and plasma processing systems. Bodenseewerk Geraetetechnik, the company's West German affiliate, produces avionic instruments for military and commercial use. Government systems include electro-optical systems and components.

Dividend Data

Dividends were initiated in 1971. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Nov. 17	Nov. 29	Dec. 5	Jan. 2'89
0.17	Feb. 16	Mar. 1	Mar. 7	Apr. 3'89
0.17	May 18	May 30	Jun. 5	Jul. 3'89
0.17	Aug. 17	Aug. 28	Sep. 4	Oct. 2'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $32,900,000.

Minority Interest: $4,000,000.

Common Stock: 43,516,946 shs. ($1 par).
Institutions hold about 69%.
Shareholders: 12,285.

Office—761 Main Avenue, Norwalk, Conn. 06856-0001 Tel—(203) 762-1000 Chrmn & CEO—H. G. McDonell, Pres—G. N. Kelley VP-Fin—F. G. Bitter Secy—C. W. Bergere, Jr. Investor Contact—Julianne Grace Dirs—J. F. Abely, Jr., R. H. Ayers, J. L. Bast, G. C. Dacey, J. M. Deutch, E. R. Eggers, R. H. Hayes, G. N. Kelley, H. G. McDonell, D. R. Melville, J. D. Parkinson, B. R. Roberts, J. S. Scott, R. F. Tucker Transfer Agent & Registrar—First National Bank of Boston. Incorporated in New York in 1939. Empl—10,971.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Petrie Stores

NYSE Symbol PST Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
21⅞	26¾-16⅜	33	0.20	0.9%	B	1.63

Summary

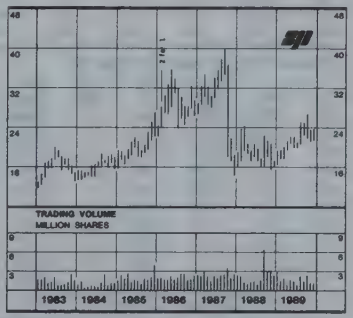
This retailer operates several moderate-price women's apparel chains in 48 states. The conversion in 1988 of almost $350 million of called PST debentures into Toys "R" Us common stock held by PST has lowered the company's long-term debt significantly while reducing its interest on TOY to about 14% from 25%. Earnings were hurt in the third quarter of fiscal 1989-90 by the effects of a hurricane in the Caribbean; comparisons should improve in fiscal 1990-1. Milton Petrie owns some 61% of the shares.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991 are projected at $1.00, versus the estimated $0.70 of fiscal 1989-90.

The dividend should remain at $0.05 quarterly.

Sales in fiscal 1990-1 should reflect modest improvement in comparable store sales and some store expansion. Gross margins should widen slightly with fewer markdowns and improved volume, and expense ratios remain about level. Acquisitions are a possibility.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	279	261	282	262
Jul.	294	285	303	266
Oct.	297	287	300	291
Jan.	---	386	356	379
	---	1,218	1,242	1,198

Sales for the nine months ended October 28, 1989 rose 4.4%, year to year. Pretax income from operations declined 6.7%, but in the absence of some $3.0 million of equity earnings from Toys "R" US, total pretax net fell 18%. After taxes at 40.9%, versus 37.7%, net income was down 22%, to $0.27 a share from $0.35, which excludes a special credit of $1.22 from the extinguishment of debt.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.15	0.14	0.23	0.24
Jul.	0.08	0.08	0.18	0.20
Oct.	0.04	0.13	0.10	0.24
Jan.	E0.43	0.40	0.51	0.90
	E0.70	0.75	1.02	1.58

Important Developments

Nov. '89— The company said that as a result of hurricane Hugo it suffered losses in Puerto Rico and the Virgin Islands equal to approximately $0.04 a share after taxes in the third quarter of fiscal 1989-90. Separately, PST said in May that it had been hurt by the nationwide recession in the women's retail fashion apparel industry that began in 1987 and continued through the early months of 1988. In light of this, PST reduced its capital expenses, closed a number of unprofitable or marginally profitable stores, and slowed its expansion program. Improvement began in the third quarter of fiscal 1988-9. Capital expenses for fiscal 1989-90 were budgeted at $30 million; plans call for the opening of 60 new stores.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	[1]1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	11.05	9.22	8.72	7.77	4.90	7.06	8.19	5.74	5.28	4.88
Earnings[3]	0.75	1.02	1.58	1.81	1.30	1.15	1.05	1.16	1.14	1.23
Dividends	0.20	0.57½	0.70	0.70	0.70	0.70	0.80	0.73⅜	0.58½	0.58½
Payout Ratio	27%	57%	44%	42%	54%	61%	76%	63%	51%	47%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	24⅜	40	35¾	27⅛	18⅞	20	16⅝	12⅛	12¼	14
Low	15⅜	14¼	22⅛	15⅝	13⅜	11⅝	9⅝	8⅜	7⅛	9½
P/E Ratio—	33-21	39-14	23-14	15-9	14-10	17-10	16-9	10-7	11-7	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Feb. 1986, 50% Oct. 1981. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Bef. spec. item(s) of +1.22 in 1989, +0.07 in 1983 E-Estimated.

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	1,218	118	9.7	39	59.7	10.5	58	39.9%	35.1	2.9
1988	1,242	101	8.1	90	54.9	33.7	70	31.8%	[3]47.5	3.8
1987	1,198	157	13.1	104	46.1	38.4	123	39.9%	73.7	6.1
1986	1,161	167	14.4	74	38.5	32.0	134	41.8%	77.9	6.7
[4]1985	951	110	11.5	156	25.5	23.4	91	38.7%	54.6	5.7
[3]1984	626	66	10.5	38	11.7	1.1	77	38.1%	47.6	7.6
1983	567	62	11.0	33	9.3	Nil	73	41.4%	42.7	7.5
1982	530	71	13.4	29	6.8	Nil	87	45.8%	47.0	8.9
1981	479	77	16.0	14	4.9	Nil	89	47.7%	46.3	9.7
1980	447	84	18.7	19	3.6	Nil	98	47.1%	[5]51.7	11.6

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	118	261	68.7	3.8	874	3.5%	125	621	806	15.5	6.1%
1988	81	247	49.1	5.0	1,134	4.2%	475	538	1,085	43.8	9.0%
1987	161	296	63.3	4.7	1,107	6.8%	476	518	1,044	45.6	14.8%
1986	211	348	59.9	5.8	1,047	8.3%	476	477	987	48.2	18.7%
1985	8	161	68.8	2.3	744	9.2%	317	323	675	47.0	17.6%
1984	62	171	69.2	2.5	450	12.8%	55	298	379	14.5	17.0%
1983	33	100	26.0	3.9	265	15.3%	Nil	252	259	Nil	17.6%
1982	90	148	37.3	4.0	274	17.7%	Nil	233	236	Nil	21.0%
1981	109	161	40.9	3.9	257	18.6%	Nil	215	216	Nil	22.4%
1980	123	160	43.3	3.7	248	22.5%	Nil	204	205	Nil	27.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1989, 1983. 3. Reflects accounting change. 4. Reflects merger or acquisition.

Business Summary

Petrie Stores is a leading operator of women's specialty apparel stores with representation in the field materially enlarged by acquisitions since late in 1983. Petrie also holds about 14% of the shares of Toys "R" Us, Inc. and about 24% of the shares of Paul Harris Stores, Inc.

The company specializes in retailing a full selection of women's apparel at moderate prices to teen, junior and contemporary miss customers. Petrie operated 1,580 stores as of April 7, 1989 in 48 states, Puerto Rico, the Virgin Islands and the District of Columbia. Stores operate under the trade names of Petrie's, Marianne, Stuarts, G&G, Hartfield's, Winkelman's, Jean Nicole, M.J. Carroll and Rave.

The Miller-Wohl chain of some 400 stores throughout the U.S. was acquired in June, 1984. In February, 1985 PST acquired 30% of stock of Winkelman's Stores, Inc. that it did not already own, and in June, 1986 PST acquired 32 former Lerner Stores located in Puerto Rico and the Virgin Islands from The Limited, Inc.

At January 28, 1989 the company had a 23.5% equity stake in Paul Harris Stores, Inc.

Dividend Data

Dividends have been paid since 1968.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Mar. 23	Apr. 7	Apr. 13	Apr. 26'89
0.05	May 25	Jun. 12	Jun. 16	Jul. 3'89
0.05	Sep. 5	Sep. 26	Oct. 2	Oct. 16'89
0.05	Dec. 14	Dec. 29	Jan. 5	Jan. 19'90

Next dividend meeting: mid-Mar.'90.

Finances

In March and July, 1988 PST exchanged some 14.2 million Toys "R" Us common shares it held for its called $350 million of 7.5% and 8% subordinated debentures, reducing its stake in TOY to about 14%. The exchanges resulted in an after-tax gain of $57.1 million. As of May 1, 1988 the company ceased accounting for its investment in the common stock of Toys "R" Us on the equity method.

Capitalization

Long Term Debt: $125,148,000.

Common Stock: 46,788,457 shs. ($1 par). Institutions hold 23%; M.J. Petrie owns 60.7%. Shareholders of record: 3,747.

Office—70 Enterprise Ave., Secaucus, N.J. 07094 Tel—(201) 866-3600 Chrmn, Pres & CEO—M. J. Petrie Vice Chrmn—H. K. Gerstein. VP-CFO & Secy—P. A. Left Dirs—J. H. Flom, J. Galin, H. K. Gerstein, H. F. Krimendahl, II, M. J. Petrie, J. Roberts, D. F. Stern, L. A. Tisch Transfer Agent & Registrar—American Stock Transfer & Trust Co., N.Y. Incorporated in New York in 1932. Empl—19,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Pfizer Inc.

NYSE Symbol PFE Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
68⅞	75¾-54	15	2.20	3.3%	A+	1.02

Summary

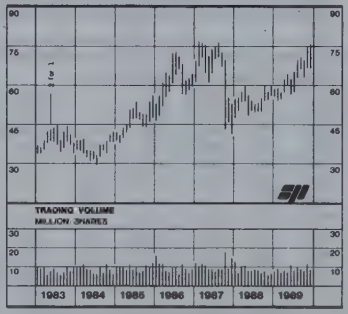
This company is a leading ethical drug producer, and also has important positions in hospital products, animal health items, specialty chemicals, consumer products, and materials science products. Earnings for 1990 should rebound from the depressed $4.30 a share likely for 1989, aided by contributions from new drug products and cost economies.

Current Outlook

Earnings for 1990 are expected to rebound to the $4.80 a share area, following the modest decline to $4.30 estimated for 1989.

An increase in the $0.55 quarterly dividend is likely.

Sales for 1990 are expected to post further growth, aided by gains in established pharmaceuticals, medical devices and consumer products. New drug products, including Procardia XL and Cardura cardiovasculars, Unasyn and a number of other anti-infectives and several central nervous system agents, should also contribute to the gain. Margins should benefit from the better volume and cost efficiencies.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,436	1,298	1,120	1,032
Jun.	1,303	1,336	1,227	1,118
Sep.	1,439	1,383	1,297	1,163
Dec.	---	1,368	1,275	1,163
	---	5,385	4,920	4,476

Sales for the nine months ended September 30, 1989 increased 4.0%, year to year, aided by gains in the health care, consumer and materials science groups. However, costs rose at a faster pace, and pretax income fell 8.9%. After taxes at 27.6%, against 28.0%, and minority interests, net income was off 8.6%. Share earnings were $3.52, versus $3.86.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.43	1.31	1.13	1.00
Jun.	0.80	1.26	1.03	0.92
Sep.	1.29	1.29	1.10	1.04
Dec	E0.78	0.84	0.82	0.94
	E4.30	4.70	4.08	3.90

Important Developments

Dec. '89— The company said that it anticipated a modest decline in fourth quarter earnings. As a result, profits for the full year 1989 were expected to show a decline of almost 10% as compared with 1988. Negative factors continuing to impact earnings included the stronger dollar, unfavorable conditions in certain businesses, delays in regulatory approvals for new drugs and heavy R&D and new product introduction costs. The company also announced an agreement to sell its 30% interest in the DeKalb-Pfizer Genetics seed partnership to DeKalb Genetics for $80 million. In September the FDA approved Procardia XL, a once-a-day formulation of PFE's Procardia cardiovascular drug. Other new drugs include Diflucan antifungal; Cardura, Minipress XL and Norvasc cardiovasculars; and Unasyn and Sulperazon anti-infectives.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[1]1985	1984	[1]1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	26.00	22.16	19.38	17.12	14.71	13.00	12.15	10.64	9.91	8.96
Earnings[2]	4.70	4.08	3.90	3.44	3.08	2.73	2.13	1.82	1.74	1.63
Dividends	2.00	1.80	1.64	1.48	1.32	1.16	0.92	0.80	0.72	0.66
Payout Ratio	42%	44%	41%	43%	43%	41%	43%	44%	42%	41%
Prices—High	60¼	77	72⅞	56¼	42⅜	44¾	40⅜	27½	26⅞	20⅞
Low	47⅜	41¼	46¼	37⅝	29⅜	33⅝	24⅞	20	16	14½
P/E Ratio—	13-10	19-10	19-12	16-11	14-10	16-12	19-12	15-11	15-9	13-9

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.34 in 1981. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	5,385	1,206	22.4	344	195	87	[3]1,104	28.0%	791	14.7
[4]1987	4,920	1,103	22.4	258	172	66	[3]1,011	31.4%	690	14.0
1986	4,476	1,107	24.7	196	147	59	[3]965	31.2%	[4]660	14.7
[2]1985	4,025	1,010	25.1	196	130	82	[3]881	33.6%	580	14.4
1984	3,855	960	24.9	144	127	99	807	36.3%	508	13.2
[2]1983	3,750	872	23.3	215	115	103	700	35.3%	[4]447	11.9
1982	3,454	712	20.6	266	109	128	544	37.9%	333	9.6
[5]1981	3,250	611	18.8	287	100	141	437	36.1%	274	8.4
1980	3,029	577	19.0	164	90	[4]111	412	36.4%	255	8.4
[2]1979	2,746	530	19.3	133	83	88	366	33.0%	238	8.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	808	4,095	2,344	1.7	7,638	10.8%	227	4,301	4,866	4.7	19.3%
1987	1,031	4,101	1,957	2.1	6,923	11.4%	249	3,882	4,471	5.6	18.9%
1986	399	2,340	1,171	2.0	5,164	13.7%	285	3,415	3,926	7.3	20.7%
1985	413	2,158	960	2.2	4,463	13.5%	324	2,927	3,453	9.4	21.2%
1984	881	2,438	1,084	2.3	4,047	12.7%	338	2,485	2,924	11.6	21.7%
1983	716	2,339	1,127	2.1	3,936	11.4%	484	2,181	2,770	17.5	21.2%
1982	611	2,207	1,098	2.0	3,749	8.9%	519	1,974	2,611	19.9	17.9%
1981	567	2,260	1,124	2.0	3,647	7.7%	690	1,698	2,485	27.8	16.6%
1980	491	2,174	1,080	2.0	3,364	7.9%	583	1,573	2,242	26.0	17.0%
1979	479	1,928	955	2.0	3,049	8.1%	566	1,414	2,056	27.5	17.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1981. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change. 5. Excludes discontinued operations.

Business Summary

Pfizer's business segment contributions in 1988:

	Sales	Profits
Health care	64%	81%
Animal health	10%	5%
Specialty chemicals	10%	4%
Consumer	9%	7%
Materials science	7%	3%

International operations contributed some 46% of sales and 38% of operating profits in 1988.

Health care products include antibiotics (14% of 1988 sales) such as Unasyn, Sulperazon, Cefobid, Terramycin and Vibramycin; cardiovasculars (12%), including Procardia and Minipress; and anti-inflammatories (12%) such as Feldene antiarthritic. Other compounds include Sinequan psychotherapeutic, and Diabinese and Glucotrol antidiabetes agents. A number of hospital products are also sold, including orthopedic, surgical and cardiac devices.

Animal health products encompass a broad range of antibiotics, feed additives and anthelmintics.

PFE chemicals are sold primarily to the food, beverage and pharmaceutical industries and include bulk antibiotics, citric acid and vitamins.

Important consumer products are Ben-Gay ointment, Visine eye drops, Desitin ointment, Pacquin hand cream and cosmetics, Coty fragrances and Plax dental plaque removing rinse. Materials science items include specialty minerals, pigments and monolithic refractories.

Dividend Data

Dividends have been paid since 1901. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Dec. 19	Jan. 23	Jan. 27	Mar. 22'89
0.55	Apr. 27	May 15	May 19	Jun. 21'89
0.55	Jun. 22	Jul. 24	Jul. 28	Sep. 21'89
0.55	Oct. 26	Nov. 13	Nov. 17	Dec. 21'89

Next dividend meeting: Jan. 25 '90.

Capitalization

Long Term Debt: $207,400,000.

Minority Interest: $23,800,000.

Common Stock: 165,318,737 shs. ($0.10 par).
Institutions hold about 64%.
Shareholders of record: 61,400.

Office—235 E 42nd St., NYC 10017 **Tel**—(212) 573-2323 **Chrmn & CEO**—E T Pratt, Jr **Pres**—G D Laubach **VP-Secy**—C L Clemente **Treas**—J W Murray **Investor Contact**—Rebecca Schiff **Dirs**—E C Bessey, B M Bloom, M A Burns, G J Fippinger, S O Ikenberry, H C Kauffmann, W J Kennedy III, G D Laubach, J T Lynn, B MacTaggart, P A Marks, J R Opel, E T Pratt, Jr., F G Rohatyn, W C Steere, Jr., J Valles, W. B. Wriston. **Transfer Agent**—Co. office. **Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Delaware in 1942 **Empl**—40,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

HB Saftlas

Phelps Dodge

NYSE Symbol PD Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
58½	78⅜-51⅜	4	[4]3.00	[4]5.1%	B-	1.38

Summary

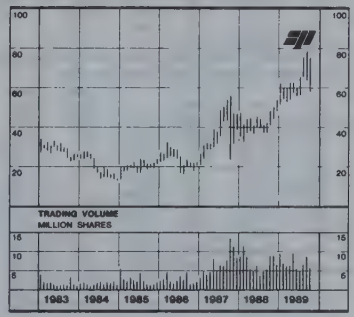
Phelps Dodge is the largest U.S. copper producer and, through subsidiaries, is also the major North American producer of truck wheels and rims, and the world's second-ranking producer of carbon black. Expanded application of a very low-cost copper production process will further reduce PD's already low costs. After a strong recovery by the copper market in 1987-89, earnings for 1990 may decline on sluggish economic growth. PD paid a special dividend of $10 a share in October, 1989.

Current Outlook

Earnings for 1990 are tentatively projected at $10.50 a share, down from 1989's estimated $14.75.

Regular dividends should continue at $0.75 quarterly; a $10 special dividend was paid October, 1989.

Sales for 1990 may decline significantly, as expected lower average annual copper prices outweigh anticipated little change in output. Manufacturing and specialty chemicals income will probably decrease moderately. Along with the diminished copper sales and expected much reduced interest income (reflecting payment of the special dividend), share earnings should fall, despite anticipated fewer shares outstanding.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	693	589	373	231
Jun.	644	553	355	221
Sep.	597	511	377	188
Dec.	---	686	506	206
	---	2,320	1,612	846

Sales for the first nine months of 1989 rose 18%, year to year. With continued favorable copper prices, pretax net gained 57%. After taxes at 32.0%, versus 27.0%, net income rose 46%, to $11.58 a share on 14% more shares from $8.70.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	4.89	2.88	0.30	0.21
Jun.	3.50	2.88	0.45	0.19
Sep.	3.26	2.93	1.08	0.50
Dec.	E3.17	4.46	2.68	0.16
	E14.75	13.15	4.62	1.06

Important Developments

Oct. '89— PD paid a special dividend of $10 a share, mainly from available cash. During the 1989 third quarter, PD repurchased 126,800 of its common shares under its new 2,000,000-share buyback program begun in September, 1989. Earlier, PD called all of its convertible preference shares for redemption on April 1, 1989; 1,249,001 preference shares were converted into 6,404,800 common shares.

Dec. '88— At year-end PD had delineated over 125 million tons grading 1.25% copper at a significant copper deposit in northern Chile near its existing operations. The bulk of the deposit appeared amenable to open pit mining, and drilling and testing of this discovery was expected to continue through 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[2]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	42.33	35.37	30.41	28.82	29.22	39.86	45.00	50.15	49.36	46.76
Earnings[1]	[3]13.15	[4]4.62	1.06	0.21	d8.81	d2.76	d3.59	2.61	4.20	5.06
Dividends	0.95	0.15	Nil	Nil	Nil	Nil	0.30	1.60	1.55	1.20
Payout Ratio	7%	3%	Nil	Nil	Nil	Nil	NM	64%	37%	24%
Prices—High	53¾	56	32½	24	27⅞	34	34	48½	48¼	32
Low	32½	20⅝	16	13½	12⅞	22½	18¼	31⅛	25	20⅞
P/E Ratio—	4-2	12-4	31-15	NM	NM	NM	NM	19-12	11-6	6-4

Data as orig. reptd. 1. Bef. results of disc. opers. of -2.46 in 1984, and spec. item(s) of +1.86 in 1987, +0.73 in 1986, +0.40 in 1985, +0.51 in 1981. 2. Reflects merger or acquisition. 3. Ful. dil.: 11.28 in 1988, 4.17 in 1987. 4. Excl. 10.00 spec. div. in Oct. 1989. NM-Not Meaningful. d-Deficit E-Estimated.

November 3, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[4]1988	2,320	719	31.0	179	117	50.1	554	24.1%	420	18.1
1987	1,612	347	21.5	166	81	50.6	232	35.2%	151	9.3
[4]1986	846	119	14.1	46	55	36.4	47	11.7%	42	4.9
1985	887	113	12.8	34	55	46.1	32	40.6%	[3]19	2.1
[5]1984	910	d40	NM	65	60	52.4	d226	NM	d207	NM
1983	977	1	0.1	59	69	51.9	d103	NM	d63	NM
1982	958	d45	NM	100	59	59.7	d107	NM	[3]d74	NM
1981	1,439	125	8.7	147	84	54.2	79	26.1%	58	4.1
1980	1,440	171	11.9	124	70	53.3	117	21.8%	91	6.3
1979	1,281	226	17.6	107	67	[3]51.9	148	25.0%	111	8.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	172	808	377	2.1	2,755	16.9%	513	1,437	2,315	22.2	32.2%
1987	156	645	340	1.9	2,250	6.6%	477	1,088	1,872	25.5	13.6%
1986	126	485	280	1.7	2,019	2.3%	702	826	1,698	41.4	3.6%
1985	29	372	201	1.8	1,648	1.1%	448	782	1,399	32.0	0.7%
1984	32	289	177	1.6	1,728	NM	591	720	1,486	39.8	NM
1983	26	358	226	1.6	1,936	NM	600	982	1,675	35.8	NM
1982	19	356	193	1.8	2,014	NM	667	979	1,782	37.5	NM
1981	15	473	291	1.6	2,144	2.7%	579	1,090	1,842	31.5	5.1%
1980	20	525	286	1.8	2,112	4.4%	627	1,031	1,817	34.5	8.7%
1979	12	462	246	1.9	2,000	5.7%	606	969	1,745	34.7	11.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1984, and spec. item(s) in 1987, 1986, 1985, 1981. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Excludes discontinued operations. NM-Not Meaningful. d-Deficit

Business Summary

The largest U.S. copper producer, PD accounted for about 33% of domestic mine output in 1988. PD is also a major producer of magnet wire, carbon black, and truck wheels and rims, and has interests in foreign mining companies.

PD's share of copper mine output in 1988 was 494,500 tons. About 51% of the copper was from the 85%-owned Morenci, Ariz. mine (including 42,700 tons from the very low-cost solvent extraction/electrowinning-SX/EW-method of production), 32% from the Tyrone, N.M. mine (including 40,100 tons from SX/EW), 16% from 67%-owned Chino Mines (N.M.), and 1% from other sources. A 45,000-ton SX/EW plant at Chino, which started up in August 1988, produced 6,300 tons for PD's account in 1988; and an in-pit crush/convey system at Morenci began operation in early 1989. In August, 1989 PD announced a $112-million project to expand the Morenci SX-EW plant's annual capacity by 70,000 tons, beginning in mid-1991 and continuing through the end of the decade.

Output from PD's smelters was 271,100 tons of copper, including copper from PD's own mines and copper smelted under contract. PD refines its mined copper, as well as material refined under contract. Refined copper production totaled 426,900 tons in 1988.

Phelps Dodge Magnet Wire produces insulated magnet wire for use in electric and electrical devices; Phelps Dodge International oversees investments in companies that produce wire and cable in 14 foreign nations. PD's Columbian Chemicals is the world's second largest producer of carbon black for the rubber industry. In March, 1988 PD acquired ACCURIDE Corp., a major producer of truck wheels and rims, for $135 million cash.

Dividend Data

Dividends were resumed in late 1987. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Nov. 2	Nov. 14	Nov. 18	Dec. 9'88
0.60	Jan. 25	Feb. 13	Feb. 17	Mar. 10'89
0.75	May 3	May 15	May 19	Jun. 9'89
0.75	Jul. 28	Aug. 14	Aug. 18	Sep. 8'89
10.00 Spl	Sep. 6	Sep. 14	Sep. 20	Oct. 10'89

Next dividend meeting: early Nov. '89.

Capitalization

Long Term Debt: $418,500,000.

Common Stock: 35,193,047 shs. ($6.25 par).
Institutions hold about 86%.
Shareholders of record: 13,101.

Office—2600 N. Central Ave., Phoenix, Ariz. 85004-3014. **Tel**—(602) 234-8100. **Chrmn & CEO**—D. C. Yearley **Pres**—L. R. Judd. **VP-Secy**—W. C. Tubman **VP-Treas**—F. J. Longto **VP-Investor Contact**—T. M. Foster **Dirs**—E. L. Addison, G. C. Dillon, C. E. Dodge, Jr., P. W. Douglas, W. A. Franke, P. Hazen, L. R. Judd, R. D. Krebs, D. R. Lovejoy, G. B. Munroe, E. L. Palmer, J. P. Schroeder, G. L. Shinn, D. C. Yearley. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1885. **Empl**—10,752.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A.M. Sorrentino, CFA

Philadelphia Electric

NYSE Symbol PE Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
22⅞	24½-19⅛	10	2.20	9.6%	A-	0.39

Summary

This electric and gas utility owns and operates the two unit Limerick nuclear facility. Limerick 1 entered service in January, 1986 and Limerick 2 is expected to enter commercial operation by mid-January, 1990. The company also has a 42.5% interest in the two unit Peach Bottom nuclear station. PE, which was severely criticized for mismanagement at the Peach Bottom facility, returned both units to service by year-end 1989. The company's longer-term outlook is materially improved owing to its completed nuclear construction program, as well as favorable regulatory and financial prospects.

Current Outlook

Share earnings for 1990 are projected at $2.60, up from the $2.30 estimated for 1989.

The $0.55 quarterly dividend can be maintained provided the rate relief for Limerick 2 is reasonably supportive.

Share earnings for 1990 should benefit from higher sales, increased rates, and lowered production costs on the full commercial operation of the company's nuclear facilities. Longer-term prospects are strengthened by PE's completed construction program and a good regulatory environment.

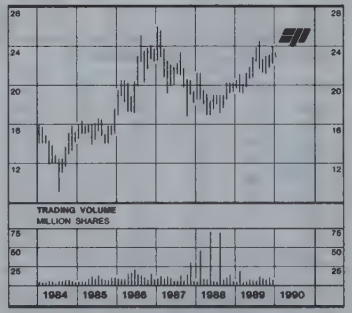
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	890	851	889	869
Jun.	778	700	735	675
Sep.	895	899	839	804
Dec.	---	779	738	743
	---	3,229	3,181	3,091

Revenues for the nine months ended September 30, 1989 rose 4.6%, year to year, owing to higher rates for the Limerick 1 nuclear plant and increased sales. An increase in fuel and energy interchange costs was offset by lower taxes, and operating income advanced 5.5%. However, after higher interest costs, net income declined 2.2%. Following preferred dividend requirements, share earnings were $1.85 on 4.0% more shares, compared with $1.98.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.57	0.70	0.78	0.79
Jun.	0.41	0.43	0.47	0.58
Sep.	0.87	0.85	0.63	0.79
Dec.	E0.45	0.36	0.46	0.42
	E2.30	2.33	2.33	2.59



Important Developments

Dec. '89— Following the December 12 start-up of its Peach Bottom Unit 3, PE stated that all four of its nuclear units were in service and were expected to be at full power by early 1990. On October 5 the NRC released the company from the terms and conditions of the NRC's March, 1987 shutdown order with respect to the Peach Bottom units, permitting PE to run Unit 2 and Unit 3 at 100% capacity. Peach Bottom Unit 2 was restarted in April, 1989. Separately, in July, 1989 PE filed with the Pennsylvania PUC a rate request for the Limerick 2 nuclear plant. The company is seeking to recover plant expenditures through a $549.0 million rate increase phased in over a 10 year period. The final rate order is expected on April 20, 1990. Limerick 2, which is projected to reach full commercial operation by mid-January, 1990, completes PE's base load construction program for the foreseeable future.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.25	17.05	18.35	17.86	17.70	20.29	17.80	17.97	18.64
Earnings[1]	NA	2.33	2.33	2.59	2.56	2.70	2.40	2.39	2.25	2.00
Dividends	2.20	2.20	2.20	2.20	2.20	2.20	2.12	2.06	1.90	1.80
Payout Ratio	NA	94%	94%	85%	86%	81%	88%	86%	84%	90%
Prices—High	24½	21¼	26	24⅛	17⅝	16	18¼	17½	14⅜	17
Low	19⅛	16⅞	16¾	16⅞	13⅞	9	13½	13	11⅛	11⅜
P/E Ratio—	NA	9-7	11-7	9-7	7-5	6-3	8-6	7-5	6-5	9-6

Data as orig. reptd. 1. Bef. results of disc. opers. of +0.01 in 1986. E-Estimated

January 12, 1990
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	3,229	264	305	77.0%	2.21	221	22.4%	566	17.5	9.2	13.4
1987	3,181	252	307	77.5%	2.39	169	29.8%	541	17.0	9.4	13.5
1986	3,091	223	274	81.7%	2.43	178	24.8%	566	18.3	9.9	14.2
1985	3,014	185	265	86.2%	2.76	433	11.5%	525	17.4	8.3	14.4
1984	2,981	178	246	84.8%	2.83	355	20.9%	492	16.5	9.0	15.2
1983	2,596	165	223	84.8%	2.64	276	22.4%	389	15.0	8.4	13.5
1982	2,645	144	200	85.3%	---	213	28.2%	336	12.7	8.6	13.4
1981	2,433	130	157	86.7%	---	189	19.3%	278	11.4	8.3	12.3
1980	2,123	123	137	87.5%	---	148	16.4%	227	10.7	7.5	10.6
1979	1,579	121	117	84.4%	---	113	18.8%	194	12.3	7.1	9.8

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	12,732	937	10,336	7.4	11,044	5,435	54.3	991	9.9	3,593	35.8
1987	11,928	981	9,759	7.8	10,411	5,097	54.0	962	10.2	3,387	35.8
1986	11,498	772	9,483	6.1	9,743	4,287	49.1	947	10.9	3,494	40.0
1985	10,910	873	9,086	4.7	9,198	4,309	51.3	891	10.6	3,193	38.1
1984	10,186	1,064	8,460	5.6	8,240	3,778	49.9	899	11.9	2,891	38.2
1983	8,864	1,040	7,272	5.7	7,355	3,382	50.0	807	12.0	2,569	38.0
1982	7,906	884	6,456	6.4	6,534	3,029	50.9	685	11.2	2,254	37.9
1981	7,045	794	5,714	5.9	5,826	2,746	51.3	639	12.0	1,964	36.7
1980	6,416	586	5,180	5.4	5,140	2,372	49.9	647	13.6	1,734	36.5
1979	5,886	429	4,741	5.3	4,739	2,242	50.9	579	13.2	1,580	35.9

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. disc. opers. in 1987, 1986. 3. Based on inc. bef. interest charges. 4. As reptd. by co. prior to 1986.

Business Summary

Philadelphia Electric provides electric (88% of 1988 revenues) and gas (12%) service in southeastern Pennsylvania. Contributions to electric revenues in recent years:

Revenues	1988	1987	1986	1985
Residential	40%	39%	38%	37%
Small comm'l/ind'l	17%	17%	18%	15%
Large comm'l/ind'l	38%	39%	41%	42%
Other	5%	5%	5%	6%

Sources of generation in 1988 were nuclear 35%, coal 23%, oil 6%, and other including purchased power 36%. Peak demand in 1988 was 6,826 mw and system capability totaled 7,762 mw, for a capacity margin of 12%.

In February, 1986 PE's Limerick 1 nuclear unit entered operation. In 1988's first quarter PE wrote off some $463.3 million ($1.59 a share) of disallowed Limerick 1 costs, retroactive to 1986. PE completed construction of the Limerick 2 nuclear plant, which reached full power in November, 1989. The company agreed to a cost cap for the plant of $3.2 billion. The unit is under budget and scheduled for commercial operation in mid-January, 1990. PE has a 42.5% interest in and operates the Peach Bottom nuclear station which was restarted in late 1989, following its shutdown by the NRC in March, 1987. Auditors noted in their report on the company's 1988 financial statements legal actions related to the Peach Bottom outage.

Dividend Data

Dividends have been paid since 1902. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Jan. 23	Feb. 15	Feb. 22	Mar. 31'89
0.55	Apr. 24	May 18	May 24	Jun. 30'89
0.55	Jul. 26	Aug. 17	Aug. 23	Sep. 29'89
0.55	Oct. 23	Nov. 9	Nov. 15	Dec. 21'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $5,511,669,000.

Red. Cum. Preferred Stock: $351,044,000.

Cum. Preferred Stock: $622,472,000.

Common Stock: 209,657,023 shs. (no par).
Institutions hold about 23%.
Shareholders of record: 290,062.

Office—2301 Market St. (P.O. Box 8699), Philadelphia, Pa. 19101. **Tel**—(215) 841-4000. **Chrmn & Pres**—J. F. Paquette, Jr. **Secy**—L. S. Binder. **SVP-CFO**—R. G. Gilmore. **Investor Contact**—D. M. Schanzer. **Dirs**—S. W. Catherwood, W. T. Coleman, Jr., M. W. D'Alessio, W. S. Gaither, R. G. Gilmore, R. D. Harrison, J. C. Ladd, E. J. Levit, J. J. McLaughlin, J. F. Paquette, Jr., R. J. Roberts, R. Rubin. **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Company's office, Phila. **Registrars**—Morgan Shareholder Services Trust Co., NYC; Mellon Bank (East), Philadelphia. **Incorporated** in Pennsylvania in 1929. **Empl**—11,409.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Philip Morris

NYSE Symbol MO Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
41⅜	45¾-25	16	1.375	3.3%	A+	1.10

Summary

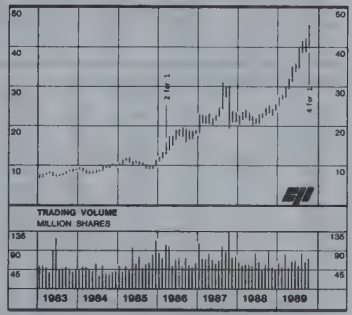
Philip Morris is the largest cigarette company in the U.S., the second largest brewer with Miller Brewing Co., and through the acquisition of General Foods (1985) and Kraft (1988) is also a major producer of branded food products. Earnings for 1990 are expected to remain in a good uptrend, reflecting continued margin expansion on cigarettes and growing contributions from consolidation of General Foods and Kraft. The stock was split 4-for-1 in October, 1989, and the dividend was raised 22%.

Current Outlook

Earnings for 1990 may rise to $3.60 a share from the $3.00 estimated for 1989, after giving effect to the 4-for-1 split.

The dividend was raised 22%, to $0.34¾ quarterly from $0.28½ (both adjusted), with the October, 1989 payment.

Tobacco profits for 1990 should continue to benefit from acceleration of cigarette prices in the U.S., and rising volume and market share. Comparisons on international tobacco sales may be less robust, but good growth should continue. Miller Brewing operations may be limited by pricing pressures, but continued cost cutting in the food business, along with higher volume from new products and debt reductions should keep profits in a strong uptrend.



Sales[1] (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	10.77	7.42	6.55
Jun.	---	11.60	7.94	7.11
Sep.	---	11.25	7.74	6.97
Dec.	---	---	8.64	7.06
	---	---	31.74	27.70

Revenues for the nine months ended September 30, 1989 rose 45%, year to year, due largely to the Kraft acquisition. Operating income advanced 43%, but sharply higher interest expense held the gain in pretax income to 16%. After taxes at 41.8%, versus 44.2%, net income was up 22%, to $2.25 a share from $1.84 (adjusted), which excludes a $0.29 special credit.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.76	0.64	0.52	0.41
Jun.	E0.94	0.81	0.65	0.50
Sep.	E1.00	0.81	0.67	0.53
Dec.	E0.90	E0.74	0.37	0.51
	E3.60	E3.00	2.22	1.94

Important Developments

Oct. '89— MO said that U.S., international and export cigarette volumes increased 8.5% in the 1989 third quarter and 7.6% for the nine months. Market share also improved in these periods, as did volume for Miller Brewing Co. In the food businesses, strong volume gains were seen for Oscar Mayer Foods, which includes Louis Rich turkey products.

Dec. '88— MO acquired Kraft, Inc. (KRA) via a tender offer of $106 a share, or approximately $12.9 billion in cash. KRA had revenues estimated at approximately $11 billion in 1988. The company expected the acquisition to dilute earnings due to goodwill amortization and acquisition financing costs until 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[2]1985	1984	[3]1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	d8.00	2.93	1.75	0.59	3.65	3.48	3.03	2.67	2.22	1.83
Earnings[4]	2.22	1.94	1.55	1.31	0.91	0.90	0.78	0.68	0.58	0.51
Dividends	1.01¼	0.78¾	0.61⅞	0.50	0.42½	0.36¼	0.30	0.25	0.20	0.15⅝
Payout Ratio	45%	41%	40%	38%	46%	40%	39%	37%	35%	31%
Prices—High	25½	31⅛	19½	11⅞	10⅝	9⅛	8½	6⅞	6⅛	4⅞
Low	20⅛	18⅜	11	9	7¾	6⅝	5½	5¼	3⅝	3⅞
P/E Ratio—	12-9	16-9	13-7	9-7	11-9	10-8	11-7	10-8	10-6	9-8

Data as orig. reptd. Adj. for stk. div(s). of 300% Oct. 1989, 100% Apr. 1986, 100% Jun. 1979. 1. Reflects merger or acquisition and accounting change. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. spec. item(s) of +0.29 in 1988. E-Estimated. d-Deficit

November 6, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	25,860	5,134	19.9	1,024	737	739	3,727	44.6%	2,064	8.0
1987	22,279	4,806	21.6	718	668	[4]727	3,348	45.0%	1,842	8.3
1986	20,681	4,118	19.9	1,186	620	[4]779	2,811	47.4%	[5]1,478	7.1
[6]1985	12,149	3,109	25.6	347	395	348	2,329	46.1%	1,255	10.3
1984	10,138	2,506	24.7	298	352	313	1,607	44.7%	889	8.8
[5]1983	9,466	2,040	21.6	586	306	363	1,585	43.0%	904	9.5
1982	9,102	1,790	19.7	957	265	430	1,302	40.0%	[6]782	8.6
1981	8,307	1,491	18.0	1,049	226	369	1,102	38.6%	676	8.1
[6]1980	7,328	1,378	18.8	780	193	272	970	40.5%	577	7.9
1979	6,144	1,249	20.3	641	147	229	905	43.9%	508	8.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	168	NA	NA	NA	36,960	7.4%	17,122	7,879	26,520	64.6	28.8%
1987	189	6,572	5,176	1.3	19,145	10.0%	5,222	6,823	13,333	39.2	29.6%
1986	73	5,914	4,482	1.3	17,642	8.4%	5,945	5,655	12,594	47.2	28.5%
1985	156	5,893	3,987	1.5	17,429	9.4%	7,331	4,737	12,940	56.7	28.6%
1984	94	3,640	2,352	1.5	9,339	9.5%	2,060	4,093	6,936	29.7	22.2%
1983	30	3,453	2,336	1.5	9,667	9.4%	2,515	4,034	7,286	34.5	23.6%
1982	54	3,850	1,614	2.4	9,692	8.2%	3,749	3,663	8,036	46.7	22.4%
1981	46	4,009	1,956	2.0	9,245	8.1%	3,499	3,305	7,253	48.2	21.9%
1980	31	3,410	1,561	2.2	7,366	8.4%	2,598	2,853	5,768	45.0	21.6%
1979	59	3,028	1,195	2.5	6,379	8.5%	2,448	2,471	5,152	47.5	22.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. prior to 1988. 2. Bef. spec. item(s) in 1988. 3. Reflects merger or acquisition and accounting change. 4. Net of interest income. 5. Reflects accounting change. 6. Reflects merger or acquisition. NA-Not Available.

Business Summary

Philip Morris is the largest cigarette company in the U.S., and is a major food and beer producers. Contributions in 1988 were:

	Revs.	Oper. Profits
Tobacco	52%	76%
Food	36%	17%
Brewing	10%	4%
Financial and real estate	2%	3%

International operations accounted for 34% of sales and 10% of operating profits in 1988.

Philip Morris U.S.A., with 39% of the U.S. cigarette market, accounted for 27% of tobacco sales and 61% of tobacco profits in 1988. Major brands include Marlboro, Benson & Hedges, Merit, Virginia Slims and Cambridge. MO is a defendant in a number of product-liability suits related to cigarettes. Philip Morris International markets cigarettes in more than 107 countries abroad.

Miller Brewing (No. 2 U.S. brewer) holds 21% of the domestic beer market. Brands include High Life, Lite, Lowenbrau, Meister Brau, Milwaukee's Best, Genuine Draft and Matilda Bay wine cooler.

General Foods (acquired 1985) makes Post cereals, Entenmann and Hostess sweet baked goods, Jell-O desserts, Bird's Eye frozen foods, Maxwell House coffee and Oscar Mayer and Louis Rich processed meats. Kraft, Inc. (acquired 1988 for $12.9 billion) food products include Kraft and Velveeta cheese, Parkay and Chiffon margarines, Kraft mayonnaise and Miracle Whip and Sealtest, Light'n Lively, Meadow-Gold, Frusen-Gladje and Breyers dairy products. Finance units include Mission Viejo Realty.

Dividend Data

Dividends have been paid since 1928. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.12½	Nov. 30	Dec. 9	Dec. 15	Jan. 10'89
1.12½	Feb. 22	Mar. 9	Mar. 15	Apr. 10'89
1.12½	May 31	Jun. 9	Jun. 15	Jul. 10'89
1.37½	Aug. 30	Sep. 11	Sep. 15	Oct. 10'89
4-for-1	Aug. 30	Oct. 11	Sep. 15	Oct. 10'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $17,151,000,000.

Common Stock: 927,025,864 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 43,623.

Office—120 Park Ave., NYC 10017. **Tel**—(212) 880-5000. **Chrmn & CEO**—H. Maxwell. **Pres**—J. A. Murphy. **VP-Secy**—D. Fried. **VP-Treas**—G. R. Lewis. **Investor Contact**—H. Millington. **Dirs**—A. Brittain III, H. Brown, H. L. Clark, J. A. Cordido-Freytes, W. H. Donaldson, P. W. Douglas, J. Evans, J. L. Ferguson, R. E. R. Huntley, H Maxwell, E. J. McCormack, T. J. Moore, Jr., J. A. Murphy, W Murray, J. S Reed, J. M. Richman, H. G. Storr, W. P. Tavoulareas, M. B. Young. **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; United Virginia Bank, Richmond, Va. **Incorporated** in Virginia in 1919. **Empl**—155,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Philips Industries

NYSE Symbol PHL Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
24½	25¼-18⅛	15	2---	2---	A	1.37

Summary

On September 25, 1989 the PHL board of directors approved an agreement for a management-led leveraged buyout. Under the agreement, Philips would merge with MLPI Holdings Inc., a unit of Merrill Lynch Capital Partners Inc. Shareholders would receive $25.50 a share in cash. The buyout is subject to approval by shareholders and the receipt of sufficient financing. Chairman Jesse Philips has announced his intention to vote his shares (about 6.6% of total common stock) in favor of the transaction.

Current Outlook

Earnings for the fiscal year ending March 31, 1990 (for the company as now constituted) are estimated at $1.85 a share, compared with the $1.61 of fiscal 1988-9.

The quarterly dividend was raised 15%, to $0.15 from $0.13, effective with the August, 1989 payment.

Sales for fiscal 1989-90 are expected to show good gains, based on acquisitions and further penetration of selected markets. Margins will be hurt by rapidly rising raw materials costs.

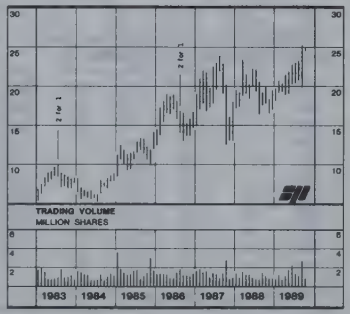
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	255.9	225.3	173.3	152.9
Sep.	---	245.1	186.8	146.9
Dec.	---	225.8	159.8	141.0
Mar.	---	245.5	172.6	152.2
	---	941.7	692.5	593.0

Sales for the three months ended June 30, 1989 rose 14%, year to year, reflecting gains in the transportation, air distribution and industrial component segments. Margins narrowed, and the gain in pretax earnings was held to 4.2%. After taxes at 37.8%, versus 37.5%, net income was up 3.8%. Share earnings were $0.54, compared with $0.52.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.54	0.52	0.50	0.37
Sep.	E0.55	0.48	0.45	0.34
Dec.	E0.40	0.32	0.29	0.19
Mar.	E0.36	0.29	0.28	0.27
	E1.85	1.61	1.52	1.17



Acquisition Agreement

Sep. '89— The company announced on September 25 that its board of directors had approved a management-led buyout agreement for $25.50 a share in cash. If the proposal is approved by a majority of shareholders, Philips would merge with MLPI Holdings Inc., a unit of Merrill Lynch Capital Partners Inc., in a $750 million transaction. Jesse Philips, founder and chairman of the company, said that he strongly supported the transaction and that he intended to vote his shares (approximately 6.6% of total common shares outstanding) in favor of the merger. The transaction was subject to, among other things, the receipt of sufficient financing.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	6.82	6.80	5.87	5.68	4.44	3.73	3.19	2.91	2.63	2.37
Earnings	1.61	1.52	1.17	1.08	0.93	0.72	0.47	0.40	0.33	0.32
Dividends	0.50	0.42	0.34½	0.28½	0.23	0.16½	0.13	0.11	0.09	0.07½
Payout Ratio	30%	28%	29%	27%	23%	22%	26%	25%	25%	21%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	23⅜	23⅞	19	14¼	8⅞	10	7½	4⅜	2½	1¾
Low	16⅜	12½	12⅜	8½	5¼	5⅜	2⅞	1⅞	1	1⅛
P/E Ratio—	15-10	16-8	16-11	13-8	10-6	14-7	16-6	11-4	7-3	5-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1988, 100% Aug. 1983. 1. Reflects merger or acquisition. 2. See Acquisition Agreement. E-Estimated

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	942	103.1	10.9	24.4	22.3	9.88	74.0	37.4%	46.3	4.9
1988	693	90.2	13.0	22.1	18.1	3.76	72.1	40.0%	243.3	6.2
1987	593	79.1	13.3	20.6	15.8	4.03	63.8	48.2%	33.0	5.6
1986	538	67.9	12.6	23.1	12.0	4.30	54.6	45.5%	29.8	5.5
1985	462	57.0	12.3	18.9	10.7	3.84	44.5	46.2%	24.0	5.2
1984	402	45.1	11.2	13.7	9.7	3.88	33.3	45.0%	18.3	4.6
1983	296	31.0	10.5	15.0	8.0	3.37	21.3	44.7%	11.8	4.0
1982	251	22.8	9.1	10.8	5.1	1.87	18.5	46.0%	10.0	4.0
1981	229	20.4	8.9	4.9	4.8	2.10	14.6	45.2%	8.0	3.5
1980	259	19.2	7.4	9.4	4.4	2.56	12.3	37.4%	7.7	3.0

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	1.6	247	122	2.0	476	11.1%	84.7	248	343	24.7	20.0%
1988	17.1	182	80.8	2.3	353	12.8%	35.7	213	258	13.8	21.9%
1987	4.6	160	75.7	2.1	316	11.0%	40.4	178	228	17.7	19.7%
1986	18.1	155	64.4	2.4	281	11.3%	46.1	152	205	22.5	21.8%
1985	13.3	126	60.8	2.1	221	11.4%	40.1	107	153	26.2	24.0%
1984	6.5	115	62.8	1.8	195	9.9%	33.3	88	127	26.2	22.0%
1983	7.5	93	48.5	1.9	167	7.5%	37.5	72	115	32.5	16.4%
1982	5.8	80	43.3	1.8	141	7.7%	27.4	61	95	29.0	15.9%
1981	11.2	72	29.2	2.5	112	7.1%	21.2	53	80	26.6	14.4%
1980	1.7	71	35.4	2.0	112	6.9%	22.0	47	74	29.7	15.6%

Data as orig. reptd. 1. Reflects merger or acquisition 2. Reflects accounting change.

Business Summary

Philips Industries manufactures components for the construction industry, including both manufactured and on-site residential housing, and industrial and commercial buildings. It also produces components for recreational vehicles, and air handling and treatment equipment. Business segment contributions in fiscal 1988-9:

	Sales	Profits
Air distribution products	24%	29%
Shelter products	17%	14%
Molded plastic products	17%	26%
Transportation products	20%	16%
Industrial components	22%	15%

Air distribution products include centrifugal blowers and components, which are sold to manufacturers of furnaces, air conditioners and heaters.

PHL's shelter products division is a leading manufacturer of aluminum windows, doors and vents for the manufactured housing and recreational vehicle markets.

PHL manufactures three types of molded plastic products: fiberglass/acrylic bath fixtures, including bathtubs and showers; fiberglass panels used in garage doors, skylights, patio covers and room dividers; and plastic pipe fittings.

Transportation products consist of axles and wheels for the general utility, manufactured housing and recreational vehicle markets.

Dividend Data

Dividends have been paid in each year since being resumed in 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.13	Oct. 27	Nov. 3	Nov. 9	Nov. 23'88
0.13	Jan. 25	Feb. 2	Feb. 8	Feb. 24'89
0.13	Apr. 26	May 4	May 10	May 26'89
0.15	Jul. 26	Aug. 3	Aug. 9	Aug. 25'89

Next dividend meeting: Oct. 25'89.

Capitalization

Long Term Debt: $82,296,000.

$3 Cum. Conv. Pfd. Stock: 5,032 shs. (no par); ea. sh. conv. into 8 com. shs.

$1 Cum. Conv. Special Preferred Stock: 80,182 shs. (no par); ea. sh. conv. into 4.92 com. shs.

Common Stock: 28,045,547 shs. (no par).
Officers and directors control some 12%, incl. some 6% held by J. Philips.
Institutions hold about 69%.
Shareholders of record: 4,074.

Office—4801 Springfield St., Dayton, Ohio 45401 Tel—(513) 253-7171 Chrmn—J. Philips. V. Chrmn & CEO—R. H. Brethen. Pres—J. W. Deering Secy—E. L. Ryan, Jr. Treas—T. C. Haas. VP-Investor Contact—W. Roberts Dirs—D. C. Boone, Jr., R. H. Brethen, T. L. Crystle, J. W. Deering, R. E. Frazer, W. J. McCanna, C. S. Mechem, Jr., D. Mossey, J. Philips, B. R. Roberts, F. Smith, R. L. Terrell. Transfer Agent & Registrar—Bank One, Indianapolis. Incorporated—in Ohio in 1957 Empl—10,385

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

Philips N.V.

NYSE Symbol PHG Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
22¾	23⅝-16⅜	20	[1]0.82	[1]3.6%	NR	0.90

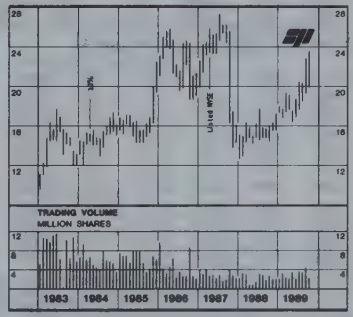
Summary

This Netherlands company is a world leader in the electrical and electronics field. The broad line of products ranges from light bulbs, TV sets and domestic appliances to medical, telecommunication and defense systems. In Janurary, 1989 PHG completed the sale of a 53% interest in a joint venture consisting of its Major Domestic Appliance division to Whirlpool Corp. for Dfl 1 billion. Earnings for the first half of 1989 were aided by strength in the Consumer Products and Lighting sectors, which outweighed weakness in Professional Products and Systems and the Components segment.

Business Summary

Philips N.V. is the holding company for Philips Industries, itself the holding company for various subsidiaries and affiliates in more than 60 countries, comprising one of the world's largest manufacturers of electronic and electrical products. Sales, profit and asset distributions in 1988:

	Sales	Profits	Assets
Netherlands	6%	11%	24%
Other Europe	55%	47%	44%
U.S. & Canada	22%	1%	16%
Other countries	17%	41%	16%



•Lighting (12% of sales in 1988; 32% of profits). Products include general lighting service lamps, gas discharge and special lamps, fixtures, special projects and batteries.

•Consumer electronics (33%; 11%). Major products include audio and video receivers, monitors, recorders and playback equipment, camera recorders, home office equipment, audio and video cassettes, hearing aids and sound carriers, including CDs.

•Domestic appliances (12%; 23%). Major domestic appliances include refrigerators, freezers, washing machines, dryers, dishwashers, cookers, and microwave ovens. Other products include vacuum cleaners and kitchen appliances, and shavers and other personal care products.

•Professional products and systems (27%; 15%). Products include X-Ray, ultrasound and magnetic resonance systems, electronic test and measuring equipment, analytical instruments including electron microscopes and spectrometers, mobile radio and business communication and computer systems, and radar and other defense systems.

•Components (14%; 14%). Include picture tubes, integrated circuits, discrete semiconductors, resistors, capacitors, and magnetic and ceramic materials.

•Miscellaneous (2%; 5%). Includes packaging, garage door openers and toothbrushes.

Important Developments

Aug. '89— Management said that PHG's results for the first half of 1989 were in line with forecasts for the year as a whole. In February PHG announced that it expected to record sales of Dfl 54 billion in 1989, an increase of some 6% over 1988, and achieve a substantial improvement in net income.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[2]1979
Tangible Bk. Val.	31.69	34.32	31.35	25.87	22.43	21.37	23.92	25.61	31.84	32.18
Earnings[3]	1.03	1.86	1.91	1.65	1.49	1.03	0.83	0.65	1.25	1.73
Dividends[4]	0.81⅞	0.90	0.80⅛	0.65⅝	0.50	0.45¾	0.51⅛	0.55⅝	0.57½	0.70¾
Payout Ratio	79%	48%	42%	40%	34%	44%	62%	86%	46%	41%
Prices—High	17¾	27⅜	25⅞	22½	17⅜	17⅝	9⅝	8½	9¾	11¾
Low	12⅝	13¾	18½	14¼	12	9½	7¼	6¼	6⅛	9⅜
P/E Ratio—	17-12	15-7	14-10	14-9	12-8	17-9	12-9	13-10	8-5	7-5

Data as orig. reptd.; translated at period-end exchange rates; adj. for stk. div of 10% Apr. 1984 **1.** Paid in past 12 mos (approx.), net aft 15% Netherlands tax to U.S residents (see Dividend Data) **2.** Reflects accounting change **3.** Based on acctg policies in effect in The Netherlands; bef. spec. items of +1.02 in 1988, +0.02 in 1987, +0.11 in 1986, -0.10 in 1985, +0.07 in 1981, -0.45 in 1980. **4.** Incl. divd. decl. aft. yr-end

October 27, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	28,011	2,663	9.5	1,989	1,680	1,047	466	33.9%	265	0.9
1987	29,831	2,865	9.6	2,525	1,813	1,041	599	19.7%	458	1.5
1986	25,334	2,559	10.1	2,101	1,439	814	903	42.1%	441	1.7
1985	21,802	2,257	10.4	1,603	1,269	833	658	39.4%	356	1.8
[3]1984	15,167	1,614	10.6	1,119	775	600	572	36.2%	314	2.1
1983	15,102	1,541	10.2	809	691	602	469	45.0%	212	1.4
1982	16,380	1,478	9.0	873	733	715	350	40.9%	165	1.0
1981	17,274	1,534	8.9	1,046	698	786	259	28.6%	131	0.8
1980	16,993	1,489	8.8	1,132	755	550	364	20.3%	236	1.4
[3]1979	17,477	1,743	10.0	1,053	769	481	576	31.8%	325	1.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	712	14,168	9,633	1.5	26,398	1.0%	4,969	8,262	14,356	34.6	3.1%
1987	1,020	15,069	10,522	1.4	28,260	1.7%	4,894	8,779	14,974	32.7	5.5%
1986	590	12,578	8,494	1.5	23,305	2.1%	4,065	7,299	12,505	32.5	6.6%
1985	630	11,173	7,151	1.6	19,202	2.0%	3,299	5,864	10,045	32.8	6.5%
1984	449	9,011	5,576	1.6	15,373	2.0%	2,682	4,783	8,220	32.6	6.7%
1983	552	9,243	5,756	1.6	15,617	1.3%	2,434	4,498	8,269	29.4	4.4%
1982	542	9,479	6,000	1.6	16,495	1.0%	2,417	4,789	8,608	28.1	3.3%
1981	526	10,080	6,190	1.6	17,404	0.7%	2,645	5,128	9,134	29.0	2.3%
1980	625	11,017	6,606	1.7	18,440	1.3%	2,754	6,044	9,458	29.1	3.9%
1979	690	11,261	6,373	1.8	18,482	1.9%	2,798	6,126	9,548	29.3	5.6%

Data as orig. reptd.; translated at period-end exchange rates. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. spec. item(s) in 1988, 1987, 1986, 1985, 1981, 1980. **3.** Reflects acctg. change.

Net Sales (Billion $)

Period:	1989	1988	1987	1986
3 Mos. Mar.	5.92	6.68	5.77	---
6 Mos. Jun.	11.92	12.45	---	---
9 Mos. Sep.		18.42	17.71	---
12 Mos. Dec.		28.01	29.83	25.33

Sales (in Dutch guilders) for the six months ended June 30, 1989 rose 2.9%, year to year, as increases in all product sectors outweighed deconsolidation of the major domestic appliance business. Despite strength in the Lighting and Consumer Products segments, margins were restricted by a less favorable product mix and price competition in the Professional Products and Systems sector, and high development costs in the Components sector. Following lower finance charges, pretax income was off 0.7%. After taxes at 39.9% versus 35.0%, and higher equity earnings, net income rose 24%. Share earnings were $0.74 (before a $0.07 extraordinary credit), versus $0.60, both translated at the June 30, 1989 exchange rate of Dfl 1 = $0.455.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
3 Mos. Mar.	0.40	0.46	0.43	---
6 Mos. Jun.	0.74	0.64	---	---
9 Mos. Sep.		0.92	1.08	---
12 Mos. Dec.		1.03	1.86	1.91

Dividend Data

Dividends have been reported in every year since 1946. The company generally pays an interim dividend from each year's earnings in January of the following year and a final dividend in May.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25859*	---	Dec. 12	Dec. 16	Jan. 13'89
0.55993†	Apr. 12	Apr. 13	Apr. 19	May 5'89

*Net aft. 15% Netherlands tax.
†Net aft. 15% Netherlands tax; in stock or cash.

Finances

In January, 1989 the company announced that it had completed its joint venture transaction with Whirlpool Corp., under which Whirlpool acquired, for Dfl 1 billion, a 53% interest in a joint venture formed by the two companies to develop, manufacture, market, sell and service major appliances under the Philips' brand names. The venture consists of PHG's Major Domestic Appliance division, which has annual sales of about $2 billion.

Capitalization

Long Term Debt: $4,969,000,000. (12/31/88).

4% Priority Stock: 10 shs. (Fl 5,000 par).

Common Stock: 255,910,416 shs (Fl 10 par). Each N.Y. share represents one common share.

Office—Groenewoudseweg 1, 5621 BA Eindhoven, The Netherlands. Tel—(314) 073-2312. Operating Company: Chrmn—W Dekker Pres—C van der Klugt. Secy—N. Rodenburg. Board of Management—S. van Houten, K. Hubee, G. Jeelof, C. J. van der Klugt, G. Lorenz, F. F Otten. Depositary for ADRs—Bankers Trust Co., NYC Registered in the Netherlands in 1920. Empl—306,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Peter C. Wood

Phillips Petroleum

NYSE Symbol P Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
22⅝	30⅛–19⅛	9	1.00	4.4%	B+	1.02

Summary

Phillips Petroleum is an integrated petroleum and chemical company. On October 23, 1989 the company's polyethylene facilities at its Houston Chemical Complex were destroyed by an explosion and fire. P expects to have about 40% of its polyethylene capacity back on line by year-end 1990. Property insurance is expected to exceed the book value of the destroyed facilities while business interruption insurance will enable P to maintain chemical earnings. Casualty insurance coverage has not been disclosed. Over the longer term, P is well positioned to expand its petroleum and chemical businesses.

Current Outlook

Share earnings for 1990 are projected at $2.55, before a possible nonrecurring gain from the insurance settlement related to the Houston Chemical Complex. Share earnings for 1989 are estimated at $2.35.

Dividends should continue at $0.25 quarterly.

Revenues for 1990 are expected to strengthen due to increased gas volumes. Profits will be enhanced by improved marketing margins. Property insurance for the Houston complex is at market while the facilities were valued at book, which is projected to result in a nonrecurring gain.

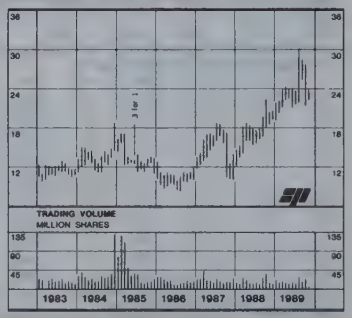
Operating Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.05	2.86	2.49	3.07
Jun.	3.26	2.84	2.61	2.30
Sep.	3.03	2.79	2.76	2.12
Dec.		2.81	2.86	2.30
		11.30	10.72	9.79

Revenues for the nine months ended September 30, 1989 rose 10%, year to year, reflecting higher crude oil prices and increased natural gas volumes. As a result of softening margins, pretax income was down 1.1%. After taxes at 43.6%, versus 39.3%, net income dropped 8.0%. Earnings were equal to $1.95 a share on 4.9% more shares, compared with $2.17.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.78	0.55	d0.16	0.39
Jun.	0.81	0.72	d0.01	0.01
Sep.	0.36	0.89	0.11	0.47
Dec.	E0.40	0.55	0.12	0.05
	E2.35	2.72	0.06	0.91



Important Developments

Nov. '89— The company announced that it expects to be producing about 600 million pounds of polyethylene a year at its Houston Chemical Complex by year-end 1990. The announcement came two weeks after the polyethylene facilities at the complex were destroyed by an explosion and fire on October 23, 1989. Total capacity of the destroyed facilities was about 1.6 billion pounds a year. The company said that studies were well under way to determine how it could restore its U. S. polyethylene capacity to at least the former level. Production of K-resin, neohexene and polypropylene have been resumed at the Houston complex. Combined coverage of property and business interruption insurance is $1.3 billion which excludes a $70 million deductible. Casualty insurance coverage has not been disclosed.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	[2]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.69	7.05	7.49	7.16	14.28	13.38	12.57	12.01	10.81	9.19
Earnings[3]	2.72	0.06	0.91	2.07	1.75	1.57	1.41	1.93	2.34	1.92
Dividends	0.66	0.60	0.70	0.95	0.78⅜	0.73⅜	0.73⅜	0.73⅜	0.60	0.45
Payout Ratio	25%	NM	77%	37%	45%	47%	52%	38%	26%	23%
Prices—High	22⅜	18¾	12¾	17⅛	18¾	12⅞	13⅝	19⅞	20⅞	16⅞
Low	12⅛	10	8¼	11	11⅛	9⅞	7⅞	11⅜	12½	9⅞
P/E Ratio—	8-4	NM	14-9	8-5	11-6	8-6	10-6	10-6	9-5	9-5

Data as orig. reptd. Adj. for stk. div(s) of 200% Jun. 1985. **1.** Reflects acctg. change. **2.** Reflects merger or acquisition. **3.** Bef. results of disc. opers. of -0.02 in 1986, -0.63 in 1985. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	11,304	2,646	23.4	797	1,029	720	1,115	41.7%	650	5.8
[3]1987	10,721	1,844	17.2	750	1,002	788	266	86.8%	35	0.3
1986	9,786	2,012	20.6	655	1,237	741	692	66.2%	234	2.4
[4]1985	15,636	3,760	24.0	924	1,305	897	1,953	69.5%	[3]596	3.8
[5]1984	15,537	3,182	20.5	3,515	1,022	360	2,065	60.8%	810	5.2
1983	15,249	3,237	21.2	2,206	875	311	2,277	68.3%	721	4.7
1982	15,698	2,810	17.9	2,132	678	336	2,100	69.2%	[3]646	4.1
1981	15,966	3,085	19.3	2,664	534	262	2,671	67.1%	879	5.5
1980	13,377	3,538	26.5	1,666	529	[6]106	3,240	67.0%	1,070	8.0
1979	9,503	2,589	27.2	1,454	598	97	2,136	58.3%	[3]891	9.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,079	3,062	2,468	1.2	11,968	5.2%	4,761	2,113	8,748	54.4	33.4%
1987	1,006	2,885	2,402	1.2	12,111	0.3%	5,419	1,610	8,980	60.3	0.8%
1986	1,141	2,800	2,231	1.3	12,399	1.8%	5,757	1,710	9,460	60.9	12.4%
1985	676	3,144	3,110	1.0	14,045	5.3%	6,547	1,626	10,181	64.3	23.9%
1984	1,894	4,611	5,352	0.9	16,965	5.4%	2,840	6,624	10,934	26.0	12.6%
1983	906	2,903	2,881	1.0	13,094	5.7%	2,242	6,149	9,636	23.3	12.1%
1982	793	2,909	2,712	1.1	12,097	5.5%	1,955	5,773	8,603	22.7	11.4%
1981	895	3,048	3,237	0.9	11,264	8.3%	1,100	5,481	7,318	15.0	16.9%
1980	1,471	3,694	3,105	1.2	9,844	11.7%	773	4,937	6,214	12.4	23.4%
1979	1,300	3,386	2,678	1.3	8,519	11.5%	745	4,257	5,477	13.6	22.6%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1986, 1985. **3.** Reflects accounting change. **4.** Excludes discontinued operations. **5.** Reflects merger or acquisition. **6.** Net of interest income

Business Summary

Phillips is engaged in petroleum exploration and production on a worldwide basis, and petroleum refining and marketing in the U.S. It is the largest producer of natural gas liquids (NGLs) in the U.S. and a major producer of chemicals.

Operating Profits (Million $)	1988	1987
Expl. & prod.	$526	$381
Ref., mkt. & trans.	471	201
Gas & gas liquids	15	39
Worldwide chemicals	911	482
Other	46	12

In 1988 crude oil production averaged 222,000 barrels a day (218,000 in 1987), natural gas production 1.2 billion cubic feet a day (1.1), natural gas liquids 186,000 b/d (182,000), crude oil refined (U.S.) 301,000 b/d (302,000), and petroleum products sold 585,000 b/d (555,000).

Net proved reserves at 1988 year-end stood at 775 million barrels of crude oil (744), 169 million barrels of natural gas liquids (165), and 5,509 (5,285) billion cubic feet of natural gas.

Since 1985, when the company sharply increased its leverage in order to ward off takeover efforts, P has been paring down its debt and P anticipates further debt reductions. In October, 1989 P reported it was reducing its 1990 capital spending budget to roughly equal the $1-$1.1 billion to be spent in 1989. The company also stated that it was interested in acquiring new reserves and that it was looking at Texas Oil and Gas Corp. a subsidiary of USX Corp.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Jan. 9	Jan. 25	Jan. 31	Mar. 1'89
0.22	Apr. 25	May 1	May 5	Jun. 1'89
0.25	Jul. 10	Jul. 25	Jul. 31	Sep. 1'89
*0.08333	Jul. 19	Jul. 25	Jul. 31	Aug. 7'89
0.25	Oct. 9	Oct. 25	Oct. 31	Dec. 1'89

*Redemption of stk. purchase right.

Capitalization

Long Term Debt: $4,040,000,000.

Common Stock: 243,842,363 shs. ($1.25 par). Institutions hold about 39%.
Shareholders of record: 96,922.

Office—Phillips Bldg., Bartlesville, Okla. 74004. Tel—(918) 661-6600. **Chrmn & CEO**—C. J. Silas. **Pres**—G. A. Cox. **Secy**—G. C. Meese. **VP-Treas**—J. J. Mulva. **Investor Contact**—Edd Grigsby, 630 Fifth Ave., NYC 10111 (212) 397-9760. **Dirs**—N. R. Augustine, G. B. Beitzel, G. A. Cox, J. B. Edwards, R. F. Froehlke, E. D. Kenna, M. R. Lard, L. M. Rickards, C. J. Silas, B. M. Thompson, W. C. Wescoe, D. D. Wharton, F. M. Wheat. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Montreal Trust Co., Toronto, Canada. **Incorporated** in Delaware in 1917. **Empl**—21,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Pinnacle West Capital

NYSE Symbol PNW

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
5¼	16⅜–5	NM	¹---	¹---	B	0.51

Summary

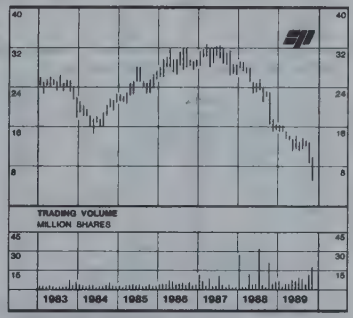
On December 1, 1989 PacifiCorp (PPW) offered to acquire this Arizona-based utility holding company through an exchange of 0.18 PPW common share for each PNW common share outstanding, subject to the prior sale of PNW's troubled MeraBank unit. In November, 1989 the Office of Thrift Supervision ordered PNW to increase MeraBank's tangible capital to 3% of total assets. PNW said at that time that it would consider bankruptcy proceedings if talks concerning MeraBank were unsuccessful.

Current Outlook

Share earnings for 1990 are projected at $0.20, before possible substantial nonrecurring charges related to PNW's MeraBank unit. The estimated loss per share for 1989 is $1.83, as MeraBank is expected to post significant losses in the fourth quarter.

The common dividend was omitted in October, 1989 owing to uncertainties with MeraBank and earnings difficulties with other subsidiaries.

Earnings for 1990 will be restricted by ongoing problems at Palo Verde, and poor economic conditions in Arizona. Also, PNW will likely incur substantial charges related to MeraBank.



Utility Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	332	313	290	275
Jun.	360	337	327	295
Sep.	459	469	393	392
Dec.	---	323	304	288
	---	1,442	1,313	1,250

Utility revenues for the nine months ended September 30, 1989 rose 2.8%, year to year. Following lower deferred items and increased interest charges, utility income was down 18%. After a 45% increase in interest expense at MeraBank and sustantially higher provision for loan and real estate losses, net income fell 89%. Share earnings were $0.17, versus $1.50.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.24	0.35	0.71	0.65
Jun.	d0.13	0.50	0.78	0.57
Sep.	0.06	0.65	1.06	1.19
Dec.	Ed2.00	d1.45	0.67	0.63
	Ed1.83	0.05	3.21	3.04

Important Developments

Dec. '89— On December 1 PacifiCorp (PPW) revised its attempt to acquire PNW's Arizona Public Service Co. (APS) unit by offering to acquire PNW itself through an exchange of 0.18 PPW comon share (valued at about $8.00) for each PNW common share outstanding; PPW would either exchange comparable preferred stock or pay cash for outstanding APS preferred. The new offer, which followed an earlier proposal by PPW to acquire APS for $1.7 billion cash, required that PNW's troubled MeraBank unit be sold prior to closing after having received a capital infusion of $510 million from PNW, and that PNW's other assets (excluding APS) have a net value of $300 million. On November 10 the Office of Thrift Supervision (OTS) imposed an updated minimum capital requirement on PNW's MeraBank unit, requiring the thrift to increase its tangible capital to 3% of total assets, effective immediately.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	19.07	25.98	25.19	25.10	23.96	23.53	22.72	21.94	21.79	22.59
Earnings²	0.05	3.21	3.04	3.88	3.65	3.46	3.30	3.26	2.75	2.90
Dividends	2.80	2.78	2.72	2.69	2.60	2.56	2.40	2.20	2.06	1.94
Payout Ratio	NM	87%	89%	69%	71%	74%	73%	67%	75%	67%
Prices—High	29¼	32¾	32	28⅛	22¼	26½	25⅛	19⅝	19⅝	21¾
Low	15	26⅜	26	20⅝	14½	17¾	18	15⅛	14⅝	16⅞
P/E Ratio—	NM	10–8	11–9	7–5	6–4	8–5	8–5	6–5	7–5	7–6

Data as orig. reptd. 1. Dirs. omitted divd. Oct. 18, 1989. 2. Bef. results of disc. opers. of -0.39 in 1984; bef spec. item(s) of +0.19 in 1987. NM-Not Meaningful d-Deficit. E-Estimated

December 8, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	¹Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	²Net Inc.	% Return On Revs.	% Return On ³Invest. Capital	% Return On Com. Equity
1988	⁴1,442	⁴194	⁴108	⁴72.1%	NA	⁴22	⁵57.3%	⁵38	⁴18.8	NA	⁵0.2
1987	1,313	161	102	75.4%	3.06	105	38.0%	301	22.9	8.4	12.3
1986	1,250	140	98	78.1%	2.71	132	36.4%	273	21.9	9.0	11.8
1985	1,175	99	89	73.9%	3.05	192	33.7%	324	27.6	10.9	15.6
1984	995	88	68	73.5%	2.89	184	31.5%	298	29.9	11.4	15.2
1983	1,074	90	71	76.3%	---	187	25.3%	265	24.7	10.9	14.6
1982	1,064	85	67	74.6%	---	140	28.5%	231	21.7	11.2	14.4
1981	882	76	71	71.6%	---	113	9.0%	197	22.4	10.9	14.7
1980	766	64	52	77.9%	---	97	10.3%	143	18.7	8.9	12.3
1979	664	57	48	77.3%	---	63	10.6%	122	18.3	8.8	12.4

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	⁴6,415	⁴265	⁴5,113	⁴7.9	⁵7,168	⁵3,909	⁵61.8	⁵382	⁴6.0	⁵2,035	⁵32.2
1987	6,229	341	5,093	6.5	6,187	2,782	50.9	391	7.2	2,291	41.9
1986	5,880	459	4,904	5.6	5,308	2,265	47.9	397	8.4	2,069	43.7
1985	5,713	494	4,874	6.7	4,934	2,206	48.7	438	9.7	1,885	41.6
1984	5,088	377	4,344	6.3	4,131	1,685	43.4	501	12.9	1,696	43.7
1983	4,761	577	4,033	6.7	3,853	1,655	44.8	456	12.3	1,587	42.9
1982	4,198	532	3,552	8.1	3,315	1,369	42.5	410	12.7	1,443	44.8
1981	3,688	558	3,112	8.6	3,030	1,419	47.1	318	10.6	1,276	42.3
1980	3,200	504	2,694	6.8	2,637	1,270	48.4	304	11.6	1,051	40.0
1979	2,735	468	2,292	7.2	2,175	1,024	47.2	275	12.7	869	40.0

Data as orig. reptd. Nonutility opers. consolidated after 1987. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. results from disc. opers. in 1984; bef. spec. item(s) in 1987. 3. Based on income bef. interest charges. 4. Electric opers. only. 5. Consolidated. NA-Not Available.

Business Summary

Pinnacle West Capital (previously AZP Group) is a utility holding company whose main subsidiary, Arizona Public Service Co., provides electricity to nearly half the population of Arizona. PNW owns MeraBank, the state's second largest financial institution. PNW also has major holdings in real estate, resource development, and venture capital. Due to changes in accounting requirements, PNW prepared its 1988 financial statements on a full consolidation basis, versus an equity basis in earlier years. Contributions in 1988 (million $):

Segments	Revs.	Net Inc.
Utility	$1,442.0	$237.9
Savings bank	643.7	-208.6
Other	48.0	-25.1
Net income (after subsid. pfd. dividends)	---	4.2

PNW's entire diversification program has been hurt by the soft Arizona economy. In 1988 MeraBank added some $180 million (pretax) to its loan loss reserves, PNW's SunCor real estate development unit established a $75 million (pretax) reserve, and Malapai Resources, the company's uranium mining subsidiary, incurred a $15 million (pretax) charge.

PNW has access to 29.1% of the three unit Palo Verde nuclear project. The rate structure for units 1 and 2 are finalized subject to prudency. Rates for unit 3 may be finalized in 1990.

Dividend Data

Common dividends were omitted in October, 1989 after having been paid since 1920. Subsidiary preferred dividends (Arizona Public Service Co.) were maintained. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.70	Oct. 19	Oct. 26	Nov. 1	Dec. 1'88
0.40	Dec. 22	Jan. 26	Feb. 1	Mar. 1'89
0.40	Apr. 19	Apr. 25	May 1	Jun. 1'89
0.40	Jul. 19	Jul. 26	Aug. 1	Sep. 1'89

Directors omitted the dividend on Oct. 18, 1989.

Capitalization

Long Term Debt: $3,786,917,000.

Subsid. Red. Cum. Pfd. Stock: $204,021,000.

Subsid. Cum. Pfd. Stock: $168,561,000.

Common Stock: 86,722,654 shs. (no par). Institutions hold about 22%.
Shareholders of record: 103,285.

Office—2828 North Central Ave. (P.O Box 52132), Phoenix, Ariz 85072-2132 **Tel**—(602) 234-1142 **Chrmn & Pres**—K L Turley **VP-Secy**—F. Widenmann. **EVP-CFO**—H. B. Sargent, Jr **Investor Contact**—Manjit Cheema. **Dirs**—K. Eller, P. Grant, J. R. Norton III, G. E. Rice, H. B. Sargent, Jr., R. Snell, D.N Soldwedel, M. R. Tanner, K. L. Turley, D. J. Wall. **Transfer Agents**—Company's office, Phoenix, Ariz.; First National Bank of Boston. **Registrars**—Valley National Bank of Arizona, Phoenix; First National Bank of Boston. **Incorporated** in Arizona in 1920. **Empl**—11,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Pitney Bowes

NYSE Symbol PBI Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
49¼	54¾-40⅞	15	1.04	2.1%	A+	1.31

Summary

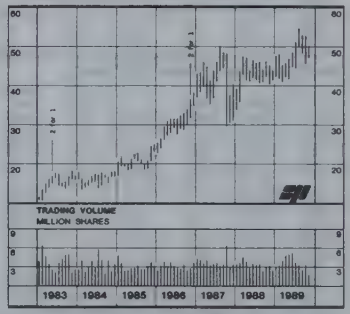
Pitney Bowes is the world's largest manufacturer of postage meters and related mailing equipment. It also manufactures dictation systems and markets copiers, facsimile machines and retail labeling equipment, and sells business supplies through catalogs. PBI also provides lease financing for its products and other financial services. Earnings are expected to advance moderately in 1990, benefiting from new products and improved operational efficiencies. PBI enhanced its mailroom management business with the recent acquisition of Pandick Technologies, Inc. for $100 million in cash.

Current Outlook

Earnings for 1990 are projected at $3.80 a share, up from the $3.40 estimated for 1989.

Dividends are likely to be raised from the current $0.26 quarterly rate in early 1990.

Revenues for 1990 are projected to rise about 10%. Equipment sales will continue to be boosted by shipments of new products. The company's mailroom management business will be enhanced by the October, 1989 acquisition of Pandick Technologies. Rental and financing revenues should have good growth from additions to the rental base of postage meters, facsimile machines and copiers, and from growth in the financing business. Support services will benefit from new maintenance agreements. Gross margins could improve slightly, aided by greater manufacturing efficiencies, but selling, service and administrative expenses, and research and development spending are not anticipated to decline significantly as a percentage of revenues.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	670	594	505	442
Jun.	704	659	552	486
Sep.	735	651	550	495
Dec.	---	746	643	563
	---	2,649	2,251	1,987

Revenues for the nine months ended September 30, 1989 rose 11%, year to year. Sales rose 4.7%, rentals and financing revenues (including revenues from financial services) advanced 18%, and support services revenues were up 16%. Operating expenses were essentially in line with revenue growth, but higher interest expense held the gain in pretax income to 9.5%. After taxes at 33.9%, versus 35.4%, net income was up 12%. Share earnings were $2.24, versus $2.01, which excludes income from discontinued operations of $0.08.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.68	0.61	0.52	0.45
Jun.	0.78	0.72	0.56	0.48
Sep.	0.78	0.68	0.58	0.49
Dec.	E1.16	0.99	0.87	0.68
	E3.40	3.00	2.53	2.10

Important Developments

Oct. '89— PBI acquired Pandick Technologies, Inc. for about $100 million in cash. Pandick, a provider of on-site contract services for reprographics and mailroom management, had revenues of about $100 million for its fiscal year ended August 31, 1989. Separately, PBI announced plans to seek a buyer for its Wheeler Group subsidiary. Wheeler, which had revenues of $75 million in 1988, markets business supplies through direct mail catalogs and telemarketing.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	[2]1985	1984	1983	1982	1981	[2]1980	[2]1979
Tangible Bk. Val.	15.23	12.70	10.91	9.51	8.14	6.88	6.08	5.38	4.69	3.98
Earnings[3]	3.00	2.53	2.10	1.83	1.76	1.51	1.08	0.95	1.08	1.01
Dividends	0.92	0.76	0.66	0.60	0.52	0.44½	0.40	0.40	0.36⅜	0.31⅜
Payout Ratio	30%	30%	31%	32%	28%	27%	34%	41%	31%	29%
Prices—High	47½	50¼	38¼	24⅞	18⅛	18⅜	12⅛	8⅞	10⅛	8¼
Low	33¾	29⅝	22¾	16⅞	13⅜	10½	5½	5½	7⅛	5¾
P/E Ratio—	16-11	20-12	18-11	14-9	10-8	12-7	11-5	9-6	9-7	8-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Nov. 1986, 100% May 1983. 1. Reflects accounting change 2. Reflects merger or acquisition 3. Bef. results of disc. opers. of +0.06 in 1988, +0.02 in 1986, +0.06 in 1985, -0.39 in 1983 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	2,650	691	26.1	[5]309	166	166.0	364	34.9%	237	8.9
1987	2,251	392	17.4	[5]252	143	33.1	295	32.4%	[3]199	8.9
[6,4]1986	1,987	340	17.1	[5]209	123	21.7	259	36.0%	[3]166	8.4
[6,4]1985	1,832	275	15.0	[5]192	104	19.6	218	33.7%	145	7.9
1984	1,732	279	16.1	212	84	20.9	227	39.1%	138	8.0
[4]1983	1,606	257	16.0	162	75	18.8	206	42.8%	118	7.3
1982	1,455	193	13.3	127	68	22.7	135	38.6%	83	5.7
1981	1,414	191	13.5	125	62	22.9	126	44.7%	[3]70	4.9
[6]1980	1,257	188	14.9	107	53	18.6	132	42.9%	75	6.0
[6]1979	1,025	172	16.8	89	46	15.0	118	46.3%	64	6.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	46	1,519	1,853	0.8	4,788	6.5%	1,102	1,262	2,935	37.5	20.4%
1987	94	963	791	1.2	2,432	9.0%	288	1,029	1,640	17.5	20.7%
1986	68	792	672	1.2	2,028	8.7%	174	901	1,356	12.9	19.4%
1985	63	715	578	1.2	1,763	8.4%	155	782	1,185	13.1	19.4%
1984	87	743	562	1.3	1,614	8.8%	147	650	1,051	14.0	22.1%
1983	135	720	544	1.3	1,473	8.2%	145	540	929	15.6	21.8%
1982	117	669	461	1.5	1,338	6.5%	159	469	877	18.1	17.2%
1981	79	614	423	1.5	1,215	5.8%	160	425	791	20.2	15.6%
1980	58	591	415	1.4	1,094	7.3%	146	359	679	21.5	21.0%
1979	84	504	323	1.6	902	8.3%	154	280	579	26.6	23.2%

Data as orig. reptd., finance subs consol. after 1987. 1. Incl. equity in earns. of nonconsol. subs. bef. 1988 2. Bef. results of disc. opers. in 1988, 1986, 1985, 1983. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Net of curr. yr. retirement and disposals. 6. Reflects merger or acquisition.

Business Summary

Pitney Bowes operates in three industry segments, whose contributions in 1988 were:

	Revs.	Profits
Business equipment	74%	60%
Business supplies & services	12%	12%
Financial services	14%	28%

Foreign operations contributed 21% of revenues and 21% of operating profits in 1988.

Business equipment includes postage meters (of which PBI is the largest manufacturer) and mailing, shipping and facsimile systems (53% of total sales in 1987), copiers and copier supplies (10%), and voice processing systems (10%), including dictating machines, automatic telephone answering systems, and voice communications recorders.

Business supplies and services include equipment and supplies used by retailers and their suppliers to encode price, content, item identification, and other merchandise information, and retail security systems as well as direct mail catalog sales of business forms and supplies, data processing supplies and pocket and desk calendars.

The financial services segment (consolidated since 1988 under FASB 94) provides lease financing for the company's products as well as financial services for the commercial and industrial markets.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Feb. 13	Feb. 17	Feb. 24	Mar. 12'89
0.26	May 8	May 22	May 26	Jun. 12'89
0.26	Jul. 10	Aug. 21	Aug. 25	Sep. 12'89
0.26	Nov. 13	Nov. 20	Nov. 27	Dec. 12'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $1,391,792,000.

$2 Conv. Pfd. Stk.: 5,674 shs. ($50 par).

$2.12 Conv. Pref. Stk.: 243,639 shs. (no par); red. at $28.00; conv. into 4 com. shs.

Common Stock: 78,321,219 shs. ($2 par).
Institutions hold about 72%.
Shareholders of record: 34,687.

Office—World Headquarters, Stamford, Conn 06926-0700 Tel—(203) 356-5000 Chrmn, Pres & CEO—G. B. Harvey VP-Secy—M. J. Critelli VP-Treas—C. F. Adimando Investor Contact—L. D. Wirthy Dirs—C. G. Campbell, D. W. Dana, J. C. Emery, Jr., G. B. Harvey, C. E. Hugel, D. T. Kimball, D. F. Mullane, E. H. Norton, P. S. Sewell, A. R. Taylor, J. M. Walsh Transfer Agent & Registrar—Manufacturers Hanover Trust Co., NYC Incorporated in Delaware in 1920 Empl—29,316

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Pittston Co.

NYSE Symbol PCO Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
18	22¼-16⅞	23	0.20	1.1%	C	0.89

Summary

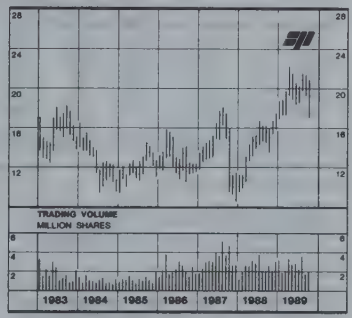
This company operates one of the nation's largest air freight carriers, is an important coal producer, and is a leader in armored car and home security services. A sharp earnings rebound is forecast for 1990, assuming the resolution of labor differences in coal operations and continued good gains for PCO's air freight unit. Dividend payments were resumed in June, 1989.

Current Outlook

Earnings for 1990 are projected at $1.25 a share, versus the $0.60 anticipated for 1989.

Dividend payments, resumed in mid-1989 at $0.05 quarterly, could be increased moderately in 1990.

A sharp profit rebound is anticipated for 1990, assuming a favorable settlement with striking coal miners early in the year. In addition to lost production, the miner's strike has been accompanied by heavy legal and security-related expenses. Air freight profits could advance moderately in 1990 after an estimated fivefold improvement in 1989, reflecting continued solid gains for international volumes and favorable shipment yields. Brink's could post lower profits, reflecting anticipated losses from the pending acquisition of Loomis Armored Inc., increasing competitive pressures and soft demand for air courier services. Home security services will continue to grow at a brisk pace.



Sales & Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	419	380	294	292
Jun.	413	392	292	307
Sep.	395	398	368	291
Dec.	---	413	387	300
	---	1,583	1,341	1,190

Revenues for 1989's first nine months rose 4.8%, year to year. Net income fell 31%, to $0.46 a share from $0.65, before special credits of $0.14, versus $0.22.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.29	0.11	0.05	d0.02
Jun.	0.11	0.26	0.08	0.16
Sep.	0.06	0.28	0.12	0.05
Dec.	E0.14	0.31	d3.65	0.08
	E0.60	0.95	d3.40	0.27

Important Developments

Oct. '89— Both PCO and the United Mine Workers (UMW) agreed to resume contract negotiations under the supervision of newly-appointed Federal mediator, William Usery. Some 1,700 UMW members have been on strike at PCO's coal operations in Virginia, West Virginia nad Kentucky since April after working for more than a year without a formal labor pact. PCO, which has suffered significant losses in its coal operations due to the strike, has predicted diminishing losses as productivity of newly-hired replacement workers improves. In a related matter, PCO reported that the UMW owes $4.8 million to the firm in strike-related fines.

Sep. '89— PCO agreed to acquire Loomis Armored Inc., a unit of Mayne Nickless Ltd., for an undisclosed amount. The acquisition of Loomis, which generates annual revenues of some $130 million, was subject to regulatory approval.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	1986	1985	1984	1983	[2]1982	1981	[2]1980	1979
Book Value[3]	5.38	4.66	9.55	9.20	9.10	9.66	11.86	17.67	17.73	16.85
Earnings[4]	0.95	d3.40	0.27	0.01	d0.71	d1.89	d0.31	1.13	2.06	1.45
Dividends	Nil	Nil	Nil	Nil	Nil	0.30	1.05	1.20	1.20	1.20
Payout Ratio	Nil	Nil	Nil	Nil	Nil	NM	NM	106%	59%	83%
Prices—High	17½	18⅛	15⅞	14½	16½	18¼	25½	34¾	30⅞	30⅜
Low	9½	8½	10½	9⅜	9⅜	12⅜	11⅞	20⅝	17⅝	17⅜
P/E Ratio—	18-10	NM	59-39	NM	NM	NM	NM	31-18	15-9	21-12

Data as orig. reptd. 1. Reflects accounting change 2. Reflects merger or acquisition 3. Excludes intangibles. 4. Bef. results of disc. opers. of +0.02 in 1984, -0.19 in 1983, and spec. item(s) of +0.31 in 1986, -0.07 in 1987, -0.04 in 1980 d-Deficit. E-Estimated. NM-Not Meaningful.

November 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	1,583	72	4.6	48	44.0	11.3	60	38.1%	37	2.3
[5]1987	1,341	54	4.0	53	54.8	8.7	d123	NM	d130	NM
1986	1,190	43	3.6	67	56.9	8.0	10	NM	[4]10	0.8
1985	1,251	39	3.1	43	53.5	10.7	d71	NM	Nil	Nil
1984	1,264	31	2.4	31	60.7	15.1	d51	NM	d27	NM
[6]1983	1,230	74	6.0	44	67.5	25.4	d105	NM	d72	NM
[6]1982	2,421	51	2.1	126	74.6	34.9	d29	NM	d12	NM
1981	2,228	118	5.3	68	67.5	25.9	59	27.7%	43	1.9
[5]1980	2,052	164	8.0	84	60.2	[4]19.7	111	30.0%	77	3.8
1979	1,648	117	7.1	114	54.1	12.7	65	16.4%	54	3.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23	316	298	1.1	992	3.8%	73	439	527	13.9	8.9%
1987	19	316	313	1.0	949	NM	65	403	481	13.4	NM
1986	15	243	199	1.2	936	1.1%	60	501	569	10.5	2.0%
1985	10	254	194	1.3	925	NM	50	501	559	8.9	0.1%
1984	44	271	181	1.5	958	NM	101	501	621	16.3	NM
1983	53	301	216	1.4	1,060	NM	138	531	732	18.8	NM
1982	40	468	315	1.5	1,402	NM	279	619	986	28.3	NM
1981	57	599	350	1.7	1,344	3.2%	132	669	909	14.6	6.4%
1980	76	618	355	1.7	1,346	6.1%	129	671	915	14.1	11.8%
1979	58	508	311	1.6	1,189	4.8%	96	632	817	11.8	8.7%

Data as orig. reptd. 1. Incl. other inc. after 1982. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1984, 1983, and spec. item(s) in 1988, 1987, 1980, 1979. 4. Reflects accounting change. 5. Reflects merger or acquisition. 6. Excl. disc. opers. d-Deficit. NM-Not Meaningful.

Business Summary

Contributions (in million $) to operating profits by business segment in recent years:

	1988	1987	1986
Coal	$36.4	-$116.1	$6.7
Air freight	5.0	-19.1	-12.2
Armored cars	25.6	21.7	17.9
Home security	1.1	-1.7	-3.0

PCO produces coal primarily from underground mines in Virginia, West Virginia and eastern Kentucky. Pittston sold 16.0 million tons of coal in 1988 (including 2.1 million tons brokered), versus 16.2 million tons in 1987 (2.0 million). Some 38% of tonnage in 1988 was sold to domestic utilities and industrial customers; exports accounted for 45% of sales and domestic steel producers 17%. PCO also owns 25% of Dominion Terminal Associates, which operates a 15 million ton export coal facility in Virginia.

Burlington Air Express is one of the nation's largest air freight carriers. Operating a fleet of 23 leased aircraft, Burlington handled over 600 million pounds of freight in 1988, compared with 551 million pounds in 1987. The acquisition of WTC International N.V. in 1987 nearly doubled Burlington's export volumes, which generated 48% of revenues in 1988. Other services provided include customs brokerage and ocean freight forwarding.

Brink's is a leading provider of armored car services, operating worldwide with a fleet of 4,180 vehicles. Brink's also provides domestic and international air courier services, currency processing, coin wrapping services and maintains automated teller machines. Brink's Home Security, Inc. provides home security and medical alert services to 89,400 subscribers in 25 metropolitan areas.

Dividend Data

Dividend payments were resumed in June, 1989 after having been omitted in December, 1983. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	May 5	May 10	May 16	Jun. 1'89
0.05	Jul. 7	Aug. 9	Aug. 15	Sep. 1'89

Next dividend meeting: Nov. 3'89.

Capitalization

Long Term Debt: $91,095,000.

Common Stock: 37,541,562 shs. ($1 par).
Institutions hold some 66%.
Shareholders of record: 9,500.

Office—One Pickwick Plaza, Greenwich, Conn. 06830. **Tel**—(203) 622-0900. **Chrmn & CEO**—P. W. Douglas. **Secy**—K. A. Quinn. **VP-Treas**—J. B. Hartough. **VP-Investor Contact**—W. J. Byrne, Jr. **Dirs**—M. J. Anton, J. L. Broadhead, W. F. Craig, P. W. Douglas, J. C. Farrell, C. F. Haywood, E. G. Jordan, F. M. Kirby, D. L. Marshall, R. H. Spilman, R. G. Stone, Jr., A. H. Zimmerman **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1930; reincorporated in Virginia in 1986. **Empl**—14,400

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Placer Dome

1856D

NYSE Symbol PDG Options on Phila & Toronto (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
18⅝	19¾-12⅛	[4]35	[3]0.30	[4]1.4%	NR	0.64

Summary

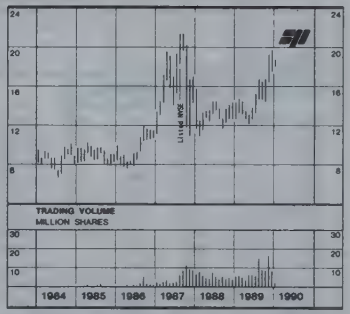
Canada's largest gold producer, this company projects its share of 1990 gold production at about 1.4 million ounces, up from 1989's more than 1.1 million. Gold properties are located in Canada, the U.S., the South Pacific and Chile. PDG is also a significant producer of silver, copper and molybdenum. In December, 1989 PDG was seeking buyers for its oil and gas assets, which had a book value of C$450 million before provisions of C$90 million for related minority-held preferred shares and bank debt.

Current Outlook

Excluding a gain on the planned sale of oil and gas assets, earnings for 1990 are projected at $0.60-$0.70 a share (Canadian), before a gain on planned sale of oil and gas assets, versus 1989's estimated C$0.50.

Dividends should continue at $0.07½ quarterly.

Sales for 1990 (from continuing operations) may advance significantly, on expected much heavier gold output and moderately higher gold quotes. In the first nine months of 1989 gold realizations averaged US$413 an ounce, down from US$459 in the prior-year period. Although high real (inflation-adjusted) interest rates may have a dampening effect on gold prices, increased financial concerns and possible stabilization of forward gold sales by producers should lead to a renewed uptrend for gold. However, base metals earnings are likely to decline sharply on anticipated significantly lower quotes. With greater gold receipts and expected slightly reduced unit gold costs partly offset by lower base metals prices, income should rise substantially. Sale of oil and gas activities would probably result in a nonrecurring gain.



Revenues (Million Can. $)

Quarter:	1989	1988	1987	[5]1986
Mar.	226	218	202	175
Jun.	229	187	200	184
Sep.	256	186	202	191
Dec.	---	197	231	168
		788	834	718

Sales for the first nine months of 1989 rose 20%, year to year, on increased gold sold. With lower gold prices, heavier unit costs and absence of a $132.3 million unusual gain in 1988, pretax income fell 37%. After taxes at 41.0%, versus 30.0%, equity in much reduced profits of associates, and smaller minority interests, net income was off 56%, to $0.38 a share from $0.91 (before a $0.05 tax credit).

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	[5]1986
Mar.	0.16	0.18	0.16	d0.02
Jun.	0.14	0.17	0.30	0.53
Sep.	0.08	0.61	0.39	0.13
Dec.	E0.12	0.20	d0.12	d0.16
	E0.50	1.16	0.73	0.48

Important Developments

Dec. '89— PDG was seeking buyers for its oil and gas operations, Prairie Producing Co. (with interests in the southern U.S.) and Placer CEGO Petroleum (with interests in western Canada). Estimated proven reserves of Prairie were 9.4 million barrels of oil, 2.7 million barrels of natural gas liquid and 95 billion cubic feet of natural gas. CEGO had proven reserves of 6.9 million bbls. of oil, 1.8 million bbls. of natural gas and condensate and 200 bcf. of natural gas.

Next earnings report expected in late February.

Per Share Data (U.S. $)

Yr. End Dec. 31	1989	1988	[6]1987	1986	1985	1984	1983	1982
Tangible Bk. Val.	NA	6.78	5.21	[1]4.86	NA	NA	NA	NA
Earnings[2]	NA	0.97	0.56	0.35	0.24	0.11	d0.79	d0.42
Dividends	0.25⁷/₈	0.12⅝	0.07⅝	0.10⅛	0.11½	0.12⅛	0.12	0.10½
Payout Ratio	NA	13%	14%	29%	48%	110%	NM	NM
Prices—High	19¾	15¾	21⅜	NA	NA	NA	NA	NA
Low	12⅛	10⅞	10⅞	NA	NA	NA	NA	NA
P/E Ratio—	NA	16-11	38-19	NA	NA	NA	NA	NA

Data as orig. reptd., prior to 1987 pro forma data as reptd. in Information Circular dated Jul. 10, 1987. Conv. to U.S. $ at year-end exch. rates. 1. As of Mar. 31, 1987. 2. From continuing operations. 3. In Canadian funds, bef. 15% Canadian tax on nonresidents. 4. Based on current rate of exchange. 5. Pro forma. 6. Reflects merger or acquisition. NA-Not Available. NM-Not Meaningful. d-Deficit. E-Estimated.

January 12, 1990

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Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	661	205	31.1	380	102	9.4	308	17.9%	220	33.3
[3]1987	641	169	26.4	122	103	13.5	162	10.6%	[4]122	19.0
1986	520	NA	NA	NA	NA	20.4	111	21.6%	71	13.6
1985	465	NA	NA	NA	NA	16.6	108	38.6%	44	9.6
1984	389	NA	NA	NA	NA	12.1	118	48.3%	20	5.1
1983	395	NA	NA	NA	NA	18.0	161	42.5%	d140	NM
1982	358	NA	NA	NA	NA	36.4	78	58.6%	d70	NM

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	637	874	135	6.5	2,190	11.1%	138	1,590	1,855	7.4	15.6%
1987	289	449	112	4.0	1,664	NA	37	1,143	1,516	2.5	NA
[1]1986	183	333	83	4.0	1,669	NA	199	1,064	1,586	12.5	NA

Data as orig. reptd.; prior to 1987 pro forma data as reptd. in information circular dated Jul. 10, 1987. Conv. to U.S. $ at year-end exch. rates. 1. As of Mar. 31, 1987. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition. 4. Refl. accounting change. NA-Not Available. NM-Not Meaningful. d-Deficit.

Business Summary

PDG and its subsidiaries are primarily engaged in exploration for and production of gold, and are also significant producers of silver, copper and molybdenum.

Its share of gold output in 1988 was 825,000 ounces. Properties include the Campbell Mine and the Dome Mine, both in Ontario, which produced 348,992 ounces in 1988; Golden Sunlight Mines (Mont.), 93,417 ounces; Bald Mountain (Nev.), 48,619 ounces; 56.7% of Kiena Gold Mines and 64.7% of Sigma Mines, both in Quebec, which were amalgamated with PDG in June, 1988, 120,414 ounces as their full share of production; and 50% of the Detour Lake Mine (Ont.), wholly owned since September, 1988, 109,518 ounces as its full share. PDG has a 53.1% interest in Kidston Gold Mines (Australia), which produced 109,512 ounces for PDG's account; and 39.6% of Cortez Gold Mines (Nev.), 16,760 ounces. PDG also owns some 15% of the common shares of U.S. Gold (Colo.). In February, 1989 the Dona Lake (Ont.) mine began producing gold. Output was estimated at a rate of 40,000 ounces a year. In July, 1989 PDG said that it would proceed with second-stage development of its 50%-owned La Coipa gold/silver mine (Chile). Construction cost was estimated at US$248 million, plus US$28 million in other expenses. Peak output would occur in the first two years (starting in 1991) at an expected 200,000 ozs. of gold a year.

Important gold projects are held by 75.8% owned Placer Pacific (PP). The Misima mine (20% owned by Papua New Guinea) was commissioned in the 1989 second quarter. PDG's share of output in the commissioning period and the six months to year-end 1989 was expected to be 90,000 ounces. In February, 1989 PP began production at the Big Bell gold property (Australia). A unit of PP has a 50% share of the project. The property was expected to produce some 115,000 ounces in 1989. In April, 1989 PP began development of its 60%-owned Granny Smith open pit gold mine (Aus.) with production of 235,000 ounces planned for the first full year starting February, 1990. As of October, 1989 construction was well underway at PP's 30%-owned Porgera Gold Project (P.N.G.). Output was expected to begin in the 1990 second half and average over 800,000 ounces annually in the first six years.

Other metals operations include the Endako molybdenum mine (B.C.); 68.1% owned Gibraltar Mines (B.C.), which produces copper concentrate, cathode copper and by-product molybdenum; 58.8% owned Equity Silver Mines (B.C.), which operates an open-pit silver-gold-copper mine; and 34% owned Minera Real de Angeles (to become 49% held), which owns a Mexican silver mine.

Dividend Data

Predecessor companies paid dividends since 1920. Payments by Placer Dome were initiated in mid-1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*0.07½	Feb. 23	Mar. 10	Mar. 16	Mar. 31'89
*0.07½	May 10	May 26	Jun. 2	Jun. 26'89
*0.07½	Jun. 26	Jul. 17	Jul. 21	Aug. 14'89
*0.07½	Sep. 26	Oct. 16	Oct. 20	Nov. 13'89

*In Canadian funds, bef. 15% tax to U.S. res.

Capitalization

Long Term Liabilities: C$313,700,000.

Minority Interests: C$185,200,000.

Common Shares: 234,748,616 shs.
Institutions hold some 23%.
Shareholders of record: 29,731.

Offices—Suite 3500, IBM Tower, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1N3; Suite 1600, Bentall IV, 1055 Dunsmuir Street, Vancouver, B.C. Canada V7X 1P1 **Tel**—(416) 868 6060, (604) 682 7082 **Chrmn**—F. M. Fell. **Pres & CEO**—A. J. Petrina **SVP-Corporate**—J. W. W. Hick **SVP-CFO**—I. G. Austin **Investor Contact**—D. Hallam **Dirs**—C. H. Brehaut, T. A. Buell, P. A. Chernavsky, P. A. Crossgrove, F. M. Fell, R. M. Franklin, W. T. Griswold, J. H. Macdonald, H. J. McDonald, A. R. McFarland, C. L. Michel, J. L. Nichol, A. J. Petrina, D. S. Robertson, B. C. Ryan, V. F. Taylor III, H. R. Whittall. **Transfer Agents & Registrars**—Royal Trust Co., Toronto & Vancouver; Bank of New York, NYC. **Incorporated** in Canada in 1967 **Empl**—4,568

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A.M. Sorrentino, CFA

Polaroid Corp.

NYSE Symbol PRD Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
43¾	50⅜-34¾	NM	0.60	1.4%	B	1.41

Summary

In March, 1989 this leading photography company reached various agreements which ended a lengthy effort by Shamrock Acquisition III, Inc. to acquire control of PRD. Also, Polaroid is in the midst of a substantial restructuring, which has already included the repurchase of 19 million common shares, the issuance of preferred stock, and a large cost-cutting effort. Also, PRD may receive a sizable award or settlement from Eastman Kodak in relation to a patent infringement suit.

Current Outlook

Earnings for 1990 are estimated at $2.60 a share, up from the $1.75 expected for 1989, both of which exclude possible future lawsuit awards or settlements.

The dividend may remain at $0.15 quarterly.

Contributors to future sales growth are expected to include PRD's entry into the conventional (non-instant) film business. Earnings in 1990 are expected to benefit from the absence of a $41 million (pretax) restructuring-related charge. Cost-cutting efforts could bring further margin expansion, but the improvement is not expected to be as substantial as it has been in 1989.

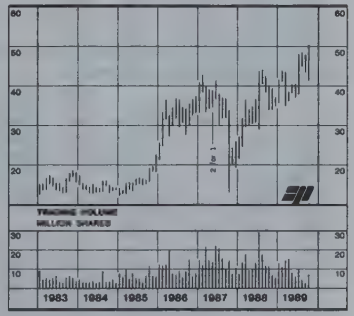
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	442	410	381	326
Jun.	487	483	448	396
Sep.	438	436	426	396
Dec.	---	533	509	511
	---	1,863	1,764	1,629

Sales for the nine months ended October 1, 1989 rose 2.8%, year to year. Operating margins widened, and there was a smaller adverse impact from restructuring charges. Although interest expense was up sharply, reflecting share repurchases, and there were preferred stock dividends only in 1989, earnings of $1.27 a share (on 8.1% fewer shares) contrasted with a loss of $0.23.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.29	0.23	0.40	0.26
Jun.	0.62	0.40	0.44	0.39
Sep.	0.40	d0.77	0.39	0.39
Dec.	E0.51	d0.34	0.65	0.64
	[1]E1.75	d0.34	1.88	1.67



Important Developments

Oct. '89— In 1989's third quarter PRD's U.S. sales rose 5.6%, year to year, but international sales declined 7.5%, including an adverse impact from the currency fluctuations (i.e. a stronger U.S. dollar). Also, in 1989 PRD has repurchased more than 19 million of its common shares; authorization for further repurchases totaling roughly $165 million existed as of early October. Also, earlier in 1989 Shamrock Acquisition III, Inc. terminated a tender offer for PRD shares. Shamrock has agreed not to seek control of PRD for 10 years, and PRD agreed to make certain payments to Shamrock. PRD has made a commitment to distribute to PRD shareholders a portion of after-tax proceeds exceeding $750 million from a pending patent infringement suit against Eastman Kodak.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.12	17.34	16.07	14.90	14.80	14.89	14.58	14.58	14.78	13.98
Earnings	d0.34	1.88	1.67	0.60	0.42	0.81	0.37	0.48	1.30	0.55
Dividends	0.60	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Payout Ratio	NM	32%	30%	84%	120%	62%	132%	105%	38%	91%
Prices—High	44⅛	42¾	37½	22⅝	17½	18⅝	14½	16⅞	17⅛	28
Low	21½	16½	21⅛	12⅛	12¾	12½	8½	9½	9½	11¼
P/E Ratio—	NM	23-9	22-13	38-20	42-31	23-15	40-23	35-20	13-7	51-20

Data as orig. reptd. Adj. for stk. (div(s). of 100% Jun. 1987. 1. Does not reconcile due to different nos. of shares outst. NM-Not Meaningful. E-Estimated d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
1988	1,863	256	13.7	127	81.9	31.0	21	NM	d23	NM
1987	1,764	230	13.0	117	75.7	16.2	156	25.3%	116	6.6
1986	1,629	207	12.7	83	71.2	20.3	[1]135	23.4%	[2]104	6.4
1985	1,295	91	7.0	105	56.9	25.6	[1]40	8.2%	37	2.8
1984	1,272	95	7.4	83	50.8	24.4	[1]62	58.7%	26	2.0
[3]1983	1,255	146	11.6	50	51.8	27.5	[1]100	50.3%	50	4.0
1982	1,294	143	11.0	32	62.2	35.8	62	61.9%	24	1.8
1981	1,420	113	7.9	43	69.2	30.7	63	50.4%	31	2.2
1980	1,451	199	13.7	68	62.7	[2]20.2	144	40.8%	85	5.9
1979	1,361	87	6.4	135	51.7	12.8	36	NM	36	2.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	528	1,523	543	2.8	1,957	NM	402	1,012	1,414	28.5	NM
1987	219	1,229	551	2.2	1,625	7.5%	Nil	1,074	1,074	Nil	11.2%
1986	167	1,122	485	2.3	1,479	7.2%	Nil	995	995	Nil	10.8%
1985	315	1,036	338	3.1	1,385	2.7%	125	922	1,047	11.9	4.0%
1984	350	1,039	305	3.4	1,346	1.9%	125	916	1,041	12.0	2.8%
1983	367	1,042	273	3.8	1,319	3.8%	124	922	1,046	11.9	5.4%
1982	334	1,042	296	3.5	1,324	1.8%	124	903	1,027	12.1	2.6%
1981	332	1,102	352	3.1	1,435	2.2%	124	958	1,082	11.5	3.2%
1980	280	1,032	300	3.4	1,395	6.5%	124	971	1,095	11.3	9.0%
1979	96	873	328	2.7	1,244	2.9%	Nil	918	918	Nil	3.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

Polaroid designs, manufactures and markets worldwide a variety of products, primarily in fields involving the recording of instant images. Products include instant photographic cameras and films, magnetic media, light polarizing filters and lenses, and diversified chemical, optical and commercial products. PRD introduced a new line of conventional (non-instant) film in 1989.

Foreign operations accounted for 44% of net sales in 1988, compared with 43% the year before.

Instant cameras include the Impulse line, introduced in 1988, the Spectra System, which debuted in 1986, and the 600 series line.

Industrial and professional products include instruments, camera packs, film holders and specialized equipment designed for a broad range of applications. PRD markets more than 40 film types and more than 100 imaging systems designed to provide a variety of users with the ability to record, document, analyze, inspect or present their work. In the area of magnetic products, PRD makes videotapes and flexible diskettes.

Dividend Data

Dividends have been paid since 1952. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Nov. 1	Nov. 28	Dec. 2	Dec. 31'88
0.15	Feb. 7	Feb. 27	Mar. 3	Apr. 1'89
0.15	May 12	May 26	Jun. 2	Jul. 1'89
0.15	Jul. 25	Aug. 28	Sep. 1	Sep. 30'89

Finances

In October, 1985 PRD won a patent infringement suit against Eastman Kodak. Subsequent appeal decisions have generally been favorable to PRD, and proceedings to determine damages, which began in May 1989, could result in a sizable award to PRD.

Capitalization

Long Term Debt: $624,200,000.

Preferred Stock: $315,700,000.

Common Stock: 52,209,761 shs. ($1 par); (10/1/89).

Institutions held about 73%.

Shareholders of record: 21,378 (2/89).

Office—549 Technology Sq., Cambridge, Mass. 02139 **Tel**—(617) 577-2000 **Chrmn**—W. J. McCune, Jr. **Pres & CEO**—I. M. Booth **VP-Secy**—R. F. deLima. **VP-Treas**—R. M. Norwood. **Investor Contact**—P. Ruddick. **Dirs**—I. M. Booth, Y. T. Feng, R. D. Hill, F. S. Jones, C. Kaysen, W. J. McCune, Jr., H. Necarsuimer, K. H. Olsen, L. Pollack, C. P. Slichter, R. Z. Sorenson, A. M. Spence, D. C. Staley, M. J. Stanley, A. M. Zeien **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Bank of Boston **Incorporated** in Delaware in 1937 **Empl**—11,613.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Portland General

1863

NYSE Symbol PGN

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
21	25½-20⅞	12	1.96	9.3%	A-	0.49

Summary

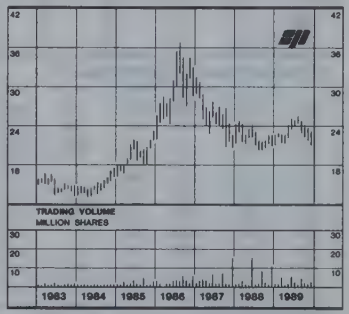
This holding company owns Portland General Electric, a utility which provides electric service to a population of about 1.2 million in a 3,170 square-mile area of Oregon. With completion of the Colstrip Unit 4 coal-fired facility in 1986, the company projects it has sufficient base load generating capacity through the mid-1990s. Auditors noted in their opinion on the company's 1988 financial statements that there were uncertainties regarding certain rate matters.

Current Outlook

Earnings for 1990 are estimated at $2.00 a share, up from the $1.60 expected for 1989.

In the event of unfavorable regulatory rulings, the $0.49 quarterly dividend could be reduced.

Earnings for 1990 are expected to increase, principally reflecting the absence of additional maintenance and operating and purchased power costs associated with the outage of the Trojan Nuclear Plant. A modest gain in electric kwh sales, due to a growing service territory, could also aid comparisons. The contribution from PGN's real estate unit is uncertain; new management has recently been installed. Regulatory treatment of a gain and certain investment tax credits could significantly alter the earnings outlook.



Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	221.1	209.8	212.4
Jun.	---	176.0	171.5	173.0
Sep.	---	187.6	176.6	175.9
Dec.	---	---	204.3	202.5
	---	---	762.2	763.8

Operating revenues for the nine months ended September 30, 1989 advanced 4.8%, year to year, reflecting cold winter weather and economic growth occurring in the region. Hurt by outages at the Trojan Nuclear Plant, pretax income fell 7.0%. After taxes at 41.3%, against 24.5% net income fell 28%. Share earnings were $0.91, against $1.26.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.80	0.82	0.79	0.84
Jun.	E0.15	0.01	0.10	0.23
Sep.	E0.30	0.09	0.36	0.34
Dec.	E0.75	E0.68	0.85	0.28
	E2.00	E1.60	2.11	1.69

Important Developments

Nov. '89— PGN said that unusually high levels of maintenance and replacement power costs incurred thus far in 1989 have depressed financial results. As a result, share earnings for the 12 months ended September 30 were below the company's annual common dividend. However, management had no present plans to change the dividend. The next review is planned for early 1990. PGN said that the dividend could be influenced by events such as an unfavorable outcome of regulatory issues, which significantly affect its common stock equity.

Oct. '89— Portland General said that the Nuclear Regulatory Commission (NRC) fined it for failing to have a water recirculation system in proper working order at the Trojan nuclear plant. The NRC has cited a need for PGN to improve management accountability and employee performance at Trojan.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.39	18.01	18.26	19.73	18.36	18.18	18.27	17.63	17.39	17.55
Earnings[1]	2.11	1.69	1.97	3.12	2.80	3.01	3.02	2.54	2.03	1.06
Dividends	1.96	1.96	1.94½	1.86	1.81	1.77	1.74	1.71	1.70	1.70
Payout Ratio	93%	116%	99%	60%	65%	59%	58%	67%	84%	160%
Prices—High	24¾	31½	36¾	23¼	17½	16⅝	16¼	14½	14⅞	18⅜
Low	20¼	20⅜	21⅞	16⅛	13	13⅛	11⅞	11	10¾	13
P/E Ratio—	12-10	19-12	19-11	7-5	6-5	6-4	5-4	6-4	7-5	17-12

Data as orig. reptd. 1. Bef. spec. item(s) of +0.76 in 1987, -1.63 in 1986, -0.15 in 1985, -1.14 in 1983, -0.64 in 1982. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On [3]Invest. Capital	% Return On Com. Equity
1988	762	98.4	39.6	74.7%	2.32	3.0	23.1%	109	14.3	9.1	11.1
1987	764	99.0	41.3	77.7%	2.25	6.2	37.1%	96	12.6	9.5	9.0
1986	760	92.8	35.0	76.0%	2.53	9.2	49.5%	123	16.3	10.6	10.2
1985	827	87.3	31.7	75.3%	3.10	26.9	42.5%	176	21.3	12.9	16.0
1984	722	80.4	34.0	62.4%	2.25	5.9	21.9%	158	21.9	12.8	15.1
1983	586	59.8	24.1	64.3%	1.84	69.0	25.9%	163	27.8	12.0	16.6
1982	572	57.7	27.5	64.3%	---	66.9	19.4%	150	26.2	11.9	16.9
1981	595	55.0	28.5	69.0%	---	62.1	31.6%	112	18.9	10.9	14.9
1980	490	43.2	23.0	73.0%	---	68.2	28.8%	86	17.6	9.5	12.3
1979	350	33.6	18.4	81.3%	---	60.0	22.9%	46	13.2	6.6	8.3

Balance Sheet Data (Million $)

Dec. 31	[4]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	[6]% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,497	86	1,773	10.8	2,168	850	45.1	156	8.3	879	46.6
1987	2,439	76	1,590	10.6	1,905	877	47.2	109	5.9	873	46.9
1986	2,551	82	1,627	10.4	2,079	966	46.9	238	11.5	856	41.6
1985	2,721	109	1,870	10.6	2,075	897	43.4	250	12.1	920	44.5
1984	2,589	129	1,963	13.6	2,114	991	47.1	262	12.5	852	40.4
1983	2,546	191	2,019	10.3	2,062	998	48.6	265	12.9	789	38.5
1982	2,519	306	2,044	10.2	2,072	1,047	50.5	269	13.0	756	36.5
1981	2,376	295	2,010	9.6	1,960	1,069	55.7	147	7.7	704	36.6
1980	2,134	293	1,842	7.5	1,851	1,054	57.6	149	8.1	627	34.3
1979	1,891	254	1,659	4.2	1,473	754	51.8	150	10.3	552	37.9

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987, 1986, 1985, 1983, 1982, 1978. 3. Based on income before interest charges. 4. Electric Utility Plant. 5. Incl. nuclear fuel storage liab. in 1984-1982 & oblig. under capital leases aft. 1984.

Business Summary

PGN is the holding company for Portland General Electric, an electric utility supplying a 3,170 square-mile area in Oregon, including Portland and Salem. Other activities include real estate development and energy and financial services.

Revenues	1988	1987	1986	1985
Residential	38%	35%	35%	34%
Commercial	34%	34%	33%	30%
Industrial	17%	17%	18%	17%
Other	11%	14%	14%	19%

The fuel mix in 1988 was 14% hydro, 28% nuclear, 16% coal and 42% purchased power, including 12% under non-firm contracts. Peak load in 1988 was 2,893 mw, and capacity at time of peak 4,386 mw, for a capacity margin of 34.0%.

With completion of the 700 mw Colstrip 4 coal-fired plant (20%-owned) in 1986, the company has adequate base load generating capacity through the mid-1990s. Utility capital expenditures for 1989 were estimated at about $110 million. The 1990-1991 program was estimated in the range of $250 to $270 million.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.49	Mar. 2	Mar. 17	Mar. 23	Apr. 15'89
0.49	Jun. 1	Jun. 20	Jun. 26	Jul. 15'89
0.49	Sep. 6	Sep. 19	Sep. 25	Oct. 15'89
0.49	Dec. 6	Dec. 19	Dec. 26	Jan. 15'90

Next dividend meeting: early Mar. '90.

Finances

Auditors noted in their opinion on PGN's 1988 financial statements that there were uncertainties regarding certain rate matters.

Capitalization

Long Term Debt: $851,201,000.

Subsid. Red. Cum. Preferred Stock: $59,000,000.

Subsid. Cum. Preferred Stock: $94,704,000.

Common Stock: 46,115,702 shs. ($3.75 par).
Institutions hold about 32%.
Shareholders of record: 61,576.

Office—121 SW Salmon St., Portland, Oregon 97204 Tel—(503) 464-8000 Chrmn & CEO—K. L. Harrison Pres—R. G. Reiten SVP-Secy—L. A. Girard. Investor Contact—Joe Hirko (503) 464-8902 Dirs—G. G. Booth, P. J. Bnx, E. L. Clarke, Jr., W. W. Gallagher, R. L. Harrison, J. E. Hudson, C. Knudsen, W. E. McCain, R. L. Miller, R. W. Roth, J. L. Schwabe, B. G. Willison. Transfer Agent & Registrar—U.S. Bank, Portland. Incorporated in Oregon in 1930. Empl—3,147.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Potlatch Corp.

1863K

NYSE Symbol PCH In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
34³/₄	38⅝-30¾	8	1.20	3.5%	B+	1.17

Summary

This integrated forest products concern is one of the largest U.S. lumber producers, and has interests in plywood, paper, bleached paperboard and consumer products. Although fluctuations in business activity will continue to influence operations, long-term prospects are enhanced by recent capital improvements and PCH's strong financial condition.

Current Outlook

Earnings for 1990 are projected at $4.50 a share, down slightly from the $4.65 estimated for 1989.

The quarterly dividend was raised 15%, to $0.30 from $0.26, with the September, 1989 declaration.

A modest sales gain is expected for 1990, with paperboard and printing papers remaining strong, while some weakness is likely to develop in pulp markets because of new industry capacity coming on stream. Wood products sales and earnings should benefit from a shortage of timber caused by environmental lawsuits. Recent mill modernizations should aid earnings.

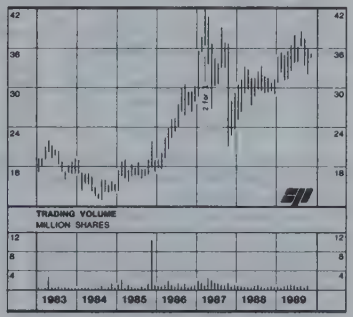
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	297	258	249
Jun.	---	296	267	244
Sep.	---	318	274	247
Dec.	---	---	285	253
	---	---	1,084	992

Sales for the nine months ended September 30, 1989 rose 14%, year to year, reflecting strong gains in the pulp and paper segments. Wood products sales were also up. Margins widened for pulp-based products, and pretax earnings increased 18%. After taxes at 36.0%, versus 38.0%, net income was up 22%. Per-share earnings were $3.41 on 5.7% more shares outstanding, compared with $2.85.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.20	1.30	0.95	0.63
Jun.	E1.15	0.89	0.88	0.80
Sep.	E1.10	1.22	1.02	0.81
Dec.	E1.05	E1.24	1.19	0.89
	E4.50	E4.65	4.04	3.13



Important Developments

Oct. '89— PCH said that third quarter operating income in the wood products segment rose to $6.5 million from $2.5 million a year earlier, despite continuing operating problems at the Lewiston mill. Profits were helped by higher prices stemming from reduced timber availability in the industry caused by environmental lawsuits.

May '89— The company announced plans to spend $25 million to increase chlorine dioxide bleaching capacity at pulp mills in Idaho and Arkansas. Besides improving product quality and lowering producting costs, the new systems will reduce trace amounts of dioxin.

Mar. '89— PCH called for redemption all of its Series B convertible exchangeable preferred stock at $52.625 per share. All but 6,897 of the approximately one million shares were converted to common stock on the basis of 1.8868 common shares for each preferred share.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	24.98	21.90	19.64	18.13	18.33	17.74	17.47	17.78	16.94	15.97
Earnings	4.04	3.13	2.49	1.10	1.40	1.02	0.44	1.63	1.63	2.35
Dividends	0.95	0.86	0.79½	0.78	0.75	0.74	0.74	0.71	0.67	0.60
Payout Ratio	24%	27%	32%	62%	54%	73%	171%	44%	41%	26%
Prices—High	33⅜	41⅞	30½	21⅞	19	22	19	24⅝	22½	19½
Low	25	21	17⅝	14⅜	12⅞	16	9½	14⅛	14½	14½
P/E Ratio—	8-6	13-7	12-7	20-13	14-9	22-16	44-22	15-9	14-9	8-6

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987 **1.** Reflects accounting change. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	**1,084**	**265**	**24.5**	**114**	**71.7**	**28.1**	**176**	**36.0%**	**112.4**	**10.4**
1987	992	225	22.6	155	65.1	33.6	135	34.9%	87.6	8.8
1986	976	194	19.9	96	64.4	29.6	108	35.0%	[2]69.9	7.2
1985	950	140	14.8	63	59.8	22.7	55	31.8%	37.7	4.0
1984	994	157	15.8	33	57.1	24.5	77	35.3%	49.6	5.0
1983	907	136	15.0	54	58.2	28.7	60	32.2%	40.5	4.5
1982	820	96	11.7	54	54.3	31.6	34	32.6%	22.5	2.7
[2]1981	880	125	14.2	218	52.0	36.4	92	36.8%	57.8	6.6
1980	820	110	13.5	149	42.9	[2]28.6	62	20.7%	49.4	6.0
1979	809	143	17.6	182	38.8	22.3	94	24.3%	71.0	8.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	**84.6**	**345**	**146**	**2.4**	**1,418**	**8.2%**	**368**	**672**	**1,272**	**28.9**	**17.2%**
1987	57.4	279	133	2.1	1,307	6.9%	365	588	1,173	31.1	15.0%
1986	50.2	265	139	1.9	1,220	5.9%	344	525	1,081	31.9	13.1%
1985	12.2	200	127	1.6	1,124	3.6%	338	473	997	33.9	6.9%
1984	23.9	215	121	1.8	1,144	4.3%	286	564	1,024	27.9	7.7%
1983	18.5	208	115	1.8	1,156	3.5%	300	545	1,041	28.8	5.8%
1982	41.5	223	111	2.0	1,176	1.9%	344	535	1,065	32.3	2.5%
1981	27.3	228	115	2.0	1,186	5.2%	349	544	1,071	32.6	9.3%
1980	15.5	201	106	1.9	1,022	4.9%	330	516	916	36.0	9.9%
1979	27.9	196	137	1.4	977	8.1%	303	484	839	36.1	15.5%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Reflects accounting change.

Business Summary

PCH is one of the largest U.S. lumber producers and has interests in paper and consumer products. Business segment contributions in 1988:

	Sales	Profits
Wood products	21%	1%
Printing papers	31%	36%
Other pulp-based products	48%	63%

In 1988 the company's wood products operation produced 326 million bd. ft. of lumber, 336 million sq. ft. of plywood, 452 million sq. ft. of oriented strandboard, and 73 million sq. ft. of particleboard. PCH operates seven sawmills and a number of other wood products plants located primarily in Arkansas, Idaho and Minnesota.

PCH produces quality coated and uncoated printing and business papers from two mills in Minnesota. In 1988 the company shipped 281,814 tons of paper from these mills.

Other pulp based products include bleached kraft paperboard, folding cartons, milk cartons and other liquid tight containers, tissue toweling and napkins. Bleached kraft paperboard is produced at mills in Lewiston, Ida. and McGhee, Ark. During 1988 PCH shipped 153,958 tons of pulp, 558,892 tons of paperboard, and 78,288 tons of tissue products. Potlatch owns some 1.47 million acres of timberland. Self-generated fuels supply about 70% of the company's energy requirements.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.26	Jan. 26	Feb. 9	Feb. 15	Mar. 6'89
0.26	May 5	May 16	May 22	Jun. 5'89
0.26	Jul. 20	Aug. 10	Aug. 16	Sep. 5'89
0.30	Sep. 29	Nov. 9	Nov. 15	Dec. 4'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $384,982,000.

Common Stock: 28,835,265 shs. ($1 par).
Institutions hold approximately 47%.
Shareholders of record: 4,300.

Office—One Maritime Plaza, P.O. Box 3591, San Francisco, Calif. 94119. **Tel**—(415) 576-8800. **Chrmn & CEO**—R. B. Madden **Secy**—B. W. Davis **Treas & Investor Contact**—Sandra T. Powell. **Dirs**—J. G. Affleck, R. A. Clarke, F. W. Davis, M. DuBain, C. J. Grayson, Jr., G. F. Jewett, Jr., R. G. Landis, R. B. Madden, J. J. Pascoe, T. Rembe, R. F. Richards, R. G. Schwartz, L. S. Simons, Jr., R. M. Steele, C. R. Weaver, F. T. Weyerhaeuser. **Transfer Agent & Registrar**—Bank of California, San Francisco. **Incorporated** in Delaware in 1955 **Empl**—7,240.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Premark International

1864R

NYSE Symbol PMI Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
30	42-29⅜	11	0.84	2.8%	NR	NA

Summary

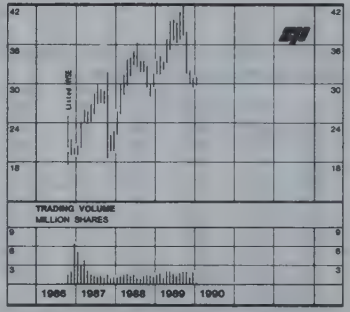
Premark International manufactures and sells Tupperware plastic products, commercial food equipment, and various consumer and decorative products. The company was spun off by Dart & Kraft in 1986. Higher manufacturing costs, more expensive raw materials, adverse foreign exchange rates, and an $18 million pretax charge in the fourth quarter to restructure the food equipment division will substantially hurt earnings in 1989; however, profits should rebound in 1990.

Current Outlook

Earnings for 1990 are projected at $3.00, up from the $2.17 estimated for 1989.

The quarterly dividend should remain at $0.21.

Sales for 1990 should rise 10%-12%, reflecting higher sales at the consumer and decorative products group which may be offset somewhat by continued slower sales at the Tupperware and food equipment divisions. Margins should begin widening by the second half, reflecting a turnaround at the food equipment division and more efficient operations at Tupperware. Interest expense may be slightly higher, but share earnings will benefit from fewer shares outstanding.



Net Sales (Million $)

Quarter:	1989	1988	1987	[1]1986
Mar.	621	588	501	412
Jun.	658	592	543	498
Sep.	616	565	531	499
Dec.	---	651	622	549
	---	2,397	2,197	1,959

Sales for the 39 weeks ended September 30, 1989 rose 8.5% from those of the 40-week year-earlier period. Margins narrowed, mainly on profit declines at the Tupperware and food equipment divisions. In the absence of a $0.44 a share tax benefit from sale of a facility and after higher taxes, net income fell 33%, to $1.70 a share (on 1.1% more shares) from $2.59, which excludes a special charge of $0.47.

Common Share Earnings ($)

Quarter:	1989	1988	1987	[1]1986
Mar.	0.64	1.16	0.36	0.39
Jun.	0.68	0.89	0.55	0.64
Sep.	0.38	0.55	0.40	d1.11
Dec.	E0.47	0.91	0.77	d2.79
	E2.17	3.50	2.08	d2.87

Important Developments

Dec. '89— PMI said that it would take an $18 million pretax charge in the fourth quarter, reflecting a restructuring of the food equipment division. PMI also said it would repurchase 3.5 million of its common shares outstanding, or 10% of the total.

Oct. '89— PMI attributed the decline in net income for 1989's third quarter to a 22% profit decline at Tupperware and a 45% profit decline at the food equipment group, both resulting from higher manufacturing costs. Profits rose 14% at the consumer and decorative products group, however, due to the Tibbals acquisition and on improved performance at Ralph Wilson. PMI said it expected to report a significant earnings decline for 1989 as a result of continued adverse conditions at Tupperware and the food manufacturing division.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[2]1986	1985
Tangible Bk. Val.	NA	19.13	18.63	15.53	[3]21.40
Earnings[4]	NA	3.50	2.08	d2.87	1.63
Dividends	0.78	0.53	0.29	0.05	NA
Payout Ratio	NA	15%	14%	NM	NA
Prices—High	42	36¼	31¾	21½	NA
Low	29¾	22⅛	18½	17½	NA
P/E Ratio—	NA	10-6	15-9	NM	NA

Data as orig. reptd. Prior to 1986 pro forma data as reptd. in Information Statement dated Oct. 21, 1986. 1. Pro forma. 2. Reflects merger or acquisition. 3. As of Jun. 28, 1986. 4. Bef. spec. item(s) of -0.47 in 1988. NA-Not Available. E-Estimated. d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,397	276	11.5	119	68.3	26.1	197	38.4%	121	5.1
1987	2,197	210	9.5	96	64.0	24.2	126	43.3%	72	3.3
[2]1986	1,959	186	9.5	150	63.1	12.8	d36	NM	[3]d98	NM
[4]1985	1,763	229	13.0	76	63.7	46.3	121	54.3%	55	3.1
1984	1,731	245	14.2	94	53.9	17.1	167	47.3%	88	5.1
1983	1,748	296	17.0	62	61.3	18.6	215	52.0%	103	5.9
1982	1,736	NA	NA	67	57.5	NA	233	49.4%	118	6.8
1981	1,604	NA	NA	56	51.6	NA	252	47.6%	132	8.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	123	994	564	1.8	1,655	7.5%	238	754	1,035	23.0	17.1%
1987	131	1,037	560	1.9	1,586	4.8%	236	663	959	24.6	11.6%
1986	91	888	441	2.0	1,407	NA	277	580	923	30.1	NA

Data as orig. reptd. Prior to 1986 data as reptd. in Information Statement dated Oct. 21, 1986. 1. Bef. spec. item(s) in 1988. 2. Reflects merger or acquisition 3. Reflects accounting change. 4. Pro forma. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Premark International is multinational manufacturer and marketer of leading consumer and commercial products sold under well-known brand names including Tupperware, Wilsonart, Hobart, West Bend, Vulcan, Foster, Hartco, and Precor. Dart & Kraft formed Premark in August, 1986 to acquire four of its businesses, and spun off Premark in November, 1986 to Dart & Kraft shareholders. Premark's business segment contributions in 1988:

	Sales	Profit
Tupperware	40%	50%
Food equipment	37%	25%
Consumer and decorative products	23%	25%

Foreign business accounted for 41% of sales in 1988, versus 38% in 1987.

Tupperware manufactures and sells (directly to the consumer through independent distributors) a broad line of molded plastic food storage and service containers, as well as educational toys, personal care and home products, and a line of high-heat resistant ovenware. Important products include Tupperware educational toys, Bell tumblers, Modular Mates stackable storage containers, Wonderlier and Servalier bowls and Counterparts Ultra Clear canisters.

The food equipment group, which includes Hobart and Vulcan-Hart, produces commercial food preparation equipment including food mixers, slicers and cutters; meat saws and grinders; weighing and wrapping equipment and related systems; cooking equipment such as ovens, ranges, fryers, griddles, and broilers; refrigeration equipment; warewashers; and waste disposal equipment.

Consumer and decorative products consist of the Ralph Wilson division (decorative plastic laminates which have various interior surfacing applications including wall paneling systems, countertops, vanities, store fixtures, and furniture); Tibbals Flooring (pre-finished oak flooring), which was acquired December, 1988; and the West Bend division (small electric appliances, stainless steel cookware and home physical fitness equipment.

Dividend Data

Dividends were initiated in 1987. A "poison pill" stock purchase right was adopted March, 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Mar. 7	Mar. 16	Mar. 22	Apr. 7'89
0.21	May 3	Jun. 7	Jun. 13	Jul. 7'89
0.21	Aug. 2	Sep. 7	Sep. 13	Oct. 6'89
0.21	Nov. 2	Dec. 7	Dec. 13	Jan. 8'90

Next dividend meeting: early Mar. '90.

Finances

During the first quarter of 1988 PMI adopted FASB No. 96. Generally, the new standard requires companies to adjust deferred tax balances to reflect current tax rates and prohibits recognition of deferred tax assets in certain circumstances.

After incorporating Premark International as a wholly-owned subsidiary in August, 1986, Dart & Kraft transferred certain of its businesses (Tupperware, Food Equipment, The West Bend Company, and Ralph Wilson Plastics Co.) to Premark. On November 21, 1986 Dart & Kraft distributed Premark common stock to its shareholders of record October 31 on the basis of one share of PMI for every four Dart shares held.

Capitalization

Long Term Debt: $253,900,000.

Common Stock: 34,098,549 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 38,383.

Office—1717 Deerfield Rd., Deerfield, Ill. Tel—(312) 405-8000 Chrmn & CEO—W. L. Batts VP-Secy—J. T. Kelly. VP-Treas—D. S. Simon. Investor Contact—Sharon Sweet Dirs—W. L. Batts, W.O. Bourke, C. B. Cleary, R. M. Davis, E. M. deWindt, L. C. Elam, C. J. Grum, J. E. Luecke, B. Marbut, J. B. McKinnon, R. M. Price, J. S. Reed, J.D. Stoney, E. R. Telling, G. G. Zipf. Transfer Agent & Registrar—Manufacturers Hanover Trust, NYC. Incorporated in Delaware in 1986. Empl—24,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Elizabeth Vandeventer

Price Company

NASDAQ Symbol PCLB (Incl. in Nat'l Market; marginable) Options on Pacific In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 15'89	1989					
43¾	47¾–34¾	20	2---	2---	B+	1.57

Summary

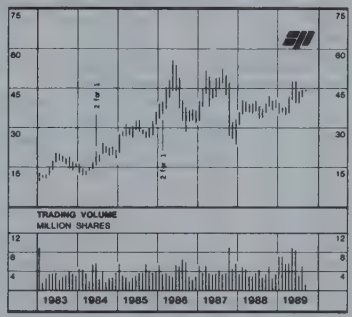
Price is a leading operator of cash-and-carry membership wholesale clubs, principally on the West Coast and, more recently, in the eastern U.S. The clubs sell a variety of basic merchandise to businesses that buy for their own use or for resale and to selected groups of retail customers. Earnings growth should remain strong as the company expands into new market and new product areas.

Current Outlook

Earnings for the fiscal year ending August 31, 1990, are projected to reach $2.75 a share, up from the estimated $2.30 of fiscal 1989.

A one-time cash dividend of $1.50 per share was paid in July, 1989.

Sales for fiscal 1990 should increase about 20%, benefiting from new warehouse openings. With consumers becoming more cost-conscious, the company's sharp pricing policy should strengthen its market position, particularly as the warehouse format gains acceptance on the East Coast. Margins may narrow slightly, reflecting modestly higher expense ratios. Interest expense should increase.



Sales (Million $)

Weeks:	1988–9	1987–8	1986–7	1985–6
16 Dec.	1,567	1,283	1,032	816
12 Mar.	1,035	843	679	531
12 Jun.	1,086	942	739	605
12 Aug.		986	787	639
		4,053	3,236	2,590

Sales for the 40 weeks ended June 4, 1989, rose 20%, year to year. Margins remained about level and pretax income increased 20%. After taxes at 38.7%, versus 39.5%, net income increased 22% to $1.73 a share, from $1.44.

Common Share Earnings ($)

Weeks:	1988–9	1987–8	1986–7	1985–6
16 Dec.	0.79	0.63	0.47	0.40
12 Mar.	0.51	0.43	0.34	0.29
12 Jun.	0.43	0.38	0.30	0.24
12 Aug.	E0.57	0.49	0.39	0.32
	E2.30	1.93	1.50	1.25

Important Developments

May '89— PCLB said that in lieu of its previously announced proposal to distribute a dividend-bearing convertible preferred stock to its shareholders, a one-time special cash dividend of $1.50 a share was declared. The total amount of the dividend would be about $75 million, or about 14% of the company's net worth. The dividend was not expected to affect the company's operations, rate of expansion or plans. In March, PCLB was operating 41 Price Clubs in the U.S. and four in Canada (through a 50/50 joint venture). In February, the company authorized the expenditure of up to $50 million for the repurchase of any of its outstanding securities. In late 1988, PCLB opened two new Price Clubs—one in Virginia and one in California. More clubs were planned for fiscal 1989, including units in New York, California, Phoenix and Tucson.

Next earnings report expected in early October.

Per Share Data ($)

Yr. End Aug. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.53	7.53	5.96	3.33	2.25	1.55	0.51	0.30	0.17	NA
Earnings	1.93	1.50	1.25	1.01	0.64	0.34	0.20	0.13	0.07	0.03
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[1]	42¼	52½	55¾	36⅛	24½	20¾	12¼	5¾	1⅜	NA
Low[1]	31	23½	28¼	20⅜	11⅞	9⅝	3	1⅜	¾	NA
P/E Ratio—	22–16	35–16	45–23	36–20	38–19	61–28	62–15	43–10	20–11	NA

Data as orig. reptd. Adj. for stk. divs. of 100% Feb. 1986, 100% Jun. 1984, 200% in 1981, 200% in 1980. 1. Cal. yr. 2. Decl. $1.50 special cash dividend in May 1989. E-Estimated. NA-Not Available

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Income Data (Million $)

Year Ended Aug. 31	Oper. Revs.[1]	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.[2]	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	4,140	160	3.9	82.3	15.1	11.5	157	39.5%	94.8	2.3
1987	3,306	137	4.2	86.4	10.5	5.9	140	47.5%	73.3	2.2
1986	2,649	112	4.2	66.9	10.1	4.3	116	49.2%	58.9	2.2
1985	1,871	86	4.6	39.0	5.2	6.4	91	49.3%	46.0	2.5
1984	1,158	54	4.6	33.3	3.0	0.7	56	49.2%	28.6	2.5
1983	641	28	4.4	26.8	1.6	0.9	29	49.6%	14.7	2.3
1982	370	17	4.5	11.2	0.9	1.0	16	49.2%	7.9	2.1
1981	230	10	4.2	3.7	0.5	0.2	10	49.9%	5.1	2.2
1980	148	6	3.9	1.2	0.5	0.5	5	49.2%	2.6	1.7
1979	63	2	3.1	5.2	0.2	0.2	2	38.1%	1.1	1.7

Balance Sheet Data (Million $)

Aug. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	290	528	306	1.7	993	10.3	200	480	687	29.1	22.0
1987	264	470	248	1.9	833	11.0	198	379	585	33.8	21.5
1986	135	257	183	1.4	493	13.1	3	302	310	0.9	24.8
1985	147	234	139	1.7	381	14.1	76	161	242	31.6	34.8
1984	34	169	85	2.0	266	14.0	77	101	181	42.5	33.4
1983	33	74	66	1.1	141	14.8	4	69	74	5.1	33.0
1982	4	27	34	0.8	58	16.7	4	20	25	14.5	49.2
1981	9	22	23	1.0	36	17.8	2	12	14	12.0	55.4
1980	3	14	13	1.0	22	13.6	2	7	8	19.8	27.5

Data as orig. reptd. 1. Incl. other inc. 2. Excl. additions to prop. held for sale or leased to others.

Business Summary

The Price Company operates "Price Club" cash-and-carry membership wholesale outlets, primarily in California and other western states and, more recently, on the East Coast. These warehouse outlets offer a variety of food and general merchandise to businesses that purchase for resale and for their own use and to selected groups of retail customers.

Contributions to sales by merchandise in recent fiscal years were:

	1987–8	1986–7	1985–6
Appliances & hardware	19%	20%	20%
Food	26%	26%	25%
Hardlines	12%	12%	13%
Liquor	4%	5%	5%
Softgoods	8%	7%	7%
Sundries	31%	30%	30%

At the end of fiscal 1988, the company was operating 39 Price Club units, in California (24), Arizona (5), Virginia (3), Maryland (3) and New Mexico, Connecticut, New York and New Jersey. Price Club Canada, a joint venture in which the company has a 50% interest, was operating four warehouses as of late 1988.

The warehouse clubs, which are open only to members, range between 96,000 sq. ft. and 135,000 sq. ft. In fiscal 1988, there were two kinds of membership: "Business" and "Gold Star."

Businesses or individuals with a resale or business license, professional license or other proof of business existence may become Business members by paying an annual $25 membership fee.

Gold Star membership is available to employees of federal, state or local governments, banks, credit unions, savings and loan associations, certain corporations, certain utility and transportation companies, certain hospitals, as well as members of credit unions and other organizations. Gold Star membership requires a $25-a-year membership fee.

As of August 31, 1988, there were approximately 880,000 Business members and about 1.5 million Gold Star members.

Dividend Data

A special one-time cash dividend of $1.50 a share was paid July 28, 1989 to holders of record May 31. Prior to this no cash payments had been made.

Finances

During fiscal 1988, $200 million of 5.5% debentures were issued, convertible into common stock at $50.625 a share.

Capitalization

Long Term Debt: $213,345,000 (3/12/89); incl. $198 million of conv. debs. (see Finances).

Common Stock: 49,440,000 shs. (no par).
Officers & directors own about 20%.
Institutions hold about 57%.
Shareholders: About 5,213 of record (11/88).

Office—2657 Ariane Dr., San Diego, Calif. 92117. **Tel**—(619) 581-4600. **Chrmn, Pres & CEO**—R. E. Price. **Exec VP**—G. Bateman. **Exec VP & CFO**—T. Kurtz. **Secy**—P. A. Peterson. **Dirs**—G. H. Bateman, J. Horton, J. S. Katzin, R. M. Libenson, P. A. Peterson, R. E. Price, H. W. Schoepflin, T. Wallace. **Transfer Agent & Registrar**—First Interstate Bank, Calabasas, Calif. **Incorporated** in California in 1976. **Empl**—11,077.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Prime Motor Inns, Inc.

1866X

NYSE Symbol PDQ Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
30⅝	37½–24⅜	13	0.08	0.3%	A	1.33

Summary

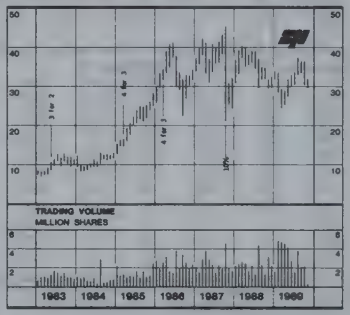
This company owns, operates or manages more than 100 lodging properties under various lodging brands, and is also the franchisor of more than 400 Howard Johnson lodging properties. Sizable expansion of the Howard Johnson franchise system is expected. Also, PDQ has agreed to acquire certain lodging assets of Ramada, Inc.; however, completion of the transaction was recently delayed.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $2.50 a share, up from fiscal 1989's $2.35.

The $0.02 quarterly dividend may be raised, possibly through a stock distribution.

PDQ's revenue mix is expected to become increasingly weighted toward contributions from managing, franchising and development of lodging properties, with a lower relative contribution from operation of owned and leased facilities. Earnings growth could accelerate in fiscal 1991, aided by benefits from the expected acquisition of certain Ramada, Inc. assets and PDQ's development of new Howard Johnson properties.



Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	103.9	99.3	86.2	65.7
Dec.	---	98.3	83.3	72.6
Mar.	---	99.9	95.5	75.1
Jun.	---	112.9	105.4	87.7
	---	419.3	389.2	301.1

Gross revenues for the three months ended September 30, 1989 rose 4.7%, year to year. Net income advanced 7.4%, to $0.63 a share ($0.60 fully diluted) from $0.59 ($0.58).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.63	0.59	0.47	0.34
Dec.	E0.59	0.55	0.47	0.33
Mar.	E0.58	0.55	0.51	0.36
Jun.	E0.70	0.66	0.61	0.46
	E2.50	2.35	2.05	1.49

Important Developments

Nov. '89— An extension until February 28, 1990 had been agreed upon for completion of a transaction which is expected to result in PDQ operating the Ramada, Inc. lodging franchise business. In return for an investment of about $180 million, PDQ is expected to receive rights to the Ramada Inn, Ramada Hotel and Rodeway franchise systems, which included about 632 properties and 95,000 guest rooms in the U.S.; rights to manage 14 properties; and some land. Other Ramada, Inc. lodging assets, including rights to Ramada Renaissance properties and international assets, would go to New World Development Co. Ltd. of Hong Kong; Ramada is not selling its U.S. casino/hotels. In November PDQ said that it had filed for a proposed public offering of up to $300 million principal amount of zero coupon convertible subordinated debentures.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	[1]1986	[1]1985	[2]1984	1983	1982	1981	1980
Tangible Bk. Val.	12.59	10.26	8.25	7.95	4.49	3.63	3.02	1.55	1.05	0.65
Earnings[3]	2.35	2.05	1.49	1.23	0.87	0.62	0.51	0.41	0.32	0.21
Dividends	0.08	0.07⅞	0.07⅜	0.06⅝	0.06¼	0.06¼	0.05⅝	0.04½	Nil	Nil
Payout Ratio	3%	4%	5%	6%	7%	13%	9%	11%	Nil	Nil
Prices—High[4]	37⅛	40½	45½	41¼	28⅜	13	12⅞	9¼	4⅜	3½
Low[4]	24⅛	29½	21	22⅜	12⅜	8¼	8⅞	3⅜	2⅛	1½
P/E Ratio—	16–10	20–14	31–14	34–18	32–15	21–13	25–14	23–8	13–7	17–6

Data as orig. reptd. Adj. for stk. divs. of 10% Oct 1987, 33⅓% Mar. 1986, 33⅓% Mar. 1985, 50% Jun. 1983, 50% Jul. 1982, 20% Mar. 1981. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Bef. results of disc. opers. of +0.10 in 1987. 4. Cal. yr. E-Estimated

November 10, 1989

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Income Data (Million $)

Year Ended Jun. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	315	77.8	24.7	73.0	10.6	39.4	125	38.0%	77.4	24.6
1988	298	69.2	23.2	50.4	9.5	23.2	109	37.9%	67.6	22.7
[3]1987	244	57.1	23.4	50.2	10.0	27.9	84	41.7%	48.8	20.0
[4]1986	290	60.7	20.9	18.5	10.4	32.1	63	38.9%	37.5	12.9
[4]1985	279	62.7	22.4	42.5	11.3	40.0	38	28.4%	25.0	9.0
[5]1984	82	25.2	30.9	36.5	4.2	8.1	28	37.7%	17.3	21.2
1983	60	20.1	33.9	37.5	3.0	3.9	22	40.8%	12.7	21.3
1982	52	17.8	34.6	18.6	2.3	2.2	17	45.9%	9.1	17.7
1981	42	11.5	27.0	11.1	2.0	1.7	13	50.2%	6.5	15.3
1980	35	10.3	29.4	4.7	1.8	1.1	8	48.6%	4.0	11.3

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	40	270	196	1.4	1,144	7.5%	423	452	922	45.8	18.7%
1988	141	253	56	4.5	904	8.3%	407	375	806	50.5	19.7%
1987	51	203	67	3.0	727	6.3%	256	309	569	45.1	17.2%
1986	42	159	70	2.3	815	5.0%	429	255	697	61.6	18.8%
1985	34	118	172	0.7	598	6.2%	276	128	424	65.2	21.7%
1984	35	46	12	3.9	211	9.1%	89	103	197	45.1	18.4%
1983	46	55	8	7.0	168	10.1%	69	84	156	44.1	19.9%
1982	8	16	9	1.8	67	14.6%	21	35	57	36.8	30.6%
1981	6	13	8	1.6	53	14.8%	19	23	43	45.4	35.3%
1980	4	7	5	1.5	31	14.0%	11	13	24	45.5	36.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of discontinued operations in 1987. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects acctg. change

Business Summary

Prime Motor Inns is an owner, operator, developer, and franchisor of lodging properties.

As of September, 1989 PDQ owned, leased or managed 131 hotels with about 18,750 rooms. This included 95 hotels with about 12,575 rooms which it operated and in which it had ownership or lease interests. These 95 properties included 55 Howard Johnson lodging facilities, 22 Holiday inns, nine Ramada inns, three Sheraton inns, three Days inns, and three independent hotels. PDQ also managed 29 properties with about 5,185 rooms which were owned or leased or others, and there were seven other properties in which PDQ had ownership interests, but were managed by or leased to others. Publicly owned Prime Motor Inns Limited Partnership, of which PDQ is the general partner, has interests in some properties leased and managed by PDQ.

PDQ also franchises Howard Johnson lodging properties. This lodging system contains more than 400 properties, and a substantial expansion is expected over the next five years. Seventeen inns acquired by PDQ in 1988 have been converted to the Wellesley Inns by Howard Johnson name.

In addition, PDQ is expected to acquire certain Ramada, Inc. hotel franchise businesses totaling more than 600 properties (see Important Developments).

Dividend Data

Cash dividends were resumed in 1981 after having been omitted since 1974.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02	Dec. 19	Dec. 30	Jan. 6	Jan. 31'89
0.02	Mar. 9	Mar. 28	Apr. 3	Apr. 30'89
0.02	Jun. 21	Jun. 27	Jul. 3	Jul. 31'89
0.02	Sep. 22	Oct. 2	Oct. 6	Oct. 31'89

Capitalization

Long Term Debt: $422,828,000 (6/89), incl. $115 million of 6⅛% debs., conv. into com. at $40.57 a sh. & $115 million of 7% debs. conv. into com. at $43.95 a sh.

Common Stock: 32,992,544 shs. ($0.05 par). Officers and directors own about 14%. Institutions hold approximately 49%. Shareholders of record: 3,212.

Office—700 Route 46 East, Fairfield, N.J. 07007-2700 Tel—(201) 882-1010 Chrmn—P. E. Simon. Pres & CEO—D. A. Simon EVP & COO—B. Kilduff Secy—G. Bohm. Treas—R. S. Bingham VP-Investor Contact—D. L. Barsky Dirs—D. L. Barsky, C. B. Bean, S. Brodie, J. Epstein, J. Gurkoff, W. H. Joseph, H. D. Kahan, J. Kaplowitz, H. Kay, B. Kilduff, D. A. Simon, J. Simon, P. E. Simon, M. S. Taub Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1968 Empl—8,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Primerica Corp.

1867P

NYSE Symbol PA Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
27¾	28⅞-20¼	8	0.28	1.0%	NR	NA

Summary

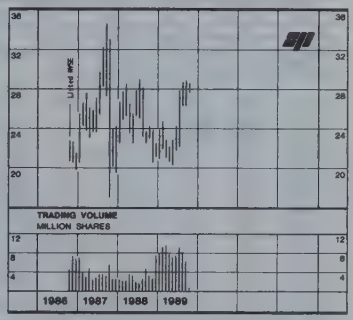
Primerica Corp. (formerly Commercial Credit Group) offers a variety of consumer financial services, including life and other insurance, consumer lending, and investment services. In December, 1988 Commercial Credit acquired Primerica Corp., a financial services and specialty retailing concern, in a $1.5 billion stock and cash transaction. Subsequently, Commercial Credit changed its name to Primerica Corp.

Current Outlook

Earnings for the merged corporation for 1989 are estimated at $2.40 a share. Earnings for 1990 could reach $3.00 a share. In 1988 Commercial Credit alone earned $3.61 a share, including a $0.76 gain from the sale of an insurance unit.

The minimum expectation is for dividends to continue at $0.07 quarterly.

The acquisition of "old Primerica" will result in a substantial increase in revenues and net income in 1989, but per share earnings will likely decline, as shares outstanding have more than doubled. Gains are expected from the consumer finance operations, as receivables should continue to grow. Property-casualty results will likely feel the effect of heightened competition, and underwriting performance will likely decline. The inclusion of A. L. Williams profits will lead to higher life insurance profits. Results at Smith Barney and American Capital's mutual fund operations are expected to remain under pressure, but a rebound is expected.



Review of Operations

Revenues for the six months ended June 30, 1989 rose 465%, year to year, to $2.6 billion from $467 million, reflecting the acqusition in December, 1988 of "old" Primerica. Following a 536% increase in expenses, pretax income expanded 149%. After taxes at 34.6% versus 28.6%, and minority interests in the 1989 period of $25 million, net income advanced 88%. Share earnings were $1.18 on 116% more shares, compared with $1.37.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.53	0.66	0.37	0.32
Jun.	0.65	0.71	0.46	0.39
Sep.	E0.60	0.74	0.55	0.33
Dec.	E0.62	1.51	0.66	d0.01
	E2.40	3.61	2.00	0.96

Important Developments

Sep. '89— PA noted that earnings for 1989's first half benefited from growth in all business segments, and from its efforts to streamline operations. To that end, PA agreed to sell its PennCorp Financial group of insurance companies to PCF Acquisition Corp. for some $300 million in cash. Proceeds would be used to reacquire shares or repurchase debt. In August, PA offered to acquire the approximately 30% of A. L. Williams Corp. (ALW) that it does not already own by issuing 0.82 of a PA common share for every ALW common share. The exchange ratio would increase to 0.85 of a PA common share if PA's stock trades below $25 when shareholders vote. Finally, since PA was unable to find a suitable buyer for its Fingerhut Companies direct mail consumer product unit, it has decided to retain this division. A restructuring of Fingerhut, aimed at cutting costs, is underway.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	8.99	15.33	18.38	NA	NA	NA	NA	NA
Earnings[2]	3.61	2.00	0.96	0.87	1.38	1.30	1.51	1.31
Dividends	0.27	0.24	0.06	NA	NA	NA	NA	NA
Payout Ratio	7%	12%	6%	NA	NA	NA	NA	NA
Prices—High	29	34⅝	22¾	NA	NA	NA	NA	NA
Low	20½	17	19¾	NA	NA	NA	NA	NA
P/E Ratio—	8-6	17-9	24-21	NA	NA	NA	NA	NA

Data as orig. reptd.; prior to 1986 data as reptd. in Preliminary Prospectus dated Oct. 3, 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -1.52 in 1987, +0.21 in 1986, -1.00 in 1985, -0.03 in 1984, - 0.49 in 1983, -0.38 in 1982, +0.06 in 1981, bef. spec. item(s) of +0.11 in 1982. NA-Not Available. E-Estimated d-Deficit

October 11, 1989

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Income Data (Million $)

Year Ended Dec. 31	Interest on Loans	[1]Invest. Inc.	Total Revs.	Int. Exp.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
[3]1988	536	82	1,004	244	76.3	238	31.9%	162	16.1	1.7	12.5
1987	469	88	912	199	84.6	141	27.8%	102	11.1	2.2	12.7
1986	510	128	1,105	274	94.6	60	37.2%	38	3.4	0.7	4.2
1985	804	131	1,130	501	92.5	85	55.4%	32	2.8	0.5	3.8
1984	812	122	1,104	544	92.6	82	42.5%	51	4.6	0.7	6.1
1983	707	109	970	433	93.2	67	33.5%	48	4.9	0.8	5.8
1982	736	78	943	429	90.3	91	41.8%	56	5.9	1.1	7.0
1981	716	76	936	435	90.2	91	48.1%	48	5.2	NA	NA

Balance Sheet Data (Million $)

Dec. 31	Total Assets	[4]Accounts Payable	Cash & Secs.	[5]Loans	[5]Loans/ Equity	Capitalization [6]Debt	Capitalization Equity	Capitalization Total	Price Times Book Value Hi	Price Times Book Value LO
1988	14,435	1,327	3,377	4,707	3-1	6,357	1,947	8,514	3.2-2.3	
1987	4,306	159	870	2,903	3.4-1	3,024	646	3,670	2.3-1.1	
1986	4,864	180	1,244	3,070	3.4-1	2,951	949	3,900	1.2-1.1	
1985	6,322	366	1,142	4,726	6.1-1	4,667	833	5,500	NA	
1984	7,118	357	1,001	5,577	6.3-1	5,483	843	6,326	NA	
1983	6,657	NA	NA	5,926	5.5-1	4,920	823	5,743	NA	
1982	5,293	NA	NA	4,129	5.2-1	3,857	810	4,667	NA	
1981	5,252	NA	NA	4,121	NA	3,883	770	4,653	NA	

Data as orig. reptd; prior to 1986 data as reptd. in Preliminary Prospectus dated Oct. 3, 1986. 1. Incl. other inc. prior to 1986. 2. Bef. results of disc. opers. in 1987-1981; bef. spec. item(s) in 1982. 3. Reflects merger or acquisition. 4. Incl. other liab. 5. Net finance and related receivables 6. Total debt; incl. curr. portion. NA-Not Available

Business Summary

Primerica Corp. (formerly Commercial Credit Group) is a diversified financial services holding company engaged, through subsidiaries, in consumer finance, insurance services, investment services and corporate and other activity. In December, 1988 the company acquired "old" Primerica Corp. for $1.54 billion in stock and cash (53.9 million common shares, $377.3 million cash, plus certain acquisition costs). Revenue and net income (in million $) of the merged corporation by segment for the quarter ended March 31, 1989:

	Revs.	Profits
Consumer finance	16%	$27.3
Insurance services	50%	46.1
Investment services	34%	13.5
Corporate & other	Nil	-35.5

The consumer finance business includes lending services, deposit taking and credit related insurance. Loans to consumers include secured and unsecured personal loans, home equity loans, and credit card loans. Consumer finance receivables at year-end 1988 amounted to $3.1 billion. PA markets credit life and credit health insurance services to its consumer finance customers.

Insurance services include non-participating individual, group and credit life and accident and health insurance, credit property and auto warranty insurance. PA has a 69.8% interest in A. L. Williams Corp., the leading underwriter of term life insurance. At December 31, 1988 individual life insurance in force amounted to $281 billion (97% term insurance). Gulf Insurance Co., offers property and casualty insurance. Net premiums written in 1988 totaled $195.7 million.

The investment services operations, which were acquired with the purchase of "old" Primerica, consist of Smith Barney Inc., an investment banking and securities brokerage firm, American Capital Management & Research, an 83% owned mutual fund manager, Margaretten & Co.,Inc., a mortgage banking firm, and a 99% interest in RCM Capital Management, which provides investment management services. Corporate and other activities include equipment leasing services, a 21.6% investment in Inter-Regional Financial Group, Inc., a regional securities brokerage, and real estate investments.

Dividend Data

Dividends were initiated in late 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Oct. 26	Oct. 31	Nov. 4	Nov. 25'88
0.07	Jan. 25	Jan. 31	Feb. 6	Feb. 24'89
0.07	Apr. 26	May 2	May 8	May 25'89
0.07	Jul. 26	Aug. 1	Aug. 7	Aug. 25'89

Capitalization

Long Term Debt: $3,661,300,000.

Minority Interests: $233,100,000.

Common Stock: 94,543,579 shs. ($0.01 par).
Institutions hold about 57%.
Shareholders of record: 27,300.

Offices—65 E. 55 St. New York, NY. 10022. American Lane Greenwich, Conn. 06836. **Tel**—(212) 891-8900 **Chrmn & Pres**—S. I. Weill. **VP-CFO**—J. Dimon. **VP-Secy**—C. D. Prince III. **VP-Treas**—J. R.Edda. **Investor Contacts**—M. McDermott, B. Yastine. **Dirs**—R. J. Bialkin, J. A. Califano, D. D. Danforth, L. B. Disharoon, G. R. Ford, M. R. Laird, D. C. Mecum, J. D. Minutilli, A. E. Pearson, G. Tsai, Jr., S. I. Weill, W. S. Woodside, A. Zankel, F. Zarb. **Transfer Agent & Registrar**—Morgan Shareholders Services Trust Co., NYC. **Incorporated** in Delaware in 1968. **Empl**—18,409.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

Procter & Gamble

NYSE Symbol PG Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 1'89	1989					
65⅞	67-42⅛	16	1.80	2.7%	A	0.82

Summary

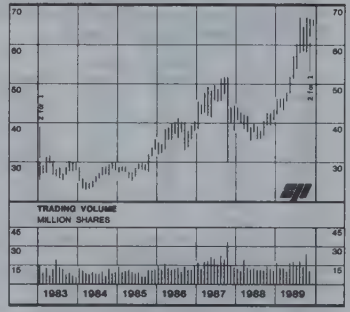
This leading household and personal care products firm has grown through internal development of new products and through important acquisitions such as Richardson Vicks Inc. and G.D. Searle's over-the-counter drug business. Product line extensions, expansion abroad, cost cutting and acquisitions should boost earnings in fiscal 1990. Entry into highly profitable cosmetics markets via the November, 1989 acquisition of Noxell Corp. bodes well for the future. The stock was recently split 2-for-1.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 may rise 24%, to $4.40 a share (including a $0.25 onetime gain) from 1989's $3.56, as adjusted for the November, 1989 2-for-1 split.

The quarterly dividend was raised 12.5%, to $0.45 from $0.40 (both adjusted), with the November, 1989 payment.

Sales for fiscal 1990 are expected to remain in a good uptrend, reflecting continued expansion abroad and successful new product introductions. Margins should expand on better price comparisons, growing production efficiencies and cost cuts. The level of advertising outlays will be important to earnings gains. Acquisition of Noxell may prove modestly dilutive over the near term.



Net Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	5.58	5.27	4.66	4.36
Dec.	---	5.27	4.84	4.26
Mar.	---	5.43	4.86	4.22
Jun.	---	5.43	4.97	4.17
	---	21.40	19.34	17.00

Sales for the three months ended September 30, 1989 rose 5.8%, year to year, reflecting higher unit volume. Including a $0.25 a share onetime gain from settlement of litigation, net income rose 38%, to $1.66 a share from $1.18 (adjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	1.66	1.18	1.05	0.810
Dec.	E1.10	0.96	0.76	0.560
Mar.	E1.04	0.93	0.77	0.550
Jun.	E0.60	0.50	0.41	d0.975
	E4.40	3.56	2.98	0.940

Important Developments

Nov. '89— PG entered markets for cosmetics with the acquisition of Noxell Corp. in an exchange of 0.544 PG common share for each of Noxell's 7.6 million shares. Noxell, which makes Cover Girl make up and Noxzema, had sales of $522 million in 1988. Separately, PG acquired Beatrice's $100 million Fischer Nut business. In October PG acquired Maryland Club, a Texas-based maker of coffee (Maryland Club and Butter-Nut brands) for foodservice markets.

Mar. '89— PG issued a new convertible preferred Class A stock to fund an Employee's Stock Ownership Plan. Proceeds were used to repurchase 16.8 million shares (adjusted) of a total 24 million (approximately 7% of total outstanding) to offset dilution from the new issue.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	[2]1984	[3]1983	1982	1981	1980
Tangible Bk. Val.	8.98	12.97	12.00	12.00	15.75	15.21	13.88	12.59	11.67	10.89
Earnings[3]	3.56	2.98	0.94	2.10	1.90	2.68	2.61	2.35	2.02	1.95
Dividends	1.50	1.37½	1.35	1.31¼	1.30	1.20	1.12½	1.02½	0.95	0.85
Payout Ratio	41%	46%	144%	63%	69%	45%	43%	44%	47%	44%
Prices—High[1]	67	44	51¾	41¼	35⅞	30	31⅝	30¾	20¼	20¾
Low[1]	42⅛	35⅜	30	31⅞	25¼	22⅞	25¼	19½	16⅜	15¾
P/E Ratio—	19-12	15-12	55-32	20-15	19-13	11-9	12-10	13-8	10-8	11-8

Data as orig reptd. Adj. for stk. div(s) of 100% Nov 1989, 100% Feb 1983. 1. Cal. yr. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of -0.23 in 1981. d-Deficit. E-Estimated.

December 11, 1989
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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc of Revs.
1989	21,398	2,806	13.1	1,029	767	398	1,939	37.8%	1,206	5.6
1988	19,336	2,493	12.9	956	697	332	1,630	37.4%	1,020	5.3
1987	17,000	2,241	13.2	925	629	361	617	47.0%	327	1.9
1986	15,439	1,753	11.4	1,102	448	286	1,175	39.7%	709	4.6
1985	13,552	1,343	9.9	1,141	367	202	1,004	36.8%	635	4.7
[3]1984	12,946	1,717	13.3	926	330	149	1,427	37.6%	890	6.9
[3]1983	12,452	1,840	14.8	622	311	112	1,550	44.1%	866	7.0
1982	11,994	1,632	13.6	635	267	106	1,399	44.5%	[4]777	6.5
1981	11,416	1,438	12.6	589	237	[4]111	1,186	43.7%	668	5.9
1980	10,772	1,324	12.3	783	196	97	1,083	40.7%	643	6.0

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	1,587	6,578	4,656	1.4	16,351	7.9%	3,698	5,215	11,248	32.9	21.1%
1988	1,065	5,593	4,224	1.3	14,820	7.1%	2,462	6,337	10,121	24.3	16.7%
1987	741	4,981	3,458	1.4	13,715	2.4%	2,524	5,740	9,670	26.1	5.5%
1986	565	4,632	3,523	1.3	13,055	6.2%	2,457	5,704	9,532	25.8	12.8%
1985	478	3,816	2,589	1.5	9,683	6.8%	877	5,272	7,094	12.4	12.3%
1984	741	3,656	2,374	1.5	8,898	10.4%	630	5,080	6,524	9.7	18.3%
1983	940	3,468	2,078	1.7	8,135	11.1%	783	4,601	6,057	12.9	19.7%
1982	578	3,113	1,912	1.6	7,510	10.7%	846	4,164	5,598	15.1	19.4%
1981	616	3,052	1,730	1.8	6,961	9.9%	846	3,863	5,231	16.2	17.9%
1980	477	3,008	1,670	1.8	6,553	10.5%	835	3,603	4,884	17.1	18.8%

Data as orig reptd. 1. Incl equity in earns of nonconsol subs. 2. Bef. spec item(s) in 1981. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Business Summary

Procter & Gamble markets a wide range of personal care and consumer household products. Contributions by business segment in fiscal 1989 (profits in million $, after nonrecurring charges):

	Sales	Profits
Laundry/cleaning products ..	33%	$754
Personal care products.....	46%	1,031
Food and beverage products	14%	-14
Pulp and chemicals	8%	362

Foreign business contributed 39% of sales and 31% of net income in fiscal 1989.

Among the more popular laundry and cleaning brands are Bounce, Cascade, Cheer, Comet, Dash, Downy, Era, Ivory Snow, Ivory Liquid, Mr. Clean, Solo, Spic and Span, Tide and Top Job. Personal care products include Camay, Ivory and Zest bar soaps, Bounty, Charmin, Puffs and White Cloud paper tissue products; Pampers and Luvs disposable diapers; Always feminine hygiene products; Sure and Secret deodorants; Crest toothpaste; Head & Shoulders, Prell, Ivory and Vidal Sasson hair care products; Oil of Olay and Clearasil skin care products; Pepto-Bismol and the Vicks line of cough and cold medicines; and pharmaceuticals. Disposable diapers accounted for 17% of total sales in fiscal 1989.

Food items include Crisco oil, Duncan Hines cake mixes, Folgers's coffee, Tender Leaf tea, Jif peanut butter, Pringle's potato chips, Crush, Hires and Sun Drop soft drinks, and Citrus Hill fruit juices. Other products include cellulose pulp and chemicals.

Dividend Data

Dividends have been paid since 1891. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.80	Jan. 10	Jan. 13	Jan. 20	Feb. 15'89
0.80	Apr. 11	Apr. 17	Apr. 21	May 15'89
0.80	Jul. 11	Jul. 17	Jul. 21	Aug. 15'89
0.90	Oct. 11	Oct. 16	Oct. 20	Nov. 17'89
2-for-1	Jul. 11	Nov. 20	Oct. 20	Nov. 15'89

Next dividend meeting: early Jan.'90.

Capitalization

Long Term Debt: $3,531,000,000.

Conv. 5% Conv. Preferred Stock: $1,000,000,000 Held by ESOP.

Common Stock: 324,520,942 shs. (no par).
Institutions hold approximately 43%.
Shareholders of record: 102,516.

Office—1 Procter & Gamble Plaza, Cincinnati, Ohio 45202. **Tel**—(513) 983-1100. **Chrmn & CEO**—J. G. Smale. **Pres**—J. E. Pepper. **VP-Sec**—A. L. Ford. **VP-Treas & Investor Contact**—G. Gibeon. **Dirs**—D. M. Abshire, E. L. Artzt, T. F. Brophy, G. V. Dirvin, R. J. Ferris, R. A. Hanson, J. R. Junkins, J. Lederberg, W. F. Light, J. W. Nethercott, J. E. Pepper, D. M. Roderick, J. G. Smale, R. D. Storey, D. S. Swanson, M. v. N. Whitman. **Transfer Agent**—Procter & Gamble Co., Cincinnati, OH. **Registrar**—Central Trust Co., Cincinnati. **Incorporated** in Ohio in 1905. **Empl**—79,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Coll

Public Service Enterprise Group 1876

NYSE Symbol PEG Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
28	29¾-23	11	2.08	7.4%	A-	0.45

Summary

This electric and gas utility holding company serves much of New Jersey's industrial and commercial economy. Profitability since early 1987 has been restricted by the idled Peach Bottom nuclear facility (42.5%-owned). The two unit station, which is operated by Philadelphia Electric Co., was returned to service by 1989 year-end. PEG's longer-term outlook is enhanced by the diversified regional economy, strong cash flow, and completion of the company's construction program. The quarterly dividend was raised 2.0% with the December, 1989 payment.

Current Outlook

Share earnings for 1990 are projected at $2.75, up from the $2.65 estimated for 1989.

The dividend was raised 2.0%, to $0.52 quarterly from $0.51, with the December, 1989 payment.

Share earnings for 1990 should benefit from higher electric and gas sales, and lower costs associated with the two-unit Peach Bottom nuclear plant as both units were returned to service by 1989 year-end. Legal proceedings against Philadelphia Electric have been initiated.

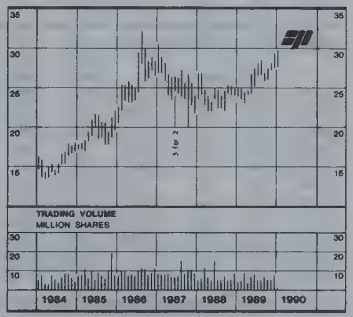
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	1,198	1,234	1,315
Jun.	[2]2,336	915	931	1,007
Sep.	1,152	1,127	1,005	1,058
Dec.	---	1,154	1,042	1,119
	---	4,395	4,211	4,498

Revenues for the nine months ended September 30, 1989 rose 8.7%, year to year (1988 restated), mostly reflecting higher gas sales and increased pass-through items. Costs were well controlled, and operating income was up 9.4%. However, following sharply lower accretion income and increased interest charges, net income declined fractionally (0.3%). Share earnings were unchanged at $2.16.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.75	0.74	0.78	0.82
Jun.	0.55	0.52	0.62	0.67
Sep.	0.85	0.90	0.78	0.87
Dec.	E0.50	0.41	0.38	d0.45
	E2.65	2.57	2.55	1.90



Important Developments

Jan. '90— Units 2 and 3 of PEG's 42.5%-owned Peach Bottom nuclear station both reached 100% of capacity for the first time since the facility, which is operated by Philadelphia Electric Co., was removed from service on March 31, 1987.

Nov. '89— Energy Development Corp. (EDC), an indirect subsidiary of PEG, completed its purchase of the Houston-based Pelto Oil Co. for $319.3 million. The acquisiton of Pelto Oil from Southdown doubled EDC's proven reserves to about 350 Bcf of gas and 16 million bbls. of oil. Separately, PEG reported that kwh sales for the first nine months of 1989 were up 0.9%, year to year, as lower weather-related residential sales and the effect of fewer industrial customers, were offset by higher commercial sales due to a strong local economy.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	18.68	18.12	17.55	16.31	15.02	14.36	13.47	12.62	14.88
Earnings[1]	NA	2.57	2.55	1.90	2.64	2.63	2.27	2.16	1.75	2.09
Dividends	2.05	2.01	1.99⅜	1.95⅜	1.87⅜	1.80	1.74¾	1.68¾	1.62¾	1.52¾
Payout Ratio	NA	78%	78%	103%	71%	68%	77%	78%	93%	73%
Prices—High	29⅜	26⅞	30⅝	32⅛	22⅛	18⅛	17¾	15⅞	13½	14
Low	23	22	20	20½	16⅞	13½	14⅛	11⅞	11	10⅜
P/E Ratio—	NA	10-9	12-8	17-11	8-6	7-5	8-6	7-5	8-6	7-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Jul. 1987. 1. Bef. spec. item(s) of +0.06 in 1980. 2. Six. mos. NA-Not Available. E-Estimated. d-Deficit

January 16, 1990
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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	4,395	434	350	80.8%	2.89	28	25.5%	560	12.7	9.2	13.6
1987	4,211	380	302	80.5%	3.28	53	35.3%	559	13.3	9.6	13.9
1986	4,498	272	254	84.9%	3.24	241	28.0%	430	9.6	7.5	10.6
1985	4,409	223	291	85.8%	3.67	196	33.2%	545	12.4	8.8	14.0
1984	4,196	211	270	85.7%	3.40	159	34.5%	490	11.7	9.2	14.4
1983	3,963	202	239	87.5%	3.01	129	33.4%	390	9.8	8.5	12.7
1982	3,874	193	220	88.3%	---	91	34.4%	343	8.8	8.4	12.2
1981	3,472	179	193	89.8%	---	96	31.7%	264	7.6	7.2	9.8
1980	2,994	170	170	87.4%	---	78	22.1%	275	9.2	8.0	12.0
1979	2,417	163	149	86.6%	---	57	35.1%	233	9.7	7.3	10.4

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	12,467	565	9,090	9.3	10,158	4,000	47.9	430	5.1	3,925	47.0
1987	11,999	659	8,970	9.3	9,267	3,342	43.9	460	6.1	3,807	50.0
1986	11,437	1,020	8,744	7.9	9,020	3,393	44.4	620	8.1	3,626	47.5
1985	10,977	1,220	8,475	7.8	9,032	3,223	42.4	620	8.1	3,769	49.5
1984	9,870	967	7,550	8.3	8,304	3,226	45.8	693	9.8	3,131	44.4
1983	8,950	891	6,743	7.7	7,239	2,747	44.1	694	11.2	2,783	44.7
1982	8,101	813	6,035	7.9	6,610	2,580	44.7	666	11.5	2,526	43.8
1981	7,321	684	5,446	6.7	6,048	2,411	45.3	633	11.9	2,278	42.8
1980	6,881	626	5,177	7.6	5,537	2,319	46.4	585	11.7	2,092	41.9
1979	6,325	538	4,736	7.1	5,261	2,257	47.8	586	12.4	1,881	39.8

Data as orig. reptd. 1. Times int. exp. and pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1980. 3. Based on income before interest charges. 4. As reptd. by co.

Business Summary

Public Service Enterprise Group is the holding company formed in 1986 by Public Service Electric and Gas (now its main subsidiary), which supplies electricity to a heavily populated industrialized territory in New Jersey. In 1988 electric sales provided 70% of revenues, gas 27% and other businesses 3%. Electric revenues:

Revenues	1988	1987	1986	1985
Residential	32%	32%	31%	31%
Commercial	43%	43%	42%	41%
Industrial	22%	23%	25%	26%
Other	3%	2%	2%	2%

Power sources in 1988 were nuclear 31%, coal 26%, oil and gas 16%, and purchased power 27%. Peak demand in 1988 was 8,745 mw and system capability was 10,064 mw for a capacity margin of 13%. Gas sales in 1988 were 2.28 billion therms, versus $2.18 billion therms in 1987.

In February, 1987 PEG's 95%-owned, 1,067 mw Hope Creek nuclear plant entered commercial operation. At that time the rate structure for the plant was completed and PEG wrote off $1.38 a share of disallowed costs, which it charged to 1986 earnings. The unit completes PEG's construction for some 20 years. PEG's future generation strategy will focus on load management and conservation. Power purchases are expected to represent a greater portion of capability.

Dividend Data

Dividends have been paid since 1907. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.51	Feb. 21	Mar. 1	Mar. 7	Mar. 31'89
0.51	May 23	Jun. 1	Jun. 7	Jun. 30'89
0.51	Jul. 18	Sep. 1	Sep. 8	Sep. 29'89
0.52	Nov. 21	Dec. 1	Dec. 7	Dec. 29'89

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $4,311,793,000.

Subsid. Cum. Preferred Stock: $429,994,000.

Common Stock: 211,100,418 shs. (no par).
Institutions hold about 35%.
Shareholders of record: 209,539.

Office—80 Park Plaza, Newark, N.J. 07101. **Tel**—(201) 430-7000. **Chrmn & Pres**—E. J. Ferland. **VP-CFO**—E. L. Morris. **Secy**—R. S. Smith **Investor Contact**—Brian Smith **Dirs**—T. J. D. Dunphy, R. R. Ferguson, Jr., E. J. Ferland, S. A. Jackson, I. Lerner, W. E. Marfuggi, E. L. Morris, M. M. Platz, J. C. Pitney, H. W. Sonn, R. V. Van Fossan, J. S. Weston. **Transfer Agents**—Company's office; First Chicago Trust Co. of N.Y., NYC. **Registrars**—First Fidelity Bank, Newark, N.J.; First Chicago Trust Co. of N.Y., NYC. **Incorporated** in New Jersey in 1924. **Empl**—12,833

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Puget Sound Power & Light

1880

NYSE Symbol PSD

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
22⅜	22½-18	10	1.76	7.9%	B+	0.52

Summary

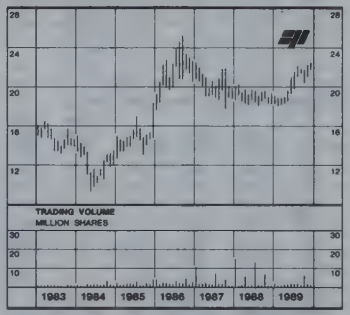
This moderate-sized utility serves a suburban and rural area in western Washington state. Hydro is the primary power source. A February, 1987 ruling from the Washington PSC approving the crediting of accumulated deferred investment tax credits to nonoperating income in 1987, 1988, 1989 and beyond should aid earnings, enhance the rate base, and help PSD keep its rates competitive.

Current Outlook

Earnings for 1990 are estimated at $2.35 a share, up from the $2.15 expected for 1989.

A February, 1987 Washington PSC order prohibits an increase in the $0.44 quarterly dividend.

Higher earnings for 1990 are expected to result from a combination of growth in the company's service territory associated with a robust economy, a return to more normal weather conditions, and the positive impact of a rate hike. The quality of earnings should improve considerably with the cessation of the accrual of non-cash deferred investment tax credits under a 1987 regulatory ruling. PSD enjoys the advantage of being a large purchaser of wholesale power in a region where substantial excess generating capacity exists.



Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	274.3	221.7	209.2
Jun.	---	186.7	173.9	162.3
Sep.	---	184.7	168.7	154.2
Dec.	---	---	227.2	203.7
	---	---	791.4	729.4

Operating revenues for the nine months ended September 30, 1989 rose 14%, year to year, reflecting cold weather, customer growth, and an energy cost adjustment clause. Operating income was up 14%. After lower other income and higher interest charges, net income increased 3.9%. Following higher preferred dividends, share earnings were $1.57 (on 3.0% more shares in 1989) in both periods.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.90	0.85	0.86	0.97
Jun.	E0.45	0.40	0.40	0.33
Sep.	E0.35	0.32	0.32	0.25
Dec.	E0.65	E0.58	0.57	0.58
	E2.35	E2.15	2.14	2.13

Important Developments

Nov. '89— The company said that a ruling on its request for a $70.5 million, or 9.1%, rate increase was expected in Janaury, 1990. PSD said that the request was critical to its financial performance and providing a competitive return to its investors. It was the first time in three and one-half years that the company had filed for a general rate increase. The Washington PSC's staff has recommended a rate increase that is about $45 million less than the company's request.

Oct. '89— PSD said that it signed a contract with another utility to receive up to 70 average mw of energy from that utility's share of power from a coal station. To meet growing demand, the company has added a total of nearly 400 average mw of new power supplies through contracts with other utilities and non-utility generators since April, 1988.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.80	15.30	15.06	15.56	15.27	16.89	17.29	17.25	17.04	17.78
Earnings[1]	2.14	2.13	1.74	2.07	1.52	1.93	2.29	2.86	1.60	1.67
Dividends	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.73	1.64	1.60
Payout Ratio	82%	83%	101%	85%	116%	91%	77%	60%	103%	96%
Prices—High	20¼	22½	25¼	18⅜	15	16½	15⅞	14¼	15⅛	17½
Low	18	17¾	17⅝	12⅝	9¼	13⅛	12⅜	11⅜	11	13⅝
P/E Ratio—	9-8	11-8	15-10	9-8	10-6	9-7	7-5	5-4	9-7	10-8

Data as orig. reptd. 1. Bef. spec. item(s) of -1.04 in 1984. E-Estimated.

January 3, 1990

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	791	98.2	47.3	77.3%	2.40	2.4	12.6%	128	16.2	10.3	13.6
1987	729	94.0	42.8	77.2%	2.27	1.7	9.2%	120	16.5	9.9	13.9
1986	715	87.1	35.7	76.4%	2.49	25.8	32.9%	110	15.4	8.7	11.5
1985	714	75.4	32.4	75.8%	2.97	47.1	38.2%	126	17.6	9.4	13.4
1984	657	61.9	31.2	76.6%	2.30	40.7	39.0%	95	14.5	8.8	9.2
1983	519	42.4	28.4	77.4%	2.81	72.0	34.4%	102	19.7	8.1	11.4
1982	468	38.1	28.6	76.2%	---	67.9	27.6%	99	21.2	8.9	13.1
1981	409	35.3	26.2	70.9%	---	45.7	20.1%	97	23.7	10.3	16.5
1980	358	33.7	21.5	78.1%	---	26.8	11.5%	51	14.4	7.6	9.2
1979	288	29.5	21.1	76.3%	---	17.3	11.0%	44	15.4	7.4	9.0

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	[6]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [7]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,474	114	1,738	10.4	2,123	988	48.2	179	8.8	881	43.0
1987	2,371	112	1,721	9.6	2,097	990	52.1	84	4.4	827	43.5
1986	2,295	121	1,732	9.4	2,120	1,015	51.0	189	9.5	787	39.5
1985	2,333	117	1,854	9.5	2,123	1,000	49.8	225	11.2	785	39.0
1984	2,192	143	1,782	8.5	1,972	945	49.6	225	11.8	735	38.6
1983	2,212	202	1,825	6.6	1,920	900	47.9	227	12.1	751	40.0
1982	2,041	267	1,720	7.0	1,764	818	47.9	229	13.4	660	38.7
1981	1,733	237	1,491	8.7	1,495	718	50.8	142	10.0	554	39.2
1980	1,457	157	1,244	6.6	1,248	586	49.4	143	12.0	458	38.6
1979	1,302	146	1,117	6.5	1,122	523	48.9	145	13.6	401	37.5

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1984. 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant. 6. Excl. allow. for funds used during constr. 7. Incl. constr. financing oblig.

Business Summary

Puget Sound Power & Light provides electricity to a population of more than 1,500,000 in a 4,500 square-mile area in Washington state. Contributions by customer class:

Revenues	1988	1987	1986	1985
Residential	52%	53%	55%	57%
Commercial	31%	32%	30%	30%
Industrial	13%	12%	12%	11%
Other	4%	3%	2%	2%

The fuel mix in 1988 was 56.8% hydroelectric, 31.6% coal, and 11.6% other. Peak load in 1988 was 3,638 mw and system capability was 4,127 mw, for a capacity margin of 11.8%.

Residential customers at December 31, 1988 numbered 615,730, up 3.3% from year-end 1987. Commercial customers increased 4.2%, to 72,121.

With the placement of the 700 mw coal-fired Colstrip unit 4 (25%-owned) into commercial operation in April, 1986, PSD has plans to build new generating facilities. An identical unit, Colstrip 3 (also 25% owned) was placed into commercial operation in 1984.

Dividend Data

Dividends have been paid since 1943. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Jan. 5	Jan. 13	Jan. 20	Feb. 15'89
0.44	Apr. 10	Apr. 21	Apr. 27	May 15'89
0.44	Jul. 12	Jul. 21	Jul. 27	Aug. 15'89
0.44	Oct. 10	Oct. 20	Oct. 26	Nov. 15'89

Next dividend meeting: Jan. 8'90.

Finances

The company expects construction expenditures to total approximately $135.2 million in 1989 and $139.3 million in 1990.

Capitalization

Long Term Debt: $987,927,000.

Red. Cum. Preferred Stock: $34,987,000.

Cum. Preferred Stock: $140,000,000.

Common Stock: 55,561,647 shs. (no par).
Institutions hold about 18%.
Shareholders of record: 72,027.

Office—Puget Power Building, Bellevue, Wash. 98004. Tel—(206) 454-6363. Chrmn & CEO—J. W. Ellis. Pres & CFO—R. R. Sonstelie. Secy—W. E. Watson. VP-Fin & Investor Contact—Russel E. Olson (206) 462-3712. Dirs—D. P. Beighle, C. W. Bingham, J. H. Dunkak III, J. C. Durbin, J. W. Ellis, N. L. Jacob, R. R. Sonstelie, H. W. Webster, R. K. Wilson. Transfer Agents—Chase Manhattan Bank, NYC; Co.'s office. Registrars—Chase Manhattan Bank, NYC; First Interstate Bank of Washington, Seattle. Incorporated in Washington in 1960. Empl—2,481.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul L. Huberman

Quaker Oats

1886

NYSE Symbol OAT Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
23⅜	68⅞-49⅝	23	1.40	2.2%	A	0.68

Summary

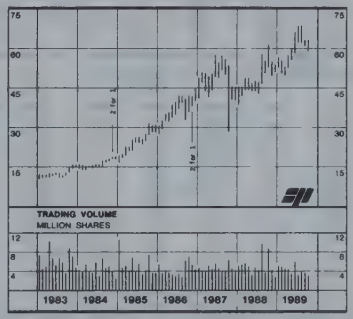
Quaker Oats is a major worldwide producer of brandname packaged foods and, since the 1986 acquisition of Anderson Clayton & Co. for $801 million, the nation's second largest pet food firm. OAT also makes Fisher-Price toys. Fiscal 1989 earnings were depressed by slower toy deliveries and restructuring costs, but greater emphasis on higher margin grocery products should allow better gains in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $4.25 a share, up from fiscal 1989's $2.56, which included a $1.20 restructuring charge.

The quarterly dividend was raised 16.7%, to $0.35 from $0.30, with the October, 1989 payment.

Profits should remain in a solid uptrend in fiscal 1990, assuming margins expand on lower commodity and other product costs. With marketing emphasis on higher margin hot and ready-to-eat cereals, pet foods, pasta and Gatorade, contributions from grocery products operations should continue to improve in the U.S. and abroad. International profits may be limited by a plateauing of business in Brazil, however, and better comparisons for Fisher-Price toys will be important to anticipated gains, along with favorable currency exchange rates. Share buybacks related to an expanded Employee Stock Ownership Plan should enhance per-share earnings.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	1,442	1,432	1,267	960
Dec.	---	1,350	1,228	1,084
Mar.	---	1,382	1,344	1,118
Jun.	---	1,562	1,490	1,259
	---	5,724	5,330	4,421

Sales for the three months ended September 30, 1989 were up less than 1%, year to year. Despite flat sales, operating income from U.S. and Canadian grocery products rose 66% on cost cutting programs. International grocery products profits were up 55% on higher volume for Brazil and pet foods, but contributions from Fisher-Price fell 32% due to product shortages. With lower interest expense and provision for taxes, net income advanced 24%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.70	0.57	0.52	0.42
Dec.	E0.60	0.47	0.56	0.39
Mar.	E1.15	0.81	0.94	0.65
Jun.	E1.80	0.71	1.18	0.90
	E4.25	2.56	3.20	2.36

Important Developments

Oct.'89— In the fiscal 1990 first quarter, U. S. and Canadian grocery product volume fell 11% due to the impact of a cooler summer on Gatorade, and weak demand for canned and semi-moist pet foods. Unit volume in international grocery products rose 11%. Shortages of key products hurt Fisher-Price sales, but orders remained strong and OAT said that improved production should reduce order backlogs in time for the Christmas selling season.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	1986	1985	[1]1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	8.02	10.28	7.94	9.10	8.21	7.48	7.24	7.21	7.31	6.60
Earnings[2]	2.56	3.20	2.36	2.18	1.88	1.68	1.46	1.50	1.26	1.14
Dividends	1.20	1.00	0.80	0.70	0.62	0.55	0.50	0.45	0.40	0.35
Payout Ratio	47%	31%	34%	32%	33%	33%	35%	30%	30%	31%
Prices—High[3]	68⅞	61½	57⅝	44⅞	31½	19⅛	16	12¼	9½	9
Low[3]	49⅝	38½	28¼	27½	16½	13⅝	10¼	8	7½	6⅛
P/E Ratio—	27-19	19-12	24-12	21-13	17-9	11-8	11-7	8-5	8-6	8-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Dec. 1986, 100% Dec. 1984 **1.** Reflects merger or acquisition. **2.** Bef. results of disc. opers. of 0.74 in 1987, +0.07 in 1986, -0.79 in 1983, -0.30 in 1982 **3.** Cal. yr. E-Estimated.

October 31, 1989
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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	**5,724**	**675**	**11.8**	**298**	**135**	**78.1**	**329**	**38.2%**	**203**	**3.5**
1988	5,330	624	11.7	207	122	65.9	414	38.2%	256	4.8
[6]1987	4,421	549	12.4	367	112	62.0	358	48.2%	186	4.2
[3]1986	3,671	440	12.0	147	84	44.4	316	44.8%	174	4.7
1985	3,520	423	12.0	109	80	65.8	293	46.5%	157	4.4
[2]1984	3,344	390	11.7	217	74	70.7	[4]260	46.7%	139	4.1
[3]1983	2,611	329	12.6	126	55	51.4	[4]220	45.7%	119	4.6
[3]1982	2,712	315	11.6	119	55	63.4	[4]213	43.4%	[5]121	4.4
1981	2,600	258	9.9	136	54	48.9	[4]190	44.0%	105	4.0
[2]1980	2,405	252	10.5	112	49	[5]37.5	[4]175	43.9%	96	4.0

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	**24**	**1,598**	**902**	**1.8**	**3,222**	**6.6%**	**767**	**1,137**	**2,330**	**32.9**	**17.1%**
1988	91	1,490	1,073	1.4	2,975	8.2%	299	1,251	1,801	16.6	21.9%
1987	360	1,797	1,289	1.4	3,250	7.0%	528	1,088	1,882	28.0	19.2%
1986	110	1,083	786	1.4	2,034	9.1%	161	831	1,199	13.4	21.6%
1985	88	1,013	612	1.7	1,842	8.6%	168	787	1,170	14.4	20.3%
1984	65	939	622	1.5	1,807	8.4%	200	721	1,123	17.8	19.7%
1983	26	761	500	1.5	1,464	8.0%	153	640	943	16.2	18.0%
1982	11	765	498	1.5	1,477	8.1%	162	631	955	17.0	18.5%
1981	40	745	493	1.5	1,454	7.7%	165	613	942	17.5	17.3%
1980	25	702	445	1.6	1,334	7.7%	152	583	871	17.4	16.6%

Data as orig. reptd. **1.** Bef. results of disc. opers. in 1987, 1986, 1983, 1982. **2.** Reflects merger or acquisition. **3.** Excl. disc. opers. **4.** Incl. equity in earns. of nonconsol. subs. **5.** Reflects acctg. change. **6.** Excl. disc. opers. and reflects merger or acquisition.

Business Summary

Quaker Oats is a leading human and pet foods processor, and also makes Fisher-Price toys. In fiscal 1987 OAT acquired Anderson Clayton & Co.'s Gaines Pet Foods and Golden Grain Macaroni. Segment contributions in fiscal 1989:

	Sales	Profits
U.S./Canada grocery prod.	63%	57%
Int'l grocery prod.	22%	21%
Fisher-Price	15%	22%

Food products include ready-to-eat cereals; hot cereals; pancake mixes and syrup (Aunt Jemima); pie crusts (Flako); frozen waffles, pancake batter and french toast (Aunt Jemima); corn meal, grits and flour tortilla; frozen pizza (Celeste); chili (Wolf Brand); pet foods and snacks (Gaine's, Ken-L-Ration, Puss'n Boots); canned beans (Stokely-Van Camp); Gatorade thirst quencher; and Golden Grain macaroni (Rice-A-Roni and Noodle-Roni).

Fisher-Price is a worldwide manufacturer of toy and non-toy products for infant and pre-school children.

Specialty retailing operations (including Brookstone, Jos. A Banks Clothiers, and Eyelab) were sold in December, 1986. In 1987 OAT sold Anderson Clayton & Co.'s food businesses and Ranger Insurance unit.

Dividend Data

Dividends have been paid since 1906. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Nov. 9	Dec. 19	Dec. 23	Jan. 14'89
0.30	Mar. 8	Mar. 17	Mar. 23	Apr. 15'89
0.30	May 8	Jun. 19	Jun. 23	Jul. 15'89
0.35	Sep. 13	Sep. 18	Sep. 22	Oct. 14'89

Next dividend meeting: Nov. 8 '89.

Capitalization

Long Term Debt: $766,800,000.

$5.46 Cum. Conv.Preferred Stock: 1,282,051 shs. ($78 liquid. pref.); conv. sh.-for-sh. into com. Held by ESOP.

Common Stock: 78,236,000 shs. ($5 par).
Institutions hold about 49%.
Shareholders of record: 34,347.

Office—Quaker Tower, 321 North Clark St., P.O. Box 9001, Chicago Ill 60604-9001 **Tel**—(312) 222-7111 **Chrmn & CEO**—W. D. Smithburg **Pres**—F. J. Morgan **VP-Secy**—L. C. McKinney **VP-Treas**—R. D. Jaquith **VP-Investor Contact**—Deborah E. Kelly **Dirs**—M. J. Callahan, F. C. Carlucci, W. R. Christopherson, R. D. Harrison, W. J. Kennedy III, V. R. Loucks, Jr., T. C. MacAvoy, L. C. McKinney, D. E. Meads, G. G. Michelson, F. J. Morgan, P. E. Price, W. J. Salmon, W. D. Smithburg, W. L. Weiss. **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in New Jersey in 1901. **Empl**—31,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Quaker State

1888

NYSE Symbol KSF Options on ASE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
14⅞	19⅜-13⅝	27	0.80	5.4%	B	1.06

Summary

Quaker State is a major producer of branded motor oils. Through its Minit-Lube, Inc. and McQuik's Oilube, Inc. outlets (acquired in May, 1989), the company provides fast lube and car care services. KSF owns a coal mining subsidiary, a credit insurance company and a lighting equipment business. Near-term earnings prospects will be restricted by intensifying competition in the motor oil segment and discounting in the fast lube business. The coal industry is projected to be limited by overcapacity and profits in the insurance area and lighting segment may be impaired by softening auto sales.

Current Outlook

Share earnings for 1990 are projected at $0.35, down from 1989's estimated $0.45, which includes an approximate $0.23 nonrecurring gain.

The high payout ratio places the $0.20 quarterly dividend at some risk.

Revenues in 1990 will come under pressure from prospectively soft volumes in the branded motor oil business and discounting in the fast lube segment. Also, margin pressure will restrict the outlook for the coal industry and insurance business. Profit comparisons will be limited by the absence of 1989's nonrecurring gain.

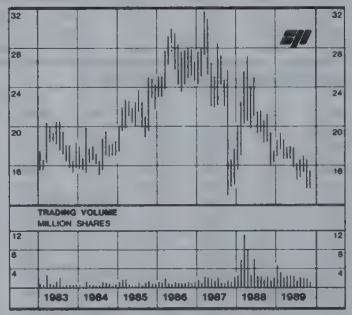
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	194.9	222.3	227.4	231.3
Jun.	211.8	232.4	222.5	242.2
Sep.	207.3	209.8	202.9	224.0
Dec.	---	204.6	195.1	201.6
	---	869.1	848.0	899.1

Operating revenues for the nine months ended September 30, 1989 fell 8.8%, year to year (1988 restated). Despite weak sales of branded motor oils and soft margins in the fast lube business, a nonrecurring gain for a coal contract settlement led to a 3.1% rise x gain. After taxes at 28.1%, versus 24.8%, net income was down 1.4%. Share earnings were unchanged at $0.35.

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.01	0.12	0.21	0.44
Jun.	0.27	0.07	d2.40	0.64
Sep.	0.06	0.16	0.24	0.53
Dec.	E0.11	0.22	0.13	0.40
	E0.45	0.57	d1.82	2.01



Important Developments

Nov. '89— Earnings in the petroleum segment for the three months ended September 30, 1989 were $4.1 million, versus $7.2 million a year earlier. Profits were limited by lower sales volume for branded motor oils and intense price discounting in the fast lube business. The company said that sales volumes for branded products were heavy in late 1988 as customers inventoried product in expectation of subsequent price increases in 1989. The coal business returned to profitability in 1989's third quarter, with an operating profit of $186,000, versus an operating loss of $418,000 in the 1988 period, reflecting increased production. The insurance group contributed $1.5 million in 1989's third quarter, approximately unchanged from a year earlier. In 1989's second quarter KSF recorded a nonrecurring gain of $9.7 million, reflecting settlement of a coal contract.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	1984	1983	1982	[2]1981	1980	1979
Tangible Bk. Val.	11.93	12.15	14.83	13.05	12.29	12.90	12.01	11.03	10.57	10.18
Earnings	0.57	d1.82	2.01	1.91	0.82	1.66	1.77	1.26	1.19	1.57
Dividends	0.80	0.80	0.85	0.85	0.80	0.85	0.80	0.80	0.80	0.75¼
Payout Ratio	141%	NM	45%	44%	98%	51%	45%	63%	67%	48%
Prices—High	27⅛	31¾	30	25	19⅞	20½	16¾	20⅝	23½	19⅝
Low	15½	12⅞	23	17⅜	15	15¼	9⅞	11¾	10¾	10¼
P/E Ratio—	48-27	NM	15-11	13-9	24-18	12-9	9-6	16-9	20-9	12-7

Data as orig. reptd. Adj. for stk. div(s). of 25% Nov 1979. **1.** Reflects accounting change. **2.** Reflects merger or acquisition. NA-Not Available. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	869	52	6.0	47.2	39.2	9.0	18	15.3%	14.9	1.7
1987	848	52	6.2	77.7	39.5	7.0	d104	NM	d48.1	NM
1986	899	116	12.9	71.0	35.7	8.9	90	44.1%	[2]50.3	5.6
[2]1985	974	111	11.4	64.9	36.4	13.5	82	43.8%	45.9	4.7
1984	925	89	9.6	68.2	34.8	12.9	27	33.6%	17.8	1.9
1983	903	95	10.5	50.1	34.2	9.7	63	41.6%	36.6	4.1
1982	929	109	11.8	50.3	34.6	12.4	70	45.2%	38.6	4.2
[2]1981	919	84	9.2	44.8	32.7	15.6	46	41.0%	27.4	3.0
1980	832	85	10.2	44.5	30.3	13.7	47	44.8%	25.8	3.1
1979	692	100	14.5	41.3	28.7	12.0	64	46.8%	34.1	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	24.4	NA	NA	NA	740	2.2%	94	315	457	20.5	4.7%
1987	12.8	186	98	1.9	613	NM	105	320	469	22.3	NM
1986	9.1	201	108	1.9	665	7.3%	64	391	557	11.6	13.7%
1985	13.7	220	127	1.7	649	7.3%	112	312	522	21.5	15.2%
1984	14.5	186	106	1.8	573	3.1%	110	276	468	23.5	6.3%
1983	36.9	219	93	2.3	552	6.8%	91	284	459	19.9	13.4%
1982	13.0	196	91	2.2	512	7.6%	81	261	421	19.1	15.4%
1981	13.0	207	101	2.1	510	5.4%	98	240	409	24.0	11.7%
1980	7.3	198	111	1.8	498	5.3%	98	230	387	25.2	11.4%
1979	15.2	185	95	1.9	472	7.6%	101	221	377	26.9	16.1%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. aft. 1983. **2.** Reflects acctg. change. **3.** Reflects merger or acquisition. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Quaker State is primarily in the business of manufacturing and selling motor oils mainly under the Quaker State brand name. KSF also sells a variety of refined products and products for the automotive aftermarket. The company operates a nationwide network of quick lube centers which provide car care service including oil changes, filter replacement, and maintenance of power steering, brake and transmission fluids. KSF operates 444 Minit-Lube, Inc. and McQuik's Oilube, Inc. (acquired May, 1989) centers. Operating profits (in million $) in recent years:

	1988	1987	1986
Petroleum	$17.9	-$104.7	$79.8
Coal	6.9	0.8	12.9
Other	8.4	9.3	8.7
Insurance	5.7	5.2	7.7

Through its Valley Camp Coal Co., KSF markets coal to electric utilities. Coal operations produced 2.7 million tons in 1988; reserves were 356.8 million tons at year-end 1988.

The Heritage Insurance Group is a dealear-oriented credit insurance company. Truck-Lite Co., Inc. makes sealed and bulb-replaceable lights for trucks and other automotive parts.

KSF has minor oil and gas operations. Due to the company's decision in 1987 to cut back future exploration and development activites, supplemental oil and gas statistics are no longer presented.

Dividend Data

Dividends have been paid since 1931. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Jan. 26	Feb. 9	Feb. 15	Mar. 15'89
0.20	Apr. 27	May 9	May 15	Jun. 15'89
0.20	Jul. 27	Aug. 9	Aug. 15	Sep. 15'89
0.20	Oct. 26	Nov. 9	Nov. 15	Dec. 15'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $95,532,000.

Capital Stock: 27,124,822 shs. ($1 par).
Institutions hold approximately 34%.
Shareholders of record: 12,264.

Office—255 Elm Street, Oil City, Pa. 16301 **Tel**—(814) 676-7676 **Chrmn**—O. E. Wood **Pres & CEO**—J. W. Corn **VP-Secy**—G. W. Callahan **VP-Treas**—R. S. Keefer **Investor Contact**—Benton H. Faulkner. **Dirs**—C. A. Conrad, W. B. Cook, J. W. Corn, L. R. Forker, T. A. Gardner, H. B. Jordan, W. C. McClelland, K. E. McElhattan, W. J. McFate, D. J. McQuaide, Q. E. Wood, K. D. Yoshioka. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Del. in 1931. **Empl**—6,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Quantum Chemical

1888L

NYSE Symbol CUE Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 9'89	1989					
33¾	106¾-29⅞	4	3.---	3.---	B+	1.08

Summary

This company is a leading producer of petrochemicals and the nation's largest marketer of propane. In October, 1989 CUE suspended its regular quarterly cash dividend due to debt convenants restricting dividends to 50% of cumulative earnings from January, 1989. Proceeds from the debt instruments had been used to finance the $50 a share special dividend paid in January, 1989. CUE is proceeding with its three-year, $1.3 billion capital spending program. Difficult plastic industry conditions may continue well into 1990.

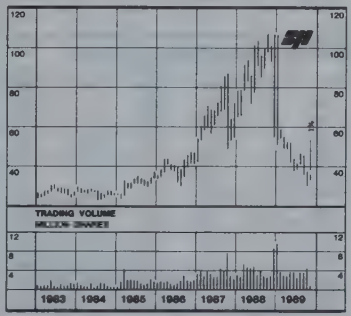
Current Outlook

Share earnings for 1990 are projected at about the $5.00 estimated for 1989.

Directors omitted the $0.75 quarterly cash dividend in October, 1989. CUE plans stock dividends in lieu of cash.

Earnings for 1990 are expected to be penalized by the sharp decline in polyethylene (PE) prices and margins during 1989. Prices for PE may stabilize somewhat, due to the recent explosion at a major competitor's PE plant and the ending of industry-wide inventory reductions. An aggressive capital spending program, including the startup of a new ethylene plant in late 1990, will restrict earnings.

The propane business should benefit from the full year inclusion of the Petrolane joint venture acquired in August, 1989.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	814	745	657	472
Jun.	673	648	551	359
Sep.	558	724	617	358
Dec.	---	807	742	541
	---	2,922	2,567	1,730

Sales for the first nine months of 1989 declined 3.4%, year to year, reflecting lower selling prices for polyethylene. With substantially higher interest expense and nonrecurring charges of about $2.71 a share (adjusted), income from continuing operations fell 64%, to $3.83 a share from $9.79 (both adjusted), excluding income from discontinued operations of $5.31 and $0.61, respectively.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.84	3.18	0.85	0.50
Jun.	1.83	2.99	0.61	0.11
Sep.	d0.85	3.68	0.83	0.02
Dec.	E1.18	3.85	2.10	0.89
	E5.00	13.57	4.34	1.52

Important Developments

Oct. '89— Directors declared a 1% stock dividend in lieu of the regular $0.75 quarterly dividend due to restrictive dividend covenants in the debt instruments used to finance the special $50 a share special dividend paid in January, 1989. Directors intend to declare a semiannual stock dividend of 2% at their April 26, 1990 meeting. Thereafter, based upon the earnings reserves and business prospects, CUE may continue the stock dividend or resume the payment of a cash dividend. The third quarter loss reflected reduced sales and margins for polyethylene. There were also charges of $0.88 a share (adjusted) for costs associated with the fires at its Morris, Ill. ethylene plant in June and September, and a $0.78 (adjusted) charge related to CUE's share of losses incurred by the newly formed Petrolane propane joint venture.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	1984	[1]1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	d18.81	32.62	27.53	27.13	27.59	28.38	28.90	29.03	27.47	26.50
Earnings[2]	13.57	4.34	1.52	2.25	1.99	1.75	2.13	3.93	3.16	4.00
Dividends	2.37⅛	2.17⅞	2.17⅞	2.17⅞	2.17⅞	2.17⅞	2.17⅛	2.17⅞	1.98	1.78¼
Payout Ratio	15%	50%	143%	97%	108%	123%	102%	56%	63%	45%
Prices—High	107⅛	87⅛	47¼	37⅛	29¾	30⅝	26⅛	29⅜	33⅛	30⅜
Low	54¾	42⅛	29¾	23⅜	22½	23⅝	18⅝	21¾	21¾	18⅛
P/E Ratio—	8-4	20-10	31-19	17-10	15-11	18-13	12-9	7-6	10-7	8-5

Data as orig. reptd. Adj. for stk. div(s). of 1% Nov. 1989. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.85 in 1988, 3.34 in 1987, +0.66 in 1986, -0.01 in 1985, -0.59 in 1984, -0.23 in 1980. 3. Div. omitted cash div. Oct. 1989. E-Estimated. d-Deficit.

November 17, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc.of Revs.
[3]1988	2,922	907	31.0	334	147	116.0	618	41.7%	360	12.3
[3]1987	2,567	535	20.8	154	155	82.6	303	52.6%	144	5.6
[4]1986	1,730	282	16.3	102	97	64.4	123	55.1%	[5]55	3.2
[4]1985	1,965	235	12.0	76	82	45.3	144	46.3%	77	3.9
[3]1984	1,936	237	12.2	116	80	47.4	114	38.9%	70	3.6
[4]1983	2,267	204	9.0	71	65	44.6	109	38.9%	67	2.9
1982	1,499	137	9.2	66	45	22.2	119	33.4%	79	5.3
1981	1,703	214	12.5	44	44	23.8	211	35.1%	[5]137	8.0
[3]1980	1,710	213	12.4	49	44	26.5	165	32.9%	111	6.5
[4]1979	1,773	223	12.6	58	45	29.1	218	37.6%	136	7.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	219	1,339	1,720	0.8	2,908	14.8%	1,332	d407	1,100	NM	183.8%
1987	25	836	577	1.4	2,581	5.3%	727	1,045	1,922	37.8	14.5%
1986	87	1,207	1,124	1.1	2,904	2.2%	550	912	1,687	32.6	5.2%
1985	47	813	526	1.5	2,020	3.9%	273	905	1,419	19.3	7.6%
1984	60	798	416	1.9	1,890	3.7%	305	901	1,436	21.3	6.7%
1983	31	866	366	2.4	1,973	3.6%	339	988	1,565	21.6	5.8%
1982	141	817	234	3.5	1,708	4.6%	221	1,007	1,445	15.3	6.9%
1981	137	857	212	4.0	1,706	8.0%	248	1,007	1,465	17.0	13.0%
1980	68	840	235	3.8	1,678	6.6%	268	948	1,408	19.0	10.8%
1979	49	817	242	3.4	1,665	7.5%	308	901	1,408	21.9	13.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, 1980. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects accounting change. d-Deficit. NM-Not Meaningful

Business Summary

Quantum Chemical (formerly National Distillers & Chemical) primarily has interests in chemicals and propane marketing. Segment contributions in 1988:

	Sales	Profits
Petrochemicals	76%	87%
Energy	23%	14%
Other	1%	-1%

Principal products of the USI Chemicals division are high-and-low density polyethylene, linear low-density polyethylene, polypropylene, ethyl alcohol, vinyl acetate and acetic acid. Other products include ethylene oxide/glycol, color concentrates, hot melt adhesive resins, barrier resins, and adhesive tie layers. CUE has production capacity of 2.2 billion pounds of ethylene and is building a 1.5 billion pound plant for start-up in late 1990. CUE is the nation's largest polyethylene producer with capacity of about 4 billion pounds and is adding about 700 million pounds of capacity by 1991.

Suburban Propane Gas is the largest retailer of propane, serving more than 1.2 million customers in 44 states from 433 sales and service centers concentrated on the East and West Coasts. Suburban sold 806 million gallons of propane in 1988. Oil and gas exploration and production interests were sold in October, 1988.

In April, 1989 CUE sold Emery Industries, a producer of fatty acids and specialty chemicals, to Henkel KGaA of Germany for $480 million.

Dividend Data

Directors omitted the cash dividend in October, 1989. Dividends have been paid since 1935. An amended "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
50.00 Spl	Dec. 28	Jan. 11	Jan. 7	Jan. 10'89
0.75	Jan. 26	Feb. 6	Feb. 10	Mar. 1'89
0.75	Apr. 27	May 4	May 10	Jun. 1'89
0.75	Jul. 27	Aug. 4	Aug. 10	Sep. 1'89
*0.05	Oct. 16	Oct. 18	Oct. 24	Nov. 7'89
1% Stk.	Oct. 26	Nov. 6	Nov. 10	Dec. 1'89

*Redemption of Com. Stk. Purchase Right.

Next dividend meeting: Apr. 26'90.

Capitalization

Long Term Debt: $2,223,000,000.

Common Stock: 24,914,680 shs. ($2.50 par).
Institutions hold approximately 48%.
Shareholders of record: 27,422.

Office—99 Park Ave., NYC 10016 **Tel**—(212) 949-5000. **Chrmn, CEO & Pres**—J. H. Stookey. **VP-Secy**—J. F. Salisbury. **Treas**—F. D. Brigham. **Investor Contact**—R. A. Tilghman. **Dirs**—W. J. Armfield IV, J. M. Belk, F. L. Brophy, F. H. Bruenner, A. W. Bunis, Mildred S. Dresselhaus, S. C. Lee, M. A. Nicolaisi, P. G. Scotese, J. H. Stookey, W. B. Thomas. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Virginia in 1924. **Empl**—11,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Questar Corp.

1888T

NYSE Symbol STR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
38⅞	39½-31½	16	1.92	4.9%	A-	0.53

Summary

This diversified holding company is engaged in natural gas transmission, distribution and storage primarily in Utah, Wyoming and Colorado, oil and gas exploration and production in the western U.S., and in the ceramics and property management businesses. Earnings for the first nine months of 1989 rose on colder weather and the absence of a large writedown of oil and gas properties. In October, 1989 directors raised the dividend 2.1%.

Current Outlook

Share earnings for 1990 are projected at $2.65, up from the $2.50 estimated for 1989.

Dividends were raised 2.1%, to $0.48 quarterly from $0.47, with the December, 1989 payment.

Gas distribution profits for 1990 are expected to rise slightly, assuming normal weather conditions, no reduction in rates in Utah, and continued growth in the number of residential customers. Gas transmission profits should benefit from the expansion of STR's pipeline system. Income from oil and gas exploration and production operations should benefit from higher average gas prices.

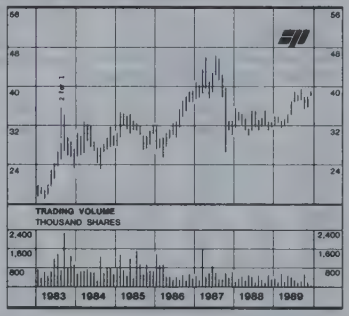
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	203.4	193.6	184.7	213.4
Jun.	96.8	103.8	102.0	114.4
Sep.	67.5	68.1	73.5	73.2
Dec.	---	120.5	132.4	127.3
	---	486.0	492.6	528.3

Revenues for the nine months ended September 30, 1989 rose 0.6%, year to year, reflecting higher transmission volumes. Benefiting from colder weather and the absence of a $19.9 million after-tax ($1.03 a share) writedown of oil and gas properties, net income advanced to $33.7 million ($1.71 a share) from $11.7 million ($0.56).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.47	1.38	1.10	1.00
Jun.	0.23	0.28	0.23	0.51
Sep.	0.01	d1.10	d0.24	d0.14
Dec.	E0.79	0.72	0.24	1.02
	E2.50	1.28	1.33	2.39



Important Developments

Oct. '89— Directors raised the quarterly dividend 2.1%, to $0.48 quarterly from $0.47, with the December, 1989 payment. Separately, the Public Service Commission of Utah said it would review the reasonableness of the current rates and charges of STR. In September, STR, B.C. Gas (Canada), and Sulzer Brothers Ltd. (Switzerland) entered into a joint venture to market a new appliance that would allow natural-gas powered vehicles to be refueled at home or wherever gas service is available.

Jun. '89— STR sold about 1 million common shares to the trustee of the company's Employee Stock Purchase Plan. Separately, directors authorized the repurchase of up to 1.6 million common shares on the open market.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	23.76	24.48	23.72	23.19	21.88	19.64	17.49	15.51	15.87	14.29
Earnings[3]	1.28	1.33	2.39	3.20	3.16	3.04	2.79	1.60	2.05	1.75
Dividends	1.88	1.82	1.74	1.63	1.48	1.33½	1.24	1.22	1.18	1.10
Payout Ratio	145%	143%	73%	51%	47%	47%	45%	76%	58%	63%
Prices—High	35⅝	46⅜	39⅛	34¾	32⅞	34¼	18⅛	24⅞	26¾	17⅝
Low	29⅞	26½	25⅜	27	23	16⅞	12½	15⅜	13⅜	12⅜
P/E Ratio—	28-23	35-20	16-11	11-8	10-7	11-6	6-4	16-10	13-6	10-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1983. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. spec item(s) of +0.51 in 1984, +0.43 in 1982, -0.73 in 1981. E-Estimated. d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	486	161	33.2	79	66.9	[2]29.6	39	33.2%	24.6	5.1
[3]1987	493	175	35.5	122	71.2	29.8	46	43.2%	25.9	5.0
1986	528	180	34.0	71	59.1	26.2	81	47.0%	43.2	8.2
1985	644	180	27.9	104	56.6	27.8	108	42.9%	61.7	9.6
1984	687	178	26.0	112	48.4	25.6	110	43.7%	62.0	9.0
[4]1983	567	157	27.7	107	37.1	26.9	99	43.5%	55.7	9.8
1982	510	133	26.1	146	33.7	25.5	80	39.8%	48.4	9.5
1981	468	87	18.6	94	26.1	22.7	52	42.5%	30.1	6.4
1980	400	93	23.3	84	26.2	[4]19.0	53	42.1%	30.9	7.7
1979	330	77	23.3	79	21.0	16.6	43	40.4%	25.5	7.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	15.1	143	156	0.9	1,026	2.4%	249	451	859	29.0	5.4%
1987	20.5	143	136	1.1	1,047	2.3%	255	472	901	28.3	5.5%
1986	21.7	150	179	0.8	968	4.4%	200	414	782	25.5	10.4%
1985	30.9	181	162	1.1	1,005	6.2%	244	414	815	30.0	14.3%
1984	50.8	209	157	1.3	991	6.4%	246	395	811	30.3	15.1%
1983	19.2	199	145	1.4	927	5.8%	244	350	765	31.9	15.2%
1982	13.4	183	160	1.1	849	6.2%	269	270	676	39.9	16.9%
1981	22.2	152	135	1.1	709	4.4%	217	239	568	38.3	10.2%
1980	62.3	163	86	1.9	660	4.9%	217	245	558	38.9	12.1%
1979	4.3	92	95	1.0	536	5.1%	184	195	430	42.8	12.5%

Data as orig. reptd. 1. Bef. spec. item(s) in 1984, 1982, 1981. 2. Net of interest income. 3. Reflects merger or acquisition. 4. Reflects acctg. change

Business Summary

Questar is a holding company whose subsidiaries are engaged in the natural gas, oil, ceramics, telecommunications, and property development businesses in the western U.S. Contributions by business segment in 1988 (profits in million $):

	Revs.	Profits
Gas distribution	51%	$42.5
Gas transmission	33%	37.9
Expl. & prod.	12%	-16.2
Other	4%	Nil

Natural gas distribution operations are conducted by Mountain Fuel Supply and served 476,500 customers in Utah and southwestern Wyoming at 1988 year-end.

Oil and gas exploration and production operations are conducted through Wexpro Co. in the Rocky Mountain region, Celsius Energy Co. throughout the U.S., and Universal Resources Corp. in Oklahoma, Texas, and other Midcontinent areas. Total proved reserves at year-end 1988 was 13.9 million bbls. of oil and liquids and 99.9 Bcf of gas.

Questar Pipeline Co. owns and operates interstate pipeline systems in Utah, Wyoming and Colorado, and gas storage facilities. It also has an 18% interest in and operates the 88-mile Overthrust segment of the 800-mile Trailblazer Pipeline running between Wyoming and Nebraska.

Other units include Interstate Brick Co., Questar Development Corp., Questar Telecom Inc., and Questar Service Corp.

Dividend Data

Dividends have been paid since 1935. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47	Feb. 14	Feb. 17	Feb. 24	Mar. 20'89
0.47	May 16	May 22	May 26	Jun. 19'89
0.47	Aug. 8	Aug. 14	Aug. 18	Sep. 11'89
0.48	Oct. 20	Nov. 13	Nov. 17	Dec. 11'89

Next dividend meeting: mid-Feb. '90.

Finances

STR estimated capital expenditures for 1989 at $95.0 million, up from $79.4 million in 1988. At September 30, 1989 STR had short-term credit agreements with banks totaling $110 million.

Capitalization

Long Term Debt: $260,136,000.

Cum. Red. Preferred Stock: $12,399,000.

Common Stock: 19,817,871 shs. ($2.50 par). Institutions hold approximately 73%. Shareholders of record: 9,645.

Office—180 East First South St., Salt Lake City, Utah 84147 **Tel**—(801) 534-5000 **Chrmn, Pres & CEO**—R D Cash **SVP-CFO**—W F Edwards **VP-Secy**—C C Holbrook **Treas**—S E Parks. **Investor Contact**—R C Burnett **Dirs**—R H Bischoff, R D Cash, J A Harmon, S Hinckley, W. N. Jones, R. E. Kadlec, B. Z. Kastler, D. L. Leavitt, N. A Maxwell, D. B. Ozmun, D. N. Rose, R. W. Simmons **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Mellon Bank, Pittsburgh, Company's office **Registrars**—Mellon Bank, Pittsburgh; Zions First National Bank, Salt Lake City. **Incorporated** in Utah in 1935. **Empl**—2,704.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Matlick

Ralston Purina

1892K

YSE Symbol RAL Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

rice	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
ep. 25'89	1989					
5³/₄	101½-78¾	15	1.65	1.9%	A+	0.79

ummary

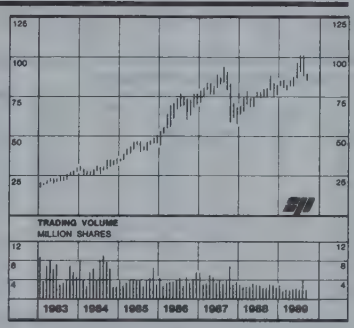
AL's asset restructurings since 1986 have included acquisition of Continental Baking (the nation's larg-st wholesaler baker and maker of Wonder Bread) and Union Carbide's $1.2 billion battery products usiness. In line with its greater focus on value added consumer products, it has also divested commod-y businesses, including the 1988 sale of "Chicken-of-the-Sea" for $260 million. Lower commodity rices and share repurchases should help lift earnings per share in fiscal 1989.

urrent Outlook

arnings from continuing operations for the fiscal ear ending September 30, 1990 may rise to 5.50 a share from fiscal 1989's estimated $5.70, hich excludes $1.11 from discontinued opera-ons.

he quarterly dividend was raised 10%, to 0.41¼, with the March, 1989 payment.

arnings for fiscal 1990 are expected to increase 2%, assuming pricing for batteries improves. ower costs for basic grain commodities used in akery and cereal items will be important to the dvance. Contributions from pet food should also enefit from lower commodity costs. Per share arnings would advance on continued share repur-hases. Acquisition of Beech-Nut baby foods hould add to earnings and cash generation rowth.



et Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
ec.	---	1,681	1,511	1,512
ar.	---	1,589	1,407	1,443
n.	---	1,624	1,406	1,405
ep.	---	---	1,552	1,508
	---	---	5,876	5,868

ales for the nine months ended June 30, 1989 se 13%, year to year, reflecting higher volume in l product lines. Higher advertising and promotion osts limited the gain in net income to 7.7%. Share rnings rose to $4.64, from $4.11, before income om discontinued operations of $1.11 a share ainst $0.27.

ommon Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
ec.	E1.95	1.94	1.76	3.97
ar.	E1.55	1.39	1.28	1.02
n.	E1.45	1.27	1.07	0.78
ep.	E1.55	E1.06	1.16	1.38
	E6.50	E5.70	5.28	[1]7.27

Important Developments

Sep. '89— The company agreed to acquire Nestle S. A.'s Beech-Nut Nutrition Corp., the nation's second largest maker of baby food. Beech Nut Nutrition had annual sales of $150 million in 1988, but has been unprofitable for several years.

Jan. '89— RAL repurchased 5.5 million of its common shares at $84 each via a tender offer to satisfy expected conversions of a new Series A ESOP convertible preferred with annual dividends of 6.75% issued under a leveraged employee stock ownership plan as of February 1, 1989. In fiscal 1988 RAL repurchased 2,551,300 common for $172.8 million; after September 30, 1988 additional common shares were bought to complete a 3-million-share repurchase program. RAL has bought back 49.4 million shares since 1982.

Next earnings report expected early November.

er Share Data ($)

. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
ngible Bk. Val.	9.19	6.62	6.13	10.88	11.55	11.61	10.77	11.19	10.29	9.41
rnings[2]	5.28	7.27	3.43	3.15	2.68	2.58	0.87	1.71	1.51	1.19
vidends	1.43¼	1.20½	1.07½	0.98	0.90	0.82½	0.76½	0.70	0.62½	0.56
yout Ratio	27%	16%	31%	31%	32%	31%	85%	41%	41%	47%
ices—High[3]	88⅜	94	77	50⅝	36⅛	30	18⅞	14⅝	13⅜	12¾
Low[3]	63¾	57⅝	45½	33¾	25	17⅛	10⅞	10	9¼	10
E Ratio---	17-12	13-8	22-13	16-11	13-9	12-7	21-13	9-6	9-6	11-8

a as orig reptd 1. Reflects merger or acquisition 2. Before results of disc opers of +0.35 in 1988, +1.94 in 1986, -0.21 in 1982, -0.09 in 31; bef spec. item(s) of -0.04 in 1987, -0.31 in 1986 3. Cal. yr. E-Estimated.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	5,876	991	16.9	303	185	219	606	40.0%	363	6.2
1987	5,868	891	15.2	197	175	201	974	45.9%	[3]526	9.0
[4]1986	5,515	799	14.5	892	141	135	527	50.0%	264	4.8
[5]1985	5,864	749	12.8	723	154	116	481	46.7%	256	4.4
1984	4,980	621	12.5	160	109	38	438	44.6%	243	4.9
1983	4,872	608	12.5	141	110	36	463	44.7%	256	5.3
[2]1982	4,803	497	10.4	248	118	52	177	48.4%	[3]91	1.9
[2]1981	5,225	491	9.4	189	103	62	334	44.9%	184	3.5
1980	4,886	441	9.0	203	98	54	296	45.0%	163	3.3
1979	4,601	407	8.8	234	89	46	233	45.0%	128	2.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	361	1,695	1,082	1.6	4,044	9.3%	1,487	1,090	2,742	54.2	35.7%
1987	271	1,452	1,156	1.3	3,864	13.6%	1,403	962	2,504	56.0	56.0%
1986	373	1,550	1,453	1.1	4,210	7.8%	1,549	999	2,670	58.0	28.1%
1985	191	889	673	1.3	2,637	11.4%	890	925	1,927	46.2	27.7%
1984	76	784	619	1.3	2,004	12.4%	243	998	1,360	17.8	24.3%
1983	128	839	561	1.5	2,101	12.5%	315	1,104	1,540	20.5	24.0%
1982	74	775	531	1.5	2,114	4.4%	407	1,100	1,583	25.7	8.1%
1981	40	824	468	1.8	2,219	8.3%	405	1,230	1,750	23.1	15.6%
1980	50	940	598	1.6	2,247	7.4%	416	1,132	1,649	25.2	15.0%
1979	179	960	646	1.5	2,183	6.3%	409	1,039	1,537	26.6	12.7%

Data as orig reptd 1. Bef. spec item(s) in 1987, 1986, and results of disc. opers in 1988, 1986, 1982, 1981 2. Excl disc opers 3. Reflect acctg. change. 4. Excl. disc. opers. and reflects merger or acquisition. 5. Reflects mergers or acquisitions.

Business Summary

Ralston Purina is a broad-based food and other consumer products manufacturer. In 1986 it acquired Union Carbide's Eveready and Energizer batteries business. Sales and operating profit contributions by business segment in fiscal 1988:

	Sales	Profits
Human and pet foods	64%	72%
Other consumer products	23%	23%
Agricultural products	13%	5%

Foreign continuing operations contributed 24% of sales and 17% of operating income in fiscal 1988.

Grocery products include bakery products, dog and cat foods, ready-to-eat and hot cereals, and cookies and crackers. In late 1984 RAL bought Continental Baking Co. for $475 million (Wonder Bread and Hostess cakes). In fiscal 1987 it sold Drake Bakeries (acquired in fiscal 1986) for $176 million and in fiscal 1989 sold the Chicken-of-the-Sea canned tuna and salmon unit for some $260 million.

Other consumer products include Eveready and Energizer batteries and flashlights, isolated soy protein and industrial polymer products, and an all-season resort.

Agricultural products consist primarily of foreign animal feed operations since the late 1986 sale of Purina Mills, Inc. for $377 million, which consisted of the U.S. feed business and the early 1985 divestiture of soybean processing operations.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41¼	Jan. 19	Jan. 26	Feb. 1	Mar. 10'89
0.41¼	Mar. 31	Apr. 25	May 1	Jun. 9'89
0.41¼	May 26	Jul. 26	Aug. 1	Sep. 8'89
0.41¼	Sep. 22	Oct. 26	Nov. 1	Dec. 8'89

Capitalization

Long Term Debt: $1,883,700,000.

Series A ESOP Preferred Stock: $500,000,000.

Common Stock: 61,696,761 shs. ($0.41⅔ par). Directors and Officers control some 7%; institutions hold about 50%.
Shareholders of record: 34,330.

Office—Checkerboard Square, St. Louis, Mo. 63164. Tel—(314) 982-1000. Chrmn & CEO—W. P. Stiritz. VP-CFO—J.R. Elsesser. Secy—J. H Cassidy. Investor Contact—Michael Grabel. Dirs—D. R Banks, T. A. Burtis, D. Danforth, Jr., W. H Danforth, D.C Farrell, F. E Ferguson, W. L. H Griffen, M. D. Ingram, D. S. Lewis, J. J. Louis, Jr., J. F.McDonell, R.M. Ringeon, W. M. Shapleigh, W. P. Stiritz. Transfer Agents—Company's office, Continental Bank, Chicago. Registrars—Centerre Trust Co., St. Louis, Continental Bank, Chicago. Incorporated in Missouri in 1894. Empl—56,734.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Raychem Corp.

1895

NYSE Symbol RYC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
34⅝	39¼-30¼	33	0.32	0.9%	B+	0.88

Summary

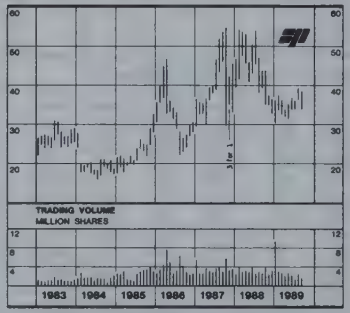
This company primarily produces high performance plastic and elastomer products and systems for the aerospace, automotive, construction, electronics, power, process and telecommunication industries. Foreign operations account for more than half of sales. A stronger dollar, restructuring charges and a large loss in a new fiber optics telecommunication business, as well as a much higher tax rate, caused a sharp decline in earnings in fiscal 1989. Substantially higher earnings are likely in fiscal 1990.

Current Outlook

Share earnings for the fiscal year ending June 30, 1990 are projected at about $2.25, versus the $1.04 reported for fiscal 1989.

Dividends should continue at $0.08 quarterly.

Sales for fiscal 1990 should advance about 5%, despite the stronger dollar. The higher volume, recent cost reductions and the absence of restructuring charges are likely to allow margins to widen, despite an increase in the pretax loss on Raynet Corp. to $80 million from $55 million, which the company projected in its fiscal 1989 Annual Report. Substantial revenues from systems sales are not expected for approximately two years. The tax rate is expected to decline as profitability is restored in the United States.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	235	226	202	175
Dec.	277	278	230	200
Mar.	270	276	237	200
Jun.	301	315	276	222
	1,083	1,095	944	798

Sales for the the fiscal year ended June 30, 1989 declined 1.1% from those of the preceding year, reflecting lower revenues in all segments except telecommunications. Margins narrowed, and after a $55.1 million pretax loss at its Raynet Corp. fiber-optics subsidiary, versus a $3.8 million pretax profit, and a $11.5 million restructuring charge, pretax income declined 62%. Following an increase in the effective tax rate to 43.0%, from 26.0%, due to an operating loss incurred in the United States, net income declined 71%, to $1.04 a share from $3.69.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	0.17	0.49	0.36	0.32
Dec.	0.44	0.80	0.49	0.53
Mar.	0.07	0.86	0.57	0.36
Jun.	0.37	1.52	0.83	0.34
	1.04	3.69	2.25	1.55

Important Developments

May '89— RYC said that fiscal 1989 pretax earnings would have decreased only 22% excluding the effects of Raynet Corp. and nonrecurring items. It said that the first technology trial of the Raynet fiber-optic distribution system was being conducted by New England Telephone Co.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	19.68	16.07	14.03	11.84	11.01	10.01	9.40	9.37	7.92
Earnings	1.04	3.69	2.25	1.55	0.95	1.28	1.08	1.36	1.34	1.41
Dividends	0.30	0.21⅝	0.14⅝	0.14¾	0.14¾	0.14¾	0.14¾	0.14¾	0.14	0.10⅞
Payout Ratio	29%	6%	7%	10%	16%	12%	14%	11%	11%	8%
Prices[2]—High	39¼	54¼	54⅞	46¾	32¾	27⅞	31	23⅞	26	29⅜
Low	30¼	32¾	29⅜	22⅛	17½	15⅞	21⅞	12⅜	16¼	16
P/E Ratio—	38-29	15-9	24-13	30-14	35-18	22-12	29-20	18-9	19-12	21-11

Data as orig. reptd. Adj. for stk. divs. of 200% Nov 1987 1. Reflects merger or acquisition. 2. Cal. yr. NA-Not Available

October 5, 1989
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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,095	212	19.3	84.5	62.7	18.0	[1]169	26.0%	125	11.4
1987	944	165	17.5	81.5	55.2	22.2	[1]101	27.0%	74	7.8
[2]1986	798	127	15.9	67.0	43.5	22.6	[1]66	25.5%	[3]49	6.1
1985	675	83	12.3	91.1	35.3	19.0	[1]39	27.3%	28	4.2
1984	630	82	13.0	58.1	29.7	11.9	46	19.9%	37	5.9
1983	583	82	14.1	58.2	27.4	12.0	49	38.0%	31	5.2
1982	535	81	15.1	34.2	24.4	[4]8.6	49	24.0%	[3]37	7.0
1981	525	89	16.9	50.6	20.0	[5]12.3	59	40.0%	36	6.8
1980	462	87	18.7	58.4	15.2	9.5	62	41.0%	37	7.9
1979	338	68	20.2	31.2	11.1	4.5	53	43.7%	30	8.8

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	133	662	305	2.2	1,149	11.9%	35.5	722	814	4.4	19.1%
1987	55	505	278	1.8	927	8.2%	22.4	571	619	3.6	13.8%
1986	15	422	234	1.8	786	6.5%	54.1	452	530	10.2	11.8%
1985	17	371	222	1.7	667	4.6%	59.3	354	432	13.7	8.2%
1984	28	318	172	1.9	543	7.1%	23.0	323	362	6.4	12.1%
1983	17	305	170	1.8	499	6.3%	17.5	287	321	5.4	11.0%
1982	17	282	158	1.8	452	8.2%	14.2	262	293	4.8	14.2%
1981	16	267	156	1.7	446	8.3%	15.4	253	290	5.3	15.3%
1980	10	254	174	1.5	404	10.2%	8.9	208	230	3.9	19.3%
1979	21	198	125	1.6	307	11.0%	5.8	166	182	3.2	19.7%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Net of interest income. 5. Reflects accounting change; net of interest income.

Business Summary

Raychem primarily manufactures high performance plastic and elastomeric insulation products and systems, the special properties of which are generally achieved through radiation chemistry. Business segment contributions (income in million $) in fiscal 1989:

	Sales	Income
Electronics	44%	$102.1
Industrial	29%	38.4
Telecommunication	25%	49.2
Ventures & other	2%	-73.4

Foreign operations accounted for 60% of sales in fiscal 1989 and $97.9 million of operating profits.

The electronics segment includes electrical and electronic interconnection systems, wire and cable, heat shrinkable insulation, circuit protection devices, connectors, fiber optics, heating devices and fluid fittings for the electronics, transportation, aerospace and defense markets.

The industrial segment consists of electric heat-tracing systems, power cable accessories, electric insulation products, heat shrinkable sleeves and coatings for pipeline protection, cathodic protection products, and leak detection systems.

The telecommunication segment includes telephone cable splice cases, aerial closure systems, cable repair sleeves and cable termination products, as well as products for splicing, connecting and protecting fiber optic and coaxial cables. The other segment includes thin film conductive coatings, liquid crystal displays, integrated circuits packages, touch screen systems, and the Raynet fiber optic based systems.

Dividend Data

Cash has been paid each year since 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Oct. 27	Nov. 3	Nov. 9	Dec. 7'88
0.08	Jan. 25	Feb. 2	Feb. 8	Mar. 8'89
0.08	Apr. 26	May 4	May 10	Jun. 8'89
0.08	Jul. 27	Aug. 3	Aug. 9	Sep. 6'89

Capitalization

Long Term Debt: $29,029,000.

Minority Interests: $29,369,000.

Common Stock: 35,240,789 shs. (no par).
Institutions hold about 73%.
Shareholders of record: 8,021.

Office—300 Constitution Drive, Menlo Park, Calif 94025 **Tel**—(415) 361-3333 **Chrmn & CEO**—P M Cook **Pres**—R M Halperin. **VP-Secy**—M T Everett **VP-Treas & Investor Contact**—R J Sims. **Dirs**—P M Cook, R G Engel, J F Gibbons, R M Halperin, J K Jamieson, D O Morton, D K Rohwedder **Transfer Agent & Registrar**—Harris Trust and Savings Bank, Chicago, Ill **Incorporated** in California in 1957, reincorporated in Delaware in 1987 **Empl**—11,451.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

P H Valentine

Raytheon Co.

1900

NYSE Symbol RTN Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
80¾	84⅜–65⅝	10	2.20	2.7%	A+	0.85

Summary

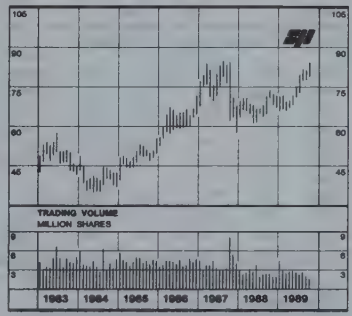
Raytheon is a leading factor in air defense missile and radar systems and other military electronics products, is involved in engineering and construction, and manufactures appliances and small planes. Newer contracts should expand RTN's important missiles/defense electronic business despite the general weakness in defense spending. Recent earnings gains reflect a recovery in energy and aircraft operations. Higher earnings are expected for 1989 and 1990.

Current Outlook

Earnings for 1990 are projected at $8.80 a share, up from the $8.05 estimated for 1989.

Dividends should continue at least at $0.55 quarterly.

Revenues for 1990 should increase approximately 8%. Electronics and missiles should continue as the principal source of improvement, reflecting new contract awards and an increasing total of second source business. Margins should be maintained. Beech Aircraft should extend its profits comeback and energy services should continue to improve. Appliance results could be flat.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,073	1,949	1,750	1,725
Jun.	2,290	2,041	1,917	1,828
Sep.	2,189	1,993	1,855	1,714
Dec.	---	2,209	2,137	2,041
	---	8,192	7,659	7,308

Sales for the first nine months of 1989 increased 9.5%, year to year. Primarily reflecting higher interest expense, the gain in net income was held to 8.2%. Share earnings were $5.94, compared with $5.43.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.83	1.68	1.37	1.19
Jun.	2.03	1.84	1.50	1.28
Sep.	2.08	1.91	1.57	1.31
Dec.	E2.11	1.92	1.69	1.32
	E8.05	7.35	6.12	5.10

Important Developments

Oct. '89— The total backlog of $7.95 billion as of October 1 1989 was down 4.0%, year to year. The U.S. Government-funded portion of $5.91 billion was down 3.8%.

Sep. '89— Raytheon won the competition to develop the ground-launched version and was named second-source producer of the air-launched version of the Tacit Rainbow missile system.

Apr. '89— RTN repurchased 600,000 shares in the first quarter, bringing to 20.6 million the total purchased since mid-1984. An additional 4.4 million shares have been authorized for buyback.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	31.73	27.06	26.16	24.59	23.24	21.91	19.88	17.81	15.20	13.60
Earnings[3]	7.35	6.12	5.10	4.60	4.02	3.55	3.78	3.86	3.40	3.15
Dividends	2.00	1.80	1.70	1.60	1.45	1.40	1.40	1.20	1.00	0.80
Payout Ratio	27%	29%	32%	33%	36%	39%	37%	31%	30%	25%
Prices—High	73⅞	84⅞	71¾	55⅝	48⅞	57½	49⅞	54⅞	55⅝	33½
Low	61	57¼	52⅜	39⅜	34¾	41⅜	28¼	34	31⅜	21⅜
P/E Ratio—	10–8	14-9	14–10	12-9	12-9	16-12	13-7	14-9	16-9	11-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1981. 1. Reflects accounting change 2. Reflects merger of acquisition 3. Bef results of disc opers of -1 1 4 in 1984 E-Estimated

October 26, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	8,192	900	11.0	421	259	62.8	706	30.6%	490	6.0
1987	7,659	838	10.9	354	237	17.9	685	35.1%	445	5.8
1986	7,308	787	10.8	346	238	15.8	652	39.7%	[3]393	5.4
1985	6,409	700	10.9	341	210	14.6	600	37.3%	376	5.9
[4]1984	5,996	593	9.9	414	174	8.6	545	37.6%	340	5.7
1983	5,937	575	9.7	305	217	15.1	473	36.6%	300	5.1
1982	5,513	581	10.5	303	193	17.0	508	37.2%	[3]319	5.8
1981	5,636	612	10.9	297	169	18.4	538	39.8%	324	5.7
[5]1980	5,002	554	11.1	289	143	19.1	479	41.1%	282	5.6
1979	3,728	383	10.3	237	112	9.8	337	41.5%	197	5.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	108	2,844	2,577	1.1	4,740	11.2%	41.3	2,121	2,162	1.9	24.9%
1987	90	2,437	2,168	1.1	4,062	12.2%	44.7	1,849	1,894	2.4	24.5%
1986	226	2,010	1,553	1.3	3,556	11.5%	48.7	1,955	2,003	2.4	20.7%
1985	284	1,876	1,437	1.3	3,441	11.1%	74.8	1,929	2,004	3.7	20.0%
1984	658	2,231	1,535	1.5	3,600	9.3%	85.5	1,979	2,065	4.1	17.6%
1983	821	2,427	1,742	1.4	3,729	8.3%	99.1	1,887	1,987	5.0	16.7%
1982	820	2,401	1,731	1.4	3,510	9.3%	67.9	1,712	1,780	3.8	19.6%
1981	624	2,339	1,752	1.3	3,364	10.3%	75.3	1,536	1,611	4.7	22.7%
1980	527	2,044	1,548	1.3	2,929	9.4%	77.1	1,304	1,381	5.6	22.7%
1979	642	1,632	1,335	1.2	2,297	9.0%	72.2	890	962	7.5	24.1%

Data as orig reptd 1. Incl. equity in earns. of nonconsol subs. 2. Bef results of discontinued operations in 1984. 3. Reflects acctg. change 4. Excl. discont. opers. 5. Reflects merger or acquisition.

Business Summary

Raytheon is a diversified manufacturer of electronic equipment and components. Contributions to sales and pretax profits in 1988:

	Sales	Profits
Electronics	61%	82%
Aircraft products	11%	4%
Energy Services	9%	2%
Major appliances	12%	6%
Other lines	7%	6%

Sales to the U.S. Government accounted for 55% of total sales in 1988. Sales outside the U.S. accounted for 19% of total sales.

Beech Aircraft is a leading manufacturer of single-engine and twin-engine general aviation aircraft.

In defense electronics, RTN produces ground-based and airborne missiles (Patriot, Hawk, Sidewinder, Sparrow, Stinger, AMRAAM, Standard, Maverick), radar systems, electronic countermeasures, guidance and firecontrol systems, sonar, communications equipment and microwave components. Commercial electronics products include marine equipment and electronic components.

Through its Badger Co., United Engineers and Constructors Inc. and Seismograph Service Corp. subsidiaries, RTN constructs petroleum, petrochemical, chemical processing, utility power and industrial plants and conducts exploration for the oil and gas industries.

In major appliances, Raytheon produces Amana microwave ovens and refrigerators, Caloric gas ranges, and Speed Queen laundry equipment.

Dividend Data

Dividends have been paid since 1964. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Dec. 19	Dec. 30	Jan. 6	Jan. 31'89
0.55	Mar. 22	Apr. 3	Apr. 7	Apr. 28'89
0.55	Jun. 28	Jun. 30	Jul. 7	Jul. 31'89
0.55	Sep. 27	Oct. 2	Oct. 6	Oct. 31'89

Next dividend meeting: late Dec.'89.

Capitalization

Long Term Debt: $41,557,000.

Common Stock: 65,995,000 shs. ($1.25 par).
Institutions hold about 65%.
Shareholders of record: 24,100.

Office—141 Spring St., Lexington, Mass. 02173. Tel—(617) 862-6600. Chrmn & CEO—T. L. Phillips. Pres—D. J. Picard. VP-Secy—C. H. Resnick. VP-Treas—H. Deitcher. Investor Contact—R. Nagel. Dirs—C. F. Adams, H. Brooks, F. H. Burr, F. Colloredo-Mansfeld, T. L. Eliot, Jr., J. C. Fletcher, B. Hauptfuhrer, R. D. Hill, J. N. Land, Jr., C. M. Meckler, Jr., A. L. Nickerson, T. L. Phillips, D. J. Picard, R. G. Shelley, J. J. Siasco. Transfer Agent & Registrar—First National Bank of Boston. Incorporated in Delaware in 1928. Empl—76,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T. Canning, CFA

Reebok International

1906F

NYSE Symbol RBK Options on ASE & Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
17⅞	18½-11⅛	14	0.30	1.7%	B	NA

Summary

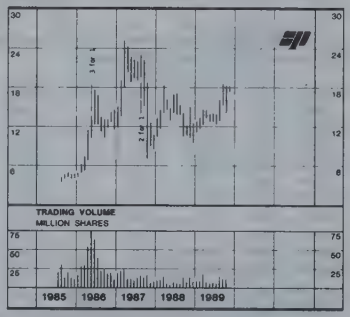
Reebok, a leading producer of athletic footwear, has been diversifying into other areas since 1987 through acquisitions of brand name footwear companies. In October, 1989 RBK acquired for $42 million Boston Whaler, a boat manufacturer. After a period of dramatic growth, earnings fell in 1988, reflecting increased competition and higher costs. However, earnings should rebound in 1989 and 1990, as RBK benefits from new products and cost controls. About 47% of the stock is closely held.

Current Outlook

Earnings for 1990 are projected at $1.75 a share, up from the $1.45 estimated for 1989.

Dividends should continue at $0.07½ quarterly.

Sales in 1990 should rise 10%-15%, reflecting favorable responses to new products including the "PUMP", more favorable response to shoes incorporating the "Energy Return System" of technology, athletic shoes using a light space-age material called Hexalite, as well as increased sales of existing products. Margins should remain about the same as benefits from the turnaround at Rockport and the international divisions, improved distribution channels and inventory controls are offset by slightly higher priced raw materials. Interest costs may equal or be slightly lower than 1989's.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	488	454	282	175
Jun.	432	462	359	216
Sep.	524	539	408	289
Dec.	---	331	340	240
	---	1,786	1,389	919

Sales for the nine months ended September 30, 1989 declined 0.8%, year to year. Margins widened, however, and after taxes, net income rose 7.5%. Share earnings were $1.23 (based on slightly more shares), compared with $1.14.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.43	0.42	0.36	0.26
Jun.	0.36	0.40	0.38	0.31
Sep.	0.44	0.32	0.44	0.42
Dec.	E0.22	0.06	0.30	0.28
	E1.45	1.20	1.49	1.28

Important Developments

Oct. '89— RBK said it was pleased with its earnings performance during the third quarter and first nine months of 1989, and attributed the gains to cost controls and a more favorable product mix. RBK said that it expected to see major sales improvement in the future as a result of new products, including the "PUMP" basketball shoe and athletic shoes using Hexalite, a light space-age cushioning material, as well as higher sales of shoes with the "Energy Return System" of technology. RBK said that it was also pleased with the new sales and earnings highs at Rockport, and added that new product introductions would enhance Rockport's sales in the future. Separately, C. Joseph LaBonte resigned as president and was replaced by Paul Fireman, who is also chairman and CEO.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	3.77	2.96	1.84	0.92	0.09	0.01	Nil	NA	NA
Earnings	1.20	1.49	1.28	0.46	0.08	0.01	Nil	Nil	Nil
Dividends	0.30	0.20	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	25%	14%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	18⅜	25⅛	17⅝	5	NA	NA	NA	NA	NA
Low	9½	7	4¼	2⅞	NA	NA	NA	NA	NA
P/E Ratio—	15-8	17-5	14-3	11-6	NA	NA	NA	NA	NA

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1987, 200% Jun. 1986. 1. Reflects merger or acquisition.. NA-Not Available. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	1,786	271	15.2	31.9	23.1	22.8	[2]231	40.6%	137	7.7
[1]1987	1,389	321	23.1	45.7	18.2	8.0	[2]306	46.0%	165	11.9
[1]1986	919	263	28.6	14.8	3.4	3.0	261	49.4%	132	14.4
1985	307	80	25.9	2.1	0.5	2.8	78	50.1%	39	12.7
1984	66	13	19.4	1.8	0.3	0.4	12	49.5%	6	9.3
1983	13	1	10.4	0.1	Nil	0.1	1	48.8%	1	5.0
1982	4	Nil	9.0	0.1	Nil	0.1	Nil	48.3%	[1]Nil	3.6
1981	1	[2]Nil	NM	NA	NA	Nil	Nil	Nil	[1]Nil	NM
1980	1	[2]Nil	NM	NA	NA	Nil	Nil	Nil	[1]Nil	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	99.3	714	256	2.8	1,063	14.2%	113.0	691	808	14.0	21.4%
1987	60.2	536	268	2.0	868	24.7%	12.6	585	600	2.1	36.6%
1986	66.1	317	141	2.2	440	43.7%	0.7	298	300	0.2	66.8%
1985	8.0	145	59	2.5	149	39.8%	0.7	89	90	0.8	80.3%
1984	1.0	36	31	1.2	39	26.6%	0.7	7	8	9.4	161.6%
1983	0.5	8	7	1.1	8	14.1%	0.1	1	1	7.4	145.5%
1982	NA	NA	NA	NA	1	14.6%	0.1	Nil	Nil	37.6	121.4%
1981	NA	NA	NA	NA	Nil	NM	0.1	Nil	Nil	NM	NM
1980	NA	NA	NA	NA	Nil	NM	Nil	Nil	Nil	Nil	NM

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. NM-Not Meaningful. NA-Not Available.

Business Summary

Reebok designs, develops and markets quality footwear, apparel, and related apparel under the trademarks Reebok, Weebok, Metaphors, Avia, Ellessee, and Donner. As a result of a series of acquisitions in the recent years, RBK now has five major operating units: Reebok Brands (67% of total 1988 sales), Reebok International, Rockport, Avia and Ellessee (combined, 33%). In March, 1989 RBK sold its John A. Frye unit, which was purchased by The Rockport Company in May, 1987.

Reebok Brands includes the footwear division, which produces men's, women's, and children's footwear for aerobics, sports conditioning/cross-training, basketball, running, walking, tennis, volleyball /indoor court, golf and casual activities. The apparel division designs, develops and markets men's and women's performance wear and accessories. The Weebok division markets non-athletic shoes for infants and children, and the Metaphors division markets a line of casual women's footwear. The Reebok Canada division distributes Reebok brand shoes and apparel, as well as Weebok and Rockport brand shoes throughout Canada.

Reebok International, headquartered in the UK, markets Reebok products abroad, with subsidiaries in France, West Germany, Holland and Austria, and through distributors in over 50 other countries.

Rockport designs, develops and markets lightweight and comfortable casual, dress and fitness walking shoes for men and women. The Donner Mountain subsidiary markets walking shoes, casual footwear and hiking boots.

Avia (acquired 1987) designs, develops and markets high performance athletic footwear for aerobics, basketball, fitness/sports conditioning, tennis, running, cycling, exercise walking and volleyball.

Ellessee USA (acquired 1988) designs, develops and markets men's and women's sportswear and athletic footwear.

Approximately 81% of RBK's footwear was manufactured in South Korea and Taiwan during 1988. One customer, Foot Locker, accounted for 12.2% of total sales during 1988, versus 12.5% in 1987 and 18.7% in 1986.

Dividend Data

Dividends were initiated in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07½	Oct. 26	Dec. 8	Dec. 14	Jan. 4'89
0.07½	Mar. 3	Mar. 9	Mar. 15	Apr. 5'89
0.07½	Apr. 24	Jun. 9	Jun. 15	Jul. 6'89
0.07½	Jul. 25	Sep. 7	Sep. 13	Oct. 4'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: $109,657,000 incl. $1,3 million of capital lease obligations.

Common Stock: 113,379,349 shs. ($0.01 par).
Pentland Industries plc owns about 32% and Paul & Phyllis Fireman own nearly 15%.
Institutions hold about 20.5%.
Shareholders of record: 13,123.

Office— 100 Technology Center, Stoughton, MA 02072. **Tel**—(617) 341-5000 **Chrmn, CEO & Pres**—P. Fireman **CFO**—P. R. Duncan **VP & Investor Contact**—Kenneth R. Lightcap. **Dirs**—P. R. Duncan, F. A. Farrant, P. Fireman, R. G. Lesser, W. M. Marcus, G. Nunes, J. A. Quelch, R. S. Rubin, L. J. Wachner **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Massachusetts in 1979 **Empl**—2,249

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Republic New York

1919E

NYSE Symbol RNB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
48	51⅝-42⅝	9	1.28	2.7%	A-	0.44

Summary

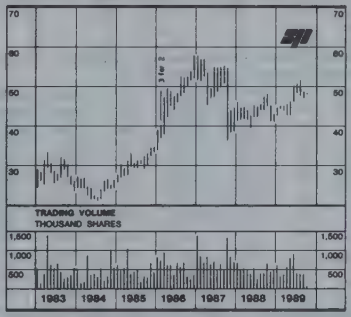
This holding company (33%-owned by Edmond Safra) is the parent of Republic National Bank of New York and Williamsburg Savings Bank, operating in the New York City area and abroad. RNB emphasizes deposit-taking services, including its niche business of providing private banking services for wealthy individuals, investing the major portion of funds collected in low-risk financial instruments. In 1988, it spun off its rapidly growing European private banking subsidiary, Safra Republic, retaining a 49% stake.

Current Outlook

Earnings for 1990 are projected at $5.60 a share, compared with the $5.20 estimated for 1989.

Dividends should continue at $0.32 quarterly.

RNB's primary focus should remain on deposit-taking and related services, and funds should continue to be mainly invested in low-risk assets. Deposits at non-European banks are expected to grow approximately 10% through 1990. RNB's reduced risk investment strategy will continue to result in narrow margins. The provision for loan losses should be low, as domestic loan quality is excellent and LDC loans are conservatively reserved for. Precious metals and bond trading income, dependent on market conditions, could be volatile. Foreign currency trading revenues should grow rapidly with the expansion of trading centers in London and Tokyo. While the spinoff of Safra Republic dilutes RNB's interest in its most rapidly-growing business, Safra Republic could develop more quickly as a European entity. Equity in earnings of Safra Republic could surpass $35 million in 1990.



Review of Operations

Net interest income for the six months ended June 30, 1989 fell 14%, year to year, primarily reflecting the equity basis accounting for Safra Republic stake, a 7.4% gain in earning assets, and a decline in the net interest margin to 1.74% from 2.11%. The provision for loan losses was 40% lower, at $6 million, reflecting improving domestic loan quality. Aided by gains in foreign exchange and precious metals trading, and the inclusion of $14.8 million of equity in earnings of Safra Republic, noninterest income advanced 32%. With noninterest expense growth held to 0.8% in the absence of the expenses of Safra Republic, pretax earnings were up 1.3%. After taxes at 15.0%, versus 18.6%, net income was up 5.7%.Following preferred dividends, share earnings were $2.45, compared with $2.40.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.20	1.10	1.57	1.10
Jun.	1.25	1.30	d2.79	1.44
Sep.	E1.35	1.12	1.30	1.22
Dec.	E1.40	1.49	0.57	1.15
	E5.20	5.01	0.64	4.91

Important Developments

Jun. '89— RNB proposed a merger with Manhattan Savings Bank (MSB). The proposal offers eligible depositors of MSB the right to subscribe for newly issued RNB common shares at $44.69 a share. In October, 1989 RNB said that there had been no publicly disclosed response to the offer.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	37.18	33.77	33.18	29.29	26.22	24.36	19.85	17.41	14.41	11.24
Earnings[2]	5.01	0.64	4.91	3.98	3.66	3.65	3.51	3.73	3.43	1.85
Dividends	1.20	1.16	1.12	1.09⅜	1.06¾	1.01⅜	0.93⅜	0.80	0.62¾	0.44¾
Payout Ratio	24%	181%	23%	27%	29%	28%	27%	21%	18%	24%
Prices—High	48⅛	57¾	57¾	34⅝	27¼	33⅜	25½	27¾	23¾	9⅞
Low	39½	36¼	33⅞	25⅝	21	23½	14⅞	18	8⅛	7⅝
P/E Ratio—	10-8	90-57	12-7	9-6	7-6	9-6	7-4	7-5	7-2	5-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Feb. 1986, 200% Aug. 1980. 1. Reflects merger or acquisition. 2. Aft. gains/losses on sec. trans of +1.10 in 1988, +1.86 in 1987, +0.97 in 1986, +0.23 in 1985, -0.35 in 1984, +0.05 in 1983, -0.28 in 1982, -0.36 in 1981, -1.08 in 1980, -0.15 in 1979; bef. spec. item(s) of -0.83 in 1987, -0.47 in 1986 E-Estimated. d-Deficit.

October 11, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	428	30	158	42	58.6	204	16.7%	170	2.10	0.67	20.4
[2]1987	386	33	51	140	66.7	64	48.3%	33	2.34	0.16	2.6
1986	321	63	77	40	48.6	166	10.6%	148	2.60	0.85	20.1
1985	271	41	76	37	45.0	146	16.5%	122	2.78	0.93	19.3
1984	216	40	65	17	44.7	108	10.8%	97	2.83	0.91	20.8
1983	199	39	54	14	49.0	98	13.2%	85	2.87	0.90	24.3
1982	205	34	55	30	48.7	77	8.3%	71	2.96	0.76	29.1
1981	203	38	44	17	47.3	81	16.6%	68	3.84	0.93	33.0
[2]1980	148	19	107	29	39.2	80	28.0%	58	3.47	1.01	38.7
1979	80	16	48	19	42.9	43	26.0%	32	3.23	0.87	26.5

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	24,519	10,694	4,083	1,751	4,106	3.15	857	15,490	35.0	2,272	1,117	2.91
1987	22,388	8,877	4,235	1,485	4,156	4.27	822	14,017	37.6	1,717	1,008	3.49
1986	17,465	6,747	3,436	1,288	3,137	2.45	760	10,037	40.5	1,207	927	3.82
1985	15,324	6,171	2,384	1,123	2,327	2.31	530	9,200	35.2	857	759	4.08
1984	12,382	5,705	1,933	900	1,937	2.16	412	7,825	34.0	537	676	3.43
1983	10,119	4,746	1,596	753	1,922	1.94	387	6,698	37.2	338	490	3.03
1982	9,280	4,539	1,229	1,183	1,389	1.87	393	6,377	37.5	299	324	2.12
1981	7,707	2,852	984	1,530	1,383	1.72	421	4,830	54.6	227	284	2.53
1980	6,447	1,940	1,026	1,572	1,054	1.88	411	3,984	58.9	177	235	2.38
1979	4,408	1,121	476	1,064	1,104	1.81	352	2,935	64.8	117	166	2.84

Data as orig. reptd. 1. Bef. results of disc. opers. and/or spec. item(s) in 1987, 1986. 2. Refl. merger or acquisition.

Business Summary

This bank holding company is the parent of Republic National Bank of New York, the nation's 20th largest bank, and Williamsburg Savings Bank. It has 30 bank and 12 thrift branches in the New York City area, as well as offices in 20 foreign countries. In addition to retail banking and commercial lending, RNB is heavily engaged in private banking (services for wealthy individuals), including owning a 49% ($450 million) interest in Safra Republic, with banks in Geneva and other European locations. A high proportion of assets is held in more liquid investments rather than loans. Dealing in gold and silver is important. Factoring and currency trading operations are growing.

During 1988 average earning assets of $21.8 million (up 22% from 1987) were divided: domestic loans 23%, foreign loans 10%, investment securities 20%, and money market investments 47%. Average sources of funds were demand deposits 4%, domestic savings and time deposits 28%, foreign deposits 36% (total deposits were $17.1 billion, up 24% from 1987), short-term borrowings 6%, long-term debt 9%, equity 5% and other 12%.

At year-end 1988 nonperforming assets were $151 million (2.63% of loans and related assets; includes $133 million of LDC loans) up from $121 million (2.16%) a year earlier. The reserve for loan losses was 3.15% of loans, against 4.27%. Net charge-offs during 1988 were 1.29% of average loans (largely LDC-related), against 0.26% in 1987.

Dividend Data

Dividends have been paid since 1975.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Oct. 21	Dec. 9	Dec. 15	Jan. 1'89
0.32	Jan. 18	Mar. 9	Mar. 15	Apr. 1'89
0.32	Apr. 21	Jun. 9	Jun. 15	Jul. 1'89
0.32	Jul. 24	Sep. 11	Sep. 15	Oct. 1'89

Next dividend meeting: Oct. 18'89.

Capitalization

Long Term Debt: $2,718,919,000.

Cum. Preferred Stock: $309,425,000.

Common Stock: 30,234,113 shs. ($5 par).
Edmond J. Safra controls about 33% through Saban S.A.
Institutions hold about 42%.
Shareholders of record: 1,982.

Office—452 Fifth Ave., NYC 10018. **Tel**—(212) 525-6100 **Chrmn & CEO**—W. H. Weiner **Pres**—J. C. Keil. **VP-Secy**—W. F. Rosenblum Jr. **VP-Treas & Investor Contact**—T. F. Robards. **Dirs**—K. Andersen, G. B. Baiamut, M. Cartillier, A. S. Corwen, C. S. Dwek, E. Ginsberg, M. Hirsch, J. C. Keil, P. Kimmelman, W. C. MacMillan, Jr., M. F. Mertz, J. L. Morice, L. Moskowitz, V. S. Porters, W. M. Rabinowitz, A. Rubenstein, J. Safra, D. C. Schlein, J. Tawil, J. A. Weage, F. B. Wadelton, W. H. Weiner, P. White **Transfer Agent**—Manufacturers Hanover Trust, NYC. **Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Maryland in 1973. **Empl**—3,825

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

Reynolds Metals

1926

NYSE Symbol RLM Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
51¾	62¾-49	5	1.80	3.5%	B-	1.19

Summary

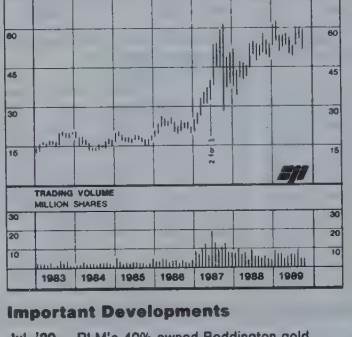
The second largest U.S. aluminum producer, Reynolds fabricates aluminum products for a wide variety of industries, and also has interests in two Australian gold mines. RLM is expanding its consumer products and precious metals businesses. Earnings for 1990 may decline moderately, reflecting expected sluggish economic growth. Nonetheless, dividends were recently raised 13%.

Current Outlook

Earnings for 1990 are projected at $7.00 a share, down from 1988's estimated $8.80.

Dividends were increased 13%, to $0.45 quarterly from $0.40, with the October, 1989 payment.

Sales for 1990 may decline slightly on expected modest decreases in average annual aluminum prices and aluminum shipments. Anticipated further growth of the containers/packaging market will probably be outweighed by weakness of the building/construction and automobile segments. With the lower aluminum sales, and negative operating leverage (the spreading of high fixed costs over fewer units of production), margins should narrow despite expected increased gold output.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,445	1,163	941	836
Jun.	1,649	1,469	1,060	1,028
Sep.	1,511	1,475	1,135	911
Dec.	---	1,460	1,148	864
	---	5,567	4,284	3,639

Sales for the first nine months of 1989 rose 12%, year to year, on higher aluminum volume and prices in the first half. After taxes at 29.8%, versus 27.3%, net income rose 17%, to $399 million from $342 million. Share earnings were $6.93 (on 7.7% more shares), versus $6.40.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.28	1.32	0.48	0.07
Jun.	2.55	2.52	1.00	0.26
Sep.	2.10	2.56	1.15	0.33
Dec.	E1.87	2.61	1.23	1.38
	E8.80	9.01	3.95	2.04

Important Developments

Jul. '89— RLM's 40%-owned Boddington gold mine completed a second $30-million expansion, which raised ore processing capacity to 6 million tons a year from 4.5 million. In February, 1989 RLM announced additional gold discoveries at its 50%-owned Mt. Gibson mine and at Boddington. The discoveries increased initial gold reserves at Mt. Gibson from 266,000 ounces to 491,000, and at Boddington from 3,082,000 ounces to 3,846,800.

Mar. '89— RLM announced a C$500-million expansion of its Baie-Comeau (Quebec) primary aluminum plant that would increase the smelter's annual output to 400,000 metric tons. A new 120,000-metric-ton-a-year line was scheduled to reach full production in late 1991.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[3]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	37.77	29.69	26.39	22.33	29.85	27.48	32.36	33.71	33.38	29.89
Earnings[2]	[1]9.01	[1]3.95	[1]2.04	d6.96	[1]3.04	d2.37	d0.67	[1]2.20	[1]4.66	[1]4.63
Dividends	0.90	0.57½	0.50	0.50	0.50	0.50	0.87½	1.20	1.12½	1.00
Payout Ratio	10%	15%	25%	NM	16%	NM	NM	55%	24%	22%
Prices—High	58	61¾	26½	20⅝	20⅞	20¾	13¾	19⅞	20½	19⅞
Low	34	20¼	18¼	15⅛	13	12½	9½	11⅝	13⅜	14⅛
P/E Ratio—	6-4	16-5	13-9	NM	7-4	NM	NM	9-5	4-3	4-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1987. 1. Ful. dil. 8.35 in 1988, 3.87 in 1987, 1.94 in 1986, 2.85 in 1984, 2.04 in 1981, 4.16 in 1980, 4.08 in 1979. 2. Bef. spec. item(s) of +0.38 in 1987, +2.05 in 1986, +0.14 in 1985, +0.15 in 1984, -0.21 in 1983, +0.80 in 1982. 3. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit. E-Estimated.

October 31, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

1926

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[4]1988	5,567	936	16.8	287	184	148	659	26.8%	482	8.7
1987	4,284	539	12.6	176	170	140	265	24.3%	201	4.7
1986	3,639	358	9.8	130	162	137	187	45.4%	[2]102	2.8
1985	3,416	239	7.0	220	165	139	d358	NM	d298	NM
1984	3,728	382	10.3	444	153	119	161	18.8%	131	3.5
1983	3,341	71	2.1	278	146	99	d235	NM	[2]d91	NM
1982	2,981	120	4.0	158	138	111	d84	NM	d24	NM
1981	3,481	213	6.1	226	107	83	118	26.8%	87	2.5
1980	3,653	344	9.4	271	90	[2]75	284	36.6%	180	4.9
1979	3,305	397	12.0	230	83	70	286	38.0%	177	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	331	1,864	1,155	1.6	5,032	10.3%	1,321	2,040	3,630	36.4	26.5%
1987	110	1,452	782	1.9	4,314	4.5%	1,611	1,600	3,298	48.8	12.9%
1986	185	1,407	815	1.7	3,709	2.8%	1,231	1,190	2,638	46.6	8.1%
1985	27	1,276	855	1.5	3,647	NM	1,256	999	2,427	51.8	NM
1984	23	1,321	766	1.7	3,783	3.7%	1,203	1,313	2,698	44.6	10.3%
1983	65	1,193	809	1.5	3,294	NM	974	1,190	2,301	42.3	NM
1982	29	1,279	709	1.8	3,345	NM	891	1,308	2,493	35.7	NM
1981	27	1,324	765	1.7	3,300	2.7%	857	1,332	2,430	35.3	6.4%
1980	55	1,245	668	1.9	3,097	6.0%	836	1,307	2,366	35.3	14.4%
1979	164	1,313	631	2.1	2,923	6.3%	871	1,160	2,245	38.8	16.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Bef. spec. item(s) in 1987, 1986, 1985, 1984, 1983, 1982. 4. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit.

Business Summary

Reynolds is a major integrated aluminum manufacturer, produces certain plastic and paper products and is involved in mineral properties development. Contributions by segment:

1988	Sales	Op. Prof.
Production & processing	57%	88%
Finished prod. & other	43%	12%

Total shipments of aluminum in 1988 were 1,321,900 metric tons. Production of primary and of reclaimed aluminum was 845,100 and 368,500 tons, respectively. At year-end 1988 total capacity (excluding 419,000 tons of reclaimed aluminum) was 840,000 tons of primary aluminum a year. RLM has long-term contracts to buy bauxite from sources in Australia, Brazil and Guinea. Electric power is largely purchased.

Finished products include aluminum cans, aluminum foil, plastic and wax paper wraps, paper baking materials, freezer paper, and aluminum and vinyl building items. In May, 1988 RLM acquired Presto Industries, a major producer of plastic bags and food wrap.

The Mt. Gibson (Australia) gold project (50%-owned) produced 55,400 ounces in 1988 and was expected to more than double its output in 1989. The Boddington (Aus.) gold mine (40%-owned) produced 282,000 ounces in 1988 and was expected to produce over 400,000 ounces in 1989. RLM's share of 1988 output from both mines was about 141,000 ounces and was projected at some 220,000 ounces for 1989.

Dividend Data

Dividends have been paid since 1942. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Nov. 18	Nov. 25	Dec. 1	Dec. 28'88
0.40	Feb. 17	Mar. 6	Mar. 10	Apr. 3'89
0.40	May 19	Jun. 2	Jun. 8	Jul. 3'89
0.45	Aug. 18	Sep. 1	Sep. 8	Oct. 2'89

Next dividend meeting: Nov. 17'89.

Finances

In June, 1989 RLM offered publicly $100 million of 9³/₈% debentures due 1999. Proceeds would be used for general corporate purposes, including refinancing part of RLM's bank debt.

Capitalization

Long Term Debt: $1,047,300,000.

Common Stock: 59,016,428 shs. (no par).
Institutions hold about 74%.
Shareholders of record: 13,155.

Office—6601 Broad St. Road, Richmond, Va. 23261. **Tel**—(804) 281-2000. **Chrmn & CEO**—W. O. Bourke. **Pres**—R. G. Holder. **VP-Secy**—D. T. Cowles. **VP-Treas & Investor Contact**—J. H. Taylor. **Dirs**—W. O. Bourke, Y. M. Brandt, R. B. Crowl, J. K. Finlayson, T. A. Graves, Jr., J. R. Hall, R. L. Hintz, R. G. Holder, H. R. Linden, D. P. Reynolds, R. N. Reynolds, R. S. Thomas, R. J. Viasic. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Delaware in 1928. **Empl**—29,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

A.M. Sorrentino, CFA

Rite Aid

1937P

NYSE Symbol RAD Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
34¼	41⅛-29½	17	0.90	2.6%	A	1.18

Summary

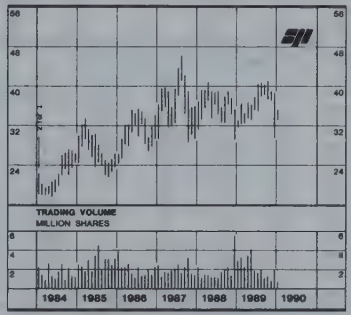
Rite Aid has continued to expand its chain of drug stores through acquisitions. Diversification into specialty retailing businesses with operational similarities has included the acquisitions of the ADAP automotive supply business and the Encore discount book chain. In the third quarter of fiscal 1989-90, the company eliminated its video rental departments and took a $0.32 a share charge. RAD sold its 47% interest in Super Rite Foods in September, 1989.

Current Outlook

Earnings for the fiscal year ending March 2, 1991 are projected at $2.75 a share, up from the $2.30 from continuing operations estimated for fiscal 1989-90.

The quarterly dividend has been raised 9.8%, to $0.22½ from $0.20½.

Sales for fiscal 1990-1 should reflect drug store acquisitions and strong prescription sales. Margins should expand, benefiting from the increased volume and the absence of video rental departments. Profitability at the ADAP division should improve. Acquisitions of drug stores in its market or contiguous areas are possible.



Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	755	678	532	419
Aug.	769	677	610	422
Nov.	792	694	648	433
Feb.	---	819	696	483
	---	2,868	2,486	1,757

Sales for the 39 weeks ended December 2, 1989 rose 13%, year to year. Margins narrowed, and following a $22 million charge for video rental department closings, pretax income decreased 18%. After taxes, income from continuing operations also fell 18%, to $1.13 a share (excluding income of $0.49 from discontinued operations) from $1.38 ($0.05), as restated.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
May	---	0.57	0.50	0.40
Aug.	[4]1.03	0.46	0.40	0.36
Nov.	0.10	0.40	0.49	0.42
Feb.	E1.17	0.87	0.88	0.71
	E2.30	2.30	2.27	1.89

Important Developments

Dec. '89— Income from continuing operations for the third quarter of fiscal 1989-90, excluding the $22 million pretax charge for video rental department closings, increased 10.7% from a year earlier. Revenues in the retail drug segment rose 13.7% in the third quarter. The division operated 2,340 stores at the end of the quarter, with a net addition of 47 units. The company's ADAP subsidiary posted a net loss of $427,000, versus income of $131,000 in the third quarter; year-to-date sales advanced 0.7%, to $46.7 million from $46.4 million and earnings declined to $56,000 from $330,000. RAD posted a gain of $18.4 million from the sale of its 46.8% interest in Super Rite Foods, Inc. In September, the company purchased 18 drugstores in south central New Jersey.

Next earnings report expected late March.

Per Share Data ($)

Yr. End Feb. 28	1990	1989	1988	1987	[1]1986	1985	[2]1984	1983	1982	1981
Tangible Bk. Val.	NA	12.70	10.86	9.59	8.24	6.96	6.93	5.47	4.73	4.11
Earnings[3]	NA	2.30	2.27	1.89	1.65	1.69	1.76	1.31	0.95	0.86
Dividends	NA	0.76	0.68	0.60	0.52	0.43¼	0.34¼	0.28	0.23¼	0.19⅝
Payout Ratio	NA	33%	30%	32%	32%	26%	19%	21%	24%	23%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	41⅛	40⅞	46¼	35½	33½	27¼	23⅜	17⅞	12⅛	8½
Low	29½	29⅛	28½	24¼	21½	17½	14⅛	9	7⅞	4⅞
P/E Ratio—	NA	18-13	20-13	19-13	20-13	16-10	13-8	14-7	13-8	10-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1984, 50% Feb. 1983, 33⅓% Feb. 1981. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. results of disc. opers. of +1.14 in 1988, -0.13 in 1986, +0.12 in 1983; bef. spec. item(s) of +0.09 in 1988. 4. Six months. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1989	2,868	257	8.9	147	62.0	43.4	154	38.3%	95.2	3.3
[3]1988	2,486	238	9.6	162	49.8	34.5	157	40.1%	93.8	3.8
1987	1,757	193	11.0	106	36.9	22.9	138	43.4%	78.0	4.4
[4]1986	1,564	174	11.1	87	30.5	19.9	128	46.9%	67.9	4.3
1985	1,446	166	11.5	79	24.8	13.3	133	47.3%	69.9	4.8
[5]1984	1,223	138	11.3	46	19.7	6.3	134	44.6%	74.3	6.1
1983	1,295	118	9.1	48	16.8	7.0	105	47.4%	55.0	4.2
1982	1,066	94	8.8	37	13.3	6.6	76	47.5%	[5]39.9	3.7
1981	944	79	8.4	25	10.5	4.1	67	46.7%	35.9	3.8
1980	811	68	8.3	25	9.4	3.5	57	47.2%	30.2	3.7

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	15.3	776	479	1.6	1,418	7.2%	228	636	938	24.3	15.8%
1988	19.8	667	357	1.9	1,224	8.6%	227	571	867	26.2	18.3%
1987	23.7	550	315	1.7	964	8.9%	153	453	649	23.6	18.3%
1986	19.8	448	215	2.1	792	9.3%	146	398	577	25.3	18.1%
1985	10.4	360	194	1.9	662	12.3%	83	354	468	17.8	20.9%
1984	11.7	280	124	2.3	488	15.7%	21	324	364	5.7	25.4%
1983	21.7	282	162	1.7	457	13.6%	25	261	295	8.4	23.0%
1982	6.4	212	112	1.9	351	12.1%	20	218	239	8.1	19.6%
1981	5.3	194	97	2.0	308	12.5%	21	190	211	10.0	20.4%
1980	6.7	169	82	2.1	267	12.2%	23	162	185	12.5	20.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1986, and bef. spec. item(s) in 1988, 1979. 3. Excludes discontinued operations and reflects merger or acquisition. 4. Reflects merger or acquisition. 5. Reflects acctg. change

Business Summary

Rite Aid operates a large chain of drug stores, a medical services division and several specialty retail outlets. Contributions in fiscal 1988-9:

	Sales	Profits
Retail drug	95%	95%
Medical services	4%	3%
Specialty retailing	1%	2%

There were 2,270 discount drug stores in 22 Eastern and Southeastern states and the District of Columbia as of April 25, 1989, with the largest concentrations in Ohio ((349), Pennsylvania (303), New York (257), and Florida (190). Nearly 41.1% of drugstore revenues were from prescriptions filled. Third party transactions accounted for more than 41.5% of prescription sales. Private label products generate 15% of nonprescription volume.

Specialty operations include ADAP, a leading New England-based discount automotive supply chain (acquired March, 1984) with 70 units at fiscal 1988-9 year-end, and the Encore deep discount book chain (acquired July, 1984) with 47 units. Concord Custom Cleaners (acquired with the April, 1988 acquisition of Begley Co.) operates 153 dry cleaning outlets in 10 southeastern and mid-western states. The company's 28.2% stake in Super-drug Stores, plc. was sold in 1987.The 190-store Circus World toy chain was sold in August, 1985.

The medical services division (Sera-Tec) has 11 specialized plasmapheresis centers and is one of the largest suppliers of plasma.

In September, 1989 the company sold its wholesale and retail food operations conducted through 47%-owned Super Rite Foods.

Dividend Data

Dividends have been paid since 1968. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20½	Apr. 5	Apr. 18	Apr. 24	May 1'89
0.20½	Jul. 6	Jul. 18	Jul. 24	Jul. 31'89
0.20½	Oct. 3	Oct. 17	Oct. 23	Oct. 30'89
0.22½	Jan. 4	Jan. 16	Jan. 22	Jan. 29'90

Next dividend meeting: early Apr. '90.

Capitalization

Long Term Debt: $533,500,000.

Common Stock: 42,583,043 shs. ($1 par). Institutions hold about 67%; officers and directors control some 10%.
Shareholders of record: 9,000.

Office—Railroad Ave and Trindle Rd., Shiremanstown, Pa 17011 **Tel**—(717) 761-2633 **Chrmn & CEO**—A. Grass **Pres**—M L. Grass **VP-Secy**—C J. Slane **VP-Treas**—R F. Brown **Dirs**—F C. Brown, A. Grass, M L. Grass, R J. Kogan, P. Neivert, L N. Stern, H. Taub, P R Tisch, G Tsai, Jr. **Transfer Agent & Registrar**—Harris Trust Co. of New York, NYC **Incorporated** in Delaware in 1968 **Empl**—27,798

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Roadway Services

5103

NASDAQ Symbol ROAD (Incl. in Nat'l Market) Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
38	40-27¾	15	1.10	2.9%	A-	1.24

Summary

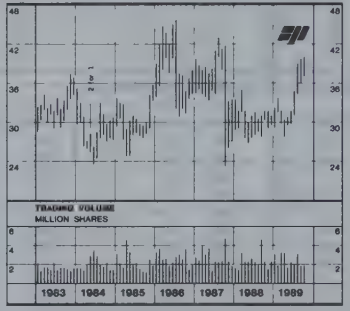
This transportation holding company operates the nation's third largest general freight motor carrier and provides regional trucking and specialized transportation services. In October 1988, Roadway acquired Viking Freight, Inc., a regional LTL carrier serving the West, for $126.5 million. Profits should continue to advance in 1990, primarily reflecting rising contributions from ROAD's fast-growing small package service and improving market share for Roadway Express.

Current Outlook

Profits for 1990 are estimated at $2.75 a share, versus the $2.50 anticipated for 1989.

Dividends, currently $0.27½-a-share quarterly, could be lifted moderately in 1990.

Roadway should extend its profit recovery into 1990, primarily reflecting sharp gains for ROAD's fast-growing small package service. Despite a slowing economy, Roadway Express should post moderate volume growth as it recoups some market share lost in recent years. While intensifying competition and costs related to the upgrading of computer systems will exert pressure on margins, offsetting will be improving terminal productivity. Roberts Express should continue to enjoy continued high growth for its expedited delivery services. Aiding comparisons will be increased interest income.



Revenues (Million $)

Weeks:	1989	1988	1987	1986
12 Mar.	563	468	414	399
12 Jun.	614	477	436	394
12 Sep.	625	498	444	391
16 Dec.	---	742	615	533
	---	2,185	1,909	1,717

Revenues for the 36 weeks ended September 9, 1989, rose 25%, year to year, aided by the inclusion of Viking Freight. Operating profits climbed 62%. Reduced interest income and a higher effective tax rate held the gain in net income to 35%. Share earnings were $1.67, versus $1.20.

Common Share Earnings ($)

Weeks:	1989	1988	1987	1986
12 Mar.	0.40	0.32	0.28	0.40
12 Jun.	0.67	0.37	0.25	0.44
12 Sep.	0.60	0.51	0.26	0.42
16 Dec.	E0.83	0.80	0.47	0.65
	E2.50	2.00	1.26	1.91

Important Developments

Sep '89— During 1989's third quarter, Roadway Package System (RPS) completed the expansion of its hub facilities in Harrisburg, Pa., and Columbus, Ohio. In November, RPS was expected to finish the upgrading of its Chicago facility. In May, RPS expanded its service to 42 states with the opening of new terminals in Colorado, New Mexico, Oregon, Utah and Washington. RPS, which planned to open a total of 19 facilities in 1989 (compared with 23 in 1988), now offers service reaching nearly 75% of the U.S.

Dec. '88— ROAD repurchased a total of 958,424 (2.5%) of its common shares through 1988 year-end, at a cost of $28.4 million, under a $30 million buyback program authorized in November. ROAD said it would complete the program in 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.68	16.08	15.90	15.08	14.19	13.12	11.37	10.10	8.50	7.23
Earnings[2]	2.00	1.26	1.91	1.90	2.49	2.47	1.92	1.82	1.78	1.43
Dividends	1.10	1.10	1.10	1.00	0.97½	0.82½	0.70	0.62½	0.47½	0.35
Payout Ratio	55%	88%	58%	53%	39%	34%	37%	35%	27%	24%
Prices—High	35	43	45¾	35¾	35¼	37⅜	31½	25⅛	19⅞	15⅜
Low	26¾	23¼	30¾	24¾	23½	28½	15⅛	16½	11	12
P/E Ratio—	18-13	34-18	24-16	19-13	14-9	15-12	16-8	14-9	11-6	11-8

Data as orig. reptd. Adj. for stk. div. of 100% May 1984. 1. Refl. acq. 2. Bef. spec. items of +0.31 in 1981, -0.69 in 1980. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	2,185	223	10.2	180	123	Nil	121	33.5%	80	3.7
1987	1,909	173	9.0	162	115	Nil	78	35.5%	51	2.6
[2]1986	1,717	205	11.9	112	100	Nil	130	41.2%	76	4.5
1985	1,580	177	11.2	222	81	Nil	132	42.4%	76	4.8
1984	1,462	177	12.1	207	52	Nil	171	41.6%	100	6.8
1983	1,253	155	12.4	40	36	Nil	171	42.0%	99	7.9
1982	1,147	122	10.7	53	42	Nil	127	40.3%	76	6.6
1981	1,130	135	11.9	32	47	Nil	126	42.9%	72	6.4
1980	1,155	153	13.2	48	52	Nil	120	42.0%	70	6.0
1979	1,094	128	11.7	72	48	Nil	97	41.2%	57	5.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	142	387	371	1.0	1,193	7.1	Nil	670	742	Nil	12.2
1987	322	522	298	1.8	1,105	4.6	Nil	662	729	Nil	7.7
1986	365	530	282	1.9	1,071	7.4	Nil	654	718	Nil	12.1
1985	316	470	271	1.7	1,000	7.9	Nil	614	670	Nil	12.7
1984	375	515	258	2.0	913	11.6	Nil	578	609	Nil	18.2
1983	476	601	238	2.5	812	13.2	Nil	529	539	Nil	20.1
1982	374	478	193	2.5	686	11.5	Nil	455	465	Nil	17.7
1981	349	432	195	2.2	633	11.7	Nil	401	409	Nil	19.5
1980	284	368	206	1.8	586	12.7	Nil	334	352	Nil	21.6
1979	185	264	159	1.7	515	11.5	Nil	311	333	Nil	19.4

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. merger or acq.

Business Summary

Roadway Express, which accounted for 78% of Roadway Services' operating revenues in 1988, is the nation's third largest general freight motor carrier. Service is provided to all 50 states, Canada, Mexico and Puerto Rico through a network of more than 587 terminals. Some 77% of the division's tonnage, 89% of revenues and nearly 99% of shipments are generated from higher-rated less-than-truckload (LTL) freight.

Operating data for Roadway Express follow:

	1988	1987
Shipments (000s)	12,803	13,298
Tons handled (000s)	6,465	6,472
Average haul (miles)	1,192	1,186

Roadway provides short-haul LTL services through Spartan Express, which operates in 16 central and southern states through a network of 45 terminals. Viking Freight, acquired in late 1988 for $127 million, provides short-haul LTL services in 10 states, including intermodal service to Hawaii and Alaska. Viking also provides service to points in Australia and Guam and, through its VFS Transportation, Inc. division, offers nationwide truckload transportation. ROAD provides expedited delivery services for time-sensitive freight through its Roberts Express unit.

Roadway Package System, Inc. (accounting for 12% of revenues), established in 1985, transports shipments weighing under 100 pounds. At 1988 year-end, RPS was providing service to 36 states through a network of 130 terminals.

Dividend Data

Cash has been paid each year since 1956. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Nov. 9	Jan. 13	Feb. 1	'89
0.27½	Feb. 8	Apr. 10	Apr. 14	May '89
0.27½	May 10	Jul. 10	Jul. 14	Aug. '89
0.27½	Aug. 9	Oct. 6	Oct. 13	Nov. '89

Finances

Cash and marketable securities at September 9, 1989, totaled $162.2 million ($4.14 a share).

Capitalization

Long Term Debt: None (9/89).

Common Stock: 38,923,072 shs. (no par).
The Roush family owns about 23%.
Institutions hold some 64%.
Shareholders: About 7,300 of record (12/88).

Office— 1077 Gorge Blvd., P.O. Box 88, Akron, Ohio 44309-0088 **Tel**—(216) 384-8184 **Chrmn & CEO**—J. M. Clapp **Treas**—M. Newton **VP-Fin & Secy**—D. A. Wilson. **Dirs**—G. B. Beitzel, W. W. Blodgett, R. A. Chenoweth, J. M. Clapp, N. C. Harbert, C. R. Longsworth, R. E. Mercer, G. J. Roush Jr., W. Sword, J. T. Topping, S. Roush Werner **Transfer Agents**—Ameritrust Co., Cleveland; Continental Illinois National Bank & Trust Co. of Chicago **Incorporated** in Delaware in 1954. **Empl**—32,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Rochester Gas & Electric

1942

NYSE Symbol RGS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
21⅝	22⅛-17	12	1.56	7.2%	B+	0.59

Summary

This electric-gas utility serves the city of Rochester, New York, and the surrounding agricultural area. Nuclear power is its primary fuel source. In 1987 the company wrote off $262 million (after taxes) for the disallowed costs of its investment in the Nine Mile Point Nuclear Station 2. The plant recently was operating at 100% of capacity, although the New York State Public Service Commission had not made a final determination of the unit's commercial operation date for regulatory purposes.

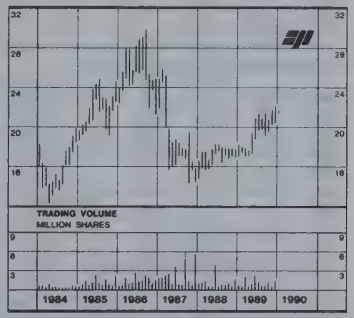
Business Summary

Rochester Gas & Electric supplies electric and gas service to an economically diversified nine county area centering around the city of Rochester, N.Y. The service area has a population of about 900,000. Electric sales accounted for 70% of revenues and 85% of net operating income in 1988; gas sales accounted for 30% and 15%, respectively. Contributions to electric revenues:

	1988	1987	1986	1985
Residential	35%	35%	34%	33%
Commercial	27%	28%	28%	26%
Industrial	22%	23%	24%	23%
Other	16%	14%	14%	18%

The fuel mix for electric generation in 1988 was nuclear 50%, fossil fuels 28% and purchased 22%. Peak load in 1988 was 1,275 mw and total system capability at time of peak was 1,598 mw, for a capacity margin of 20.2%.

RGS owns the 470 mw Ginna Nuclear Station (in service since 1970) and has a 14% share in the 1,080 mw Nine Mile Point Nuclear Station 2. Commercial operation of Nine Mile 2 (pursuant to Nuclear Regulatory Commission guidelines) was achieved in March, 1988, adding some 151 mw to capacity. Total cost of the plant was $4.2 billion, of which RGS' share was $591 million ($588 million expended at December 31, 1988). Pursuant to an October, 1986 agreement with the regulators, a cap of $4.16 billion was placed on recoverable costs for Nine Mile 2 or $582 million for RGS's share. In 1987 RGS took an after-tax write-off of $262 million to reflect disallowed costs for Nine Mile 2, assuming commercial operation per New York State guidelines in May, 1988. The New York State Public Service Commission has not yet made a final determination of the unit's commercial operation date for RGS for regulatory purposes. Management anticipated that the PSC would ultimately select April 5, 1988, the date it has fixed for Niagara Mohawk Power Corp. and Long Island Lighting Co., as the appropriate date for RGS. A variation from the commercial operation date previously assumed by RGS would result in additional income or loss of about $6 million per month (net of tax).



Construction expenditures for 1989 were estimated at $123 million. With the completion of Nine Mile 2, most of the expenditures were earmarked for upgrading the Ginna Station and other facilities.

Important Developments

Oct. '89— Manangement said that earnings for the first nine months of 1989 were penalized by costs associated with an unscheduled outage of about two weeks at the Ginna nuclear plant and the addition of personnel and the upgrading of programs and facilities to meet regulatory requirements at both the Ginna and Nine Mile Two plants.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.27	16.50	24.53	23.46	22.46	21.78	20.78	20.56	19.54
Earnings[1]	NA	2.25	0.54	3.33	3.81	3.64	3.23	2.81	2.84	1.98
Dividends	1.51½	1.50	1.85	2.20	2.20	2.04	1.84	1.74¾	1.48⅜	1.39½
Payout Ratio	NA	67%	343%	66%	58%	56%	57%	65%	52%	70%
Prices—High	22⅛	18¼	25⅞	29⅞	24⅞	19⅞	18⅞	17½	14⅝	14½
Low	17	14¾	14¼	21¼	18⅝	12¼	16⅜	10	11⅜	10½
P/E Ratio—	NA	8-7	48-26	9-6	7-5	5-3	6-5	6-4	5-4	7-5

Data as orig. reptd. Adj. for stk. divs. of 3% annually in 1982-1980. 1. Bef. results of disc. opers. of -0.23 in 1985; bef. spec. item(s) of -6.49 in 1987. NA-Not Available

January 10, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	774	69.7	52.6	82.1%	2.38	3.8	33.9%	76	9.8	9.3	12.7
1987	731	55.5	46.1	83.3%	2.10	7.7	61.3%	24	3.3	5.7	12.5
1986	749	52.1	44.8	84.5%	3.34	44.8	30.5%	105	14.0	9.6	13.4
1985	743	46.7	42.5	84.2%	3.61	52.7	28.0%	115	15.5	10.7	14.9
1984	784	42.8	41.9	86.1%	---	46.5	30.1%	104	13.2	10.7	16.0
1983	756	39.9	40.4	86.9%	---	35.9	24.6%	86	11.4	10.6	15.0
1982	682	36.3	43.6	87.5%	---	28.7	19.3%	70	10.3	10.2	13.3
1981	614	32.9	37.0	87.0%	---	21.1	12.7%	66	10.7	9.8	13.9
1980	502	27.8	32.0	88.2%	---	18.5	13.7%	44	8.7	8.2	9.9
1979	418	23.7	30.1	87.5%	---	17.2	5.4%	40	9.5	8.0	9.9

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	2,164	111	1,510	9.3	1,603	844	56.8	97	6.5	545	36.7
1987	2,062	121	1,475	7.6	1,609	893	58.7	118	7.7	512	33.6
1986	2,300	124	1,729	6.9	1,807	818	49.3	110	6.7	729	44.0
1985	2,157	190	1,624	7.6	1,725	808	50.5	113	7.1	678	42.4
1984	1,949	179	1,459	7.9	1,515	717	50.6	115	8.1	585	41.3
1983	1,735	167	1,283	8.3	1,399	644	48.5	144	10.9	539	40.6
1982	1,546	145	1,108	8.0	1,168	511	45.6	145	13.0	464	41.4
1981	1,421	118	1,031	8.1	1,068	481	46.5	145	14.0	409	39.5
1980	1,288	88	950	6.5	986	437	45.7	145	15.1	357	39.2
1979	1,189	111	894	6.1	863	382	45.4	120	14.2	341	40.4

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. results of disc. opers. in 1985; bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. As reptd. by co. 5. Incl. Dept. of Energy liab. aft. 1983.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	244.9	236.6	231.3	254.2
Jun.	184.6	166.6	157.2	163.0
Sep.	183.2	172.8	165.3	150.8
Dec.		197.9	177.8	180.6
		774.0	731.5	748.6

Operating revenues for the nine months ended September 30, 1989 increased 5.2%, year to year (1988 restated), reflecting larger gas clause adjustment revenues, higher sales to other utilities, more net unbilled revenues and colder weather. Penalized by increased fuel expenses and costs associated with the Ginna and Nine Mile two nuclear plants, net income declined 24%. Share earnings were $1.45, versus $1.96.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.86	0.96	d0.03	1.32
Jun.	0.05	0.34	0.38	0.73
Sep.	0.54	0.65	0.61	0.71
Dec.		0.29	d0.39	0.57
		2.25	0.54	3.33

d-Deficit.

Dividend Data

Dividends have been paid since 1950. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.37½	Mar. 15	Mar. 21	Mar. 28	Apr. 25'89
0.37½	Jun. 21	Jun. 30	Jul. 7	Jul. 25'89
0.37½	Sep. 20	Oct. 2	Oct. 6	Oct. 25'89
0.39	Dec. 21	Dec. 29	Jan. 5	Jan. 25'90

Next dividend meeting: mid-Mar. '90.

Finances

In August, 1989 RGS filed for a $40 million, or 7.4%, increase in annual electric revenues and a $7 million, or 2.7%, increase in gas revenues. If approved, the increases would take effect in July, 1990.

Capitalization

Long Term Debt: $764,631,000.

Red. Cum. Preferred Stock: $30,000,000.

Cum. Preferred Stock: $67,000,000.

Common Stock: 31,257,968 shs. ($5 par). Institutions hold about 27%.
Shareholders of record: 41,834.

Office—89 East Ave., Rochester, N.Y. 14649 **Tel**—(716) 546-2700 **Chrmn & CEO**—H. G. Saddock **Pres**—R. W. Kober **Secy-Treas & Investor Contact**—David C. Heiligman **Dirs**—T. J. Altier, K. W. Amish, W. Balderston, III, P. W. Briggs, E. K. Damon, N. P. Dykman, W. A. Fallon, R. W. Kober, T. L. Levinson, C. M. Mitchell, C. J. Murphy, A. M. Richardson, M. R. Rose, H. G. Saddock, W. G. vonBerg. **Transfer Agent & Registrar**—Chase Lincoln First Bank, Rochester, N.Y. **Incorporated** in New York in 1904 **Empl**—2,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard Spiegel

Rockwell International

1943T

NYSE Symbol ROK Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
23	27⅛-19¾	8	0.78	3.4%	A+	1.17

Summary

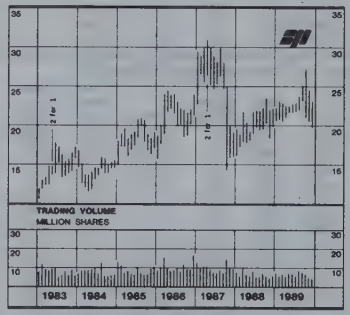
Rockwell International is a leading producer of space systems, including the Space Shuttle and rocket engines, makes electronics products such as defense systems, telecommunications, avionics and the Allen Bradley electrical and factory automation systems, and produces automotive products and graphics systems. The end of B-1B bomber production in 1988 reduced aircraft operations substantially, and ROK is focusing on other core businesses for long-term growth. Lower automotive sales are expected to retard earnings growth in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are estimated at $2.50 a share, compared with fiscal 1989's $2.87, which included a $0.40 capital gain.

Dividends should continue at least at the current $0.19½ quarterly rate.

Revenues for fiscal 1990 should advance moderately. Aerospace revenues are expected to rise slightly, reflecting an increase for space programs and a roughly unchanged total for aircraft, with margins steady. Electronics sales and operating profits should rise somewhat because of larger avionics and industrial sales. Automotive results will decline because of lower vehicle sales, but graphics profits should continue to improve.



Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	2.87	2.68	2.87
Mar.	---	3.16	3.04	3.17
Jun.	---	3.21	3.07	3.02
Sep.	---	3.28	3.16	3.07
	---	12.52	11.95	12.12

Sales for the fiscal year ended September 30, 1989 advanced 4.8%, year to year. Margins narrowed, but aided by a onetime gain of $0.40 a share from sale of a division, pretax income rose 14.2%. After taxes at 39.0%, against 23.1%, net income fell 9.5%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	E0.55	0.62	0.71	0.53
Mar.	E0.60	1.05	0.81	0.62
Jun.	E0.70	0.70	0.82	0.61
Sep.	E0.65	0.50	0.70	0.51
	E2.50	2.87	3.04	2.27

Important Developments

Dec. '89— ROK said that it expected its truck component sales to decline about 11% during fiscal 1990 because of an expected drop in North American truck production.

Nov. '89— At September 30 the total backlog of $12.6 billion was down 4.5%, year to year. Government funded backlog of $3.8 billion was about unchanged.

Apr. '89— ROK agreed to acquire Butler Polymet, a maker of automotive plastic systems with annual sales of $70 million. ROK completed purchase of Baker Perkins, maker of printing machinery, which has annual sales of about $120 million.

Jan. '89— ROK completed sale of its flow measurement division for $437 million. A net gain of $0.40 a share was included in March quarter earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	[1]1988	[1]1987	1986	[1]1985	1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	NA	10.07	8.02	7.31	6.03	8.08	7.25	6.40	5.85	5.22
Earnings	2.87	3.04	2.27	2.06	2.00	1.63	1.26	1.09	0.96	0.95
Dividends	0.75	0.70½	0.64½	0.58	0.53	0.47	0.41½	0.39	0.36	0.33⅞
Payout Ratio	26%	23%	28%	27%	27%	28%	33%	36%	38%	36%
Prices—High[2]	27⅛	23½	30⅞	24½	20⅞	16⅞	17⅞	11⅞	11¼	11½
Low[2]	19¾	16⅛	14¼	15¾	14⅞	11½	10⅝	6⅜	5⅞	5½
P/E Ratio—	9-7	8-5	14-6	12-8	10-7	10-7	14-8	11-6	12-6	12-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Apr. 1987 (nontransferable Class A com.), 100% Jun. 1983, 100% Jun. 1980. 1. Reflects merger or acquisition. 2. Cal yr. E-Estimated NA-Not available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	11,946	1,603	13.4	555	600	101	1,053	22.9%	812	6.8
[2]1987	12,123	1,799	14.8	474	599	90	1,187	46.5%	[3]635	5.2
[2]1986	12,296	1,623	13.2	544	558	97	1,059	42.3%	611	5.0
[2]1985	11,338	1,477	13.0	945	448	92	1,063	44.0%	595	5.3
[2]1984	9,322	1,100	11.8	567	302	49	900	44.8%	497	5.3
1983	8,098	811	10.0	479	233	43	690	43.6%	389	4.8
[2]1982	7,395	640	8.7	539	188	64	631	47.4%	[3]332	4.5
1981	7,040	551	7.8	317	170	50	560	47.9%	292	4.1
[2]1980	6,907	578	8.4	281	152	[4]50	526	46.7%	280	4.1
[2]1979	6,176	562	9.1	276	126	62	486	46.3%	261	4.2

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	900	4,925	3,796	1.3	9,208	9.3%	745	3,682	4,438	16.8	23.8%
1987	1,103	4,622	3,992	1.2	8,739	7.9%	763	3,303	4,077	18.7	20.1%
1986	757	3,838	3,411	1.1	7,703	8.3%	627	3,149	3,790	16.6	20.4%
1985	452	3,493	3,318	1.1	7,333	9.0%	648	2,932	3,596	18.0	21.9%
1984	1,148	3,613	2,840	1.3	5,869	9.1%	219	2,495	2,740	8.0	20.9%
1983	1,033	3,224	2,433	1.3	5,231	7.7%	197	2,338	2,564	7.7	17.6%
1982	853	3,056	2,344	1.3	4,870	6.8%	233	2,060	2,330	10.0	16.6%
1981	977	3,290	2,435	1.4	4,809	6.3%	293	1,899	2,374	12.4	16.1%
1980	742	2,997	2,195	1.4	4,431	6.4%	364	1,692	2,236	16.3	17.3%
1979	634	2,818	2,032	1.4	4,128	6.7%	431	1,449	2,095	20.6	18.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Excludes discontinued operations. 4. Reflects accounting change.

Business Summary

ROK is a diversified company serving commercial and aerospace markets. Business segment contributions in fiscal 1989:

	Sales	Profits
Electronics	40%	40%
Aerospace	31%	34%
Automotive	20%	15%
Graphics	9%	11%

Foreign units accounted for 18% of sales and 20% of profits in fiscal 1989. Sales to the U.S. Government were 44% of sales.

The company is prime contractor for the Space Shuttle Orbiter program and its main engine and provides parts and service for the B-1B bomber. Other involvements include a portion of the MX missile and NAVSTAR. Automotive components are sold for highway and off-highway vehicles and for passenger cars.

Electronics include military communications equipment and systems, guidance, control and navigation systems, telecommunications equipment, avionics and the Allen-Bradley electrical products and factory automation equipment.

The Graphics Group includes highspeed printing presses.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Feb. 8	Feb. 14	Feb. 21	Mar. 6'89
0.19½	May 3	May 9	May 15	Jun. 5'89
0.19½	Jul. 12	Aug. 8	Aug. 14	Sep. 5'89
0.19½	Nov. 1	Nov. 8	Nov. 14	Dec. 4'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $552,100,000.

Conv. Preferred Stock: $2,100,000.

Common Stock: 179,900,000 shs. ($1 par). Institutions hold 38%, employee trust 26%. Shareholders of record: 98,784.

Class A Common Stock: 79,900,000 shs. ($1 par); 10 votes per sh.; limited transferability; conv. sh.-for-sh. into com. Employees own 45%.

Office—2230 East Imperial Highway, El Segundo, Calif. 90245 **Tel**—(213) 647-5000. **Chrmn & CEO**—D R Beall **EVP & COO**—K M Black, S. F. Iacobellis, J. T. O'Rourke **SVP-Secy**—C. H. Hartf. **VP-Treas**—L. H. Cramer. **Investor Contact**—T. J. Joyce. **Dirs**—R. Anderson, D. R. Beall, R. M. Bressler, J. J. Creedon, R. A. DePalma, H. Drake, R. C. Duke, J. C. LaForce, Jr., W. T. McCormick, Jr., J. D. Nichols, B. M. Rockwell, R. D. Siragusa, Jr., W. S. Sneath, J. F. Toot, Jr. **New York Transfer Agent & Registrar**—Mellon Bank. **Incorporated** in Delaware in 1928. **Empl**—106,715

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M Canning, CFA

Rohm & Haas

NYSE Symbol ROH Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
25⅛	37½-31	11	1.20	3.7%	A	1.32

Summary

This company is an important producer of plastics and related products, coatings chemicals, pesticides, processing chemicals, and a variety of other specialty chemicals. Earnings in recent years strengthened with strong worldwide demand and the weak U.S. dollar, but in 1989 and 1990 profits will likely be restricted by the slowing economy and new plant start-up costs. Prospects are enhanced by ROH's expertise in polymer design and in the development of agricultural and industrial specialty chemicals.

Current Outlook

Share earnings for 1990 could exceed $3.00, up from the $2.80 expected for 1989.

Dividends should remain at $0.30 quarterly.

Earnings for 1990 are expected to benefit from contributions by new products and new and expanded production facilities resulting from an aggressive capital spending program. Volume gains, however, will be limited by slower growth in several geographic markets and product lines and tight capacity in several others. Profit margins are also expected to recover somewhat due to the recent decline in key chemical raw materials. The stronger U.S. dollar and continued heavy new plant start-up costs will likely continue to restrict profitability.

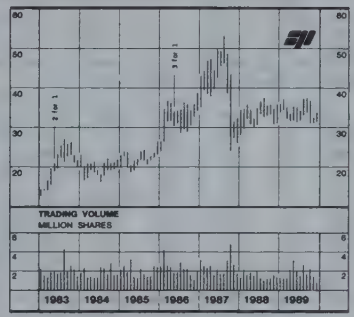
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	680	621	533	541
Jun.	735	700	597	569
Sep.	623	620	541	489
Dec.	---	595	532	469
	---	2,535	2,203	2,067

Sales for the first nine months of 1989 rose 5.0%, year to year, reflecting a 4% volume gain and higher selling prices. Penalized by higher raw material, manufacturing, and new plant start-up costs, increased selling and research expenses, and adverse foreign currency changes, net income declined 17%, to $2.33 a share from $2.82.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.80	0.93	0.83	0.56
Jun.	1.04	1.14	0.90	0.48
Sep.	0.49	0.75	0.57	0.54
Dec.	E0.47	0.64	0.55	0.43
	E2.80	3.46	2.85	2.01



Important Developments

Nov. '89— ROH said that increased building costs, strained capacity for some products and slowing demand for others are trends expected to continue into 1990. As part of a three-year, $1-billion capital program begun in 1988, ROH said that $390 million would be spent in 1989. Capacity expansions include a 50% addition for acrylic acid, a 125 million lb. expansion of methacrylate monomer, and two acrylic resin plants. New products and modernization projects include plastics modifiers and acrylic resins. ROH amended its agreement to purchase shares from the William Penn Foundation, which holds about 15% of the outstanding shares. ROH will purchase 2.2 million shares from the foundation on April 1, 1991. The price will be based on the average market price of ROH shares during the period August, 1989 through March, 1995, with a minimum price of about $70 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.21	14.70	13.28	12.44	11.74	11.68	10.43	9.82	9.08	8.23
Earnings[2]	3.46	2.85	2.01	2.01	2.24	1.78	1.11	1.20	1.21	1.23
Dividends	1.02	0.86	0.78⅜	0.70	0.60	0.50	0.46¾	0.42¾	0.36	0.29⅜
Payout Ratio	30%	29%	39%	34%	26%	28%	42%	35%	30%	24%
Prices—High	37½	53¼	38¾	26½	23⅛	27	13¼	12	9¼	8⅛
Low	28	24	23⅞	18⅝	16	12⅝	7⅝	7⅞	5½	5⅜
P/E Ratio—	11-8	19-8	19-12	13-9	10-7	15-7	12-7	10-6	8-5	7-4

Data as orig. reptd. Adj. for stk. div(s) of 200% Jun 1986, 100% Jun. 1983. 1. Reflects merger or acquisition 2. Bef. spec. item(s) of +0.10 in 1979 E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,535	480	18.9	338	128	48.0	346	33.5%	230	9.1
[3]1987	2,203	408	18.5	222	112	42.0	303	35.6%	195	8.9
[3]1986	2,067	371	17.9	179	103	44.0	219	37.0%	[4]138	6.7
1985	2,051	328	16.0	159	101	57.0	227	37.9%	141	6.9
1984	2,042	375	18.3	134	93	48.3	286	39.7%	172	8.4
1983	1,876	339	18.1	72	93	40.2	246	44.0%	138	7.3
1982	1,828	235	12.9	126	83	38.3	129	33.6%	86	4.7
[3]1981	1,885	248	13.1	182	75	29.8	158	41.1%	93	4.9
1980	1,725	251	14.5	93	83	[4]29.9	149	37.3%	94	5.4
1979	1,590	282	17.8	136	79	34.3	167	42.7%	96	6.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	223	1,032	547	1.9	2,242	11.0%	288	1,207	1,495	19.3	20.4%
1987	220	962	476	2.0	1,954	10.4%	258	1,053	1,311	19.7	19.3%
1986	248	941	434	2.2	1,842	7.7%	278	1,002	1,280	21.7	14.2%
1985	219	924	444	2.1	1,734	8.7%	245	936	1,181	20.7	15.4%
1984	156	828	401	2.1	1,633	11.2%	172	965	1,137	15.1	18.8%
1983	260	853	300	2.8	1,511	9.6%	228	904	1,134	20.1	16.1%
1982	114	716	251	2.9	1,365	6.3%	240	808	1,050	22.8	10.9%
1981	51	741	291	2.5	1,349	7.2%	251	760	1,013	24.8	12.7%
1980	85	705	262	2.7	1,240	7.7%	233	703	938	24.9	14.0%
1979	70	651	280	2.3	1,192	8.4%	243	637	882	27.5	16.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs 2. Bef. spec. item(s) in 1979. 3. Reflects merger or acquisition. 4. Reflects accounting change

Business Summary

Rohm and Haas is a diversified producer of chemicals and allied products. Contributions in 1988:

	Sales	Profits
Polymers, resins & monomers	40%	55%
Plastics	21%	25%
Industrial chemicals	28%	16%
Agricultural chemicals	13%	4%

Foreign operations accounted for 43% of sales and 48% of operating profits in 1988.

Polymers, resins and monomers (including opaque polymers, emulsions, modifiers, and acrylate and methacrylate monomers) are produced for paints, finishes and coatings, inks, textile and paper coatings, binders and finishes, adhesives, nonwoven materials, construction products, caulks, polishes, cement, and leather treating chemicals.

The plastics group consists of additives, impact modifiers and processing aids for plastics, and Plexiglas acrylic resins, plastic sheeting, and molding powders.

Industrial chemicals include biocides, ion exchange and fluid process chemicals, chemical additives for petroleum products, surfactants and dispersants, specialty polymers, electronic chemicals, separations, and other specialty chemicals.

Agricultural includes fungicides, herbicides, miticides, and spray adjuvants, primarily for specialty crops and fruits and vegetables.

Dividend Data

Dividends have been paid since 1927.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Feb. 6	Feb. 9	Feb. 15	Mar. 1'89
0.28	May 1	May 8	May 12	Jun. 1'89
0.30	Jul. 24	Jul. 31	Aug. 4	Sep. 1'89
0.30	Oct. 20	Oct. 30	Nov. 3	Dec. 1'89

Next dividend meeting: early Feb '90.

Capitalization

Long Term Debt: $262,100,000.

Common Stock: 66,603,660 shs. ($2.50 par).

Officers, directors, and related trusts control some 48%; institutions hold about 66% (incl. some closely held shares).

Shareholders of record: 5,695.

Office—Independence Mall West, Philadelphia, Pa 19105 Tel—(215) 592-3000 Chrmn & CEO—J L Wilson Pres—J P Mulroney Secy—K W McDonie Treas—A F Smith VP-Fin—F W Shaffer Investor Contact—T J Suess. Dirs—G B Beitzel, D B Burke, G M Dorrance, Jr., E G Graves, J A Henderson, J H. McArthur, P. F. Miller, Jr., S. O Moose, J. P Mulroney, R E Naylor, Jr., G S Omenn, A Schneiheim J T Subak, M C Whittington, J L Wilson Transfer Agent & Registrar—Morgan Shareholder Services Trust, New York City Incorporated in Delaware in 1917. Empl—12,444

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard O'Reilly, CFA

Rohr Industries

1948

NYSE Symbol RHR Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
19½	37⅞-18⅞	24	None	None	B	1.23

Summary

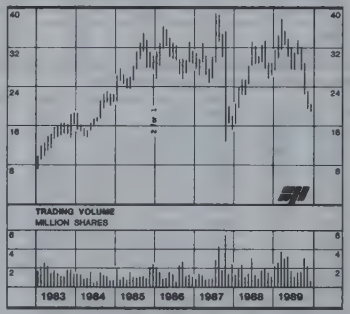
Earnings of this leading supplier of jet engine nacelle assemblies should decline in fiscal 1990, primarily reflecting problems with Government contracts and increased interest cost. The large backlog and the likelihood of continued expansion of commercial markets enhance longer-term earnings growth prospects.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are estimated at $1.00 a share, down from the $1.90 of fiscal 1989.

Resumption of cash dividends is not expected in the near future.

Revenues for fiscal 1990 should rise moderately. Deliveries will be increased on newer commercial programs such as the A320 and MD-11, but these will be partially offset by some programs completed in 1989. A loss in the first quarter primarily reflected government contract problems, but margins should improve later in the year as new facilities reach peak rates and productivity increases. Interest expense will be higher.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	234	225	203	159
Jan.	---	251	220	154
Apr.	---	264	231	150
Jul.	---	304	253	200
	---	1,045	907	663

Sales for the quarter ended October 29, 1989 increased 4.3%, year to year. Margins narrowed sharply, and with interest expense up 91%, there was a net loss of $11.4 million, in contrast to net income of $7.8 million.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	d0.64	0.45	0.40	0.50
Jan.	E0.50	0.51	0.44	0.47
Apr.	E0.55	0.46	0.49	0.16
Jul.	E0.59	0.47	0.52	0.40
	E1.00	1.90	1.85	1.53

Important Developments

Nov. '89— Rohr reported a loss for the first quarter of fiscal 1990 because of: (1) redefined acceptance criteria on Government contracts, which caused production interruptions; (2) production difficulties in new commercial contracts; (3) changes in program mix; and (4) increased interest cost from borrowing to finance inventory growth.

Nov. '89— The firm backlog at the end of October, 1989 was a record $2.3 billion, up 21.0% from a year earlier. In addition, there was $2.0 billion of anticipated backlog, representing orders with options that the company expects will be exercised.

May '89— Rohr signed a contract to provide the nacelle systems for the CFM56-5C2 engine for the Airbus Industrie A340 aircraft.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jul. 31	[1]1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	23.34	21.34	19.54	17.84	15.15	12.22	10.10	8.90	7.55	7.12
Earnings[2]	1.90	1.85	1.53	2.70	2.89	2.46	1.84	1.43	0.59	d0.07
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[3]—High	37⅞	33½	39	36⅜	35	23⅛	18¾	8⅜	7⅞	10
Low	18⅞	16⅜	12¾	25½	20⅞	13⅜	7⅛	4	4½	5⅛
P/E Ratio—	20-10	18-9	25-8	13-9	12-7	9-6	10-4	6-3	13-8	NM

Data as orig. reptd. Adj. for stk. div(s) of 100% Dec. 1985. 1. Reflects accounting change. 2. Bef. results of disc. opers. of +0.02 in 1981, +0.14 in 1980. 3. Cal. yr. d-Deficit. NM-Not Meaningful. E-Estimated.

December 26, 1989
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Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[4]1989	1,045	99.9	9.6	39.0	24.8	[2]32.0	46.1	27.3%	33.5	3.2
1988	907	84.3	9.3	51.2	23.4	[2]23.8	[3]46.4	30.0%	[4]32.5	3.6
1987	663	67.2	10.1	37.3	16.1	10.0	[3]44.6	39.7%	26.9	4.1
1986	626	87.2	13.9	35.0	15.0	3.3	[3]77.7	39.1%	47.3	7.6
1985	[5]607	95.3	15.7	30.2	13.2	4.2	[3]78.4	39.7%	47.3	7.8
1984	[5]614	89.7	14.6	19.8	12.9	6.9	70.5	46.4%	37.8	6.2
1983	569	60.0	10.5	24.8	12.0	7.2	41.5	41.9%	24.1	4.2
1982	[5]566	43.6	7.7	19.5	10.0	[2]11.9	21.8	15.1%	18.5	3.3
[6]1981	544	37.7	6.9	14.2	8.7	19.5	9.5	26.9%	7.0	1.3
1980	[5]517	19.9	3.9	17.0	7.1	15.2	d2.3	NM	d0.4	NM

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	51	878	323	2.7	1,165	3.3%	361	412	833	43.3	8.5%
1988	87	694	197	3.5	883	4.1%	296	375	674	43.9	9.0%
1987	100	561	188	3.0	707	4.4%	154	346	503	30.6	8.1%
1986	79	362	154	2.3	502	10.0%	21	313	334	6.3	16.4%
1985	108	329	142	2.3	438	10.7%	23	264	288	8.1	19.8%
1984	92	277	154	1.8	396	10.3%	50	191	240	20.7	21.7%
1983	49	245	105	2.3	322	8.6%	59	149	208	28.2	15.8%
1982	19	232	104	2.2	296	6.2%	62	94	189	33.0	17.3%
1981	19	244	99	2.5	298	2.2%	89	79	195	45.8	8.0%
1980	18	275	114	2.4	325	NM	129	74	208	62.2	NM

Data as orig. reptd. 1. Bef. results of disc. opers. in 1981, 1980. 2. Net of interest income. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change. 5. Incl. other inc. 6. Excludes discontinued operations; revs. includes other income. d-Deficit. NM-Not Meaningful.

Business Summary

Rohr Industries is primarily engaged in the manufacture of systems for commercial, military and business aircraft, and for space vehicles. Breakdown of sales and operating profits for fiscal 1989 was:

	Sales	Profits
Aircraft products	91%	88%
Space products	9%	12%

Boeing accounted for 18% of sales in fiscal 1989 (versus 21% in fiscal 1988), Lockheed for 7% (13%), General Electric for 11% (10%) and McDonnell Douglas for 11% (12%). Direct or indirect U.S. Government purchases (including some overlap with the above) provided 30% of sales (35%).

The manufacture of components for and the assembly of nacelles (pods that surround aircraft engines) and thrust reversers (which aid aircraft deceleration after landing) comprise the bulk of company sales. Complete nacelle systems, which usually include the cowling, nozzle systems and thrust reversers, are made for commercial, military and general aviation aircraft under contracts with major airframe and engine manufacturers. Other components produced include strut assemblies, ventral fins, engine cases, and acoustic liners.

Space operations consist primarily of the manufacture of solid rocket motor nozzles and insulated cases for the Titan Space Launch Vehicle and the machining of reusable rocket cases for the Space Shuttle.

Dividend Data

No cash dividends have been paid since October, 1975. A "poison pill" stock purchase right was adopted in 1986.

Finances

In April, 1989 Rohr negotiated a new $200 million credit agreement. This, together with other credit sources and internally generated cash, is expected by management to satisfy future financing needs.

Capitalization

Long Term Debt: $429,809,000.

Common Stock: 17,787,819 shs. ($1 par).
Institutions hold about 62%.
Shareholders of record: 3,926.

Office—Foot of H Street, Chula Vista, Calif. 92012. Tel—(619) 691-4111. Chrmn & Pres—R. H. Goldsmith. VP-Secy—R. W. Madsen. VP-Treas—R. Miller. Dirs—W. Barnes, W. W. Booth, E. E. Covert, R. H. Goldsmith, K. R. Hahn, W. M. Hoffman, J. J. Kerley, J. D. Steele, H. W. Todd. Transfer Agent & Registrar—First National Bank of Chicago. Incorporated in California in 1949, reincorporated in Delaware in 1989. Empl—12,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M. Canning, CFA

Rollins Environmental

1949R

NYSE Symbol REN Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 25'89	1989					
10⅝	13¼-9⅝	NM	0.08	0.8%	B	1.24

Summary

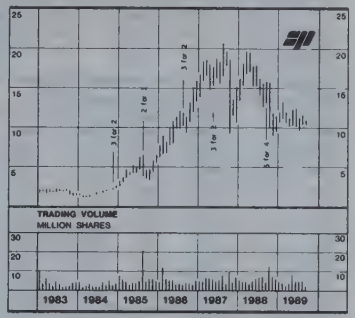
This hazardous waste management company's principal source of revenue is the operation of four incinerators that effectively destroy a variety of organic hazardous wastes. REN also cleans up contaminated sites operated by others. Earnings for fiscal 1990 are expected to recover partially from the loss foreseen for fiscal 1989, aided by higher demand, improved pricing, and capacity additions.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are expected to recover partially, to $0.35 a share, from the $0.25 loss expected for fiscal 1989, which includes a $0.52 nonrecurring charge.

Dividends should remain at $0.02 quarterly.

Revenues for fiscal 1990 are expected to be up moderately, reflecting continued high demand for incineration services, better prices, improved operating efficiency of the two new kilns, and contributions from the rotary reactor. Margins will benefit from the absence of start-up costs from the addition of the new incinerators. The tax rate should be about 36%. Long-term prospects appear favorable, reflecting REN's aggressive capital expansion program, more stringent governmental regulation, and greater public awareness of environmental contamination.



Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	---	50.7	39.5	29.8
Mar.	[2]78.2	52.6	41.3	30.9
Jun.	39.6	50.2	43.6	36.4
Sep.	---	52.8	49.2	39.8
	---	206.3	173.6	136.9

Revenues for the nine months ended June 30, 1989 fell 3.8% from the prior-year period's restated level, reflecting a sharp decline in landfill revenues, which outweighed gains for incineration and Chempak operations. Margins narrowed significantly, partly due to certain extra costs required to bring two new incinerators on stream and expenses incurred to remediate certain landfill areas. Following a $48.6 million nonrecurring pretax charge, there was a net loss of $20.4 million ($0.34 a share), in contrast to net income of $28.9 million ($0.48, adjusted). Results exclude losses from discontinued operations of $0.10 a share, versus less than $0.01.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	---	0.15	0.10	0.06
Mar.	[2]0.14	0.17	0.11	0.07
Jun.	d0.48	0.16	0.13	0.09
Sep.	E0.09	0.07	0.14	0.10
	Ed0.25	0.55	0.48	0.32

Important Developments

Jul. '89— The company discontinued its field service business, which had not lived up to expectations, as it felt that resources being utilized by the operation could be better employed in its incineration and Chempak operations. REN also noted that its fiscal 1989 third quarter results include a nonrecurring pretax charge of $48.6 million ($0.52 a share after taxes), which included $38.6 million for various mandated orders requiring remediation or corrective action during the next few years at certain landfills.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Sep. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	2.69	2.18	1.26	0.95	0.76	0.65	0.42	0.36	0.37	NA
Earnings	0.55	0.48	0.32	0.21	0.11	0.06	0.07	d0.02	0.03	0.04
Dividends	0.06⅔	0.04¾	0.02¾	0.01¾	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	12%	10%	9%	8%	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[1]	19¾	20¾	15⅞	6½	2⅜	2¼	1⅞	NA	NA	NA
Low[1]	9	9¼	6¼	2½	1⅛	1¼	¾	NA	NA	NA
P/E Ratio—	36-16	43-19	50-19	32-12	23-10	42-23	25-9	NA	NA	NA

Data as orig. reptd, prior to 1982 data as reptd in Prospectus dated 7-12-82, reflect spin-off of Rollins Environmental Services, Inc. from RLC Corp. Adj. for stk. div(s) of 25% Sep. 1988, 50% Jun. 1987, 50% Sep. 1986, 100% Sep. 1985, 50% Nov. 1984. 1. Cal. yr. 2. Six mos. E-Estimated NA-Not Available. NM-Not Meaningful. d-Deficit.

October 3, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	206	60.5	29.3	55.8	9.39	0.53	50.6	34.1%	33.3	16.2
1987	174	59.3	34.1	[1]21.6	7.42	0.43	51.4	44.8%	28.4	16.4
1986	137	39.4	28.8	21.4	5.59	0.41	33.4	44.0%	18.7	13.7
1985	105	26.7	25.5	12.5	4.95	0.60	21.2	44.0%	11.9	11.3
1984	69	15.9	22.9	6.1	4.47	0.52	11.2	42.3%	6.5	9.3
1983	48	9.0	18.7	6.4	3.97	1.36	4.2	32.1%	2.8	5.9
1982	43	9.4	22.0	12.1	3.37	1.60	5.2	30.7%	3.6	8.5
1981	37	0.1	0.2	12.3	2.63	0.62	d3.2	NM	d1.3	NM
1980	32	5.0	15.9	3.1	2.15	0.47	2.4	34.9%	1.6	5.0
1979	23	5.8	24.9	2.8	1.74	0.68	3.4	40.8%	2.0	8.6

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	28.7	80.7	35.9	2.2	214	17.3%	4.8	160	176	2.7	23.1%
1987	45.7	86.3	27.2	3.2	171	20.0%	3.7	129	142	2.6	27.9%
1986	10.2	40.1	24.7	1.6	109	19.7%	3.0	72	83	3.6	29.5%
1985	10.1	28.2	15.7	1.8	80	16.6%	3.4	54	63	5.4	24.3%
1984	6.4	19.9	10.6	1.9	63	11.2%	4.1	43	52	7.8	16.3%
1983	1.0	12.2	9.2	1.3	53	5.4%	4.6	36	43	10.6	9.4%
1982	1.3	9.2	9.7	0.9	47	NA	14.0	21	37	37.7	NA
1981	0.4	10.6	9.6	1.1	40	NM	11.0	18	30	36.4	NM
1980	0.6	6.1	5.9	1.0	26	6.6%	0.8	19	20	4.1	10.6%

Data as orig. reptd.; prior to 1982 data as reptd. in Prospectus dated 7-12-82, reflect. spin-off of Rollins Environmental Services, Inc. from RLC Corp. 1. Net of curr. yr. retirement and disposals. d-Deficit. NM-Not Meaningful. NA-Not Available

Business Summary

Rollins Environmental Services operates four high temperature incinerators (2,000°F plus) that effectively destroy organic hazardous wastes. It has a combined capacity greater than any other commercial operator. REN also cleans up abandoned hazardous waste sites, and disposes of aqueous wastes at a deep injection well. In June, 1989 the field service operation was discontinued. Contributions to revenues in recent years:

	1988	1987
Incineration	57.6%	58.2%
Field services	16.8%	16.9%
Transportation	11.2%	9.6%
Landfill	7.8%	9.1%
Other	6.6%	6.2%

REN's high temperature incinerators are located in Deer Park, Tex. (2), Bridgeport, N.J., and Baton Rouge, La. These incinerators eliminate organic wastes such as herbicides, plastics, halogenated solvents, pesticides, pharmaceuticals and refinery wastes, whether they are gases, liquids, sludges or solids. A rotary reactor, which processes low heat-content sludge wastes, began commercial operation in early fiscal 1989. Federal and state regulations require a destruction and removal efficiency of 99.99% for organic wastes and 99.9999% for polychlorinated biphenyl (PCB). REN's rotary kiln incinerators and rotary reactor meet or exceed these requirements.

REN also transports wastes to its plants and other waste disposal facilities for treatment and disposal and operates landfills at the Deer Park and Baton Rouge plants, in which it disposes of hazardous wastes. Through its Chempak unit, REN provides treatment and disposal services to small quantity generators of hazardous wastes.

In common with others in the hazardous waste disposal industry, the company has in the past and may in the future be subject to litigation by Government agencies and individuals alleging improper discharge or disposal of toxic substances.

Dividend Data

Dividends were initiated in late 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.02	Oct. 28	Nov. 14	Nov. 20	Dec. 20'88
0.02	Jan. 27	Feb. 13	Feb. 20	Mar. 20'89
0.02	Apr. 28	May 15	May 20	Jun. 20'89
0.02	Jul. 28	Aug. 14	Aug. 20	Sep. 20'89

Next dividend meeting: late Oct. '89.

Capitalization

Long Term Debt: $5,625,000.

Common Stock: 59,945,236 shs. ($1 par).
Officers and directors own about 14%.
Institutions hold approximately 42%.
Shareholders of record: 6,384.

Office—One Rollins Plaza, Wilmington, Del. 19803. **Tel**—(302) 479-2757. **Chrmn & CEO**—J. W. Rollins, Sr. **Pres**—J. E. Ravan **VP-Secy**—J. C. Peet, Jr. **Contr & Investor Contact**—H. Castle **Dirs**—J. C. Bogga, J. C. Peet, Jr., W. B. Philipbar, Jr., J. E. Ravan, J. W. Rollins, Sr., J. W. Rollins, Jr., H. B. Tippie, D. M. Trent. **Transfer Agent & Registrar**—Registrar and Transfer Co., Cranford, N.J. & NYC. **Reincorporated** in Delaware in 1978. **Empl**—830.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Michael V Pizz

Rorer Group

NYSE Symbol ROR Options on ASE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 11'89	1989					
44⅛	48-36⅛	22	0.80	1.8%	A-	1.17

Summary

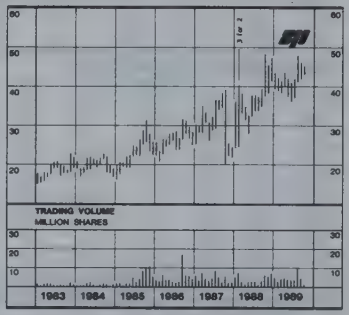
Rorer Group manufactures and markets prescription and over-the-counter pharmaceuticals, including Maalox antacids and various other analgesic, cardiovascular, hypersensitivity, bone metabolism, and plasma-related products. The company has been the subject of much takeover speculation in recent years.

Current Outlook

Earnings for 1990 are projected at about $2.50 a share, up from the $2.15 estimated for 1989.

An increase in the $0.20 quarterly dividend is likely soon.

Sales for 1990 are expected to show further growth, aided by continued gains Rorer drugs such as Lozol diuretic/antihypertensive, Slow-Bid and Azmacort respiratory products, Monoclate clotting factor, Frumil diuretic, Selectol beta blocker and Calcimar/Calsynar bone metabolism products. Maalox sales should also rise, helped by a recently expanded advertising campaign. Profitability should benefit from the better volume, cost efficiencies and possible improvement in foreign exchange.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	241	219	201	172
Jun.	277	253	221	202
Sep.	---	245	225	202
Dec.	---	325	281	269
	---	1,042	929	845

Sales for the six months ended June 30, 1989 increased 9.8%, year to year. Pretax income rose 7.3%. After taxes at 34.0%, against 37.0%, net income was up 12%. Share earnings were $0.70, versus $0.63.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.31	0.27	0.23	d0.52
Jun.	0.39	0.36	0.33	0.35
Sep.	E0.51	0.48	0.41	0.05
Dec.	E0.94	0.85	0.71	0.22
	E2.15	1.96	1.67	0.11

Important Developments

Oct. '89— The company granted Upjohn Co. rights to co-market or distribute two ROR cardiovascular drugs-Selectol, an antihypertensive, and Frumil, a diuretic. In July Rorer granted Upjohn the right to jointly market Selectol (under the name Selecor) in the U.S. after FDA approval for the product is received. Unlike other beta blockers, Selectol has been shown to reduce lipid levels and triglycerides. Besides Selectol, other Rorer pharmaceutical products presently awaiting FDA approval include DDAVP, a treatment for nocturnal bed wetting; Nasacort, a nasal treatment for allergic rhinitis; and IVGG, a replacement therapy for gamma globulin. In July ROR signed a joint venture agreement with Bolar Pharmaceutical to develop and markert diltiazem, a calcium channel blocker to treat hypertension.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	[1]1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	d1.42	d2.19	d2.31	8.19	7.38	6.95	6.36	6.01	6.15	5.02
Earnings[2]	1.96	1.67	0.11	1.12	1.39	1.35	1.21	1.21	1.27	1.11
Dividends	0.80	0.77⅛	0.75⅛	0.74⅝	0.72	0.70	0.66⅔	0.62⅔	0.57⅓	0.52
Payout Ratio	41%	46%	706%	67%	52%	52%	55%	52%	46%	47%
Prices—High	48¼	39⅛	31⅝	31⅜	22¾	22⅞	18	16⅜	14⅝	12⅝
Low	24⅛	19⅞	20¾	16	16¾	14⅞	11⅛	11⅜	9⅜	8⅞
P/E Ratio—	25-12	23-12	NM	28-14	16-12	17-11	15-9	14-9	12-7	11-8

Data as orig. reptd. Adj. for stk. div(s) of 50% Feb. 1988. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +3.75 in 1986, +0.03 in 1985. d-Deficit. E-Estimated. NM-Not Meaningful.

October 19, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,042	209	20.0	71	56.5	50.3	95.1	35.0%	61.8	5.9
1987	929	192	20.7	45	51.9	41.9	88.4	38.5%	54.3	5.9
[3]1986	845	112	13.3	197	44.5	48.8	15.0	76.7%	3.5	0.4
[4]1985	338	72	21.4	15	9.7	6.3	66.1	45.6%	36.0	10.6
1984	522	98	18.8	29	13.6	9.4	80.2	44.8%	44.3	8.5
[5]1983	475	94	19.7	24	11.5	5.8	77.9	45.5%	42.4	8.9
1982	402	77	19.0	22	8.9	5.0	68.2	46.7%	36.3	9.0
1981	362	73	20.2	34	7.0	3.7	66.8	46.7%	[6]35.6	9.8
1980	312	67	21.6	27	5.6	[6]2.4	63.7	49.3%	32.3	10.3
[5]1979	268	58	21.6	12	5.3	1.5	55.0	48.6%	28.3	10.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	127	572	259	2.2	1,388	4.7%	585	450	1,053	53.6	14.4%
1987	61	439	212	2.1	1,241	4.7%	510	404	945	53.9	13.9%
1986	65	364	208	1.7	1,110	0.4%	444	390	862	51.5	1.1%
1985	17	169	115	1.5	444	7.9%	37	266	322	11.8	14.3%
1984	20	290	150	1.9	458	10.0%	47	236	301	15.5	19.3%
1983	19	273	134	2.0	423	10.8%	46	221	283	16.3	20.1%
1982	13	226	108	2.1	345	10.9%	23	192	230	9.9	19.4%
1981	14	202	101	2.0	312	11.3%	14	178	202	6.9	19.8%
1980	21	191	95	2.0	274	12.8%	4	158	170	2.6	21.7%
1979	21	181	67	2.4	225	13.2%	4	138	148	2.4	21.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1986, 1985. 3. Excludes discontinued operations and reflects merger or acquisition. 4. Excludes discontinued operations. 5. Reflects merger or acquisition. 6. Refl. acctg. change.

Business Summary

Rorer manufactures and markets prescription and over-the-counter pharmaceuticals worldwide. Its pharmaceutical business was significantly enlarged in January, 1986 with the purchase of Revlon's USV Pharmaceutical and Armour Pharmaceutical units for $690 million cash. Sales in recent years were divided as follows:

	1988	1987
Gastrointestinals	25%	25%
Plasma products	13%	13%
Cardiovasculars	12%	11%
Other products	50%	51%

Foreign operations accounted for about 47% of sales and 52% of profits in 1988.

Rorer is believed to be the world's largest producer of antacid products, principally through its Maalox line. Related products are Algicon, a treatment for reflux esophagitis; and Ascriptin, an analgesic which combines Maalox with aspirin. Plasma related products produced by Armour include blood fractions such as Albuminar, Monoclate and Factorate, which are sold to hospitals. Cardiovasculars consist of Lozol, an antihypertensive diuretic; Selectol, a beta blocker; and Frumil, Hygroton and Regroton diuretics.

Other products include Calcimar, a synthetic hormone for the treatment of metabolic bone disease; Slo-Bid and Azmacort for asthma and related disorders; and other medications.

Dividend Data

Dividends have been paid since 1939. A "poison pill" stock purchase right was adopted in 1985. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Oct. 25	Nov. 4	Nov. 10	Nov. 30'88
0.20	Jan. 24	Feb. 6	Feb. 10	Feb. 28'89
0.20	Apr. 25	May 4	May 10	May 31'89
0.20	Jul. 25	Aug. 4	Aug. 10	Aug. 31'89

Next dividend meeting: late Oct. '89

Capitalization

Long Term Debt: $567,557,000, incl. $264 million of 6% debs. conv. into com. at $34.17 a sh. and $115 million of 7¾% debs. conv. at $40.

Common Stock: 32,008,255 shs. (no par).
Institutions hold about 55%.
Stockholders of record: 8,239.

Office—500 Virginia Drive, Fort Washington, Pa. 19034 **Tel**—(215) 628-6000 **Chrmn & Pres**—R. E. Cawthorn **VP-Secy**—J. B. Bartlett. **VP-Treas**—W. Harrigan **Investor Contact**—J. J. Donahue. **Dirs**—R. E. Cawthorn, L. F. Driscoll, Jr., J. W. Eckman, M. Fox, R. A. Fox, J. C. Ladd, G. V. Moyer, T. B. Palmer III, J. S. Riepe, G. B. Rorer, W. H. Rorer III, J. R. Selby, R. I. Smith, E. J. Stemmler. **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in Pennsylvania in 1958. **Empl**—8,394.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Herman Saftlas

Rowan Companies

1953J

YSE Symbol RDC In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
11/4	9⅞-5⅝	NM	None	None	C	1.40

Summary

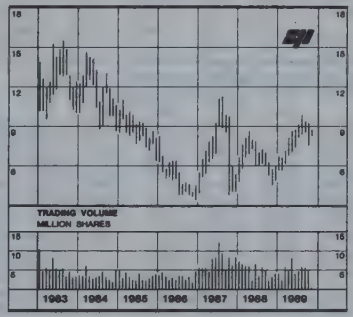
This company performs onshore and offshore contract drilling for the oil and gas industry, and operates a fleet of helicopters and aircraft primarily in Alaska. The company intends to expand its offshore drilling activities in the North Sea and the Gulf of Mexico in addition to sites in Southeast Asia. Prospective improvement in the gas industry's fundamentals, as well as further gains in the aircraft segment, may enable the company to return to profitability by late 1990.

Current Outlook

Another loss is projected for 1990, but it may narrow to $0.10 a share from the $0.40 a share loss estimated for 1989.

Early resumption of dividends is not likely.

Total revenues for 1990 should improve owing to continued gains in the aircraft operations. Drilling for natural gas is expected to strengthen, reflecting a prospective turn-around in the gas industry's fundamentals. Accordingly, margins on drilling should be stronger. Financing costs should decline, which will aid earnings comparisons.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	50.7	47.0	23.9	53.9
Jun.	60.6	52.4	29.7	40.9
Sep.	65.1	62.4	42.8	44.2
Dec.	---	54.8	46.8	28.2
	---	216.7	143.1	167.2

Revenues for the nine months ended September 30, 1989 rose 8.9%, year to year, owing to sharp gains at the aircraft operations. Costs again exceeded revenues, but lower costs in drilling activities narrowed the operating loss to $14.3 million from $30.2 million. After lower interest expense, and a nominal provision for taxes in both periods, the net loss was $21.4 million ($0.30 a share), versus a net loss of $42.1 million ($0.58).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.15	d0.24	d0.36	d0.11
Jun.	d0.06	d0.23	d0.31	d0.18
Sep.	d0.08	d0.12	d0.21	d0.18
Dec.	Ed0.11	0.14	d0.21	d0.34
	Ed0.40	d0.44	d1.07	d0.81

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	7.09	7.90	9.61	10.61	10.65	10.66	10.54	8.08	5.83	3.19
Earnings	d0.44	d1.07	d0.81	0.07	0.08	0.38	2.36	2.22	1.49	0.67
Dividends	Nil	Nil	0.06	0.11	0.08	0.08	0.08	0.06	0.03⅓	0.02½
Payout Ratio	Nil	Nil	NM	157%	100%	22%	3%	3%	2%	4%
Prices—High	8⅝	11¼	8¼	11	14⅝	15½	16½	22⅞	23½	11⅜
Low	4½	3¾	3⅜	6⅜	8⅜	9½	7	13	9½	4½
P/E Ratio—	NM	NM	NM	NM	NM	41-25	7-3	10-6	16-6	17-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Feb. 1981, 100% Jun. 1980. NM-Not Meaningful. d-Deficit. E-Estimated.

Important Developments

Nov. '89— The company reported that the aviation division continued to be profitable in 1989's first nine months. Demand for general charter work was strong, as was scheduled airline services and general support services with offshore drilling. The drilling sector remained unprofitable in the 1989 period. North Sea drilling activity, although profitable during July and August, was unprofitable in September due to reduced rig acitivity. Gulf of Mexico drilling acitivity, weak in July and August, turned around in late September and was strong through October. RDC projected increased drilling revenues in the North Sea over the next six months due to greater rig utilization. The company added that it expected revenues to be enhanced by increased day rates in the Gulf of Mexico. Over the longer term, drilling in China and Southeast Asia is promising.

Next earnings report expected in mid-January.

November 14, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	217	21	9.5	18	60.3	23.9	d32	NM	d32	NM
1987	143	d27	NM	15	65.3	23.5	d108	NM	d66	NM
1986	167	d15	NM	104	67.3	17.2	d90	NM	d42	NM
1985	273	71	26.0	58	62.2	19.2	Nil	NM	[2]4	1.4
1984	198	37	18.7	154	54.4	24.4	d22	NM	4	2.1
[2]1983	206	57	27.3	161	45.8	11.0	16	NM	22	10.6
1982	400	214	53.6	186	40.1	15.2	191	37.6%	119	29.8
1981	369	198	53.7	171	33.2	19.6	172	35.1%	112	30.3
1980	255	123	48.4	138	28.3	16.5	102	29.9%	71	27.9
1979	189	86	45.6	83	25.1	14.9	52	36.4%	33	17.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	74	202	57.1	3.5	801	NM	181	515	703	25.8	NM
1987	72	118	46.6	2.5	867	NM	184	574	775	23.8	NM
1986	73	109	35.7	3.0	919	NM	200	529	838	23.9	NM
1985	107	178	71.2	2.5	949	0.4%	144	579	828	17.4	0.7%
1984	59	131	51.7	2.5	947	0.4%	187	579	873	21.4	0.7%
1983	74	134	45.2	3.0	905	2.4%	158	576	860	18.3	3.4%
1982	74	132	64.2	2.1	794	16.4%	72	509	730	9.8	25.3%
1981	65	141	63.0	2.2	659	19.6%	88	394	596	14.7	31.5%
1980	46	99	35.7	2.8	480	16.3%	77	284	444	17.3	29.8%
1979	18	58	39.1	1.5	342	10.2%	89	140	302	29.4	22.2%

Data as orig. reptd. 1. Incl. equity in nonconsol. subs. 2. Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Rowan provides primarily contract drilling services in offshore domestic and foreign waters and onshore in the U.S. It also provides contract and charter aviation services, primarily to oil and gas related operations. During 1988 RDC decided to withdraw from oil and gas exploration. Industry segment contributions in 1988 (profits in million $):

	Revs.	Profits
Domestic drilling	58%	-$30.1
Foreign drilling	4%	-5.7
Aviation operations	34%	0.8
Oil & gas operations	4%	2.4

RDC owns 23 off-shore rigs, including three heavy-duty Gorilla jack-ups, 17 deep water jack-ups, one semi-submersible and two submersible barge rigs. Work is done primarily in the Gulf of Mexico, the North Sea, and eastern Canada. Land drilling is conducted through six arctic rigs in Alaska and nine deep-well rigs in western Texas and Oklahoma. Offshore utilization averaged 81% in 1988; 65% in 1987, 52% in 1986. Only one of the company's six Alaskan land rigs worked until mid-year, resulting in 8% overall utilization, and none of the rigs in Texas or Oklahoma were active in 1988. Since late 1986 Rowan has priced rig services only slightly above incremental costs of labor and consumable supplies.

The company owns a fleet of 89 helicopters and 13 fixed-wing aircraft based in Alaska and in the Gulf of Mexico area. Services are provided primarily to oil and gas related industries.

Following the sale of substantially all its off-shore Gulf of Mexico leases, effective January 1989, which contained the bulk of its oil and gas reserves, Rowan retains a small working interest in 7 productive blocks in the Gulf of Mexico and several onshore fields.

On December 15, 1988 the Rowan Gorilla I jack-up rig capsized while being towed to the North Sea. The rig was fully insured. Insurance proceeds of $13.0 million were received in 1988 and $77.0 million were received in January, 1989. RDC recorded a gain from the proceeds of $24.4 million during fourth quarter of 1988.

Dividend Data

Common dividends were omitted in October, 1986 after having been paid since 1964. The most recent distribution was $0.01 on September 5, 1986.

Capitalization

Long Term Debt: $165,437,000.

Common Stock: 72,109,000 shs. ($0.12½ par). Institutions hold approximately 71%. Shareholders of record: 7,500.

Office—1900 Post Oak Tower Bldg., 5051 Westheimer, Houston, Texas 77056. Tel—(713) 621-7800. Chrmn & Pres—C. R. Palmer. Treas—A. G. Holt Secy—M.H. Hay. Investor Contact—R. E. McWilliams. Dirs—R. W. Baldwin, H.O. Boswell, C. F. Brady, W. J. Hickel, J. R. Leach, C. R. Palmer, P. Simonis, J. C. Walter, Jr. C. W. Yeargain. Transfer Agent & Registrar—First City National Bank of Houston. Incorporated in Delaware in 1947. Empl—2,338

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Royal Bank of Canada

Montreal S.E. Symbol RY Options on Toronto (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 8'89	1989					
45⅜	47⅜-37	7	[1]2.20	4.8%	B+	NA

Summary

The largest bank in Canada and North America's fourth largest, Royal has a network of more than 1,640 branches coast to coast and is also active internationally. A key subsidiary, RBC Dominion Securities Ltd., is Canada's leading investment dealer.

Business Summary

The Royal Bank of Canada is the largest of the Canadian chartered banks with assets of $110.1 billion at the end of fiscal 1988, and is the most active in multinational transactions. Some 1,640 branches were in operation at October 31, 1988, primarily located in Canada (the largest concentrations are in Ontario and Québec). Operations are also conducted in 33 foreign countries through branches, affiliates and subsidiaries.

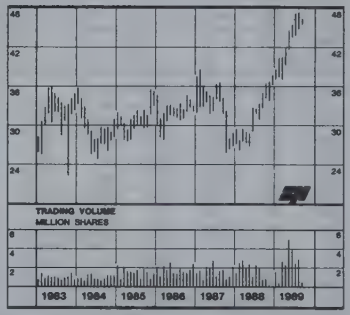
Total income in fiscal 1988 was derived as follows:

Interest on loans	72%
Noninterest income	13%
Interest on deposits with banks	7%
Interest on securities	7%
Interest on lease financing	1%

In fiscal 1987, the bank added $1.4 billion to the general provision for potential losses on loans to a group of 34 financially troubled countries. This resulted in an extraordinary charge of $800 million ($6.98 a share). At fiscal 1988 year-end the provision for loan losses was $750 million ($2,300 million a year earlier), or 1.0% of average loans (3.4%). The provision for domestic loans losses totaled $320 million in fiscal 1988, down from $675 million a year earlier, reflecting a major improvement in the loan portfolio particularly in the energy sector; the provision for international loan losses was $430 million, versus $1,625 million.

The yield on average interest-earning assets in fiscal 1988 was 10.35% (9.52% in the prior year), while the rate paid on interest-bearing liabilities was 6.97% (6.36%), for a net spread of 3.38% (3.16%).

Total deposits of $88.2 billion at fiscal 1988 year-end consisted of: 49% deposits held by individuals, 29% international deposits and 22% other deposits.



London-based Orion Royal Bank Ltd. (wholly owned) handles multinational underwriting, mergers and acquisitions, besides conducting leasing activities.

In March 1988, the bank acquired a 67% interest in Dominion Securities Limited, the largest securities dealer in Canada, for about $384 million. Royal Bank would increase its stake in that concern to 75% over a three-year period.

Important Developments

Sep. '89— The company completed the sale of its subsidiaries in France and Belgium, and its equities trading operations and Dusseldorf branch in Germany. In addition the bank sold its 70% interest in InchRoy Credit Corporation Limited, a consumer finance company based in Hong Kong. Separately, in August, the company offered $250 million 10.9% debentures due 1999.

Next earnings report due in December.

Per Share Data (Can. $)

Yr. End Oct. 31	1988	1987	1986	1985	1984	1983	[2]1982	1981	1980	1979
Book Value[3]	31.16	28.40	34.14	33.10	30.85	30.05	29.82	28.93	25.62	22.55
Earnings[4]	[5]5.05	[5]4.03	[5]4.05	[5]4.28	[5]4.25	[5]5.03	[5]3.87	[5]5.92	4.46	3.70
Dividends	2.08	2.02	2.00	2.00	2.00	2.00	2.00	1.70	1.28	1.09
Payout Ratio	41%	50%	49%	47%	47%	40%	52%	29%	28%	29%
Prices[6]—High	37¾	38⅝	34⅝	35½	35¾	36	28¾	32½	30½	23½
Low	26⅛	25¾	27¾	27½	24¾	22¼	14⅜	24⅛	19⅛	18
P/E Ratio—	7-5	10-3	9-7	8-6	8-6	7-4	7-4	5-4	7-4	6-5

Data as orig. reptd. Adj. for stk. div. of 100% Mar. 1981. 1. In Canadian +-nds; subject to 15% withholding tax on non-residents, deductible from U.S. taxes. 2. Reflects acctg. change. 3. As reptd. by co. 4. Bef. spec. item of -6.98 in 1987. 5. Ful. dil.: 4.83 in 1988, 3.83 in 1987, 3.74 in 1986, 3.91 in 1985, 3.87 in 1984, 4.58 in 1983, 3.68 in 1982, 5.89 in 1981. 6. Cal. yrs. NA-Not Available

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Income Data (Million Can. $)

Year Ended Oct. 31	Net Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	Net Int. Margin	% Return On [2]Revs.	[3]Assets	[2,3]Equity
1988	3,161	750	88.2	1,251	42.2%	712	3.1	6.7	0.7	17.2
1987	2,845	842	91.1	847	35.7%	541	3.0	5.7	0.5	12.3
1986	2,752	817	93.2	667	26.2%	489	3.0	5.0	0.5	12.0
1985	2,441	621	93.1	690	29.0%	488	2.8	4.9	0.5	13.5
1984	2,254	535	93.6	624	27.7%	450	2.9	4.6	0.5	13.8
[4]1983	2,203	452	93.0	672	28.4%	480	2.8	5.0	0.6	16.8
[4]1982	1,765	344	97.4	330	cr8.6%	358	2.4	2.8	0.4	12.7
1981	1,723	176	94.0	657	25.0%	493	2.7	4.4	0.7	21.7
1980	1,313	121	94.5	385	15.0%	327	2.8	4.5	0.6	18.2
1979	1,106	103	93.7	317	14.6%	271	3.0	5.2	0.6	17.7

Balance Sheet Data (Million Can. $)

Oct. 31	Total Assets	Principal Assets: Cash	Gov't Secs.	State & Munic.	Loans	Total Deposits	[2]Depos./ Capital Ratio	[6]Long Term Debt	Common Equity	% Equity To [3]Assets	Loans
1988	110,054	10,094	3,240	686	77,781	88,199	13.6	2,000	4,133	3.6	5.2
1987	102,170	13,810	3,920	89	69,293	85,811	14.6	1,521	3,352	3.5	5.2
1986	99,807	14,908	3,263	34	65,934	84,253	12.5	2,068	3,637	3.5	5.3
1985	96,017	14,992	3,731	158	63,831	83,543	14.1	1,749	3,291	3.3	5.0
1984	88,003	15,648	2,774	87	59,014	77,588	15.3	1,336	2,865	3.2	4.7
1983	84,682	13,002	3,121	102	58,067	74,389	16.8	1,119	2,649	3.0	4.4
1982	88,456	15,018	2,426	61	60,284	78,405	19.6	1,121	2,529	2.9	4.3
1981	87,516	17,834	3,157	33	53,251	75,615	22.7	779	1,991	2.4	4.0
1980	62,834	12,790	2,571	45	37,569	54,302	18.8	594	1,686	2.6	4.3
1979	51,722	11,081	2,361	75	31,117	46,387	19.9	520	1,293	2.6	4.2

Data as orig. reptd. 1. Bef. spec. item in 1987. 2. As reptd. by co. 3. Common. 4. Reflects acctg. change. 5. Incl. curr. portion. cr-Credit

Review of Operations

Total interest income for the nine months to July 31, 1989, increased 27%, year to year (as restated), while total interest expense rose at a more rapid rate, leading to a 12% advance in net interest income. A 31% decline in the provision for loan losses and a 20% rise in noninterest income outweighed a 16% increase in noninterest expense; pretax income expanded 45%. After taxes at 39.0%, versus 39.9%, and minority interests, net income rose 47%, to $723,884,000 from $491,210,000. After preferred dividends, earnings per share were $4.83 (on 14% more average shares; $4.73 fully diluted), and $3.50 ($3.34), in the respective periods.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	1.85	1.12	0.88	1.22
Apr.	1.41	1.03	0.83	1.05
Jul.	1.57	1.35	1.29	0.89
Oct.		1.55	1.03	0.89
		5.05	4.03	4.05

Dividend Data

Cash has been paid in each year since 1870. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.52	Oct. 4	Oct. 18	Oct. 24	Nov. 24'88
0.55	Dec. 6	Jan. 18	Jan. 24	Feb. 24'89
0.55	Apr. 4	Apr. 18	Apr. 24	May 24'89
0.55	Jul. 5	Jul. 18	Jul. 24	Aug. 24'89

Capitalization

Long Term Debt: $1,874,000 (7/89).

$1.88 Red. 1st Pfd. Ser. A: 4,824,000 shs.

$1.45 Red. 1st Pfd. Ser. B: 15,000,000 shs.

Floating Rate Red. 1st Pfd. Ser. C & D: 2,000,000 shs.

Floating Rate 1st Pfd. Ser. E: 1,500,000 shs.

$2.75 Red. Conv. 2nd Pfd. Ser. A: 7,736,000 shs.

Common Stock: 142,630,000 (7/89).

Office—Royal Bank of Canada Bldg., Place Ville Marie, Montréal, Québec H3C 2A9. Tel—(514) 874-2110. Chrmn & CEO—A. R. Taylor Pres—J. E. Cleghorn. Exec VP & Contr—D. d'Alessandro. SVP-Secy—R. J. Moores. Investor Contact—J. R. Firth. Dirs—I. A. Barclay, G. H. Blumenauer, R. W. Campbell, R. M. Chipman, J. E. Cleghorn, R. L. Cliff, G. A. Cohon, F. B. Common, Jr., C. A. Dagenais, J-C. Delorme, M. S. Dobrin, G. C. Eaton, J. R. Evans, J. K. Finlayson, R. C. Frazee, A. R. Haynes, C. H. Knight, W. F. Light, E. P. Lougheed, P. L. P. Macdonnell, C. S. Malone, A. B. Marshall, J. P. Maurer, G. W. F. McCaw, D. R. McKeag, W. E. McLaughlin, A. I. Michell, J. W. E. Mingo, J. E. Newall, R. A. Pfeiffer, Jr., N. F. Phillips, H. C. Pinder, C. Pratte, C. I. Rathgeb, K. C. Rowe, R. T. Stewart, A. R. Taylor, J. A. Tory, W. P. Wilder. Transfer Agent & Registrar—Montreal Trust Co. of Canada. Incorporated in Canada in 1869. Empl—46,096.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Walter J. Dillingham, Jr.

Royal Dutch Petroleum

1954

NYSE Symbol RD Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
87	70⅛-56⅞	D	[1]2.82	[1]4.2%	A	0.58

Summary

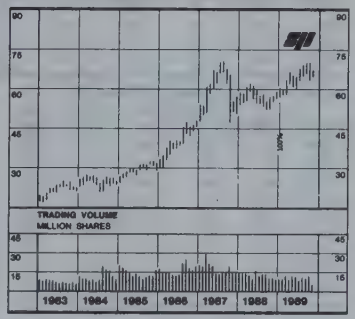
Royal Dutch holds a 60% interest in the Royal Dutch/Shell Group of companies, a worldwide petroleum and chemical enterprise. With the formation of the Single Internal European Market planned for 1992, the Group is well positioned to exploit marketing opportunities througout the Continent. RD can consider selected upstream (exploration and production) or downstream (refining and distribution) acquisitions that would strengthen its production and refining capacity and add to its retail market share.

Current Outlook

Earnings for 1990 per 5 guilder share are projected at $6.90, versus the $7.20 estimated for 1989, which includes $0.59 nonrecurring income.

Dividends paid from 1989 earnings should exceed the $2.82 paid from 1988 earnings, after 15% Netherlands tax.

Revenues (£) for 1990 will reflect rising crude and natural gas production. Profit comparisons will be restricted by the absence of 1989's nonrecurring gain on the sale of real estate. Profits are expected to reflect greater upstream volumes in addition to greater downstream market share.



Operating Revenues[2] (Billion £)

Quarter:	1989	1988	1987	1986
Mar.	11.37	10.81	11.44	12.89
Jun.	12.98	10.73	11.56	10.34
Sep.	12.95	11.30	12.52	9.84
Dec.	---	11.18	12.26	11.13
	---	44.00	47.78	44.21

Group revenues (£) for the nine months ended September 30, 1989 rose 14%, year to year, due mostly to higher crude oil prices and increased crude volumes. Margins were enhanced by the strength of the exploration and production segment and including the sale of real estate, net income advanced 31%. Earnings per 5 guilder share rose to $5.84 from $4.71 (adjusted).

5 Guilder Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.66	1.76	1.30	1.22
Jun.	1.94	1.39	1.31	0.99
Sep.	1.24	1.56	1.29	0.92
Dec.	E1.36	1.56	1.81	1.15
	E7.20	6.27	5.66	4.33

Important Developments

Nov. '89— Group earnings from operations in 1989's third quarter were hurt primarily by weakness in the worldwide chemicals segment. Prices softened and feedstock costs were higher, which impaired margins. The worldwide exploration and production business recorded an increase in profitability, reflecting higher crude oil prices and increased crude production. Natural gas volumes declined. Manufacturing (refining), marine and marketing earnings were hurt by weakness in the U.S. sector. Refined product volumes and margins in the U.S. were lower than the year-earlier third quarter. Metals profits were limited by higher aluminium prices. Net earnings were further impaired by currency exchange losses stemming from the strength in the dollar. In 1989's first quarter, RD recorded a nonrecurring gain on the sale of real estate in France.

Next earnings report expected in early February.

Per 5 Guilder Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[3]1979
Tangible Bk. Val.	50.67	48.08	41.42	37.77	33.08	31.82	30.55	28.29	32.13	26.03
Earnings[4]	6.27	5.66	4.33	4.57	5.57	4.80	3.97	4.10	5.55	7.76
Dividends[5]	3.07⅞	2.68¾	2.24¾	1.40	1.22	1.23	1.21	1.11⅛	1.38¼	1.17⅝
Payout Ratio	49%	48%	52%	31%	22%	26%	30%	27%	25%	15%
Prices—High	62⅛	70½	48	32⅝	27⅜	25⅛	18⅝	24¾	28⅛	20¼
Low	52⅛	47¼	29⅞	24¼	20⅝	16¾	14⅛	13½	16⅝	15⅛
P/E Ratio—	10-8	12-8	11-7	7-5	5-4	5-3	5-3	6-3	5-3	3-2

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1989, 100% Mar. 1981. 1. Paid from 1988 earns. (approx., adj.); net aft. 15% Dutch tax on U.S. residents. 2. Royal Dutch/Shell Group, excl. excise taxes. 3. Reflects merger or acquisition. 4. Based on RD's participation in Group net inc. and varying exchange rates. 5. Net after 15% Dutch tax on U.S. residents. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	47,036	7,582	16.1	4,542	3,055	734	5,694	40.5%	3,325	7.1
1987	46,987	7,404	15.8	4,720	2,901	683	5,731	48.4%	3,017	6.4
1986	38,857	6,615	17.0	3,314	2,779	797	4,922	50.8%	2,396	6.2
1985	48,937	7,773	15.9	4,675	2,634	945	6,338	60.7%	2,450	5.0
1984	50,874	7,828	15.4	4,612	2,260	1,082	7,171	55.9%	3,004	5.9
1983	48,250	8,460	17.5	3,559	2,030	904	7,156	59.7%	2,555	5.3
1982	50,271	8,049	16.0	4,753	1,782	1,108	6,855	63.7%	[2]2,156	4.3
1981	46,530	6,495	14.0	4,544	1,517	1,091	5,417	56.5%	2,197	4.7
1980	47,352	8,039	17.0	4,243	1,604	[2]934	7,431	54.9%	2,972	6.3
[3]1979	37,464	7,328	19.6	5,648	1,204	479	7,848	43.2%	[2]4,158	11.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	4,884	16,550	11,364	1.5	51,168	6.5%	3,634	27,163	37,433	9.7	12.6%
1987	5,737	17,806	12,154	1.5	51,895	6.2%	3,555	25,777	37,355	9.5	12.6%
1986	5,640	15,467	10,822	1.4	45,800	5.3%	3,746	22,204	33,075	11.3	11.3%
1985	4,169	15,810	11,388	1.4	44,797	5.7%	4,631	20,247	31,698	14.6	12.9%
1984	4,127	15,713	11,195	1.4	41,514	7.2%	5,007	17,735	28,960	17.3	17.3%
1983	5,217	16,880	10,370	1.6	42,479	6.1%	5,938	17,058	31,076	19.1	15.3%
1982	3,940	16,478	10,654	1.5	41,678	5.3%	6,625	16,379	30,005	22.1	13.7%
1981	3,335	16,999	11,128	1.5	39,109	5.5%	6,323	15,166	27,038	23.4	13.6%
1980	2,800	17,454	11,018	1.6	40,993	7.7%	6,019	17,226	28,977	20.8	19.1%
1979	3,349	16,633	11,198	1.5	35,944	13.5%	5,728	13,953	23,860	24.0	35.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition.

Business Summary

This holding company owns 60% of the Royal Dutch/Shell Group, the other 40% being owned by Shell Transport & Trading Co. The Group ranks as the second largest factor in the world petroleum industry. Operations embrace all phases of the industry from production and transportation to refining and marketing, and include a strong position in petrochemicals. The Group also produces and trades in coal and metals; it also owns Shell Oil Co. (U.S.) and a 79% interest in Shell Canada.

Group Oper. Profits (£)	1988	1987	1986
Europe	37%	43%	51%
Other Eastern Hemis...	28%	29%	22%
U.S.A.	19%	21%	21%
Other Western Hemis...	16%	7%	6%

In 1988 the Group's crude oil supply averaged 5,708,000 barrels a day; natural gas sales 6.0 billion cubic feet a day; refinery processing intakes 3,379,000 b/d; and crude and oil product sales 7,456,000 b/d. Net proved reserves at the end of 1988 for the Group (including its share of reserves of associated companies) stood at 8,839 million barrels of crude oil and natural gas liquids (8,419 in 1987) and 38,687 (39,085) billion cubic feet of natural gas. In 1988 net additions to reserves of oil and gas were equivalent to 165% of crude oil and liquids production and 82% of natural gas production; in the past 10 years oil reserves have risen by 35%. Exploration acreage in 1988 was extended in 14 countries, including the Chukchi Sea off the coast of Alaska.

Dividend Data

Dividends have been paid since 1947. An interim dividend for each year is normally paid in October and a final dividend in June of the following year.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	---	---	---	Jan. 18'89
[1].61511	---	May 16	May 22	Jun. 13'89
[1]1.24451	---	Sep. 19	Sep. 25	Oct. 17'89

[1]Net aft. 15% Netherlands tax.

Capitalization

Long Term Debt: £1,827,000,000 (proportionate share of Group debt).

Minority Interest: £379,200,000 (proportionate share of Group minority interest).

4% Cum. Preference Stock: 1,500 shares (1,000 guilder par).

Ordinary Share Capital: 536,074,088 shs. (5 guilder par).

Office—30 Carel van Bylandtlaan, 2596 HR The Hague, The Netherlands. **Pres**—L. C. van Wachem **Managing Dirs**—L. C. van Wachem, J. M. H. van Engelshoven, H. de Ruiter. **U. S. Investor Contact**—J. C. Grapsi. (Tel. 212-832-4870). **Supervisory Dirs**—D. de Bruyne (Chrmn), A. P. J. Benard, J. F. Bookout, J. H. Chouteer, J. D. Hooglandt, H. F. van den Hoven, E. von Kuenheim, K. Swart, E. G. G. Werner, H. J. Witteveen, J. Zijlstra **Transfer Agent & Registrar for 5 guilder shares**—Shell Oil Co., Houston, Tex **Incorporated** in Holland in 1890 **Empl**— 134,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Rubbermaid Inc.

1954M

NYSE Symbol RBD Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
36½	37¾-25	24	0.52	1.4%	A+	1.30

Summary

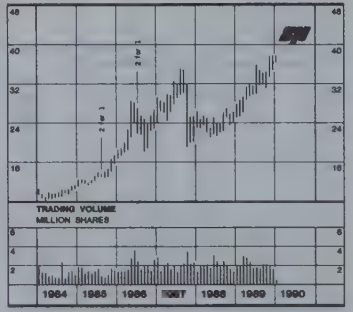
This company produces a broad line of plastic and rubber products for the home and commercial markets under the Rubbermaid, Con-Tact, Little Tikes, SECO, and Gott names. Dividends were increased in 1989 for the 35th consecutive year. Earnings for 1989 and 1990 should continue to advance on steady demand for existing products, new products, productivity improvements and cost controls. In January, 1990 RBD formed a joint venture to make and sell plastic and rubber housewares and furniture abroad.

Current Outlook

Earnings for 1990 are projected at $1.80 a share, up from the $1.56 estimated for 1989.

The quarterly dividend was increased 18.2%, to $0.13 from $0.11, with the December, 1989 payment.

Sales for 1990 should continue to advance substantially, reflecting demand for the company's extensive line of household and commercial rubber and plastic products, higher prices, and new product introductions. Sales should benefit from strong marketing efforts into the office and toy areas. Margins may improve slightly, reflecting increased productivity and various cost controls. Earnings should benefit from the European joint venture.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	349	302	238	189
Jun.	334	283	245	195
Sep.	352	320	276	216
Dec.	---	288	256	196
	---	1,194	1,015	795

Sales for the first nine months of 1989 rose 14%, year to year, reflecting new products and greater volume of existing products, combined with higher prices. Higher marketing costs were offset by lower raw material costs, better price realization, higher volume, increased productivity and cost controls. Pretax income advanced 17%. After taxes at 38.9%, versus 37.9%, net income increased 15.2%, to $1.22 a share from $1.06.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.40	0.35	0.28	0.22
Jun.	0.38	0.33	0.29	0.26
Sep.	0.44	0.38	0.33	0.27
Dec.	E0.34	0.29	0.25	0.21
	E1.56	1.35	1.15	0.96

Important Developments

Jan. '90— RBD formed a joint venture with the Dutch chemical group, DSM, to manufacture and market plastic and rubber housewares and resin garden furniture in Europe, the Middle East, and North Africa. RBD owns about 40% of the joint venture; sales were expected to exceed $250 million for the first year of operations.

Oct. '89— RBD noted that the third quarter of 1989 represented its 35th consecutive quarter of year-to-year growth in sales and earnings. About 50% of the revenue gain was due to higher unit gains, and profits included a $0.06 goodwill and amortization charge associated with previous acquisitions. RBD said current order patterns reflected cautious buying and inventory controls; however, it expected to continue to report positive year-to-year comparisons.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	NA	6.95	5.94	4.91	4.16	3.54	3.18	2.78	2.51	2.23
Earnings[2]	NA	1.35	1.15	0.96	0.79	0.70	0.58	0.45	0.42	0.33
Dividends	0.46	0.38	0.32	0.26	0.22½	0.19½	0.17½	0.15¾	0.13½	0.12
Payout Ratio	NA	28%	28%	27%	28%	28%	30%	35%	33%	37%
Prices—High	37¾	27	35	28½	17½	11⅝	12½	8	5⅛	3⅞
Low	25	21	19	16⅝	10⅞	8¼	7⅝	4½	3	2½
P/E Ratio—	NA	20-16	30-17	30-17	22-14	16-12	22-13	18-10	12-7	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1986, 100% Sep. 1985, 100% Dec. 1982. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.10 in 1980. E-Estimated NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,194	218	18.3	84	47.4	7.55	160	37.8%	99.3	8.3
[2]1987	1,015	201	19.8	101	41.6	5.88	148	42.9%	84.5	8.3
[2]1986	795	167	21.0	68	32.0	6.02	134	47.7%	70.1	8.8
[2]1985	671	140	20.9	68	29.3	5.79	107	46.7%	57.1	8.5
[2]1984	566	107	18.9	48	20.2	2.80	86	45.6%	46.9	8.3
1983	436	85	19.5	20	17.2	2.74	66	46.3%	35.7	8.2
1982	376	71	18.9	16	16.3	2.03	53	48.2%	27.5	7.3
[3]1981	357	67	18.7	21	15.5	2.14	50	49.1%	[4]25.6	7.2
[5]1980	309	54	17.6	35	14.9	[4]2.92	39	47.9%	20.1	6.5
1979	305	54	17.8	37	12.1	1.92	42	45.9%	22.8	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	33.7	407	186	2.2	782	13.2%	39.0	511	581	6.7	20.9%
1987	48.7	375	194	1.9	716	13.0%	40.0	436	508	7.9	21.2%
1986	59.1	299	145	2.1	579	13.1%	35.7	359	425	8.4	21.1%
1985	77.6	274	121	2.3	483	13.0%	33.1	301	357	9.3	20.5%
1984	50.3	216	89	2.4	368	13.5%	21.9	239	280	7.8	20.7%
1983	49.5	176	64	2.8	300	12.7%	22.9	197	237	9.7	19.3%
1982	43.6	132	51	2.6	263	11.0%	24.9	172	212	11.8	16.8%
1981	20.9	105	52	2.0	238	11.3%	15.8	155	186	8.5	17.4%
1980	0.8	83	44	1.9	214	9.7%	15.7	138	170	9.3	14.9%
1979	4.2	86	38	2.3	199	12.1%	17.3	131	161	10.7	18.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1980. 2. Reflect merger or acquisition. 3. Excludes discontinued operations and reflects merger or acquisition. 4. Reflects acctg. change. 5. Excl. disc. opers.

Business Summary

Rubbermaid operates exclusively in one industry, which is the manufacture and distribution of plastic and rubber products for the consumer (76% of 1987 sales; latest available) and commercial markets (24%). Foreign sales accounted for 11.9% of total sales in 1988,up from 10.8% in 1987, and 8.6% of operating earnings, versus 7.8%.

The houseware products division manufactures sinkware, space organizers, household containers, refuse containers, food preparation utensils and gadgets, microwave cookware, food storage products, bathware, rubber gloves, casual dinnerware, workshop organizers, Con-Tact brand decorative coverings, shelf liner and vacuum cleaner bags.

The specialty products division produces outdoor casual furniture, planters and bird feeders, and insulated ice chests, thermal jugs, water coolers, and fuel containers.

The Little Tykes Company manufactures various children's products and toys including juvenile furniture, see saws, scooters,and play trucks.The commercial products division manufacturers brooms, waste containers, food preparation and service items, floor signs, chairmats, and housekeeping carts sold to the sanitary maintenance, foodservice, office products, industrial markets.

The office products division include a wide assortment of desk top organizers, chairmats, fire-retardant wastebaskets and other office accessories. This division also produces the WorkManager Systme of computer workstation furniture.

The international division has offices throughout Europe, Hong Kong, and Canada.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.11	Jan. 12	Feb. 6	Feb. 10	Mar. 1
0.11	Apr. 25	May 8	May 12	Jun. 1
0.11	Jun. 27	Aug. 7	Aug. 11	Sep. 1
0.13	Oct. 24	Nov. 6	Nov. 10	Dec. 1

Next dividend meeting: Jan. 11'90.

Capitalization

Long Term Debt: $50,316,000.

Common Stock: 73,676,404 shs. ($1 par).
Institutions hold about 49%.
Shareholders of record: 9,887.

Office—1147 Akron Rd., Wooster, Ohio 44691 Tel—(216) 264-6464 Chrmn & CEO—S. C. Gault Pres—W. W. Williams. VP-Secy—J. A. Morgan. VP-Treas & Investor Contact—R. D. Gates. Dirs—O. Alexander, T. H. Barrett, C. R. Burke, Z. Cousins, D. D. Denlinger, R. O. Ebert, A. J. Frens, S. C. Gault, K. N. Horn, W. R. Schmitt, L. S. Williams, W. W. Williams. Transfer Agent & Registrar—AmeriTrust Co., Cleveland. Ohio Incorporated in Ohio in 1920 Empl—7,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Elizabeth Vandever

Russell Corp.

1955U

NYSE Symbol RML In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
23⅜	25⅜-15⅝	16	0.28	1.2%	A	0.90

Summary

Russell Corp. is a vertically integrated manufacturer and marketer of leisure apparel, athletic uniforms, and woven fabrics. In early 1987 RML embarked on a three-year, $150-$180 million expansion and modernization program. Earnings should advance in 1989 and 1990 on increased demand for all of RML's product lines and benefits from the extensive capital expenditure program.

Current Outlook

Earnings for 1990 are projected at $1.80 a share, up from the $1.55 estimated for 1989.

The $0.07 quarterly dividend should be increased in 1990.

Sales for 1990 should advance substantially, reflecting continued demand for all of the company's product lines and higher prices. Margins should widen, as efficiencies from the modernization and expansion program are realized. Interest costs will be higher.

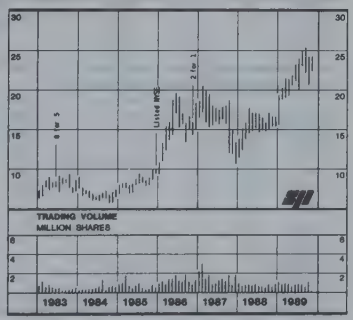
Net Sales (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	146.9	118.4	109.4	97.8
Jun.	149.5	111.6	98.8	95.3
Sep.	187.7	149.7	139.1	126.1
Dec.	---	151.4	132.6	118.3
	---	531.1	479.9	437.5

Sales for the first nine months of 1989 rose 27%, year to year, reflecting the 1988 acquisition of Quality Mills and increased demand for all of the company's products. Margins were narrowed by plant start-up costs associated with the three-year expansion and modernization program begun in early 1987. Pretax income gained 17%. After taxes at 36.4%, versus 37.5%, net income rose 19%. Following preferred dividends in the 1989 period only, share earnings were $1.05 on 3.7% more shares, versus $0.92.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.32	0.29	0.24	0.25
Jun.	0.24	0.21	0.18	0.20
Sep.	0.49	0.42	0.37	0.30
Dec.	E0.50	0.44	0.37	0.33
	E1.55	1.36	1.17	1.08



Important Developments

Oct. '89— RML said that its record earnings for the first nine months of 1989 were in line with expectations. RML attributed its performance to continued growth in its basic businesses, and said demand for t-shirts, better knit shirts, and sweats had remained strong throughout the year. RML said it would continue to build production to meet the increasing demand, and that its three-year $150-$180 capital expenditure program was proceeding as planned.

Oct. '89— RML announced that directors had adopted a shareholder rights plan. The plan was designed to deter coercive takeover attempts and would be exercisable only if certain events occur.

Aug. '89— RML said that it had reclassified $50.6 million of commercial paper from short-term to long-term debt because of a change in its revolving credit agreement.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	8.34	7.16	6.33	5.56	4.97	4.41	3.75	3.32	2.79	2.32
Earnings	1.36	1.17	1.08	0.74	0.70	0.68	0.56	0.64	0.56	0.43
Dividends	0.23	0.19¼	0.16	0.15	0.15	0.14⅛	0.12⅞	0.11⅝	0.09¾	0.08¼
Payout Ratio	17%	16%	14%	20%	21%	21%	23%	18%	17%	19%
Prices—High	17¾	20⅛	19⅜	10	9	9½	7¾	5¼	3⅞	2⅝
Low	11⅜	10⅝	9⅜	6⅞	5⅝	6⅜	3⅞	3¼	1¾	1⅝
P/E Ratio—	13-8	18-9	18-9	14-9	13-8	14-9	14-7	8-5	7-3	8-4

Data as orig reptd Adj for stk dvs of 100% Dec 1988, 50% in Jun 1983, 100% in Jun 1981 1. Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	531	129	24.3	154	33.3	8.79	85.8	37.3%	53.8	10.1
1987	480	111	23.1	76	26.0	6.89	80.1	42.2%	46.3	9.7
1986	438	107	24.5	40	22.9	4.05	80.4	46.2%	43.3	9.9
1985	385	75	19.5	32	19.9	3.80	52.0	43.0%	29.6	7.7
1984	353	71	20.1	32	17.5	5.36	48.0	41.8%	27.9	7.9
1983	319	66	20.6	30	14.9	4.59	47.1	43.3%	26.7	8.4
1982	275	50	18.2	31	12.0	5.61	34.4	38.4%	21.2	7.7
1981	270	55	20.3	32	9.5	5.22	41.2	41.6%	24.0	8.9
1980	238	46	19.1	20	7.4	3.10	36.3	42.6%	20.8	8.7
1979	191	36	18.7	34	5.9	3.12	28.0	43.0%	16.0	8.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	12.6	210	85.7	2.5	561	10.5%	84.3	345	472	17.9	16.9%
1987	58.4	219	56.1	3.9	445	11.7%	73.5	280	387	19.0	17.6%
1986	34.0	180	32.2	5.6	351	12.9%	38.0	248	318	12.0	18.6%
1985	33.5	167	31.1	5.4	322	9.7%	41.8	220	290	14.4	14.2%
1984	4.1	144	42.7	3.4	289	10.1%	25.8	196	245	10.5	15.1%
1983	2.6	131	38.0	3.5	264	10.5%	29.7	173	224	13.2	16.6%
1982	1.2	113	40.3	2.8	231	9.8%	31.7	140	189	16.8	16.1%
1981	1.1	99	32.2	3.1	201	13.0%	30.6	123	167	18.3	21.3%
1980	4.0	89	21.6	4.1	168	13.3%	30.5	103	144	21.1	22.1%
1979	9.5	80	17.5	4.6	144	11.7%	30.2	86	125	24.1	19.9%

Data as orig. reptd. 1. Reflects merger or acquisition.

Business Summary

Russell Corp. (formerly Russell Mills) is a vertically integrated designer, manufacturer, and marketer of leisure apparel, athletic uniforms, and a comprehensive line of lightweight woven fabrics. Approximately 90% of the company's total revenues are derived from completed apparel, with the balance from woven fabrics.

Under the RUSSELL ATHLETIC label, the Athletic division, believed to be the largest U.S. manufacturer of athletic uniforms, supplies uniforms nationwide to professional, collegiate, high school and other teams as well as individuals. In addition, RML provides activewear. Marketing is conducted primarily to sporting goods dealers through six independent sales agents and company employees.

Under the JERZEES label and private labels, the Knit Apparel division produces a wide variety of knitted apparel, including fleece sportswear, such as shirts and pullovers, and lightweight sportswear for men, women and boys. Products are sold to mass merchandisers, wholesalers, discounters, chain stores, and screen printers throughout the U.S.

The Fabrics division designs and markets quality woven fabrics of cotton and blends of cotton and man-made fibers in a wide variety of patterns, colors, and constructions for sale primarily to manufacturers of men's, women's and children's apparel. Sales are made by the company's own marketing staff.

Quality Mills (acquired in 1988) designs and markets high quality knit products.

Dividend Data

Cash has been paid each year since 1963. A dividend reinvestment plan is available. A "poison pill" stock purchase rights was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Jan. 25	Jan. 30	Feb. 3	Feb. 15'89
0.07	Apr. 26	May 1	May 5	May 15'89
0.07	Jul. 25	Jul. 31	Aug. 4	Aug. 15'89
0.07	Oct. 25	Oct. 30	Nov. 3	Nov. 15'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $135,776,000.

$1 Red. Cum. Preferred Stock: 571,943 shs. ($0.01 par); red. begin. in 1992 at $10.

Common Stock: 40,392,271 shs ($0.01 par). The Russell family controls about 45%. Institutions hold approximately 41%. Shareholders of record: 18,000.

Office—Alexander City, Ala. 35010. **Tel**—(205) 329-4000. **Chrmn**—E. C. Gwaltney. **Pres & CEO**—D. L. Carlisle, Jr. **CFO & Secy**—J. D. Nabors. **Contr**—L. E. Workman. **Dirs**—H. M. Bloom, D. L. Carlisle, Jr., E. C. Gwaltney, F. K. Hall, Jr., H. S. Howell, G. Ireland II, C. T. Johnson III, T. H. Mathis, J. D. Nabors, C. V. Nalley III, B. Russell, J. R. Thomas. **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC; First Alabama Bank of Montgomery. **Incorporated** in Alabama in 1902. **Empl**—12,850.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Ryan's Family Steak Houses

5134

NASDAQ Symbol RYAN (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
8¼	9-5⅛	21	None	None	B+	1.63

Summary

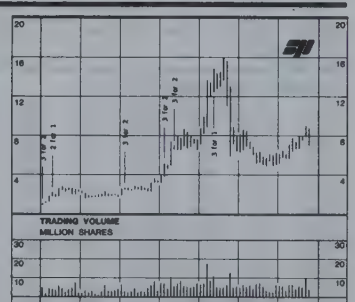
This South Carolina-based company owns and franchises Ryan's Family Steak House restaurants. During the past two years, comparable-unit sales were weak and margins narrowed. However, overall profitability is still quite strong, the company has no long-term debt and sales have improved recently. As of September 1989, RYAN operated 107 restaurants and was the franchisor of 30.

Current Outlook

Earnings for 1990 are estimated at $0.49 a share, up from the $0.42 expected for 1989.

Initiation of cash dividends is not expected.

Openings of new restaurants are expected to continue fueling revenue growth in 1990. Efforts to improve restaurant service through greater investments in labor appear to be helping sales. If this continues, the narrowing of profit margins that has occurred in recent periods may be halted and could be reversed somewhat. RYAN's profitability is still high relative to other restaurant businesses.



Total Revenues (Million $)

13 Weeks:	1989	1988	1987	1986
Mar.	53.23	42.79	32.76	21.23
Jun.	62.36	50.54	39.60	25.48
Sep.	62.96	51.65	42.24	28.59
Dec.	---	48.05	40.65	29.69
	---	193.02	155.25	104.99

Revenues for the 39 weeks ended September 27, 1989, increased 23%, year to year. Pretax income rose 10%. After taxes at 37.4% in both periods, net income also was up 10%, to $0.31 a share, from $0.28.

Common Share Earnings ($)

13 Weeks:	1989	1988	1987	1986
Mar.	0.09	0.08	0.07	0.05
Jun.	0.11	0.10	0.09	0.05
Sep.	0.11	0.10	0.08	0.05
Dec.	E0.11	0.09	0.08	0.06
	E0.42	0.37	0.32	0.21

Important Developments

Oct. '89— In 1989's third quarter, RYAN's same-store sales were up 3.2%, year to year, following declines in 1988 and earlier in 1989. RYAN's profit margins weakened, reflecting higher payroll and benefit costs. However, pretax income rose for the third consecutive quarter, and RYAN's lengthy stretch of increases in quarterly earnings per share remained uninterrrupted. Also, RYAN said that three company-owned restaurants began operations in the third quarter, and three more units were scheduled to open in the fourth quarter. For all of 1989, 14 company-owned and six franchised units were slated to open, which would bring the totals in operation by year-end to 110 and 32, respectively. The addition of about 16 company-operated and four or five franchise units was expected in 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value	2.02	1.64	1.31	0.79	0.46	0.38	0.24	0.06	NA	NA
Earnings	0.37	0.32	0.21	0.12	0.08	0.05	0.03	0.03	0.02	0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	8⅝	16	8¾	3⅝	2⅜	2⅞	⅞	NA	NA	NA
Low	4⅞	5⅞	3¼	1⅞	1½	⅞	⅜	NA	NA	NA
P/E Ratio—	23-13	50-18	41-15	31-16	31-20	54-16	26-9	NA	NA	NA

Data as orig. reptd. Adj. for stk. divs. of 200% May 1987, 50% May 1986, 50% Feb. 1986, 50% Feb. 1985, 100% Apr. 1983, 50% Jan. 1983. E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	193	37.3	19.3	44.4	7.07	0.94	30.6	37.1%	19.3	10.0
1987	154	33.1	21.5	48.0	4.81	0.03	29.3	42.5%	16.8	10.9
1986	104	22.7	21.8	22.6	2.98	0.06	20.5	47.3%	10.8	10.4
1985	54	10.5	19.4	17.6	1.62	[1]Nil	9.5	42.7%	5.4	10.0
1984	32	6.4	19.8	10.9	0.87	[1]Nil	6.0	44.2%	3.4	10.3
1983	20	4.0	20.4	5.8	0.46	0.08	3.8	44.4%	2.1	10.9
1982	10	1.8	19.3	3.0	0.22	0.14	1.7	43.1%	1.0	10.2
[2]1981	8	1.5	18.9	Nil	0.18	0.16	1.3	47.6%	0.7	8.3
1980	5	0.9	16.2	1.1	0.13	0.11	0.7	42.9%	0.4	7.4
1979	3	0.6	17.5	0.9	0.08	0.06	0.5	40.0%	0.3	8.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	1.2	3.1	18.3	0.2	142	15.6	10.0	105	123	8.1	20.2
1987	1.6	3.2	13.3	0.2	105	18.3	Nil	88	92	Nil	21.9
1986	18.7	20.0	6.1	3.3	78	17.2	Nil	68	72	Nil	19.9
1985	5.8	6.8	2.9	2.4	45	15.3	0.8	38	42	1.9	17.9
1984	2.2	2.7	1.9	1.5	24	15.5	0.8	20	22	3.6	18.1
1983	7.1	7.4	0.9	8.5	18	15.2	0.8	16	17	4.8	18.7
1982	3.2	3.4	1.1	3.1	9	15.8	1.3	6	8	17.0	25.4
1981	0.7	0.8	0.5	1.7	3	19.9	1.3	1	3	46.4	41.2
1980	0.4	0.5	0.2	3.7	3	NA	1.3	2	3	43.0	NA

Data as orig. reptd. 1. Net of int. inc. 2. Refl. merger or acq. NA-Not Available.

Business Summary

Ryan's Family Steak Houses is a fast-growing operator and franchisor of restaurants, located mainly in the southeastern U.S.

The following units were in operation at year-end:

	1988	1987	1986	1985
Company-owned	96	76	55	41
Franchised	26	19	15	12

Ryan's Family Steak House company-owned restaurants are freestanding units, generally located near residential areas. Seating capacity ranges from about 310 to 460 persons. The menu includes various cuts of steak and hamburgers, chicken, fish, salad, desserts and nonalcoholic beverages.

In 1985, the company began introducing the "Mega Bar"—a self-service food bar that includes salad, a variety of hot meats and vegetables, rolls, cheeses, fruits and desserts. The "Mega Bar" is currently available in all company-owned restaurants and in most franchised units. Also, in 1986 RYAN introduced a self-service ice cream bar, which is now in all its restaurants. In 1988, comparable average unit sales for company-owned restaurants declined about 6%, after rising 8.6% and 39% in 1987 and 1986, respectively. In 1988, systemwide sales for the RYAN chain totaled about $234 million, up from about $185 million the year before.

Current franchise agreements are for a period of 15 years, with two five-year renewal options. Terms provide for an initial franchise fee of $15,000 to $20,000 and a continuing royalty of 4% to 5% of gross receipts to be paid to RYAN. The company was expected to not enter into agreements with additional franchisees and to concentrate on the operation and development of company-owned restaurants.

Dividend Data

The company has indicated that it does not expect to pay cash dividends in the foreseeable future, retaining available funds for expansion.

Finances

In mid-1986, the company sold publicly 2,760,000 (adjusted) new common shares at $6.92 each. Net proceeds of $18,040,000 were earmarked primarily to fund 1987 expansion, with a portion used to retire all outstanding debt.

In November 1985, RYAN completed a private placement of 1,687,500 (adjusted) common shares to an institutional investor, resulting in net proceeds of about $5.2 million. This followed a private placement of 3,037,500 (adjusted) common shares with institutional investors in March 1985, which generated net proceeds of some $7.2 million.

Capitalization

Long Term Debt: None (6/89).

Common Stock: 52,286,021 shs. ($1 par).
Alvin A. McCall Jr. owns 4.5%.
Institutions hold about 36%.
Shareholders: About 12,500 of record.

Office—405 Lancaster Ave., Greer, S.C. 29651 Tel—(803) 879-1000. Chrmn & CEO—A. A. McCall Jr. Pres—C. D. Way. Secy & Investor Contact—Janet J. Glentz. Dirs—B. L. Edwards, A. A. McCall Jr., H. K. Roberts Jr., J. M. Shoemaker Jr., J. Tate, C. D. Way. Transfer Agent—Wachovia Bank & Trust Co., Winston-Salem, N.C. Incorporated in South Carolina in 1977. Empl—7,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Ryder System

1956M

NYSE Symbol R Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
21⅜	31⅛-20¼	23	0.60	2.8%	A	1.37

Summary

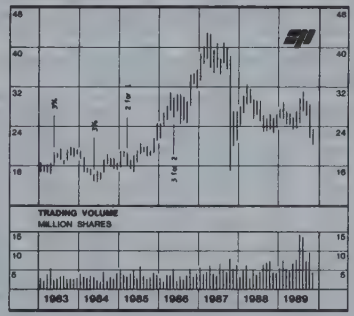
This company is the nation's largest lessor of trucks, the leading hauler of automobiles, and after a series of acquisitions, has emerged as an important factor in aviation services and a leading provider of school bus transportation. Profits should rebound in 1990, after being penalized in 1989 by a $90 million pretax charge covering the writedown of surplus assets, severance payments and workers' compensation claims.

Current Outlook

Earnings for 1990 are projected at $2.00 a share, versus 1989's estimated $0.75, which includes a onetime charge of $0.75.

Dividends should remain at $0.15 quarterly.

Profit comparisons in 1990 will benefit from the absence of 1989's charge for asset writedowns, employee severance and workers' compensation reserves. Steps to downsize commercial lease and consumer truck rental fleets will be offset by continued sluggish economic activity and pressure on rates. Soft demand also is expected for R's full-service truck lease business. Aviation services will benefit from greater commercial engine overhaul business, higher parts volume, and better inventory control. Auto hauling profits could be flat, as higher rates offset continued softness for new auto sales. Reduced capital requirements should lead to lower interest expense.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,223	1,162	1,076	853
Jun.	1,288	1,287	1,155	919
Sep.	1,277	1,267	1,162	977
Dec.	---	1,313	1,216	1,020
	---	5,030	4,609	3,768

Revenues for 1989's first nine months rose 1.9%, year to year. Hurt by a $0.75 a share onetime charge, net income fell 64%, to $0.33 a share from $1.03, which excludes a net special credit of $0.79.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.31	d0.34	0.42	0.31
Jun.	0.40	0.70	0.67	0.60
Sep.	d0.38	0.68	0.65	0.63
Dec.	E0.42	0.58	0.56	0.55
	E0.75	1.61	2.29	2.09

Important Developments

Oct. '89— Ryder charged $90 million against pretax income in 1989's third quarter ($0.75 a share after taxes) covering a variety of asset writedowns and special reserves. The largest item was $23 million for anticipated losses on the disposition of trucks. R also set up a $20 million reserve for past and anticipated workers' compensation claims. Ryder also wrote down by $7.5 million the value of certain inventories in its aviation services unit.

Oct. '89— Ryder agreed to sell its Insurance Management Services unit to Skandia International Ins. Corp., a Swedish concern, for an undisclosed sum. The transaction was part of a broad restructuring program established in February. As part of that plan, R repurchased through September 30 some 4,000,000 (5%) of its common shares under a 12 million (15%) share buyback program.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	NA	16.73	14.69	12.18	9.87	8.49	7.74	7.03	5.76	5.06
Earnings[2]	1.61	2.29	2.09	1.73	1.65	[e]1.43	1.21	1.17	0.99	1.11
Dividends	0.56	0.52	0.44	0.40	0.35½	0.34½	0.33½	0.32½	0.30⅞	0.26⅞
Payout Ratio	35%	22%	22%	23%	21%	24%	28%	29%	31%	24%
Prices—High	32½	43	35½	24¾	19⅛	19⅞	16¾	12½	9½	7⅞
Low	22⅝	15	21½	14¾	12¾	15⅞	7⅛	8	4⅝	5⅝
P/E Ratio—	20-14	19-7	17-10	14-8	12-8	14-11	14-6	11-7	10-5	7-5

Data as orig. reptd. Adj. for stk. div(s) of 50% Jun 1986, 100% Mar 1985, 3% May 1984, 3% May 1983, 3% May 1982, 3% May 1981, 3% May 1980, 3% May 1979. 1. Reflects merger or acquisition. 2. Bef. spec. items of +0.79 in 1988 and bef. results of disc. opers. of +0.26 in 1984. d-Deficit. E-Estimated. NA-Not Available

December 4, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	5,030	1,151	22.9	1,225	637	267	224	39.8%	135	2.7
1987	4,609	1,073	23.3	1,362	574	243	303	38.2%	187	4.1
[2]1986	3,768	878	23.3	1,130	452	192	277	42.0%	[3]161	4.3
[2]1985	2,905	677	23.3	880	375	157	[4]202	38.0%	125	4.3
[5]1984	2,486	593	23.8	925	328	115	194	39.5%	118	4.7
1983	2,384	513	21.5	586	286	94	165	38.9%	101	4.2
1982	2,076	405	19.5	611	249	82	124	33.6%	[3]83	4.0
1981	1,946	383	19.7	318	202	77	[4]115	35.5%	74	3.8
1980	1,694	342	20.2	433	178	86	[4]85	33.7%	57	3.3
1979	1,455	310	21.3	546	143	64	[4]107	41.0%	63	4.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	87	1,510	1,318	1.1	6,039	NA	2,415	NA	NA	NA	NA
1987	95	1,385	984	1.4	5,771	3.5%	2,614	1,314	4,590	56.9	14.8%
1986	84	1,090	930	1.2	4,784	3.6%	1,966	1,139	3,700	53.1	15.0%
1985	75	862	704	1.2	3,741	3.8%	1,539	873	2,926	52.6	15.2%
1984	55	544	529	1.0	2,810	4.6%	1,092	766	2,207	49.5	16.5%
1983	40	452	443	1.0	2,257	4.7%	829	647	1,751	47.3	16.6%
1982	32	402	383	1.1	1,985	4.3%	765	558	1,548	49.4	15.5%
1981	135	442	358	1.2	1,759	4.1%	657	490	1,352	48.6	16.5%
1980	28	331	316	1.0	1,646	3.5%	739	355	1,283	57.6	16.9%
1979	35	317	309	1.0	1,537	4.7%	714	307	1,187	60.2	22.2%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1984 & spec. item(s) in 1988. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Incl. equity in earns. of nonconsol. subs. 5. Excludes discontinued operations. NA-Not Available

Business Summary

Contributions to operating profits (in million $) by business segment in recent years:

	1988	1987
Vehicle leasing & services	$342.6	$366.7
Automotive carriers	48.0	55.0
Aviation services	105.7	112.5
Other	-3.2	9.5

With a fleet of 65,480 vehicles, Ryder is the world's largest full-service truck lessor. Ryder also is the nation's leader in commercial and consumer truck rental. Ryder's rental fleet of 69,308 vehicles is available at 7,350 locations in the U.S., Canada and the U.K. R also provides maintenance services for 25,951 customer-owned vehicles. Ryder also is one of the nation's largest contract carriers and provides refrigerated transportation services in the eastern U.S. Through a series of acquisitions R has emerged as one of the largest providers of school bus transportation services. At 1988 year-end R served 320 school districts in 15 states with a fleet of 6,900 vehicles and managed 5,600 buses for local mass transit authorities.

In 1988 Ryder transported 6,268,000 new automobiles and trucks, or about 36% of North American vehicle sales. GM accounts for 57% of the auto group's sales.

Aviation services involve the repair and overhaul of jet and turboprop engines for commercial and business aircraft, the distribution of aircraft components and supplies and the lease of 33 aircraft to commercial airlines.

Dividend Data

Dividends were resumed in 1976. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Feb. 17	Mar. 2	Mar. 8	Mar. 20'89
0.15	May 5	May 22	May 29	Jun. 20'89
0.15	Aug. 18	Aug. 31	Sep. 7	Sep. 20'89
0.15	Oct. 27	Nov. 16	Nov. 23	Dec. 20'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $2,474,900,000.

Adj. Rate Preferred Stock: $98,260,000.

Common Stock: 75,895,000 shs. ($0.50 par).
Institutions hold some 78%.
Shareholders of record: 20,005.

Office—3600 N W 82nd Ave., Miami, Fla. 33166 **Tel**—(305) 593-3726 **Chrmn & CEO**—M A Burns **VP-Secy**—J J Murphy **VP-Treas**—C F Wilson. **Investor Contact**—R. Tromberg. **Dirs**—A. H. Bernstein, C. L. Brown, M. A. Burns, G. S. Donegan, E. T. Foote II, J. Hawkinson, V. E. Jordan, H. C. Kaufmann, D. T. Kearns, J. W. McLamore, N. S. Mead, P. J. Rizzo, D. V. Seibert, H. B. Waldron, A. O. Way **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Florida in 1955. **Empl**—45,144

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Rykoff-Sexton

1956X

NYSE Symbol RYK

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
24	29½-19⅞	15	0.60	2.5%	B+	0.93

Summary

Rykoff-Sexton distributes processed foods and related nonfood products to restaurants and institutions. Earnings for fiscal 1989-90 should benefit from internal expansion and cost-cutting programs. However, the April 1989 acquisition of Tone Brothers ($50 million in annual sales from spices) should be dilutive. The stock was split 5-for-4 in January, 1989.

Current Outlook

Share earnings for the fiscal year ending April 30, 1990 should rise to $1.85 from fiscal 1988-9's $1.75.

The quarterly dividend is expected to continue at $0.15.

Sales for fiscal 1989-90 should remain in a good uptrend, given increased marketing emphasis on more profitable self-manufactured products. Good contributions from equipment and supplies and niche businesses are also anticipated. However, higher debt costs from the Tone Brothers may limit earnings improvement over the short run.

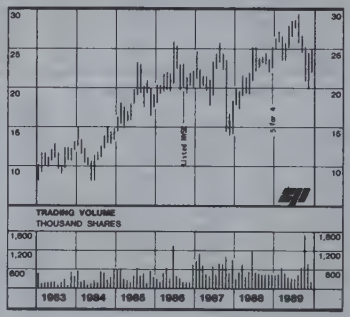
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jul.	345	310	274	267
Oct.	358	333	290	278
Jan.	---	317	279	259
Apr.	---	336	301	277
	---	1,296	1,143	1,082

Sales for the six months ended October 28, 1989 rose 9.5%, year to year, largely reflecting acquisitions. Operations were hurt by higher costs. Interest expense was up sharply, and pretax income declined 21%. After taxes at 40.0%, versus 41.0, net income was down 19%, to $0.73 a share from $0.90 (adjusted).

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jul.	0.33	0.41	0.38	0.18
Oct.	0.40	0.49	0.42	0.26
Jan.	E0.48	0.38	0.32	0.17
Apr.	E0.64	0.47	0.40	0.30
	E1.85	1.75	1.53	0.91



Important Developments

Dec. '89— Directors authorized the repurchase of up to 300,000 common shares through open market purchases from time to time.

May '89— RYK acquired Ziff Co.'s Burbank, Douglass division, a foodservice equipment and supply company, for undisclosed terms. The company also provides contract design services for restaurants, a business RYK has been expanding since the late 1988 acquisition of Aslesens/American Restaurant Supply, Inc. in St. Paul, Minn. for undisclosed terms. It also began manufacturing plastic knives, forks and spoons in 1988.

Apr. '89— RYK acquired Tone Brothers, Inc. a Midwestern packer of spices and other products with $50 million in annual sales, for $35.4 million.

Next earnings report expected mid-March.

Per Share Data ($)

Yr. End Apr. 30	[1]1989	1988	1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	1981	1980
Tangible Bk. Val.	15.13	13.92	10.88	10.44	9.91	9.18	8.60	8.22	7.44	6.70
Earnings	1.75	1.53	0.91	0.99	1.43	1.06	0.78	1.10	1.00	0.82
Dividends	0.57⅛	0.51¼	0.48	0.46	0.40	0.40	0.40	0.32	0.25⅝	0.20½
Payout Ratio	33%	37%	52%	46%	31%	40%	51%	29%	26%	25%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	25¼	25⅜	25⅞	23¼	15⅛	13¼	8⅝	9¼	6⅜	5
Low	17¼	13⅞	18	14⅜	8⅛	8⅛	6¼	5⅜	3⅛	3⅜
P/E Ratio—	14-10	17-9	28-20	23-15	11-6	13-8	11-8	8-5	6-3	6-4

Data as orig. reptd. Adj. for stk. divs. of 25% Jan. 1989, 25% Jun. 1981, 25% Aug. 1980. 1. Reflects merger or acquisition. E-Estimated.

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1956X

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1989	1,296	55.0	4.2	16.7	13.8	7.2	34.3	40.0%	20.6	1.6
1988	1,143	50.5	4.4	13.9	13.3	9.0	29.2	44.0%	16.4	1.4
1987	1,082	40.9	3.8	13.7	12.4	12.5	16.5	51.5%	8.0	0.7
[2]1986	1,037	37.1	3.6	12.6	10.9	10.4	15.8	45.2%	8.7	0.8
1985	853	39.0	4.6	9.5	9.4	8.6	21.0	46.7%	11.2	1.3
[2]1984	561	23.2	4.1	6.8	5.9	5.9	12.2	47.0%	6.5	1.2
[2]1983	347	13.5	3.9	5.2	3.6	3.1	7.9	43.3%	4.5	1.3
[2]1982	333	16.6	5.0	6.1	3.1	2.8	11.5	44.7%	6.4	1.9
1981	315	15.2	4.8	5.6	2.6	2.1	10.7	46.4%	5.7	1.8
1980	279	13.4	4.8	2.8	2.2	2.1	9.1	47.7%	4.8	1.7

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	13.1	275	98.8	2.8	398	5.7%	111	179	299	37.1	12.0%
1988	15.8	242	75.8	3.2	326	4.4%	78	164	250	31.1	11.2%
1987	14.9	222	67.7	3.3	307	2.6%	138	95	240	57.8	8.6%
1986	5.4	219	75.2	2.9	302	3.3%	131	91	226	58.0	9.8%
1985	0.6	167	62.8	2.7	225	4.3%	74	86	162	45.6	13.6%
1984	7.0	164	69.1	2.4	221	3.9%	89	60	152	58.6	11.8%
1983	11.9	77	19.9	3.8	97	4.7%	25	50	77	32.8	9.3%
1982	13.1	76	20.1	3.8	94	7.4%	25	47	74	33.9	14.1%
1981	0.9	64	33.5	1.9	79	7.6%	1	43	46	2.9	14.1%
1980	0.9	60	27.8	2.1	71	6.6%	4	39	44	8.6	12.9%

Data as orig. reptd. 1. Net of curr. yr. retirement and disposals. 2. Reflects merger or acquisition.

Business Summary

Rykoff-Sexton (formerly S. E. Rykoff) distributes processed foods and related items to foodservice establishments, including restaurants, industrial cafeterias, health care facilities, schools and colleges, hotels and airlines throughout the U.S. Contributions in recent fiscal years:

	1988-9	1987-8	1986-7
Food products	66%	69%	71%
Janitorial and paper	14%	14%	14%
Equipment and supplies	20%	17%	15%

Food products include a full line of Rykoff or Sexton label items (some 65% of 1988-9 sales) and nationally branded domestic and imported items such as canned fruits and vegetables, tomato products, juices, pickles and condiments, syrups, baking supplies and frozen foods (including soups, entrees, fruits and vegetables). Products made by RYK (12.5% of sales in fiscal 1988-9) include mayonnaise, salad dressings and oils; shortenings; powdered desserts; vinegars; sauces and spices, pancake, waffle and biscuit mixes; soup and beverage bases; jams, jellies and relishes; and coffee and tea.

Janitorial supplies include RYK's own detergents and cleaning compounds, polyethylene refuse bags, electronic dispensers and paper goods. Equipment and supplies consist of cookware, glass and dinnerware, and the company's own low temperature dishwashers. It also offers restaurant design/engineering services and publishes a consumer mail order catalog that features RYK's food specialties and related products.

Dividend Data

Cash has been paid in each year since 1971. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Mar. 6	Mar. 14	Mar. 20	Apr. 10'89
0.15	Jun. 19	Jun. 28	Jul. 5	Jul. 19'89
0.15	Sep. 11	Sep. 18	Sep. 22	Oct. 10'89
0.15	Dec. 11	Dec. 20	Dec. 27	Jan. 16'90

Next dividend meeting: early Mar. '90

Capitalization

Long Term Debt: $112,342,000.

Common Stock: 11,808,347 shs. ($0.10 par).
Officers and directors control about 7%.
Institutions hold approximately 61%, including 11% by State Farm Auto.Ins. Co.
Shareholders of record: 2,010.

Office—761 Terminal St., Los Angeles, Calif. 90021. **Tel**—(213) 622-4131 **Pres & CEO**—R. W. Coleman. **Secy**—N. I. Sell. **VP-Treas**—R. K. McCann. **VP & Investor Contact**—V. B. Chavez. **Dirs**—R. W. Coleman, R. B. Gookin, J. I. Maslon, T. R. Rykoff, N. I. Sell, B. Sweet, R. G. Zeller **Transfer Agent & Registrar**—Bank of America, San Francisco **Incorporated** in Delaware in 1961. **Empl**—5,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

Ryland Group

1957

NYSE Symbol RYL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
19¼	25¾-18¼	7	0.60	3.1%	A-	1.94

Summary

This company is a major builder of moderately priced single-family homes in the central and mid-Atlantic sections of the U.S., as well as in Florida and the Southwest. Ryland is expanding its modular homes division. RYL's operations are supported by a strong balance sheet and conservative accounting practices. Effective September 15, 1989 RYL created an ESOP to which it has issued $40 million of convertible preferred stock.

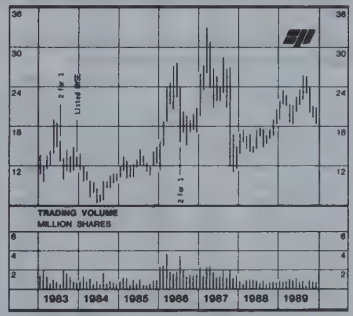
Business Summary

The Ryland Group is engaged in the construction and sale of single family mostly detached homes in the mid-Atlantic and central sections of the U.S., as well as in Florida and Texas. It is also a major producer of modular housing units. Home settlements by region broke down as follows in recent years:

	1988	1987	1986
Mid-Atlantic	26%	27%	35%
Central	19%	21%	24%
Southwest	8%	9%	9%
Florida	6%	6%	7%
West	5%	3%	3%
Modular homes	19%	19%	21%
Brock & joint ventures	17%	15%	---

The Ryland Homes division is divided into five areas: Mid-Atlantic, covering New Jersey to northern Virginia; Central, covering Richmond, Virginia, North and South Carolina, Georgia, Ohio and Indiana; Southwest covering Houston and Dallas, Texas; Florida, with operations in Orlando, Tampa and Boca Raton; and West, with operations in Phoenix, Arizona and Denver, Colorado. In 1988 settlements totaled 9,354 units, down 1.6% from 9,508 units in 1987. The unit prices in 1988 ranged from $52,000 to $500,000, including the cost of developed lots. Approximately 80% of the company's customers obtain mortgages through Ryland Mortgage Co., a wholly-owned mortgage banking subsidiary.

The Ryland Modular Homes operating division, builds modular homes at two plants in Maryland, and one in Virginia. Ryland Modular had 1,781 settlements in 1988, down 2.5% from 1987. The Brock division, acquired in 1986, builds homes in California.



Important Developments

Oct. '89— The backlog of outstanding contracts at September 30 totaled 4,254 units, up 6.0% from 4,013 units a year earlier. New contracts for the third quarter of 1989 numbered 2,304 units, up 3.3%, year to year. Third quarter settlements were 2,453 units, down 7.5% from the year before.

Sep. '89— Ryland created an employee stock ownership plan (ESOP) to which it issued $40 million of convertible preferred stock. The shares would be allocated to employees over a 10-year period. Ryland will repurchase up to 1.8 million shares of common stock to reduce the dilutive effect of the preferred stock on earnings per share.

Jan. '89— Ryland repurchased all $25 million of its 6⅞% convertible subordinated debentures.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	10.91	8.15	5.27	6.54	5.52	5.02	3.94	3.76	3.74	3.36
Earnings[3]	3.10	2.46	2.02	1.27	0.76	1.26	0.35	0.25	0.53	0.62
Dividends	0.47½	0.40	0.36½	0.31½	0.30	0.23	0.18	0.18	0.15	0.12½
Payout Ratio	15%	16%	18%	24%	39%	18%	51%	70%	28%	20%
Prices—High	20⅝	33	27⅝	14⅞	13⅞	19	12⅝	5	5⅞	3¾
Low	13¾	11	11¼	10	6⅜	9½	2¾	3	2½	2
P/E Ratio—	7-4	13-4	14-6	12-8	18-8	15-8	36-8	20-12	11-5	6-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1986, 100% Jul. 1983. 1. Reflects accounting change 2. Reflects merger or acquisition 3. Ful. dil. 2.95 in 1988, 2.35 in 1987.

December 29, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net inc. of Revs.
[1]1988	1,272	410.0	32.2	[2]10.50	7.14	362	[3]66.7	39.0%	40.7	3.2
1987	848	49.9	5.9	6.70	4.85	[4]11	[3]50.6	36.4%	32.2	3.8
[5]1986	666	37.7	5.7	4.44	2.69	[4]3	[3]42.5	38.6%	26.1	3.9
1985	497	26.0	5.2	2.81	1.89	1	[3]27.6	42.1%	16.0	3.2
1984	404	15.3	3.8	3.40	1.29	1	[3]16.4	42.6%	9.4	2.3
1983	395	27.1	6.9	7.59	0.64	1	[3]28.1	44.0%	15.7	4.0
1982	206	6.0	2.9	5.25	0.50	1	[3]6.8	36.7%	4.2	2.0
1981	231	7.9	3.4	4.98	0.32	3	[3]5.6	46.6%	3.0	1.3
[1]1980	258	13.9	5.4	1.09	0.37	Nil	[3]13.2	50.2%	6.6	2.5
1979	246	16.9	6.9	0.31	0.34	1	15.6	49.2%	7.9	3.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	9.1	NA	376	NA	4,247	1.8%	3,655	169	3,871	94.4	26.8%
1987	37.6	274	84	3.2	380	8.4%	99	133	296	33.3	26.9%
1986	6.0	298	82	3.7	384	9.3%	134	104	302	44.4	28.0%
1985	14.3	143	30	4.8	173	10.3%	15	81	143	10.4	21.4%
1984	7.0	110	17	6.5	135	6.9%	15	67	118	12.6	14.7%
1983	1.2	115	42	2.7	137	14.5%	13	61	95	13.3	29.1%
1982	1.5	65	19	3.5	78	5.9%	7	47	60	12.1	9.1%
1981	1.2	56	15	3.7	63	4.7%	4	44	48	7.3	6.8%
1980	5.6	66	22	3.0	68	10.0%	Nil	46	46	Nil	15.3%
1979	8.1	66	25	2.6	67	13.1%	Nil	42	42	Nil	20.6%

Data as orig. reptd.; finance sub. consol. after 1987. 1. Refl. accounting change. 2. Net of curr. yr. retirement and disposals. 3. Incl. equity in earns. of nonconsol. sub. 4. Net of interest inc. 5. Reflects merger or acquisition. NA-Not Available.

Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	295	264	175	120
Jun.	341	323	233	157
Sep.	368	342	239	202
Dec.		343	201	187
		1,272	848	666

Consolidated revenues for the nine months ended September 30, 1989 rose 7.5%, year to year, primarily reflecting gains in the homebuilding segment. Margins narrowed, and pretax earnings declined 13%. After taxes at 39.8%, versus 39.0%, net income was down 14%. Earnings per share were $1.93 (fully diluted $1.76), compared with $2.30 ($2.19).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.35	0.43	0.47	0.20
Jun.	0.79	0.81	0.73	0.40
Sep.	0.80	1.06	0.88	0.86
Dec.		0.80	0.37	0.56
		3.10	2.46	2.02

1. Net Sales prior to 1988

Dividend Data

Cash dividends were initiated in 1975. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Mar. 15	Apr. 10	Apr. 15	Apr. 30'89
0.15	Jun. 21	Jul. 10	Jul. 15	Jul. 31'89
0.15	Aug. 16	Oct. 6	Oct. 15	Oct. 31'89
0.15	Dec. 20	Jan. 8	Jan. 15	Jan. 31'90

Next dividend meeting: mid-Mar.'90.

Finances

In May, 1989 Ryland filed a shelf registration with the SEC for $100 million of debt securities.

Capitalization

Long Term Debt: $3,540,348,000.

Conv. Preferred Stock: Approx. $40,000,000. Held by ESOP.

Common Stock: 12,876,754 shs. ($1 par). Institutions hold approximately 82%. Shareholders of record: 2,206.

Options: To purchase 1,360,268 shs. at $2.22 to $13.19 each.

Office—10221 Wincopin Circle, (P O Box 4000), Columbia, Md 21044 **Tel**—(301) 730-7222 **Chrmn & Pres**—C. E. Peck **Treas**—T. H. Potts **Secy & Investor Contact**—Nancy L. Smith **Dirs**—A. W. Brewster, R. J. Gaw, L. M. Harlan, L. C. Heist, A. P. Hobbitzell, Jr., W. G. Kegler, J. F. McEneaney, J. H. Mullin III, C. E. Peck, J. W. Rouse, J. O. Wilson. **Transfer Agent & Registrar**—Maryland National Bank, Baltimore, Md. **Incorporated** in Maryland in 1967. **Empl**—2,695.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

SCEcorp

1959M

NYSE Symbol SCE Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
38⅞	39¼-31	11	2.56	6.6%	A	0.36

Summary

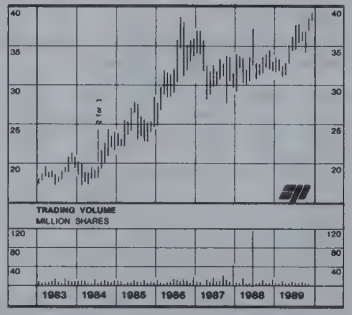
This utility holding company was formed in July, 1988 by Southern California Edison in a corporate restructuring. On November 30, 1988 SCE and San Diego Gas & Electric approved a definitive merger agreement, and shareholders of both companies approved the plan in April, 1989. The merger may be completed by late 1990. The two companies jointly own assets thoughout the Southwest. SCE's Southern California Edison serves a diversified industrial and commercial economy, while San Diego Gas & Electric provides service to one of the nation's fastest growing residential communities.

Current Outlook

Share earnings for 1990 are projected at $3.30, giving effect to the proposed merger, down from the $3.55 estimated for 1989.

The dividend, which was raised 3.2% with the July, 1989 payment, is expected to be maintained at $0.64 quarterly.

Share earnings for 1990 will reflect some dilution following the merger of San Diego Gas & Electric, expected late in the year. Operating efficiences and savings from the merger will enhance longer-term prospects.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,530	1,331	1,284	1,240
Jun.	1,572	1,353	1,332	1,211
Sep.	2,182	2,029	1,487	1,550
Dec.	---	1,539	1,390	1,311
	---	6,253	5,493	5,312

Revenues for the 12 months ended September 30, 1989 rose 11%, year to year, owing mostly to balancing account adjustments. After a more rapid increase in production costs, operating income was up 1.5%. Following lower AFUDC and higher interest charges, net income fell 7.2%. Share earnings were $3.51, compared with $3.78.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.54	0.54	0.47	0.84
Jun.	0.65	0.67	0.86	0.83
Sep.	1.84	1.79	0.97	0.94
Dec.	E0.52	0.49	0.78	0.67
	E3.55	3.49	3.08	3.28

Important Developments

Oct. '89— The company reported that the pending merger of SCE and San Diego Gas & Electric (SDO) is on schedule for completion in late 1990, at which time both Federal and state regulators are expected to have given their approvals. Shareholders approved the merger in April, 1989. On November 30, 1988 SCE and SDO approved a definitive agreement to merge SDO into SCE's Southern California Edison utility subsidiary. Each SDO common share (some 55.9 million outstanding) would be exchanged for 1.3 common shares of SCE. Outstanding SDO preferred and preference stocks would be exchanged for similar SCE shares, except that the dividends on each series are projected to be increased by between 2.53% and 20.0%. The transaction would be valued at about $2.7 billion.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.72	21.63	20.60	20.37	19.42	18.50	17.22	16.65	16.41	16.97
Earnings[1]	3.49	3.08	3.28	3.26	3.18	3.11	2.57	2.47	1.75	2.28
Dividends[2]	2.45½	2.35½	2.25	2.13	2.00½	1.83	1.69	1.55	1.42	1.30
Payout Ratio	70%	76%	69%	65%	63%	59%	66%	61%	81%	57%
Prices—High	37¼	37	38¾	28½	24⅜	21½	18⅜	15⅜	13⅞	13¾
Low	29⅛	27⅝	24¾	22⅛	17⅛	17¼	14	11½	10	11⅞
P/E Ratio—	11-8	12-9	12-8	9-7	8-5	7-6	7-5	6-5	8-6	6-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1984. 1. Bef. spec. item(s) of +0.31 in 1987. 2. Declared. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	6,253	647	375	82.5%	3.28	30	40.8%	809	12.9	11.3	15.3
1987	5,493	549	361	81.8%	3.64	116	43.8%	721	13.1	10.0	14.9
1986	5,312	505	353	81.8%	3.81	135	47.7%	769	14.5	11.3	15.1
1985	5,169	455	353	81.2%	3.71	158	47.8%	774	15.0	11.9	15.8
1984	4,899	399	419	80.3%	3.34	195	45.4%	732	15.0	12.8	16.3
1983	4,464	289	280	84.2%	3.16	366	35.5%	691	15.5	12.7	17.0
1982	4,303	221	210	87.5%	---	303	12.1%	556	12.9	10.9	14.9
1981	4,054	202	193	87.9%	---	233	22.7%	490	12.1	10.8	14.9
1980	3,661	188	228	89.8%	---	162	2.6%	318	8.7	8.9	10.8
1979	2,564	179	177	85.0%	---	119	18.1%	346	13.5	9.3	13.6

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	16,840	835	11,395	9.6	12,029	5,422	48.9	598	5.4	5,065	45.7
1987	16,514	1,021	11,632	8.7	11,392	4,915	46.5	643	6.1	5,023	47.4
1986	15,115	1,090	11,528	8.7	10,889	4,764	46.6	665	6.5	4,794	46.9
1985	13,990	1,076	10,838	9.3	10,763	4,809	46.9	862	8.4	4,575	44.7
1984	12,835	852	10,071	9.9	9,855	4,249	45.3	890	9.5	4,243	45.2
1983	11,887	805	9,460	7.8	9,168	4,052	46.3	910	10.4	3,793	43.3
1982	10,764	994	8,578	6.7	8,608	3,970	48.0	916	11.0	3,397	41.0
1981	9,518	957	7,502	7.0	7,538	3,444	47.3	872	11.9	2,972	40.8
1980	8,406	782	6,566	6.0	6,556	2,946	46.3	878	13.8	2,534	39.9
1979	7,578	674	5,902	6.9	5,949	2,746	47.4	810	14.0	2,237	38.6

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant.

Business Summary

SCEcorp is the holding company formed in July, 1988 by Southern California Edison, now its main subsidiary. SCE serves more than 10 million people. Electric sales in recent years:

Revenues	1988	1987	1986	1985
Residential	32%	30%	28%	28%
Commercial	35%	35%	33%	31%
Industrial	20%	22%	23%	23%
Other	13%	13%	16%	18%

Power sources in 1988 were gas/oil 25%, nuclear 15%, coal 10%, hydro 5%, and purchased 45%. Cogeneration and wholesale purchases will represent a greater portion of SCE's power sources in the future. Peak demand in 1988 was 15,987 mw and capability totaled 18,893 mw for a capacity margin of 15%.

SCE owns 80% of the San Onofre 1 nuclear unit and 75% of San Onofre 2 and 3. SCE also has a 15.8% interest in the three unit Palo Verde nuclear station. The disallowance for SONGS 2 and 3 and the Palo Verde project was finalized in 1987 and led to a $193 million ($0.89 a share) write-off which the company charged to 1986 earnings.

Year-to-year earnings comparisons in 1988 were distorted because of a CPUC order that required SCE to increase demand charges in the third quarter. The intent of the order was to reallocate load to lower peak periods.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62	Dec. 15	Dec. 29	Jan. 5	Jan. 31'89
0.62	Mar. 16	Mar. 30	Apr. 5	Apr. 30'89
0.64	Jun. 15	Jun. 28	Jul. 5	Jul. 31'89
0.64	Sep. 21	Sep. 29	Oct. 5	Oct. 31'89

Next dividend meeting: Dec. 21'89.

Capitalization

Long Term Debt: $5,437,278,000.

Subsid. Cum. Pfd. & Pref. Stock: $584,355,000.

Common Stock: 218,461,932 shs. ($4⅛ par). Institutions hold about 34%.
Shareholders of record: 147,010.

Office—2244 Walnut Grove Ave., Rosemead, Calif 91770 **Tel**—(818) 302-1212 **Chrmn & Pres**—H P Allen **Secy**—J Moran **VP-Treas**—M. L. Noel. **Investor Contact**—W. J. Scilacci. **Dirs**—H. P. Allen, R. A. Anderson, N. Barker, Jr., W. Christopher, C. C. Frost, W. B. Gerken, W. R. Gould, J. C. Hanley, C. F. Huntsinger, C. D. Miller, J. J. Pinola, J. M. Rosser, H. T. Segerstrom, E. L. Shannon, Jr., R. H. Smith, E. Zapanta **Transfer Agent & Registrar**—Company's office **Incorporated** in California in 1909. **Empl**—16,995

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

SPX Corp.

1967H

NYSE Symbol SPW Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
28½	42-25	13	1.00	3.5%	B+	1.08

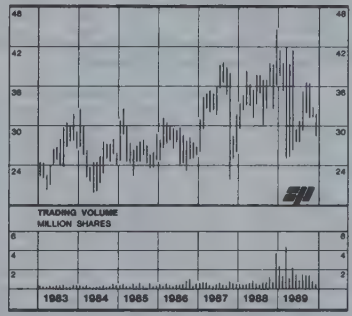
Summary

On May 30, 1989 SPX Corp. completed a restructuring by which it became solely a manufacturer and distributor of components and tools for the repair and maintenance of vehicles, and for industrial applications. SPW transferred its automotive original equipment business to a new partnership, Sealed Power Technologies, L. P., which is 49% owned by SPW and 51% owned by its partners. SPW received some $260 million in cash in the transfer, which was used to make a cash distribution of $13 a share to SPW shareholders and for debt reduction.

Current Outlook

Earnings for 1990 are expected to rise to about $2.25 a share from the $1.90 estimated for 1989. Following the restructuring, quarterly dividends have been maintained at $0.25.

Sales of aftermarket vehicle parts should rise in 1990, reflecting gains at Bear Automotive and strengthening demand for parts, particularly for import cars and high performance applications. Sales of freon recovery equipment should grow rapidly, but prospective earnings are limited by continuing losses at Bear and the sale of 51% of the original equipment operations, which will remain highly leveraged and may not contribute substantial equity earnings in 1990.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	164.0	213.3	179.0
Jun.	---	163.9	225.3	197.1
Sep.	---	154.7	212.9	195.3
Dec.	---	---	226.1	202.8
	---	---	877.7	774.2

Sales for the nine months ended September 30, 1989 advanced 16%, year to year (1988 restated). Following a 28% rise in selling, general and administrative costs, 51% higher interest expense and despite a gain of $6.2 million on the sale of businesses, pretax income decreased 7.7%. After taxes at 38.0%, against 39.0%, income from continuing operations was down 6.3%. Share earnings were $1.46 on 15% more shares, versus $1.80, before earnings from discontinued operations of $2.72, versus $1.06.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.50	0.57	0.94	0.70
Jun.	E0.60	0.56	1.14	0.92
Sep.	E0.60	0.36	0.78	0.74
Dec.	E0.55	E0.41	0.78	d0.24
	E2.25	E1.90	3.64	2.12

Important Developments

Aug. '89— General Motors said that it would require all of its more than 10,000 dealers to install SPW's air conditioning refrigerant recovery and recycling system during the next year.

May '89— SPW completed a restructuring to complete its evolution into a manufacturer and distributor of components and tools for the automotive aftermarket and industrial applications. SPW transferred its original equipment business to a newly formed partnership, Sealed Power Technologies, L.P., which is 49% owned by SPW. SPW received about $260 million in cash for the 51% interest; funds were used for a $13 a share cash distribution to SPW shareholders and for debt reduction. SPW also formed an ESOP and planned the sale of several small businesses.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	[1]1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	18.60	20.36	19.16	17.69	17.33	15.10	13.48	14.77	12.72	12.14
Earnings[2]	3.64	2.12	2.32	2.44	3.38	2.38	1.88	2.20	1.23	2.18
Dividends	1.20	1.10	1.05	1.00	0.90	0.76	0.72	0.68½	0.65	0.60
Payout Ratio	33%	52%	45%	41%	27%	32%	38%	31%	53%	28%
Prices—High	44⅝	39⅝	31¼	32⅝	32½	31¾	23⅛	18⅝	13⅜	16⅜
Low	29½	21¾	23⅛	22⅜	19¾	20¼	12⅝	10⅝	7	9⅝
P/E Ratio—	12-8	19-10	13-10	13-9	10-6	13-9	12-7	8-5	11-6	8-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1983. 1. Reflects merger or acquisition. 2. Bef. item(s) of +0.55 in 1981. E-Estimated. d-Deficit

December 28, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	878	114	13.0	46.1	30.6	16.0	69.9	35.8%	44.9	5.1
1987	774	111	14.3	35.2	29.2	12.3	45.7	42.9%	26.1	3.4
[4]1986	666	89	13.4	38.5	25.3	14.0	50.1	43.1%	28.5	4.3
[4]1985	625	86	13.7	87.1	21.6	13.6	50.3	40.5%	29.9	4.8
[4]1984	500	78	15.7	23.2	13.7	1.1	64.5	36.0%	41.3	8.3
1983	425	67	15.8	13.4	13.0	1.1	52.9	45.1%	29.1	6.8
[4]1982	368	55	15.1	16.4	12.9	2.4	41.5	44.9%	22.8	6.2
1981	304	45	14.9	10.7	10.3	3.5	35.2	39.6%	21.3	7.0
1980	258	32	12.5	26.7	10.0	3.8	20.6	42.8%	11.8	4.6
1979	279	47	17.0	16.2	8.3	2.0	38.5	45.7%	20.9	7.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	9.4	383	125	3.1	702	7.1%	231	321	577	40.0	14.7%
1987	6.7	311	121	2.6	562	4.8%	130	288	441	29.4	9.3%
1986	7.8	262	81	3.2	518	5.6%	142	273	437	32.5	10.8%
1985	6.1	255	76	3.4	505	7.1%	158	256	430	36.7	12.1%
1984	7.0	189	64	2.9	339	12.9%	26	237	275	9.4	18.6%
1983	12.0	167	62	2.7	302	10.0%	18	208	240	7.4	14.7%
1982	11.8	139	51	2.7	276	8.2%	24	188	225	10.5	12.4%
1981	8.2	104	39	2.7	222	10.1%	30	144	183	16.2	15.8%
1980	11.2	110	45	2.4	197	6.3%	20	124	152	13.4	9.7%
1979	5.0	107	33	3.3	178	12.4%	20	118	145	13.5	18.8%

Data as orig. reptd. 1. Net of interest income after 1980. 2. Incl. equity in earns. of nonconsol. subs. aft. 1980. 3. Bef. spec. item(s) in 1981 4. Reflects merger or acquisition.

Business Summary

SPX Corp. (formerly Sealed Power) manufactures and distributes broad lines of precision engineered products used in the maintenance and repair of vehicles and appliances, and in industrial applications. In May, 1989 SPW spun off its vehicular assembly business to a newly-formed partnership, Sealed Power Technologies, L.P. SPW retained a 49% interest in the partnership. Contributions to sales by market sector (before the spin-off):

	1988	1987
Maintenance & repair		
Replacement	28%	36%
Service	30%	20%
Vehicular assembly	28%	30%
Engineered components	14%	14%

SPW's Sealed Power unit makes and sells replacement parts, including piston and transmission rings, and valve tappets and guides. To complete its line, parts are purchased and sold to original equipment manufacturers (OEMs) for distribution to dealers. Kent-Moore, OTC and Bear Automotive make and sell specialized service tools and instruments, including engine diagnostic equipment and instrumentation, wheel balancers, wheel alignment systems and gear pullers.

Engineered components include window and door hardware for the residential and commercial construction industry; hydraulic rams, pumps and valves for the industrial marketplace; and mixing and dispensing equipment.

Vehicular Assembly, which formed the nucleus of 49%-owned Sealed Power Technologies, L.P., supplies components and assemblies to OEMs for installation on new vehicles. Engine parts include piston and transmission rings, valve tappets and guides, cylinder sleeves and transmission filters. Nonengine parts are used in rack and pinion and tilt steering, air and vacuum pumps, carburetors, clutches, transmissions and suspension systems.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plans is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
13.00 Spl.	Mar. 6	May 31	Mar. 31	May 30'89
0.30	Apr. 26	May 15	May 19	Jun. 10'89
0.25	Jun. 7	Aug. 21	Aug. 25	Sep. 11'89
0.25	Oct. 18	Nov. 13	Nov. 17	Dec. 8'89
0.25	Dec. 13	Feb. 16	Feb. 23	Mar. 9'90

Next dividend meeting: early Mar. '90.

Capitalization

Long Term Debt: $142,228,000; including $50,000,000 guarantee of ESOP indebtedness.

Common Stock: 14,848,098 shs. ($10 par).
Institutions hold about 55%.
Shareholders of record: 3,196.

Office—100 Terrace Plaza, Muskegon, Mich. 49443. **Tel**—(616) 724-5000. **Chrmn & CEO**—R. D. Tuttle. **Pres**—D. A. Johnson. **VP-Secy**—J M Sheridan. **VP-CFO & Investor Contact**—R. B. Werner. **Dirs**—D. K. Easlick, F. A. Ehman, E. R. Fiene, E. D. Hopkins, J. C. Huntington, Jr., C E Johnson II, D. A. Johnson, R. W. Kaplan, R. J. Mason, Jr., P. H. Merlin, E. I. Schaton, R. D. Tuttle, G. J. Williams. **Transfer Agent & Registrar**—The Bank of New York, NYC. **Incorporated** in Michigan in 1912; reincorporated in Delaware in 1968.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Joshua M Haran

SAFECO Corp.

5141F

NASDAQ Symbol SAFC (Incl. in Nat'l Market) Options on NYSE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 21'89	1989					
33¼	34¾-23⅛	9	1.20	3.6%	A-	0.77

Summary

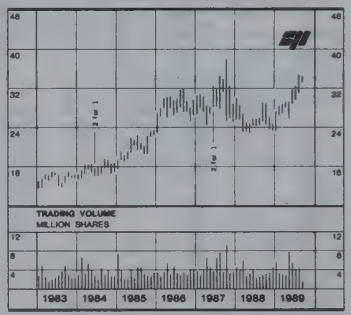
Predominantly a property-casualty insurer, this holding company also engages in life, health and surety insurance, real estate, investment management and commercial credit services. Significant p-c underwriting losses offset enhanced life and health profits and reduced losses from real estate operations and limited earnings growth for 1989's first half.

Current Outlook

Net operating earnings for 1989, which exclude realized capital gains, are expected to increase to $3.65 a share, from 1988's $3.59. Earnings for 1990 could decline to $3.50 a share.

The quarterly dividend was raised 11%, to $0.30 a share, in May 1989.

A decline in property-casualty profits will likely overshadow an expected improvement in life and health results, and earnings growth for 1989 is expected to be modest. Competition in the p-c area is unlikely to abate near term, and premiums will probably exhibit only modest growth. As losses and expenses are estimated to grow at a faster pace, underwriting performance should falter. Offsetting the enlarged underwriting losses to a degree will be a moderate advance in investment income. Troubled hospital operations are expected to restrain real estate results. Share repurchases will aid comparisons.



Net Operating Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.88	0.83	0.80	0.54
Jun.	1.04	0.95	0.86	0.63
Sep.		0.75	0.83	0.58
Dec.		1.06	0.64	0.60
		3.59	3.12	2.35

Review of Operations

Total revenues for the six months ended June 30, 1989, rose 9.4%, year to year, largely reflecting gains of 4.1% in property-casualty premiums, a 13% increase in real estate revenues and a 25% advance in investment income (excluding realized gains). Total expenses rose more rapidly, and pretax operating income growth was held to 5.7%. By segment, p-c earnings fell 15%, life and health pretax profits more than doubled and credit operations advanced 34%, while losses from real estate operations narrowed to $1.3 million, from $3.8 million. Pretax realized capital gains fell 12%, and pretax income was up 2.5%. After taxes at 18.5%, versus 17.0%, net income was 1.0% higher. Share earnings were $2.20 (including $0.28 in realized capital gains), compared with $2.09 ($0.31).

Important Developments

Jul. '89— SAFECO noted that a deterioration of profits in most p-c lines offset a turnaround that had begun in the life-health unit. Of particular concern was the nonvoluntary (or assigned risk) personal auto line, where underwriting losses have been mounting. Commercial p-c lines continued to be impaired by weak pricing and unfavorable claims experience. Since 25% of its p-c premiums are written in California, SAFECO is vulnerable to any rate rollbacks mandated by Proposition 103, a consumer-sponsored bill.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value[2]	24.87	21.39	19.68	16.44	14.40	13.88	12.15	11.32	10.84	9.80
Oper. Earnings[3]	3.59	3.12	2.35	1.65	1.52	1.78	1.44	1.45	1.40	1.76
Earnings[4,3]	4.10	3.75	3.33	2.37	1.63	1.87	1.05	1.47	1.20	1.74
Dividends	1.02	0.90½	0.82½	0.77½	0.70	0.60	0.55	0.50	0.45	0.37½
Payout Ratio	25%	24%	25%	33%	43%	32%	52%	35%	32%	21%
Prices—High	30	38	32	23½	17⅝	15	13¾	10½	10¼	9½
Low	22¾	24⅜	22⅞	15½	13½	11½	7½	8⅜	7⅞	7
P/E Ratio—	8-6	12-8	14-10	14-9	12-9	8-6	10-5	7-6	7-6	5-4

Data as orig. reptd. Adj. for stk. divs. of 100% Jun. 1987, 100% Jun. 1984. 1. Bef. realized capital gains. 2. As reptd. by co. 3. Bef. results of disc. ops. of +0.07 in 1986. 4. Aft. gains/losses on security trans. and sale of real estate.

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income: Life A & H	Premium Income: Cas./ Prop.	Net Inv. Income	Total Revs.	[1]Comb. Loss-Exp. Ratio	Net Bef. Taxes	[2]Net Oper. Inc.	[2,3]Net Inc.	% Return On: Revs.	% Return On: Equity
1988	**21,105**	**588**	**1,491**	**537**	**2,873**	**99.4**	**277**	**235**	**269**	**8.2**	**15.6**
1987	19,838	510	1,419	434	2,525	100.7	211	210	253	8.3	15.2
1986	17,920	506	1,287	362	2,399	105.4	160	158	224	6.6	13.0
1985	15,925	396	1,099	296	2,165	110.0	104	118	170	5.5	10.9
1984	14,602	336	943	238	1,845	109.8	85	113	121	6.1	10.8
1983	13,145	265	873	202	1,643	102.6	153	133	140	8.1	13.7
1982	12,279	190	833	165	1,445	101.0	116	108	79	7.4	12.2
1981	11,830	156	827	142	1,386	98.2	132	110	112	7.9	13.1
1980	10,834	127	798	123	1,254	96.7	134	107	92	8.5	13.5
1979	10,231	111	732	108	1,146	89.8	193	138	137	12.0	19.7

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	[4]Premiums Due	Investment Assets: Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	Invest. Yield	Deferred Policy Costs	Total Assets	[5]Debt	Common Equity
1988	**170**	**275**	**5,198**	**675**	**274**	**6,564**	**8.9**	**228**	**7,732**	**723**	**1,570**
1987	143	255	4,180	624	239	5,478	8.6	211	6,615	714	1,435
1986	125	237	3,473	620	176	4,661	8.7	197	5,782	708	1,328
1985	130	207	2,617	518	127	3,695	8.9	175	4,764	759	1,106
1984	115	176	1,975	443	115	2,982	8.5	160	3,884	552	1,069
1983	110	133	1,621	497	118	2,622	8.3	158	3,415	419	1,036
1982	78	122	1,388	409	117	2,226	7.9	158	2,992	381	908
1981	69	110	1,160	410	117	1,947	7.4	156	2,706	305	855
1980	58	102	1,018	465	91	1,847	6.9	158	2,624	349	828
1979	81	92	982	471	77	1,724	6.7	149	2,507	334	762

Data as orig. reptd. 1. As reptd. by co. (bef. divs. to policyholders). 2. Bef. results of disc. ops. in 1986. 3. Incl. gain on sale of real estate. 4. Incl. other service fees receivable. 5. Incl. notes & mortgages payable (incl. current portion).

Business Summary

SAFECO Corp. is a holding company whose subsidiaries engage in property-casualty, life and health insurance throughout the U.S. and Canada. Other interests include real estate, commercial credit and investment management. Contributions by business segment to operating income in recent years were:

	1988	1987
Property-casualty	81.5%	83.3%
Life & health	19.0%	16.1%
Real estate	-3.4%	-3.5%
SAFECO Credit	1.5%	1.1%
Corporate	1.4%	3.0%

Property-casualty insurance is the company's principal line of business. Through independent agents, most major lines of personal and commercial p-c coverage are offered in nearly all states and Canada. Gross p-c premiums written in 1988 amounted to $1.63 billion ($1.55 billion in 1987), of which personal auto accounted for 42%, homeowners 18%, other personal lines 5%, commercial lines 30%, surety 4% and other lines 3%.

The life and health companies provide a broad range of individual and group products, pension programs and annuities, offered through independent agents in all states except New York. In early 1987, the company sold its SAFECO Title Insurance Co. for $85 million.

SAFECO Properties Inc. is the parent of three real estate subsidiaries involved in the development and management of regional shopping centers and office buildings (Winmar Co.), medical care real estate (Safecare Co.) and healthcare management (Safecare Health Services). SAFECO Credit provides commercial credit, and two investment management subsidiaries manage the SAFECO family of mutual funds.

Dividend Data

Cash has been paid each year since 1933.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27	Nov. 2	Dec. 30	Jan. 6	Jan. 23'89
0.27	Feb. 1	Apr. 3	Apr. 7	Apr. 24'89
0.30	May 3	Jun. 30	Jul. 7	Jul. 24'89
0.30	Aug. 2	Oct. 2	Oct. 6	Oct. 23'89

Capitalization

Notes & Mtges. Payable: $767,823,000 (6/89).

Common Stock: 63,192,934 shs. ($5 par).
Institutions hold about 62%.
Shareholders: 6,427 of record (12/88).

Office—SAFECO Plaza, Seattle, Wash 98185 Tel—(206) 545-5000 Chrmn—B Maines Pres—R H Eigsti VP-Treas—R. W Hubbard VP-CFO—Bon Dickey Dirs—J W Cannon, R H Eigsti, J Ellis, W. P. Gerberding, D. G. Graham Jr., J. Green, III, H W Haynes, W. M. Jenkins, C. Knudsen, B Maines, W G Reed Jr., T Rembe, H T Segerstrom, P. W. Skinner, R. M. Trafton, G. H. Weyerhaeuser. Registrar & Transfer Agent—Morgan Guaranty Trust Co., NYC Incorporated in Washington in 1929 Empl—8,741

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A Seifert

Safety-Kleen Corp.

1971Q

NYSE Symbol SK In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
29¼	38¾-23¾	22	0.36	1.2%	A	1.08

Summary

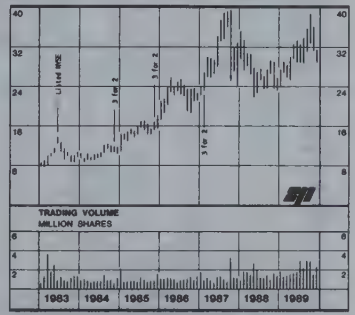
This company provides equipment and services to aid automotive service stations, manufacturers and other industries in the cleaning and maintenance of small parts and other equipment. Other operations include the recovery of oil and other fluids, the rerefining of lubricating oils, and the sale of paint refinishing products. Earnings have increased steadily in each of the past 18 years, and are expected to be higher in 1989 and 1990.

Current Outlook

Share earnings for 1990 are projected at $1.70, up from an estimated $1.40 for 1989.

The $0.09 quarterly dividend is expected to be raised in February, 1990.

Profits from parts cleaning services for 1990 are expected to advance, reflecting a continued rise in the number of parts cleaner units in service and slightly higher prices. Profits from newer services should benefit from higher margins at dry cleaner services and increased demand for oil recovery services. Consolidated earnings growth is expected to be restricted by increased interest expense.



Revenues (Million $)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	101.2	89.2	67.3	54.4
12 Wks: Jun.	110.1	94.8	75.6	58.3
12 Wks: Sep. ...	110.5	97.4	81.5	59.0
16 Wks: Dec. ...	---	135.7	109.3	83.7
	---	417.2	333.6	255.4

Revenues for the 36 weeks ended September 9, 1989 rose 14%, year to year, reflecting increased service activity and higher prices at parts cleaner services operations. A less profitable profit mix held the gain in pretax income to 8.6%. After taxes at 36.4%, versus 37.7%, net income advanced 11%, to $0.91 a share from $0.83.

Common Share Earnings ($)

Period:	1989	1988	1987	1986
12 Wks: Mar. ...	0.30	0.27	0.23	0.17
12 Wks: Jun.	0.31	0.27	0.26	0.20
12 Wks: Sep. ...	0.30	0.29	0.26	0.20
16 Wks: Dec. ...	E0.49	0.44	0.31	0.29
	E1.40	1.27	1.06	0.87

Important Developments

Sep. '89— SK publicly sold $100 million of long-term notes; proceeds were to be used to repay debt and possibly fund capital expenditures or future acquisitions. The company said that capital spending requirements to support anticipated future growth would continue to exceed cash generated from operations for about the next two years. SK stated the decline in the gross profit margin for the 36 weeks ended September 9, 1989 reflected rapid growth in oil recovery services which is a low margin business and added costs for waste disposal at dry cleaner services. Separately, prices for dry cleaner services were raised 17% at the beginning of the 1989 fourth quarter. In July SK increased prices on its domestic parts cleaner service by an average of 3.5%.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	1986	1985	1984	1983	1982	1981	[1]1980	1979
Tangible Bk. Val.	6.49	5.49	4.24	3.53	2.78	2.29	1.84	1.47	1.15	0.91
Earnings[2]	1.27	1.06	0.87	0.73	0.62	0.51	0.43	0.37	0.26	0.21
Dividends	0.30	0.24	0.21⅜	0.18¾	0.13⅜	0.08⅞	0.06¾	0.03⅞	0.03⅛	0.02
Payout Ratio	24%	23%	24%	26%	21%	17%	16%	11%	13%	9%
Prices—High	35¼	39½	25⅞	18⅛	12⅜	13⅞	8⅝	6⅞	5¼	3⅛
Low	21¾	22⅛	17⅛	10¾	8¾	7¾	3⅞	4½	2⅞	1¾
P/E Ratio—	28-17	37-21	30-20	25-15	20-14	27-15	20-9	19-13	20-11	15-8

Data as orig. reptd. Adj. for stk. divs. of 50% Mar. 1987, 50% Dec. 1985, 50% Dec 1984, 50% Dec. 1982, 100% Nov. 1980 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.11 in 1985. E-Estimated.

December 26, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc.of Revs.
[2]1988	417	90.7	21.7	92.7	28.5	[3]1.58	[4]67.1	36.9%	42.3	10.1
[2]1987	334	82.6	24.8	84.0	22.3	NA	[4]60.6	42.1%	35.1	10.5
1986	255	80.7	23.8	50.0	14.4	NA	[4]50.3	43.9%	28.3	11.1
1985	221	50.8	23.0	32.9	11.4	NA	[4]41.3	43.1%	23.5	10.6
1984	186	40.4	21.8	32.9	8.6	0.92	35.0	44.5%	19.4	10.5
1983	163	33.5	20.6	11.8	7.0	0.93	28.7	45.1%	15.8	9.7
1982	149	27.9	18.7	16.4	6.1	0.99	24.1	45.9%	13.0	8.7
1981	135	22.8	16.9	7.4	5.4	0.96	18.7	41.2%	[5]11.0	8.1
[5]1980	116	19.6	16.9	8.6	4.5	0.86	15.4	48.6%	7.9	6.8
1979	85	15.0	17.6	8.1	3.4	0.97	11.5	49.9%	5.8	6.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	[2]Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	[2]Ret. On Equity
1988	37.4	124	71.4	1.7	399	12.1%	60.8	216	314	19.4	21.2%
1987	17.5	94	47.6	2.0	302	13.5%	28.5	182	246	11.6	21.8%
1986	18.7	79	37.1	2.1	213	14.4%	9.9	137	176	5.6	22.4%
1985	21.6	77	30.9	2.5	177	14.8%	11.7	114	146	8.0	23.1%
1984	17.5	62	24.7	2.5	136	15.8%	7.1	86	110	6.4	24.7%
1983	18.9	58	20.7	2.8	110	15.6%	8.0	70	88	9.1	24.8%
1982	15.2	47	18.3	2.5	92	15.2%	9.0	56	72	12.5	25.9%
1981	17.0	44	17.4	2.5	79	14.8%	9.9	44	60	16.4	27.9%
1980	14.4	36	17.6	2.1	69	14.2%	9.9	35	51	19.6	25.5%
1979	9.8	25	13.7	1.8	54	13.9%	8.3	26	39	21.2	35.9%

Data as orig. reptd. 1. Bef. spec. item(s) in 1985. 2. As reptd by co. 3. Net of interest income. 4. Incl. equity in earns of nonconsol. subs 5. Refl. acctg. change. 6. Refl. merger or acq. NA-Not Available.

Business Summary

Safety-Kleen provides services to almost 400,000 businesses that generate small quantities of hazardous waste fluids. In December, 1988 SK sold its restaurant services business. Contributions to revenues in recent years:

	1988	1987
Parts cleaner service.....	61%	65%
Newer services	39%	35%

Foreign operations (Canada and the United Kingdom) accounted for 13% of sales and 10% of net income in 1988.

Parts cleaning machines are placed in service stations, car and truck dealers, small engine repair shops, fleet maintenance shops, and industrial maintenance departments that need to clean parts. A sales representative returns regularly to clean and maintain the machine, and replace solvent used in the degreasing process. Customer-owned parts cleaning units are also serviced.

Other relatively newer service areas include the supply of materials and services to the automotive body repair and paint refinishing markets; the supply and recycling of chlorinated solvents to larger industrial users; the sale and collection of filter cartridges and cleaning solvents to dry cleaners; and the re-refining of used lubricating oils.

Dividend Data

Cash payments began in 1979. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Feb. 10	Mar. 10	Mar. 16	Mar. 30'89
0.09	May 10	Jun. 9	Jun. 15	Jun. 29'89
0.09	Aug. 10	Sep. 8	Sep. 14	Sep. 28'89
0.09	Nov. 7	Dec. 8	Dec. 14	Dec. 28'89

Next dividend meeting: early Feb. '90.

Capitalization

Long Term Debt: $104,404,000.

Common Stock: 33,854,899 shs. ($0.10 par).
About 19% closely held.
Institutions hold some 49%.
Shareholders of record: 4,800.

Office—777 Big Timber Rd., Elgin, Ill. 60123 **Tel**—(312) 697-8460 **Chrmn**—R. A. Gwillim **Pres & CEO**—D. W. Brinckman **VP & Secy**—R. W. Willmschen. **Treas**—L. M. Rudnick. **Investor Contact**—M. Miller. **Dirs**—K. L. Block, D. W. Brinckman, R. T. Farmer, R. A. Gwillim, E. D. Jannotta, K. G. Otzen, P. D. Schrage, W. G. Wood. **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Wisconsin in 1963 **Empl**—4,300

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

St. Jude Medical

5148

NASDAQ Symbol STJM (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
46	47¾-19⅜	23	None	None	B	1.26

Summary

This company is the world's leading producer of mechanical heart valves. Sales and earnings have grown rapidly in recent years, aided by strong growth for heart valves and product diversification through acquisitions. A two-for-one stock split was effected in March 1989.

Business Summary

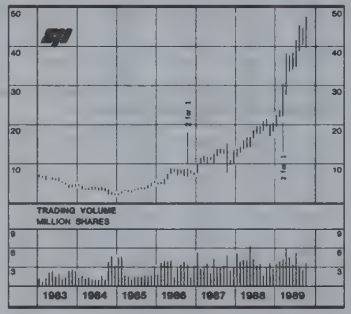
St. Jude Medical, Inc. designs, manufactures and markets medical devices for cardiovascular and vascular applications. Its principal product, an artificial heart valve, received FDA approval in late 1982 for general marketing in the U.S. The company believes it is the market-share leader in the mechanical segment of the global heart valve market. Sales in recent years were distributed geographically as follows:

	1988	1987	1986
U.S.	59%	55%	59%
Exports	41%	45%	41%

The company's leading product is a bileaflet pyrolytic carbon-coated prosthetic heart valve with four basic components: two leaflets, the valve body and the sewing cuff. The leaflets and the valve body substrate are made of graphite coated with pyrolytic carbon by CarboMedics Inc., Austin, Tex., the sole U.S. supplier of pyrolytic carbon. In 1983, CarboMedics halted shipments St. Jude, claiming that its research activities in carbon technology were infringing on certain CarboMedics patents. It brought suit on these charges in 1984; the dispute was resolved in 1985 through an agreement under which St. Jude will purchase mechanical heart valve components from CarboMedics through August 31, 1993, and will also produce a small quantity of its own valves under a limited license agreement with Intermedics, parent of CarboMedics.

At 1988 year-end, St. Jude had substantially completed conversion of its domestic sales force from a distributor-based organization to a direct employee-based sales force in order to deal directly with its customers. The company had 16 direct sales representatives engaged in the sale of its products in selected territories in the U.S. The international representatives purchase the valves and resell them to hospitals on the order of physicians performing the implant surgery.

In 1986, the company entered the tissue valve segment of the market through the acquisition of BioImplant Canada Inc. The low-profile porcine valve purchased from BioImplant is currently sold internationally, and in 1987 St. Jude filed with the FDA for permission to begin clinical trials in the U.S., however the request remains on hold and approval was not expected until 1990 at the earliest. Also in 1986, FDA approval was received to market BioPolyMeric Vascular Grafts, which are used to replace or repair diseased blood vessels in the lower extremities.



St. Jude added an intra-aortic balloon pump (IABP) to its product line through the late 1988 acquisition of Aries Medical, Inc. The IABP is used in a variety of clinical situtations in which a functioning heart requires additional support.

Important Developments

Apr. '89— St. Jude acquired the centrifugal blood pump system of Symbion Inc. for $6.7 million in cash, plus an additional consideration not to exceed $4 million. The system, which is used to maintain blood circulation during open heart procedures, has received initial authorization from the FDA, and product introduction is expected in early 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	5.56	4.10	2.60	1.90	1.95	1.70	0.71	0.57	0.38	0.29
Earnings[2]	1.42	[3]0.81	0.60	d0.06	0.28	0.24	0.14	0.13	0.08	0.10
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	21½	15¼	8⅞	5¾	4⅞	7⅜	7	7½	7¾	3½
Low	11½	7½	4⅝	1⅞	2	3¾	3⅞	3½	3	1¼
P/E Ratio—	15-8	19-9	15-8	NM	17-7	31-16	50-27	60-28	NM	36-12

Data as orig. reptd. Adj. for stk divs. of 100% Mar. 1989, 100% Oct. 1986, 100% Mar 1980, 100% May 1979. 1. Refl merger or acq. 2. Bef. spec item of +0.03 in 1979 3. Ful. dil.: 0.77. d-Deficit NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	114.1	47.7	41.8	1.06	2.03	0.09	50.0	33.0%	33.5	29.3
1987	71.8	30.1	41.9	3.37	1.82	1.65	29.4	41.1%	17.3	24.1
[2]1986	60.5	23.0	38.0	1.10	1.48	0.62	22.9	47.6%	12.0	19.9
1985	26.1	d2.9	NM	0.84	1.28	0.01	d2.5	NM	d1.1	NM
1984	34.9	7.9	22.6	2.61	0.84	0.01	8.9	40.5%	5.3	15.1
1983	25.8	6.7	26.1	2.55	0.48	0.12	7.0	38.3%	4.3	16.8
1982	17.5	3.9	22.5	1.01	0.35	0.23	3.4	32.3%	2.3	13.3
1981	13.2	2.9	21.7	3.23	0.16	Nil	3.0	32.3%	2.1	15.5
1980	12.1	3.4	28.5	1.46	0.10	Nil	1.8	33.0%	1.2	9.8
1979	8.0	2.7	34.4	0.26	0.09	Nil	2.8	44.4%	1.6	19.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	85.7	125.2	12.15	10.3	143	27.1	Nil	129.7	131.0	Nil	29.9
1987	65.0	88.3	7.42	11.9	102	17.1	0.5	92.3	94.3	0.5	23.0
1986	52.5	73.1	8.53	8.6	86	19.0	26.1	49.8	77.3	33.7	27.9
1985	19.0	31.1	3.01	10.4	40	NM	Nil	35.3	36.7	Nil	NM
1984	24.1	30.4	2.36	12.9	40	14.4	Nil	36.0	37.3	Nil	15.7
1983	12.3	27.5	1.94	14.2	35	14.6	Nil	32.3	32.8	Nil	18.8
1982	0.3	15.5	8.80	1.8	21	13.8	Nil	11.6	11.9	Nil	22.3
1981	1.3	8.4	4.17	2.0	14	17.6	Nil	9.2	9.3	Nil	26.6
1980	2.8	7.7	3.48	2.2	10	14.6	Nil	6.0	6.0	Nil	22.6
1979	2.3	6.2	2.18	2.9	7	35.5	Nil	4.5	4.5	Nil	49.6

Data as orig. reptd. 1. Bef. spec. item in 1979. 2. Refl. merger or acq. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	38.8	27.2	19.0	16.2
Jun.	37.8	30.4	18.6	15.1
Sep.	35.5	27.6	19.0	15.5
Dec.		29.0	15.3	13.7
		114.1	71.8	60.5

Net sales for the nine months ended September 30, 1989, rose 32%, year to year, reflecting a significant increase in mechanical valve sales, price increases and the inclusion of Aries Medical. Margins widened on the higher volume, aided by improved manufacturing efficiencies and a more favorable product mix; pretax income was up 44%. After taxes at 28.1%, versus 33.2%, net income rose 55% to $38,158,000 ($1.61 a share), from $24,669,000 ($1.05, as adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.54	0.33	0.21	0.15
Jun.	0.56	0.37	0.21	0.16
Sep.	0.51	0.35	0.21	0.16
Dec.		0.37	0.18	0.14
		1.42	0.81	0.60

Dividend Data

The company has not paid any cash dividends. A two-for-one stock split was declared on February 15, 1989, payable on March 15 to stockholders of record March 1.

Finances

In May, 1988, the U.S. Food and Drug Administration approved the company's mechanical heart valve assembly plant in Cagues, Puerto Rico. The plant is fully operational and began assembly of heart valves in early 1988.

As a result of its marketing force conversion (see Business Summary), St. Jude recorded a provision for inventory returns for 1987 that reduced net earnings by about $0.07 (adj.) per share.

The company's research efforts are directed toward the development of new and existing products, after historically being focused on carbon-coated components for its valves. In 1988, St. Jude's R&D expenditures totaled $2.7 million, up from $2.6 million the year before.

Capitalization

Long Term Debt: None (6/89).

Common Stock: 23,196,475 shs. ($0.10 par). Institutions hold about 67%.
Shareholders: 1,818 of record (2/89).

Options: To buy 784,600 shs. at $2.19 to $18.34 ea.

Office—One Lillehei Plaza, St. Paul, Minnesota 55117. Tel—(612) 483-2000. Chrmn—W. G. Hendrickson. Pres & CEO—L. A. Lehmkuhl VP-Fin & CFO—W. M. Krzyswik. Dirs—F. A. Ehmann, T. H. Garrett III, W. G. Hendrickson, L. A. Lehmkuhl, C. V. Owens Jr., J. S. Womack. Transfer Agent—Norwest Bank Minnesota, South St. Paul. Incorporated in Minnesota in 1976. Empl—399.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

J. Lang

St. Paul Companies

5150

NASDAQ Symbol STPL (Incl. in Nat'l Market) Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
59¼	60¼-43	8	2.20	3.7%	B+	0.74

Summary

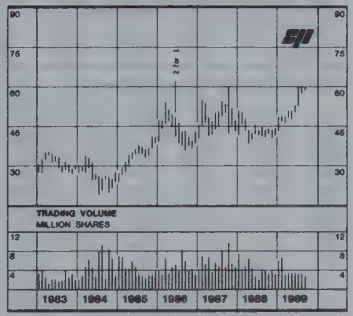
This holding company owns St. Paul Fire & Marine Insurance, the 17th-largest property-liability insurer in the U.S., and an investment banking unit, John Nuveen & Co. In the past several years, it sold its life insurance, mutual fund, consumer finance and title insurance operations and built the largest U.S. wholesale broker operation. In 1988, STPL acquired (for approximately $560 million) the 74% of London-based insurance broker Minet Holdings PLC that it did not already own.

Current Outlook

Net operating earnings for 1989 are expected to rise to $6.50 a share, from 1988's $6.47 (which excludes a $0.79 "fresh start" tax benefit). Earnings for 1990 could reach $7.20 a share.

The $0.55-a-share quarterly dividend is the minimum expectation.

Despite a greater reliance on specialty insurance, which should somewhat insulate STPL from increasing competition in the commercial marketplace, earnings growth is expected to be modest in 1989. STPL is the leading writer of medical malpractice insurance in the U.S. and, thus, should benefit from a greater degree of pricing control in this insurance line. However, pricing pressures will likely limit standard-line gains, and underwriting performance in the aggregate will likely suffer. Moderate gains are expected at the investment banking unit.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.87	1.73	1.46	0.59
Jun.	2.10	1.59	1.63	0.55
Sep.		2.12	1.97	1.02
Dec.		1.82	1.70	1.17
		7.26	6.76	3.33

Review of Operations

Revenues for the first six months of 1989 rose 6.7%, year to year (1988 restated), as increased contributions from net investment income, brokerage and investment banking operations and sharply higher realized capital gains offset sluggish premium growth. Total expenses advanced 5.2%, and pretax earnings were up 18%. Insurance operations posted a 15% increase in pretax profits, due to improved underwriting results. Investment banking profits increased 24%, reflecting increased sales of bond funds and growth in assets under management. After taxes at 19.0%, versus 18.1%, net income was up 17%. Share earnings were $3.97 (including realized investment gains of $0.50), against $3.43 ($0.11), before a $0.06 extraordinary credit in the 1988 interim.

Important Developments

Aug. '89— STPL noted that earnings for 1989's first half benefited from improved underwriting results, primarily in the medical services segment. The combined ratio of this segment was 92.7, versus 105.1 a year earlier (a combined ratio under 100 indicates an underwriting profit, while one above 100 indicates a loss). This offset a deterioration in the reinsurance, specialty risks and fidelity and surety bond operations. The total combined ratio was 103.5, versus 104.4 a year earlier.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Book Value[1]	43.47	36.96	31.15	25.25	24.17	32.11	30.72	26.06	24.88	22.31
Oper. Earnings[2]	7.26	6.76	3.33	1.05	d4.91	3.02	4.62	4.21	3.60	3.65
Earnings[2,3]	7.32	6.64	3.45	2.27	d4.81	3.23	4.66	3.86	3.77	3.82
Dividends	2.00	1.76	1.50	1.50	1.50	1.37½	1.26½	1.16	1.04	0.92½
Payout Ratio	27%	27%	43%	66%	NM	43%	27%	30%	28%	24%
Prices—High	51	60	54⅛	41¼	33⅞	35½	32⅝	26½	21⅛	20⅞
Low	38¼	40¼	35¾	23¾	19	26⅞	17⅝	18⅞	15½	16½
P/E Ratio—	7-5	9-6	16-11	39-23	NM	12-9	7-4	6-4	6-4	6-5

Data as orig. reptd. Adj. for stk. div. of 100% Jun. 1986. **1.** As reptd. by co. **2.** Bef. results from disc. ops. of +0.08 in 1985, -0.45 in 1984, +0.20 in 1982, -0.41 in 1981, -0.97 in 1980; bef. spec. items of +0.06 in 1988, +0.81 in 1987, +1.30 in 1986, +0.15 in 1980, +0.07 in 1979 **3.** Aft. gains/losses on security trans. **4.** Oper. earnings prior to 1989. d-Deficit. NM-Not Meaningful.

September 29, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	[2]Net Oper. Inc.	[2]Net Inc.	% Return On Revs.	% Return On [1]Equity
1988	2,706	592	3,631	73.6	30.0	103.6	422	349	352	9.6	20.4
1987	2,673	535	3,366	76.2	28.9	105.1	374	324	319	9.6	22.5
1986	2,472	459	3,182	82.0	27.9	109.9	216	154	160	4.8	15.2
1985	2,052	381	2,672	91.3	28.5	119.8	12	42	91	3.4	9.2
1984	1,847	328	2,359	99.4	30.9	130.3	d224	d197	d193	NM	NM
1983	1,864	324	2,321	81.3	31.8	113.1	82	127	136	5.5	9.7
1982	1,704	311	2,159	72.5	32.7	105.2	202	196	197	9.1	17.9
1981	1,648	263	1,971	72.4	31.4	103.8	174	176	162	8.9	16.9
1980	1,600	216	1,868	73.2	30.7	103.9	144	151	158	8.1	16.1
1979	1,501	180	1,783	69.9	29.8	99.7	167	153	160	8.6	19.8

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets [3]Bonds	Stocks	Loans	Total	% Invest. Yield	Deferred Policy Costs	Total Assets	[4]Debt	Common Equity
1988	179	1,210	6,345	679	Nil	7,467	8.5	251	10,382	288	2,015
1987	268	806	5,704	491	Nil	6,470	8.8	246	8,399	97	1,711
1986	116	668	5,128	340	Nil	5,668	8.9	228	7,627	172	1,441
1985	125	591	3,994	362	Nil	4,586	9.0	219	6,898	182	1,012
1984	124	493	3,337	325	Nil	3,879	8.7	187	5,327	83	969
1983	87	414	3,115	571	193	4,138	7.9	270	5,595	96	1,287
1982	85	321	2,909	708	192	4,022	8.2	253	5,318	104	1,314
1981	74	271	2,644	634	190	3,549	7.7	234	4,800	91	1,091
1980	87	259	2,488	585	181	3,262	7.1	230	4,252	6	1,043
1979	96	240	2,212	485	117	2,822	6.9	210	4,101	141	936

Data as orig. reptd. **1.** As reptd. by co. **2.** Bef. results of disc. ops. & spec. items. **3.** Incl. short-term invest. **4.** Excl. S-T bank borrowings. d-Deficit. NM-Not Meaningful.

Business Summary

St. Paul Companies is a management company engaged, through subsidiaries, in providing property-liability insurance and insurance-related products and services to commercial and personal customers. The company's principal subsidiary is St. Paul Fire & Marine Insurance Co., which ranks among the largest U.S. property-liability insurers.

Contributions to revenues and pretax operating income (in millions) for 1988 were:

	Revs.	Income
Property-liability	97%	$431.8
Investment banking	3%	36.6
Parent co. and other	Nil	-46.2

St. Paul Fire & Marine writes most lines of property-liability insurance. Of the $2.69 billion in written premiums in 1988 ($2.70 billion in 1987), medical services accounted for 32% (STPL is the largest medical liability insurer in the U.S.), commercial insurance 30%, reinsurance 12%, specialty risks, and pools 11%, personal insurance 9% and fidelity and surety 6%.

Swett & Crawford, a subsidiary of STPL, is the largest wholesale insurance brokerage network in the U.S. Reinsurance Facilities Corp. is an international reinsurance broker. In early 1988, STPL completed the acquisition of Minet Holdings PLC, a London-based international insurance broker. In 1988, STPL combined its wholesale, retail and reinsurance brokerage operations into the Minet organization, making STPL the seventh largest insurance broker in the world.

John Nuveen & Co., the company's investment banking unit, specializes in raising capital for public facilities. Nuveen has 15 offices in the U.S.

Dividend Data

Cash has been paid each year since 1872. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Nov. 1	Dec. 23	Dec. 30	Jan. 17'89
0.55	Feb. 7	Mar. 27	Mar. 31	Apr. 17'89
0.55	May 2	Jun. 26	Jun. 30	Jul. 17'89
0.55	Aug. 1	Sep. 25	Sep. 29	Oct. 17'89

Capitalization

Long Term Debt: $321,076,000 (6/89); incl. $42,831,000 of 7½% sub. debs. conv. into com. at $33.625 a sh. (called for redemption 8/21/89).

Capital Stock: 48,037,138 shs. (no par).
Institutions hold about 82%.
Shareholders: 8,630 (12/88).

Office—385 Washington St., St. Paul, Minn 55102 Tel—(612) 221-7911 Chrmn & CEO—R. J. Haugh Pres—D. W. Leatherdale Secy—B. A. Beckberg. Treas & Investor Contact—James L. Boudreau. Dirs—W. A. Andres, J. F. Bourquin, F. H. Coyne, W. J. Driscoll, M. S. Fowler, P. M. Grieve, B. G. Griggs Jr., R. L. Hale, R. J. Haugh, D. W. Leatherdale, J. A. MacAllister, B. K. MacLaury, C. H. Organ Jr., A. M. Pampusch, C. A. Williams Jr. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC Incorporated in Minnesota in 1853; reincorporated in 1968. Empl—14,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Salomon Inc

1977F

NYSE Symbol SB Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
25⅜	29⅜-23¼	17	0.64	2.5%	B	1.65

Summary

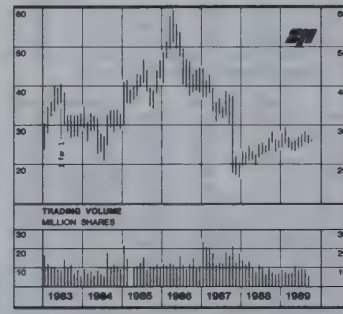
Salomon Inc is a holding company whose operating units are Salomon Brothers, a worldwide investment banker and market making firm; Philipp Brothers, an international marketer of industrial raw materials and provider of commercial financing; and Phibro Energy, a global trader of crude oil. While volatile market condition led to a loss in 1989's first quarter, strong volume resulted in record second quarter profits. Higher earnings are expected for 1989 and 1990.

Current Outlook

Net earnings for 1990 are expected to reach $3.00 a share, versus 1989's estimated $2.85.

The $0.16 quarterly dividend is the minimum expectation.

Earnings growth could be modest in 1990, reflecting a potential cooling in the previously red-hot M&A, and LBO business, an area where SB has placed added emphasis. SB's strategy is to build a diversified portfolio of equity investments (currently 13 investments carried at $195 million) and hold these stakes for 3-to-5 years, with the hope of realizing signicant gains upon their sale. Underwriting fees will likely remain under pressure, reflecting competition and slimmer margins. SB has trimmed staff and exited businesses which did not fit its longer-term strategy. These cost-cutting efforts should help SB weather the volatile nature of the securities business. The authorization in June, 1989 of a second, eight million share repurchase plan (the first has been substantially completed) should aid share earnings comparisons.



[1]Total Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	1.54	1.61	1.72	1.85
Jun.	2.33	1.43	1.39	1.62
Sep.	---	1.29	1.56	1.60
Dec.	---	1.81	1.33	1.73
	---	6.15	6.00	6.79

Net revenues for the six months ended June 30, 1989 rose 5.9%, year to year. Despite increased activity in the U.S. stock and bond markets during the second quarter, adverse trading conditions in the first quarter in the securities and commodities units led to an 11% decline in net income. Share earnings were $1.54, compared with $1.68.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.35	1.19	0.98	1.28
Jun.	1.89	0.49	0.26	0.78
Sep.	E0.65	0.38	0.18	0.85
Dec.	E0.66	d0.42	d0.68	0.54
	E2.85	1.65	0.86	3.45

Important Developments

Jul.'89— SB said industrywide improvements in volume in the U.S. bond and equity markets resulted in profits across virtually all product lines in 1989's second quarter. Securities operations posted a $390 million pretax profit in the quarter, versus a $79 million profit a year earlier. Energy segment profits rose 240%, while commodities profits fell 76%.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	[2]1982	[3]1981	1980	1979
Tangible Bk. Val.	20.49	19.83	21.55	18.70	15.32	14.37	11.41	10.85	9.17	6.17
Earnings	1.65	0.86	3.45	3.78	1.48	3.35	2.49	2.12	3.44	2.30
Dividends	0.64	0.64	0.64	0.54	0.54	0.52¼	0.47	0.35⅜	NA	NA
Payout Ratio	37%	67%	19%	14%	37%	16%	19%	17%	NA	NA
Prices—High	28⅜	44½	59⅜	46¾	34¾	41	30½	18½	NA	NA
Low	19⅛	16⅜	37⅜	30	20¾	23⅜	10⅛	11⅜	NA	NA
P/E Ratio—	17-12	52-19	17-11	12-8	23-14	12-7	12-4	9-5	NA	NA

Data as orig. reptd. Prior to 1981 pro forma data as reptd. in proxy dated 4-22-81 & statistical supplement, reflects opers. of former Philipp Brothers Division of Engelhard Minerals & Chemicals. Adj. for stk. div(s). of 100% Jul. 1983, 106% Jan. 1980. 1. Incl. commodity transactions on gross profit basis. 2. Reflects acctg. change. 3. Reflects merger or acquisition & acctg. change. d-Deficit. NA-Not Available. E-Estimated.

October 10, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	[3]28,808	4,324	15.0	87	42.0	3,541	753	62.8%	280	1.0
1987	25,103	4,337	17.3	74	40.0	3,965	225	36.9%	142	0.6
1986	22,789	5,319	23.3	213	42.0	4,484	793	34.9%	516	2.3
1985	27,896	4,594	16.5	58	25.0	3,622	943	40.9%	557	2.0
1984	28,911	3,188	11.0	30	24.0	2,504	260	18.5%	212	0.7
1983	29,757	2,333	7.8	17	31.0	1,685	617	23.8%	470	1.6
[4]1982	26,703	2,140	8.0	52	26.0	1,680	434	22.4%	337	1.3
[5]1981	25,098	470	1.9	72	16.9	245	298	3.0%	289	1.2
1980	23,691	802	3.4	352	13.1	221	590	20.8%	467	2.0
1979	16,401	546	3.3	34	10.2	121	434	30.5%	302	1.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	%Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,373	NA	NA	NA	85,256	0.4%	6,854	2,759	10,784	63.6	8.0%
1987	561	NA	NA	NA	74,747	0.2%	5,453	2,781	9,457	57.7	4.4%
1986	1,224	NA	NA	NA	78,164	0.6%	4,773	3,454	8,525	56.0	15.9%
1985	931	NA	NA	NA	88,601	0.8%	4,184	2,954	7,404	56.5	20.6%
1984	345	57,815	55,313	1.0	58,370	0.4%	651	2,406	3,057	21.3	9.1%
1983	432	41,217	39,079	1.1	42,017	1.1%	698	2,240	2,938	23.8	23.1%
1982	268	38,777	37,134	1.0	39,669	1.5%	766	1,769	2,535	30.2	20.7%
1981	486	4,477	3,563	1.3	5,788	4.8%	724	1,477	2,225	32.5	18.9%
1980	779	4,836	3,719	1.3	5,407	8.9%	428	1,252	1,688	25.3	44.0%
1979	454	4,698	3,859	1.2	4,905	8.3%	198	838	1,046	18.9	43.5%

Data as orig. reptd. Prior to 1981 pro forma data as reptd. in proxy dated 4-22-81 & statistical supplement; reflects opers. of former Philipp Brothers Division of Engelhard Minerals & Chemicals. 1. Net of curr. yr. retirement and disposals prior to 1988. 2. Incl. equity in earns. of non-consol. subs. 3. Incl. other income. 4. Reflects accounting change. 5. Reflects merger or acquisition and accounting change. 6. Incl. collateralized mtge. oblig. aft. 1984. NA-Not Available.

Business Summary

The company operates through Salomon Brothers Inc, Philipp Brothers, Inc. and Phibro Energy, Inc. Pretax earnings (in million $; before corporate expense) by source in recent years:

	1988	1987
Salomon Bros.	$486	$261
Commercial finance	215	156
Phibro Energy	245	70
Phillips Brothers	57	67

Salomon Brothers is an international investment banking, market making and research firm serving corporations, state and local governments, sovereign and provincial governments and their agencies, supranational organizations, central banks and other financial institutions.

Philipp Brothers is a leading international merchant of industrial raw materials, agricultural products and precious metals. Its European-based commercial finance operations lend to international borrowers on a short-term basis, and facilitate Philipp's trading transactions with sovereign governments and European firms. Phibro Energy is a major force in global trading of crude oil and oil products, petrochemicals and plastics.

Dividend Data

Dividends have been paid since 1960. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Dec. 7	Dec. 13	Dec. 19	Jan. 3'89
0.16	Mar. 8	Mar. 14	Mar. 20	Apr. 3'89
0.16	Jun. 7	Jun. 13	Jun. 19	Jul. 3'89
0.16	Sep. 6	Sep. 12	Sep. 18	Oct. 2'89

Finances

In 1988 SB remitted to the U.S. $1.1 billion of non-U.S. earnings. As a result an additional $130 million in U.S. federal current taxes and $50 million in deferred taxes were provided in 1988.

Capitalization

Long Term Debt: $2,627,000,000, excl. $5,781,000,000 of collateralized mtge. obligations.

9% Conv. Preferred Stock: $700,000,000. (Held by affiliates of Berkshire Hathaway, Inc.).

Common Stock: 124,000,000 shs. ($1 par). Institutions hold approximately 62%. Shareholders of record: 18,994.

Office—One New York Plaza, New York, New York 10004. Tel—(212) 747-7000. Chrmn & CEO—J. H. Gutfreund. Secy—A. S. Olshin. CFO—D. S. Howard. Investor Contact—R. S. Salomon, Jr. Dirs—D. D. Andreas, W. E. Buffett, J. H. Gutfreund, G. B. Horowitz, J. L. Massey, W. F. May, C. T. Munger, T. W. Strauss, W. C. Turner, E. Weil, R. G. Zeller. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1960. Empl—8,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

San Diego Gas & Electric

1978

NYSE Symbol SDO

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
44⅞	45⅝-36⅜	15	2.70	6.0%	A	0.44

Summary

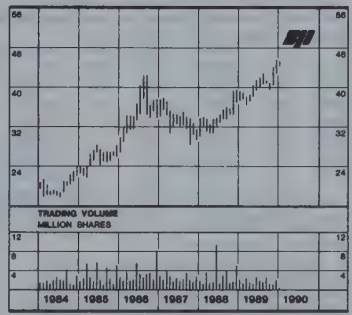
On November 30, 1988 SDO approved an agreement to merge into SCEcorp's Southern California Edison utility subsidiary. Under terms of the agreement, which is subject to regulatory approvals, each outstanding common share of SDO would be exchanged for 1.3 common shares of SCE. Shareholders of SDO and SCEcorp approved the plan in April, 1989 and the merger may be completed by early 1991. Over the longer term, the merged company should benefit from financial synergies and the ability of combined utility operations to access surplus power throughout the Western portion of the nation.

Current Outlook

Share earnings for 1990 (for the company as now constituted) are projected at $3.25, up from the $3.15 estimated for 1989.

The $0.67½ quarterly dividend is expected to be raised some 3.0% with the April, 1990 payment.

Share earnings for 1990 should benefit from higher electric and gas sales. Regulatory proceedings and legal challenges to the merger may be contentious but are not expected to prevent the combination.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	499	517	443	434
Jun.	504	494	456	399
Sep.	501	539	475	392
Dec.	---	526	530	407
	---	2,076	1,904	1,633

Revenues for the nine months ended September 30, 1989 fell 2.9%, year to year, owing primarily to lower sales volume for diversified operations. Increased electric fuel and purchase power expense was more than offset by substantially lower cost of gas and oil for resale, and operating income was up 5.9%. However, after an increase in certain merger-related expenses, net income fell 6.6%. Share earnings were $2.22, versus $2.38.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.59	0.89	0.56	1.09
Jun.	0.72	0.66	0.72	0.70
Sep.	0.91	0.83	0.84	0.79
Dec.	E0.93	0.80	0.84	0.83
	E3.15	3.18	2.96	3.42

Merger Agreement

Dec. '89— SDO stated that the pending merger with SCEcorp (SCE) is expected to be complete by early 1991, at which time both Federal and state regulators are expected to have given their approvals. Shareholders of SDO and SCE approved the plan in April, 1989. SDO directors on November 30, 1988 approved the agreement which provides for the merger of SDO into SCEcorp's Southern California Edison utility subsidiary. Terms call for each SDO common share outstanding to be exchanged for 1.3 SCE common shares. SDO preferred stock would be exchanged for SCE shares with similar provisions, except that the dividends of each series would be increased by between 2.53% and 20.0%. Share earnings for SCE alone for 1990 are projected at $3.55 ($3.30 if the merger were effected), versus the $3.55 estimated for 1989.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	21.02	21.26	21.29	20.37	19.20	18.24	16.84	16.08	15.95
Earnings¹	NA	3.18	2.96	3.42	3.25	3.01	3.20	2.90	2.34	1.01
Dividends	2.70	2.60	2.50	2.34½	2.20½	2.06½	1.92½	1.78½	1.64	1.56
Payout Ratio	NA	82%	84%	69%	68%	69%	60%	62%	70%	154%
Prices—High	45⅝	39½	37⅞	42½	28⅜	23¾	22	17⅞	14	15¼
Low	36⅜	30	28¼	26¾	21⅝	17⅜	17	11¾	11	9
P/E Ratio—	NA	12-9	13-10	12-8	9-7	8-6	7-5	6-4	6-5	15-9

Data as orig. reptd. 1. Bef. spec. item(s) of +0.32 in 1987. NA-Not Available E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	¹Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	²Net Inc.	% Return On Revs.	% Return On ³Invest. Capital	% Return On Com. Equity
1988	2,076	173	66.5	86.9%	3.63	13.2	32.5%	189	9.1	10.1	14.6
1987	1,904	152	66.0	86.3%	3.66	14.7	39.1%	179	9.4	9.6	13.5
1986	1,634	141	73.5	82.7%	3.84	13.9	42.4%	213	13.0	12.3	16.2
1985	1,739	133	74.5	83.4%	3.71	8.1	44.5%	203	11.7	12.3	16.2
1984	1,621	115	73.2	84.5%	3.30	23.3	38.7%	183	11.3	11.9	15.8
1983	1,530	79	59.6	88.6%	3.30	78.1	31.2%	187	12.2	12.8	18.0
1982	1,431	71	50.5	88.1%	---	70.9	24.0%	157	11.0	13.8	17.6
1981	1,160	59	38.4	87.7%	---	49.7	6.7%	110	9.5	12.8	14.5
1980	960	54	35.7	89.6%	---	39.3	cr19.5%	52	5.4	9.0	6.1
1979	745	48	31.2	87.0%	---	25.2	6.3%	70	9.4	9.5	10.3

Balance Sheet Data (Million $)

Dec. 31	⁴Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	4,159	196	2,938	9.4	2,893	1,179	46.1	150	5.9	1,230	48.0
1987	4,052	224	2,917	9.1	2,951	1,205	46.3	156	6.0	1,243	47.7
1986	3,548	257	2,633	11.0	2,685	966	41.1	180	7.6	1,206	51.3
1985	3,303	249	2,522	11.7	2,600	967	41.3	219	9.4	1,153	49.3
1984	3,071	221	2,393	10.7	2,525	1,035	44.8	222	9.6	1,053	45.6
1983	2,906	370	2,328	7.9	2,343	1,036	46.7	225	10.1	958	43.2
1982	2,568	324	2,054	8.8	1,897	785	41.9	269	14.4	817	43.7
1981	2,252	259	1,794	8.4	1,646	727	44.2	246	14.9	672	40.9
1980	2,009	217	1,591	6.6	1,532	732	47.8	214	13.9	586	38.3
1979	1,801	225	1,420	7.3	1,395	640	45.9	214	15.3	541	38.8

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1987. 3. Based on income before interest charges. 4. Utility plant. cr-Credit

Business Summary

San Diego Gas & Electric supplies electricity to some 1,030,000 customers and provides gas service to about 640,000 customers in southern California. In 1988, electricity accounted for 63% of operating revenues, gas 14%, and diversified businesses 23%. Contributions to electric revenues:

	1988	1987	1986	1985
Residential	41%	39%	37%	39%
Commercial-industrial	54%	59%	60%	61%
Other	5%	2%	3%	3%

Sources of generation in 1988 were gas/oil 30%, nuclear 22%, and purchased 48%. Peak load in 1988 was 2,777 mw and capability totaled 3,149 mw for a capacity margin of 12%. Gas sales in 1988 were 583 million therms, versus 554 million therms in 1987.

SDO has a 20% interest in the three unit San Onofre nuclear facility which has been in operation since 1984. In 1988's first quarter, SDO wrote off $46.0 million ($0.82 a share) of disallowed San Onofre costs retroactive to December 31, 1986. SDO's Southwest Powerlink accesses power from the Palo Verde nuclear station in Arizona. In 1989's first quarter, SDO wrote off $25.0 million ($0.28) for SWPL expenditures.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.67½	Feb. 27	Mar. 6	Mar. 10	Apr. 15'89
0.67½	May 22	Jun. 5	Jun. 10	Jul. 15'89
0.67½	Aug. 28	Sep. 1	Sep. 10	Oct. 15'89
0.67½	Nov. 27	Dec. 4	Dec. 10	Jan. 15'90

Next dividend meeting: late Feb. '90.

Finances

Auditors issued an unqualified opinion on SDO's 1988 financial statements. However, the auditor's report referred to a potential penalty related SDO's Southwest Powerlink.

Capitalization

Long Term Debt: $1,155,081,000.

Preferred Stock: $146,993,000.

Common Stock: 55,892,605 shs. (no par). Institutions hold about 20%. Shareholders of record: 69,873.

Office—101 Ash St., San Diego, Calif. 92101. **Tel**—(619) 696-2000. **Chrmn & Pres**—T. A. Page. **VP-Fin**—R. L. Haney. **Secy**—D. M. Richardson. **Investor Contact**—Jennifer Lewis. **Dirs**—C. W. Burgener, M. Burnham, D. W. Derbes, R. R. Ocampo, T. A. Page, F. C. Sielder, C. F. Wiggs. **Transfer Agents & Registrars**—California First Bank, San Diego; First Interstate Bank of California, c/o First Interstate Trust Co. of New York, NYC. **Incorporated** in California in 1905. **Empl**—4,788.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Santa Fe Pacific

1981A

NYSE Symbol SFX Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
19⅛	25¾–17¼	22	[1]0.10	[1]0.5%	NR	0.80

Summary

This transportation and natural resources firm (formerly Santa Fe Southern Pacific) radically restructured operations in 1988, paying out a $30 a share dividend in cash and debentures. SFX has reduced debt incurred in the restructuring through asset sales. SFX could raise an estimated $400 million from the proposed sale of a 20% stake in its real estate unit. In October, 1989 SFX petitioned the U.S. Appeals Court in New Orelans to overturn a $750 million judgement in a suit filed by a coal slurry pipeline.

Current Outlook

Profits for 1990 are estimated at $0.80 a share, versus the $0.40 anticipated for 1989.

Dividends are limited to $0.10 annually by certain credit agreements.

Rail profit comparisons in 1990 will benefit from the absence of 1989's addition to personal injury reserves. Traffic volumes should increase as gains for intermodal, coal and auto shipments, and a rebound for grain, offset softness for chemical movements and flat rates. While labor costs should ease, offsetting will be continued heavy litigation expense. While real estate profits will decline, reflecting the expected sale of a 20% stake in that unit, the resulting drop in interest expense will be more than offsetting. Pipeline and oil and gas profits will be flat. Mining income should post solid gains on expanded gold production. Earnings will benefit from a lower tax rate.

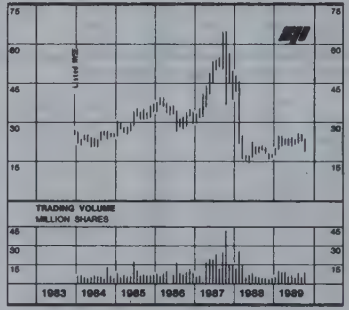
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	690	730	1,250	1,382
Jun.	722	773	1,328	1,368
Sep.	734	756	1,381	1,376
Dec.	---	885	1,490	1,504
	---	3,144	5,448	5,631

Revenues for 1989's first nine months fell 5.0%, year to year. Profits from continuing operations fell 42%, to $0.08 a share from $0.15.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.14	0.03	0.28	0.17
Jun.	0.02	0.14	0.51	0.47
Sep.	0.21	d0.02	0.72	0.06
Dec.	E0.31	0.78	0.68	d2.41
	E0.40	0.93	2.19	d1.63



Important Developments

Oct. '89— SFX reported that it was negotiating the sale of a 20% stake in its Santa Fe Realty Corp. unit to the California Public Employees Retirement System. Completion of the transaction, estimated at some $400 million, was seen by 1989 year-end. Proceeds would be used to retire debt. Under terms of the agreement, SFX is required to take its real estate unit public by 1991 year-end.

Oct. '89— SFX petitioned the Fifth Circuit Court of Appeals in New Orleans to overturn the $750 million judgment awarded by a District Court in Texas in March to Energy Transportation Systems Inc. (ETSI), a coal slurry pipeline builder. Santa Fe was found guilty of conspiring with five other railroads to thwart ETSI's proposed coal slurry pipeline.

Next earnings report due in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	3.07	33.39	32.11	33.97	32.20	30.21	NA	NA	NA	NA
Earnings[2]	0.93	2.19	d1.63	2.67	2.61	1.77	1.52	2.27	2.55	2.34
Dividends	$25.00	1.00	1.00	1.00	1.00	Nil	NA	NA	NA	NA
Payout Ratio	NM	45%	NM	37%	38%	Nil	NA	NA	NA	NA
Prices—High	47⅞	65	39⅝	37⅛	26⅝	27	NA	NA	NA	NA
Low	14¼	29⅝	26¼	24½	20¼	25⅛	NA	NA	NA	NA
P/E Ratio—	51–15	30–14	NM	14–9	10–8	15–14	NA	NA	NA	NA

Data as orig. reptd.; prior to 1983 pro forma data as reptd. in prospectus dated 11-10-83. Reflects combination of Santa Fe Industries, Inc. & Southern Pacific Co. 1. Annual dividend payable in December, 1989. 2. Bef. results of disc. opers. of -1.23 in 1988, +0.18 in 1987, +0.79 in 1986, +2.16 in 1983, +0.19 in 1982, +0.06 in 1981, -0.04 in 1980, +0.02 in 1979. 3. Special dvd., 25.00 cash. d-Deficit. E-Estimated. NA-Not Available NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	3,144	918	29.2	568	336	516	262	43.9%	147	4.7
[3]1987	5,448	1,240	22.8	1,151	537	173	622	44.4%	346	6.3
[3]1986	[4]5,631	1,133	20.1	1,058	667	154	d497	NM	d269	NM
1985	[4]6,438	1,318	20.5	1,078	569	163	684	31.3%	470	7.3
1984	[4]6,662	1,332	20.0	1,112	552	165	764	35.8%	491	7.4
1983	5,976	1,106	18.5	805	527	174	541	38.4%	333	5.6
1982	5,960	NA	NA	NA	NA	161	423	31.5%	290	4.9
1981	6,473	NA	NA	NA	NA	186	640	32.4%	433	6.7
1980	5,906	NA	NA	NA	NA	177	654	26.7%	479	8.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	362	961	1,028	0.9	6,824	1.6%	3,405	483	5,592	60.9	5.1%
1987	216	1,259	1,578	0.8	11,762	3.0%	1,704	5,208	9,483	18.0	6.8%
1986	580	1,750	1,541	1.1	11,602	NM	1,727	5,040	9,118	18.9	NM
1985	536	1,749	1,421	1.2	11,808	4.1%	1,598	5,764	9,886	16.2	8.4%
1984	815	2,026	1,377	1.5	11,649	4.4%	1,668	5,768	9,776	17.1	8.8%
1983	902	2,325	1,463	1.6	11,388	2.2%	1,609	5,741	9,490	17.0	4.9%

Data as orig. reptd.; prior to 1983 pro forma data as reptd. in prospectus dated 11-10-83. Reflects combination of Santa Fe Industries, Inc. & Southern Pacific Co. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986. 3. Excludes discontinued operations. 4. Includes other income. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

The transportation and natural resources firm adopted the name Santa Fe Pacific Corp. in April, 1989 reflecting the divestiture in late 1988 of Southern Pacific Transportation Co. Contributions (in million $) from continuing operations in recent years:

	1988	1987	1986
Real estate	$293.5	$204.9	$203.2
Railroad	219.0	176.8	170.8
Pipeline	89.3	60.6	86.7
Petroleum	-17.4	44.7	-157.0
Minerals	46.5	36.4	26.5

Santa Fe Pacific Realty Corp. manages and develops commercial, industrial and residential properties located primarily in California and Arizona. Rental properties at 1988 year-end aggregated over 11 million sq. ft. SFX also owns 2.8 million acres of land (95% of which are located in desert and mountain areas), including 39,000 acres of potentially developable properties and 90,000 acres of agricultural lands. In October, 1989 SFX agreed to sell a 20% stake in its real estate unit to the California Public Employees Retirement Service.

The Atchison, Topeka and Santa Fe Railway Co. operates over 11,652 miles in 13 midwestern and western states. The Santa Fe carried 77.8 billion ton-miles of freight in 1988 (72.0 billion in 1987) of which general merchandise (primarily piggyback) generated 18.7%. Food and farm products provided 18.4% of volume in 1988, followed by grain (18.2%), checmicals (10.9%) and coal (9.5%).

Santa Fe Pacific Pipelines, Inc. is the general partner for Santa Fe Pacific Pipeline Partners L.P. (44%-owned). The master limited partnership, formed in December, 1988 owns two refined petroleum product lines spanning 3,020 miles in six western and southern states.

Santa Fe Energy Co., a leading independent producer of oil and gas, had proved reserves at 1988 year-end of 183.7 million bbls. of oil (139.3 million in 1987) and 191.6 billion cubic feet of gas (217.2 billion cubic feet). The bulk of SFX's energy reserves are held by 85%-owned Santa Fe Energy Partners L.P.

Santa Fe Pacific Minerals Corp. explores and develops minerals from rights covering 8 million acres. SFX produces coal from its 100%-owned and operated Lee Ranch mine in New Mexico, collects royalties from leased properties containing 490 million tons of coal and has a 50% interest in the Trinity silver mine in Nevada.

Dividend Data

Financing agreements limit dividend payments to $16 million annually ($0.10 a share). A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divid. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Oct. 24	Nov. 9	Nov. 15	Dec. 1'89

Capitalization

Long Term Debt: $3,353,000,000.

Common Stock: 157,647,475 shs. ($1 par).
Olympia & York Developments Ltd. holds 19.1%; Itel Corp. owns 17.0%.
Institutions hold approximately 28%.
Shareholders of record: 99,000.

Office—224 South Michigan Ave., Chicago, Ill. 60604. Tel—(312) 786-6000. Chrmn, Pres & CEO—R. D. Krebs. Secy—E. C. Pierce. VP-Fin—O. M. Adam. VP-Investor Contact—W. F. Todd, Jr. Dirs—J. F. Akbrandi, R. Dammeyer, L. G. Dodd, R. J. Flamson III, R. E. Gilmore, R. D. Krebs, M. A. Morphy, G. B. Munroe, J. S. Parker, J. S. Reed, P. Reichmann, J. S. Runnels II, J. H. Sisco, W. J. Swartz, E. F. Swift, R. H. West, A. W. Woelffle, K. D. Wriston, S. Zell. Transfer Agent—D. J. Klippel, 120 Broadway, NYC. Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1983. Empl—21,590.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Sara Lee

1982

NYSE Symbol SLE Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
58½	63-42⅞	16	[3]$1.68	[3]2.9%	A+	1.12

Summary

This diversified manufacturer of branded food products (specialty meats, frozen baked goods, coffee and foodservice products) also makes personal and household care products. Its 10-year record of consecutive annual earnings gains has been aided by strategic acquisitions and divestitures. Solid growth should continue in fiscal 1990. Directors recently declared a 2-for-1 split and a 16.7% dividend increase.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 may rise to $3.80 a share from fiscal 1989's $3.50 (both unadjusted for the pending 2-for-1 split).

The quarterly dividend was raised 16.7%, to the equivalent of $0.42 from $0.36 (both unadjusted), with the October, 1989 declaration.

Sales for fiscal 1990 should trend higher, reflecting acquisitions and greater unit volume in most product areas. Increases in food ingredient costs should be passed through to customers, while improved contributions from new businesses and investment in cost-saving facilities should allow good earnings progress. Expansion in Europe should also aid earnings growth.

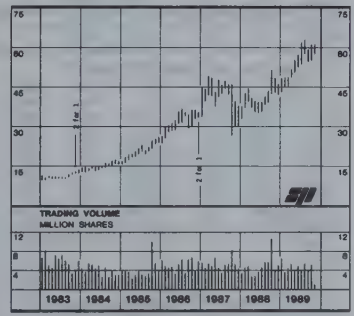
Net Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	2.75	2.75	2.40	2.14
Dec.	---	3.08	2.64	2.39
Mar.	---	2.84	2.48	2.24
Jun.	---	2.91	2.90	2.38
	---	11.08	10.42	9.16

Sales for the three months ended September 30, 1989 were fractionally lower, largely on divestiture of foodservice operations which was nearly offset by a sharp rise in knitwear sales. Higher margins in personal products business helped drive net income up 24%. After preferred dividends, share earnings were $0.75 (based on more common shares), versus $0.65 (both unadjusted).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.75	0.65	0.54	0.48
Dec.	E1.22	1.19	0.88	0.70
Mar.	E0.87	0.80	0.66	0.54
Jun.	E0.96	0.86	0.75	0.63
	E3.80	3.50	2.83	2.35



Important Developments

Oct. '89— Excluding fiscal 1989 acquisitions, unit volume for knit products advanced 27% during the fiscal 1990 first quarter, with the largest gains in underwear, printed T-shirts and fleecewear. Volume growth in packaged meats was up 6%; in bakery products, 5%; and in foodservice, 4%, excluding acquisitions and divestitures.

Jul. '89— SLE transferred some 50% of its food service business ($2.6 billion annual sales in fiscal 1989) to a 50-50 joint venture with Sandler Foods, a leading foodservice company in Virginia. In March SLE acquired Champion Products Inc., which makes recreational and athletic knitwear for $316 million. SLE also acquired Hygrade Food Products Corp., a leading manufacturer of beef and poultry frankfurters sold under the Ball Park name and other processed meats for $140 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	[1]1989	[1]1988	[1]1987	1986	[1]1985	1984	[1]1983	1982	1981	[1]1980
Tangible Bk. Val.	16.85	14.25	12.79	10.86	9.26	6.36	6.17	5.94	5.67	5.08
Earnings	3.50	2.83	2.35	2.02	1.81	1.63	1.44	1.35	1.17	1.03
Dividends	1.38	1.15	0.95	0.78	0.70⅜	0.63⅜	0.56⅞	0.51¾	0.46¾	0.43
Payout Ratio	40%	40%	40%	38%	38%	38%	38%	39%	39%	42%
Prices—High[2]	63	51½	49⅛	36⅞	26	17½	13⅝	11⅞	8¾	6⅞
Low[2]	42⅞	32⅞	26½	23⅝	15⅝	12½	9⅝	7½	5⅞	5
P/E Ratio—	18-12	18-12	21-11	18-12	14-9	11-8	9-7	9-6	7-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Dec. 1988, 100% Dec. 1983. 1. Reflects merger or acquisition. 2. Cal yr. 3. Based on initial quarterly payment after pending 2-for-1 split. E-Estimated.

November 15, 1989
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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1989	11,718	1,021	8.7	541	280	NA	639	35.8%	410	3.5
[3]1988	10,424	809	7.8	449	198	122	513	36.7%	325	3.1
[3]1987	9,155	686	7.5	287	168	107	448	40.4%	267	2.9
1986	7,938	555	7.0	222	142	58	356	37.2%	[4]223	2.8
[3]1985	8,117	532	6.6	300	135	49	348	40.0%	206	2.5
1984	7,000	475	6.8	202	125	29	322	39.2%	188	2.7
[3]1983	6,572	460	7.0	218	120	43	297	38.2%	171	2.6
1982	6,039	406	6.7	238	107	27	272	37.0%	[4]157	2.6
1981	5,614	421	7.5	169	105	33	283	47.4%	140	2.5
[3]1980	5,343	408	7.6	172	98	46	265	44.0%	128	2.4

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	117	2,500	2,275	1.1	6,523	7.0%	1,486	1,915	4,280	34.8	22.4%
1988	179	2,089	1,806	1.2	5,012	7.1%	893	1,575	2,992	29.9	21.1%
1987	303	1,960	1,595	1.2	4,192	6.8%	633	1,416	2,404	26.3	20.1%
1986	156	1,779	1,151	1.5	3,503	6.7%	634	1,155	2,147	29.5	20.4%
1985	104	1,607	1,234	1.3	3,216	6.9%	464	991	1,860	24.9	20.8%
1984	142	1,636	1,067	1.5	2,822	7.1%	359	957	1,671	21.5	19.9%
1983	149	1,479	1,075	1.4	2,616	6.8%	270	935	1,483	18.2	18.6%
1982	65	1,362	894	1.5	2,399	6.6%	306	906	1,458	21.0	17.3%
1981	167	1,325	780	1.7	2,277	6.3%	361	844	1,457	24.8	16.8%
1980	86	1,342	753	1.8	2,263	5.9%	422	810	1,468	28.7	15.8%
1979	48	1,207	696	1.7	2,089	5.9%	423	738	1,359	31.1	14.9%

Data as orig. reptd. 1. Net of interest income. 2. Incl. equity in earns. of nonconsol subs. 3. Reflects merger or acquistion. 4. Reflects accounting change. NA-Not Available.

Business Summary

Sara Lee (formerly Consolidated Foods) makes branded foods and personal and household care products. Contributions in fiscal 1989:

	Sales	Op. Prof.
Packaged foods:		
Packaged meats & bakery	29%	25%
Coffee & grocery	15%	18%
Foodservice	22%	7%
Packaged consumer prod.:		
Personal products	24%	36%
Household & pers'l care	10%	14%

Packaged foods consist of meats (Kahn's, Jimmy Dean, Hillshire Farm) and frozen baked goods (Sara Lee and Chef Pierre). It also includes Douwe Egberts coffee and Jonkers Fris processed fruits, sold primarily in Europe.

Foodservice operations comprise Booth fisheries, Lyon's restaurants, and PYA/Monarch, which distributes food made by Sara Lee and other food processors to the restaurant industry.

Consumer products include such personal products as Hanes hosiery, underwear and knitwear; L'Eggs pantyhose; Aris isotoner gloves and slippers; Bali foundations; Coach leather goods; and Fuller brushes and other direct marketing lines. It also includes household and personal care items such as Nicholas Kiwi shoecare products.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.36	Jan. 26	Feb. 23	Mar. 1	Apr. 1'89
0.36	Apr. 27	May 25	Jun. 1	Jul. 1'89
0.36	Jun. 29	Aug. 28	Sep. 1	Oct. 1'89
2-for-1	Oct. 26	---	Dec. 1	Dec. 22'89
0.21	Oct. 26	Nov. 27	Dec. 1	Jan. 1'90

Next dividend meeting: late Jan.'90

Capitalization

Long Term Debt: $1,512,700,000.

Adj. Conv. Pfd. Stock: 607,000 shs. ($50 stated value).

Auction Pfd.Stock: 1,500 shs. ($100,000 stated value).

Conv. Pfd. ESOP: 4,827,586 shs. ($72.50 liq. value)

Common Stock: 113,867,218 shs. ($1.33⅓ par). Institutions hold about 45%.
Shareholders of record: 56,500.

Office—3 First National Plaza, Chicago, Ill. 60602-4602 **Tel**—(312) 726-2600 **Chrmn & CEO**—J. H. Bryan, Jr. **Pres**—P. Fulton **VP-Secy**—G. H. Newman. **VP-Treas**—M. E. Johnson. **VP-Investor Contact**—Janet Bergman. **Dirs**—P. E. Allaire, R. L. Ash, C. L. Boonstra, J. H. Bryan, Jr., C. W. Coker, W. D. Davis, P. Fulton, V. E. Jordan, Jr., J. L. Ketelsen, G. Krasenhoff, J. D. Manley, B. C. Mayer, N. M. Minnow, J. D. Muncaster, M. E. Murphy, J. E. Swearingen, R. L. Thomas. **Transfer Agent**—The company itself. **Registrar**—First National Bank of Chicago **Incorporated** in Maryland in 1941. **Empl**—101,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

SCANA Corp.

1984

NYSE Symbol SCG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
34¾	35½-29⅝	11	2.46	7.1%	A-	0.47

Summary

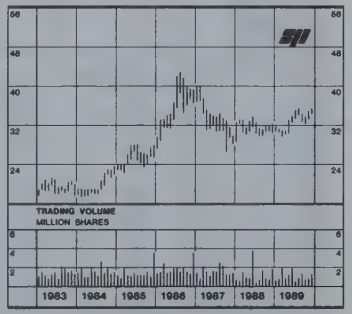
SCANA is the holding company for South Carolina Electric & Gas, which furnishes electric and gas service to a population of some 1.9 million located primarily in the southern half of South Carolina. With completion of SCG's only nuclear plant in 1984, no further plant additions are planned before the year 2000. A modest rise in earnings is expected for 1990 due to rate relief and continued growth in the service territory.

Current Outlook

Earnings for 1990 are estimated at $3.10 a share, up from the $2.95 likely for 1989.

Dividends at $0.61½ quarterly are the minimum expectation.

Slightly higher earnings are anticipated for 1990, principally reflecting modest gas and electric rate relief, growth in the cutomer base, cost cutting and an improved contribution from nonregulated subsidiaries, partially offset by the favorable contribution to earnings in 1989 of an unusually hot summer. Cash requirements for construction and nuclear fuel for 1989-1993 were estimated at approximately $1.1 billion.



Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	286	302	309
Jun.	---	253	227	258
Sep.	---	300	284	296
Dec.	---	---	270	252
	---	---	1,083	1,116

Operating revenues for the nine months ended September 30, 1989 rose 3.1%, year to year, reflecting warmer weather and an increase in the number of customers. Operating income advanced 5.0%. After higher other income and interest costs, net income was up 1.3%. Earnings per share were $2.49, compared with $2.46.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.80	0.84	0.97	1.02
Jun.	E0.55	0.52	0.43	0.59
Sep.	E1.15	1.13	1.06	1.18
Dec.	E0.60	E0.46	0.54	0.41
	E3.10	E2.95	3.00	3.20

Important Developments

Nov. '89— The company said that the South Carolina PSC had approved a $10.1 million annual increase in its firm natural gas rates, effective November 30, 1989. The rates are based on a 12.75% return on common equity, the same return allowed in the company's last general natural gas rate increase.

Nov. '89— SCG said that it sustained significant damage to its electric transmission and distribution facilities as a result of Hurricane Hugo. It estimated that total expenditures for the damage related to the hurricane would be about $70 million, of which $16 million would be recoverable through insurance. Total kwh sales of electricity were up 2.6% in the third quarter, year to year.

Next earnings report expected early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	22.03	21.42	20.62	19.82	19.80	18.15	18.06	18.42	18.29	18.34
Earnings	3.00	3.20	3.03	2.82	3.05	2.29	2.32	2.44	2.02	1.90
Dividends	2.40	2.32	2.24	2.16	2.05	2.00	1.92	1.82	1.74	1.68
Payout Ratio	80%	73%	74%	77%	67%	87%	83%	75%	86%	88%
Prices—High	33¾	40	42⅞	28⅛	23⅝	21¼	19⅛	16	17	18
Low	28½	26½	27⅛	22⅛	17¼	17½	14½	12½	12	14⅜
P/E Ratio—	11-10	13-8	14-9	10-8	8-6	9-8	8-6	7-5	8-6	9-8

Data as orig reptd E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On [2]Invest. Capital	% Return On Com. Equity
1988	1,083	97.4	54.1	81.1%	3.15	6.2	34.4%	121	11.1	8.6	13.7
1987	1,116	92.6	58.0	81.7%	3.73	3.9	40.6%	129	11.5	9.1	15.1
1986	1,102	90.6	56.9	82.0%	3.79	3.3	46.1%	122	11.1	9.3	14.9
1985	1,110	86.9	60.8	82.2%	3.20	3.5	46.1%	114	10.2	9.4	14.3
1984	1,128	74.9	52.6	82.3%	3.42	14.2	44.9%	122	10.8	10.0	16.4
1983	975	45.0	38.3	84.6%	3.10	48.2	41.5%	87	8.9	8.0	12.7
1982	859	43.4	38.7	82.8%	---	46.1	35.5%	80	9.3	8.2	13.1
1981	760	39.7	33.9	84.6%	---	41.4	35.3%	69	9.1	8.4	13.2
1980	631	36.8	30.2	85.3%	---	33.7	31.7%	51	8.1	7.4	10 8
1979	544	35.4	24.7	85.1%	---	29.5	31.8%	45	8.3	7.7	10.4

Balance Sheet Data (Million $)

Dec. 31	[3]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	3,258	183	2,385	8.7	2,450	886	47.0	103	5.5	896	47.5
1987	3,100	173	2,302	9.0	2,403	887	47.5	111	5.9	872	46.6
1986	2,959	144	2,236	8.9	2,234	745	43.2	118	6.8	863	50.0
1985	2,859	129	2,214	9.0	2,243	785	44.4	179	10.1	806	45.5
1984	2,765	284	2,198	9.5	2,285	894	48.2	183	9.9	778	41.9
1983	2,510	182	2,011	7.6	2,051	789	46.8	187	11.1	710	42.1
1982	2,411	200	1,952	8.0	2,005	855	49.9	190	11.1	667	39.0
1981	2,132	184	1,732	7.0	1,719	765	51.5	167	11.3	553	37.2
1980	1,952	154	1,589	6.1	1,586	731	52.7	171	12.3	486	35.0
1979	1,804	148	1,474	5.7	1,448	673	52.9	153	12.0	447	35.1

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Based on income before interest charges. 3. Utility plant.

Business Summary

SCANA Corp. is the holding company for South Carolina Electric & Gas, which provides electric service to the southern half of South Carolina and gas service to nearly 80% of the state. Urban bus service is provided in the metropolitan areas of Columbus and Charleston. Business segment contributions in 1988 (profits in million $):

	Revs.	Profit
Electric	72.7%	$186.7
Gas	26.9%	23.0
Transportation	0.4%	-5.0

The fuel mix in 1988 was 74% coal, 21% nuclear and 4% hydro and 1% natural gas. Peak load in 1988 was 3,021 mw and system capacity was 3,891 mw, for a capacity margin of 22.4%. Gas sales in 1988 totaled 677.6 therms, down 7.7% from 1987.

The 900 mw Summer nuclear unit (67% owned) was placed in commercial operation in March, 1984 at a total cost of $1.3 billion. During 1984 SCG completed the $128 million conversion of the 580 mw Williams oil-fired unit to a coal-fired unit. Additional base-load generating capacity should not be needed before 2000.

Dividend Data

Dividends have been paid since 1946. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.61½	Feb. 22	Mar. 8	Mar. 10	Apr. 1'89
0.61½	Apr. 26	Jun. 5	Jun. 9	Jul. 1'89
0.61½	Aug. 23	Sep. 1	Sep. 8	Oct. 1'89
0.61½	Oct. 25	Dec. 4	Dec. 8	Jan. 1'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $899,568,000.

Subsidiary Red. Pfd. Stk.: $68,791,000.

Subsidiary Pfd. Stk.: $26,027,000.

Common Stock: 40,296,147 shs. (no par).
Institutions hold about 37%.
Shareholders of record: 47,944.

Office—1426 Main Street, Columbia, S.C. 29201. **Tel**—(803) 748-3000. **Chrmn & CEO**—J. A. Warren. **Secy**—B D Blair **VP-CFO**—W B Timmerman. **Investor Contact**—H. J. Winn, III (803) 748-3240. **Dirs**—J. K. Addy, W. B. Bookhart, Jr., M. H. Chapman, J. B Edwards, L. M Gressette, J. B. Guess III, B. A. Hagood, J. F. Hassell, Jr., W. H. Hipp, F. C. McMaster, T. C. Nichols, Jr., E. W Pike, Jr. H Ponder, J. B. Rhodes, V. C. Summer, E. C. Wall, Jr., J. A. Warren. **Transfer Agents**—Manufacturers Hanover Trust Co., NYC; South Carolina National Bank, Columbia **Registrars**—Manufacturers Hanover Trust Co., NYC; Citizens & Southern National Bank of South Carolina, Columbia. **Incorporated** in South Carolina in 1924. **Empl**—4,129.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Schering-Plough

1985J

NYSE Symbol SGP Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 30'89	1989					
73½	79⅝-55⅜	18	1.80	2.5%	A	0.84

Summary

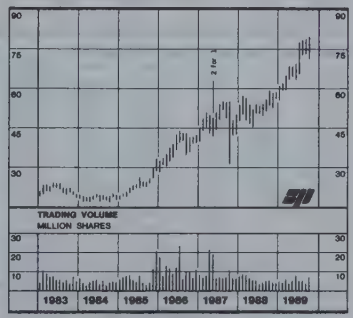
This company is a leading manufacturer of prescription and over-the-counter pharmaceuticals, with important interests in cosmetics, toiletries, vision care, animal health and foot care products. It is also one of the industry leaders in interferon-based research. Above-average growth prospects for major markets coupled with a steady stream of new products, especially in the high-margin ethical drug area, enhance SGP's longer-range outlook.

Current Outlook

Earnings for 1990 are estimated at about $4.90 a share, up from the $4.20 likely for 1989.

An increase in the $0.45 quarterly dividend is likely during the second quarter of 1990.

Sales for 1990 should post further growth. Despite anticipated initial generic competition in the Proventil anti-asthma line and the recent sale of certain cosmetics units, volume growth should reflect good gains in most of SGP's established pharmaceutical products lines. Anticipated FDA approvals for several new drugs would also bolster sales. Profitability should benefit from the better volume and productivity improvements.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	832	753	686	613
Jun.	806	753	685	585
Sep.	744	724	664	601
Dec.	---	740	664	600
		2,969	2,699	2,399

Sales for the nine months ended September 30, 1989 increased 6.8%, year to year, aided by higher sales of pharmaceutical products. Pretax income rose 21%. After taxes at 27.0% in each period, net income was also up 21%. Share earnings were $3.20, versus $2.65.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.12	0.91	0.72	0.59
Jun.	1.07	0.90	0.71	0.58
Sep.	1.01	0.84	0.63	0.51
Dec.	E1.00	0.83	0.67	0.50
	E4.20	3.48	2.73	2.17

Important Developments

Oct. '89— R&D outlays for 1989 were estimated at about $340 million, up from $298 million in 1988. Important drugs now under FDA review include: Claritin, a non-sedating antihistamine; Unicard, an antihypertensive; and Uni-Dur, a once-a-day dosage form of SGP's Theo-Dur anti-asthma medication. Claritin and Unicard are each expected to generate over $200 million in sales when they are fully established in worldwide markets. A number of other promising compounds are also under development.

Sep. '89— A gain of about $70 million from the sale of European cosmetics units in the third quarter was offset by provisions related to the divestiture of a unit in Brazil and restructuring costs in the over-the-counter products division.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	13.21	11.77	11.29	14.30	12.98	12.55	12.46	12.09	11.41	9.96
Earnings[2]	3.48	2.73	2.17	1.89	1.75	1.70	1.70	1.66	2.23	2.06
Dividends	1.40	1.02½	0.90	0.84	0.84	0.84	0.84	0.83	0.78	0.69½
Payout Ratio	40%	38%	40%	45%	48%	48%	50%	50%	35%	34%
Prices—High	59⅜	55¼	44	33⅜	20	24⅛	21⅞	21⅜	22⅞	17⅝
Low	45¼	31¼	28	17⅝	16½	18½	13⅛	12½	14⅝	13⅞
P/E Ratio—	17-13	20-11	20-13	18-9	11-9	14-11	13-8	13-8	10-7	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.11 in 1983. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,969	684	23.0	156	95.2	124	534	27.0%	390	13.1
1987	2,699	590	21.9	118	89.5	92	455	30.5%	316	11.7
[2]1986	2,399	478	19.9	125	79.6	86	374	29.0%	266	11.1
1985	1,927	360	18.7	140	64.1	87	268	28.0%	193	10.0
1984	1,874	337	18.0	174	58.3	106	246	28.0%	177	9.5
[3]1983	1,809	316	17.5	178	50.3	91	251	29.0%	179	9.9
1982	1,818	311	17.1	180	47.5	74	248	26.0%	[4]184	10.1
1981	1,809	300	16.6	176	43.1	74	246	27.0%	179	9.9
1980	1,740	341	19.6	148	36.0	[4]34	328	27.0%	239	13.7
[2]1979	1,434	304	21.2	130	32.5	9	309	28.0%	222	15.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	808	1,914	1,336	1.4	3,426	11.8%	190	1,677	1,988	9.5	24.9%
1987	786	1,784	1,333	1.3	3,180	10.5%	190	1,443	1,746	10.9	22.3%
1986	616	1,582	1,068	1.5	3,001	8.7%	294	1,459	1,871	15.7	17.0%
1985	724	1,504	953	1.6	2,773	7.2%	209	1,479	1,785	11.7	13.7%
1984	608	1,354	977	1.4	2,518	7.2%	127	1,317	1,525	8.3	13.7%
1983	475	1,274	860	1.5	2,397	7.6%	185	1,268	1,523	12.1	14.0%
1982	612	1,457	741	2.0	2,429	7.8%	261	1,327	1,678	15.6	13.8%
1981	509	1,381	660	2.1	2,286	8.4%	242	1,286	1,613	15.0	14.1%
1980	423	1,224	645	1.9	1,984	13.4%	41	1,212	1,327	3.1	20.8%
1979	289	985	455	2.2	1,593	16.0%	8	1,056	1,131	0.7	22.3%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1983. 2. Reflects merger or acquisition. 3. Excludes discontinued operations. 4. Reflects accounting change.

Business Summary

Contributions by industry segment were as follows for Schering-Plough in 1988:

	Sales	Profits
Pharmaceutical products	74%	78%
Consumer products	26%	22%

Foreign operations contributed about 39% of sales and 31% to profits in 1988.

Pharmaceuticals include allergy, asthma and cold products (25% of total 1988 sales) such as Theo-Dur and Proventil bronchodilators, Vancenase nasal inhaler, Afrin nasal spray, Chlor-Trimeton allergy tablets and Drixoral and Coricidin cold medications; dermatological products (14%) such as Lotrisone antifungal and anti-inflammatory, and Diprosone and Diprolene steroids; anti-infectives and anticancer products (11%), which include Intron-A (alpha-2 interferon) and Eulexin; and cardiovasculars (5%), including Normodyne and Normozide antihypertensives and Nitro-Dur transdermal nitroglycerin patch. Other pharmaceutical products (12%) consist principally of Fibre Trim diet aid products, while other health care items (7%) comprise various vision care and animal health products.

Consumer products encompass the Maybelline cosmetics business (12%); proprietary medicines and toiletries (9%) such as Coppertone sun care products, Di-Gel antacid, St. Joseph aspirin and Correctol laxatives; and Dr. Scholl foot care products (5%).

Dividend Data

Dividends have been paid since 1952. A "poison pill" stock purchase right was adopted in 1985. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 24	Jan. 30	Feb. 3	Feb. 21'89
0.45	Apr. 25	May 1	May 5	May 22'89
0.45	Jul. 25	Jul. 31	Aug. 4	Aug. 21'89
0.45	Oct. 19	Oct. 30	Nov. 3	Nov. 20'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $189,400,000.

Common Stock: 112,758,392 shs. ($1 par).
Institutions hold approximately 66%.
Shareholders of record: 31,200.

Office—One Giralda Farms, Madison, N.J. 07940-1000 **Tel**—(201) 822-7000 **Chrmn & CEO**—R. P. Luciano **Pres**—R. J. Kogan **VP-Secy**—J. T. Fogarty **VP-Treas**—J. M. Comey **Investor Contact**—Geraldine U. Foster **Dirs**—W. D. Dance, H. A. D'Andrade, H. W. Becherer, V. A. Dyer, D. C. Garfield, R. L. Jenkins, R. J. Kogan, H. J. Kruisinga, R. P. Luciano, H. W. McGraw, Jr., H. B. Morley, R. de J. Osborne, W. A. Schreyer, J. W. Van Gorkom, R. J. Ventres, J. Wood **Transfer Agent & Registrar**—Bank of New York, NYC. **Incorporated** in New Jersey in 1970. **Empl**—22,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B. Saftlas

Schlumberger Ltd.

1985V

NYSE Symbol SLB Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
43⅝	45½-32	26	1.20	2.8%	A-	1.01

Summary

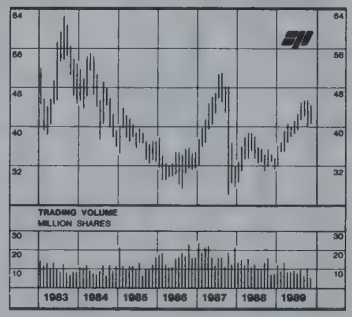
Schlumberger is a world leader in providing wellsite and contract drilling services to the oil industry. It also makes a variety of utility meters as well as computer aided engineering, design and manufacturing systems. A gradual recovery in oilfield activity coupled with comprehensive cost cutting measures should sustain near-term prospects. The longer-term outlook is enhanced by the company's expanding line of products and services and continued geographic expansion.

Current Outlook

Share earnings for 1990 could approximate $1.85, versus the $1.75 estimated for 1989.

Dividends should continue at $0.30 quarterly.

Revenues and profits in coming quarters should benefit from a gradual recovery in oilfield activity, paced by an increase in foreign drilling. Comprehensive cost cutting and a more favorable drilling mix should preserve margins. Longer term, SLB's international presence and more sophisticated products and services should strengthen its competitive position.



Sales & Services (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,182	1,246	1,031	1,355
Jun.	1,197	1,257	1,053	1,179
Sep.	1,106	1,181	1,089	1,008
Dec.	---	1,241	1,229	1,026
	---	4,925	4,402	4,568

Revenues for the nine months ended September 30, 1989 declined 5.4%, year to year, reflecting reduced oilfield activity. The impact of soft worldwide rig count was largely offset by demand for new services. After a nonrecurring gain of $13 million ($0.05 a share) in the 1989 interim, versus a gain of $35 million ($0.13) a year earlier, net earnings dropped 15%, to $1.27 a share (before a $0.09 extraordinary gain) on 12% fewer shares, from $1.32.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.35	0.37	0.02	0.66
Jun.	0.44	0.53	0.11	0.27
Sep.	0.48	0.42	0.54	d0.20
Dec.	E0.48	0.40	1.15	d6.60
	E1.75	1.72	1.81	d5.76

Important Developments

Oct. '89— SLB reported that oilfield acitivity was generally lower, year to year, in 1989's third quarter as the number of drilling rigs worldwide slipped 9%. The rig count in North America began a seasonal rise, reaching the level of a year before in the U.S. The company's Sedco Forex contract drilling unit reported its offshore utilization rates increased to 84% from 76% and rates for land rigs were slightly higher. Day rates were higher in the quarter. The meter business was relatively flat in 1989's third quarter. Electricity meters weakened in the U.S. and portions of Europe, while water and gas meters strengthened in North America. SLB's technology business was limited by reduced capital spending in the U.S. semiconductor industry. The company's nine month profits included a gain of $0.05 a share from the sale of the Defense Systems businesses.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[1]1986	1985	[1]1984	1983	[1]1982	1981	1980	[1]1979
Tangible Bk. Val.	10.57	13.24	14.25	21.43	20.72	18.82	16.57	13.63	10.20	7.33
Earnings[2]	1.72	1.81	d5.76	1.17	4.10	3.73	4.60	4.37	3.47	2.30
Dividends	1.20	1.20	1.20	1.20	1.12	1.00	0.92	0.76⅔	0.62¾	0.48⅞
Payout Ratio	63%	65%	NM	101%	27%	27%	20%	18%	18%	21%
Prices—High	38¾	51	37¾	43⅞	55	62⅝	55⅞	78½	87⅛	44⅝
Low	28½	26	27¼	32⅜	35⅞	38¼	30	49⅛	39¼	27½
P/E Ratio—	23-17	28-14	NM	38-28	13-9	17-10	12-7	18-11	25-11	19-12

Data as orig. reptd. Adj. for stk. div(s). of 50% Jul 1981, 50% Oct 1980, 50% Apr. 1979. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.79 in 1987, -1.26 in 1986, and spec. item(s) of +0.08 in 1988, +0.25 in 1987. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	4,925	997	20.3	455	531	129	589	22.9%	454	9.2
[4]1987	4,402	764	17.4	276	527	166	[3]619	18.8%	[3]503	11.4
[4]1986	4,568	781	17.1	447	688	410	d1,549	NM	d1,655	NM
1985	6,119	1,729	28.3	787	803	219	617	43.1%	351	5.7
[5]1984	5,979	2,046	34.2	1,202	712	153	1,572	24.8%	1,182	19.8
1983	5,513	1,898	34.4	517	678	116	1,389	21.9%	1,084	19.7
[5]1982	6,025	2,242	37.2	1,094	584	117	1,799	25.1%	[3]1,348	22.4
1981	5,783	2,192	37.9	1,063	433	108	1,846	31.4%	1,266	21.9
1980	4,884	1,701	34.8	748	323	102	1,517	34.4%	994	20.4
[5]1979	3,550	1,224	34.5	691	250	52	1,013	35.0%	658	18.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,449	3,223	2,512	1.3	5,600	7.9%	191	2,755	2,946	6.5	14.9%
1987	2,589	4,418	2,657	1.7	6,741	6.9%	125	3,836	3,961	3.2	12.8%
1986	3,810	5,412	3,293	1.6	8,012	NM	504	4,123	4,628	10.9	NM
1985	4,590	6,640	3,291	2.0	11,282	3.2%	1,014	6,877	7,909	12.8	5.1%
1984	4,005	5,998	2,777	2.2	10,913	12.1%	966	6,992	7,976	12.1	18.1%
1983	3,189	4,954	1,924	2.6	8,353	13.4%	455	5,819	6,289	7.2	19.7%
1982	2,323	4,214	2,043	2.1	7,846	18.7%	462	5,226	5,704	8.1	28.4%
1981	1,682	3,540	1,903	1.9	6,525	21.4%	278	4,235	4,532	6.1	33.8%
1980	1,236	2,932	1,683	1.7	5,242	20.7%	238	3,218	3,472	6.8	35.4%
1979	1,024	2,433	1,392	1.7	4,375	18.0%	490	2,400	2,902	16.9	30.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, and spec. item(s) in 1987. 3. Reflects acctg. change. 4. Excl. discont. opers. and reflects merger or acquisition. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Schlumberger is a world leader in providing drilling services and fully computerized wireline and interpretation services to the petroleum industry. It also makes computer-aided systems and electronic products. The Sedco Forex unit operates 42 offshore and 35 land drilling rigs. Customers outside the U.S. provided 73% of revenues in 1988. In September, 1989 SLB sold its aerospace instrument business. Contributions in 1988:

	Revs.	Profits
Oilfield services	55%	65%
Measurement & Systems	45%	35%

Oil well logging services are provided worldwide through mobile laboratories which carry electronic equipment to measure subsurface geology. SLB has more than half the U.S. wireline services market and a substantially larger market share outside the U.S. SLB also offers measurement-while-drilling services, which permit the transmission of data to the surface without stopping drilling.

Schlumberger Industries makes electricity meters and equipment for electric power distribution; measuring transformers; network protection systems; water meters; and electronic payment systems. Schlumberger Technologies produces computer aided engineered, design and manufacturing systems, semiconductor testing systems, and various measurement instruments.

In early 1989 SLB predicted that the level of oilfield service activity would increase gradually, primarily reflecting greater drilling outside the U.S. The company has said that the shift to natural gas drilling within the U.S. would continue, but that the near-term outlook for U.S. crude oil drilling was not favorable. SLB said it did not anticipate any major political move to stimulate oil drilling in the U.S. in the near future.

In 1988 SLB repurchased 34.5 million common shares at a cost of $1.2 billion.

Dividend Data

Dividends have been paid since 1957.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Dec. 8	Dec. 13	Dec. 19	Jan. 13'89
0.30	Jan. 26	Feb. 28	Mar. 6	Apr. 7'89
0.30	Apr. 27	May 30	Jun. 5	Jul. 7'89
0.30	Jul. 27	Aug. 28	Sep. 1	Oct. 6'89

Capitalization

Long Term Debt: $301,981,000.

Common Stock: 237,889,180 shs. ($0.01 par).
Institutions hold about 44%.
Shareholders of record: 38,000.

Offices—277 Park Ave., NYC 10172. **Tel**—(212) 350-9400. **Chrmn & CEO**—E. Baird. **Secy**—D. S. Browning. **Treas & Investor Contact**—A Gould. **Dirs**—D. E. Ackerman, E. Baird, G Dejouany, J. Deutch, R. Genin, G. H. Jewell, P. E. Lepercq, D. Primat, N. Seydoux, E. Umene, A. de Vitry. **Transfer Agent & Registrar**—The First National Bank of Boston, Mass. **Incorporated** in Netherland Antilles in 1956. **Empl**—50,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Scientific-Atlanta

NYSE Symbol SFA Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
24¼	24⅞-12⅝	15	0.16	0.7%	B	1.35

Summary

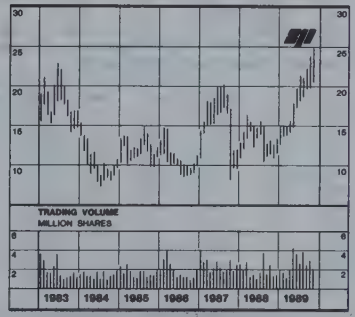
This company manufactures broadband communications equipment, test and measurement instruments, and defense electronic systems. Earnings have advanced in recent years, largely reflecting growing customer acceptance of newly introduced CATV products. In May, 1989 SFA announced the first commercially-available system for the delivery of high definition television.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $1.80 a share, compared with the $1.53 of fiscal 1989.

The quarterly dividend was raised 33%, to $0.04 from $0.03, with the September, 1989 payment.

Sales for fiscal 1990 are anticipated to increase moderately, primarily reflecting growth in the company's communications segment. Cable television equipment sales should continue to benefit from increased penetration of recently introduced products; in addition, growth is expected from the private networks business. Instrumentation sales and earnings could rise, including greater contributions from government sales.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	145.1	124.9	128.3	107.6
Dec.	---	128.5	124.0	126.1
Mar.	---	134.9	128.5	121.1
Jun.	---	158.4	127.8	140.6
	---	546.8	508.6	495.3

Sales for the three months ended September 30, 1989 increased 16%, year to year. Margins widened, benefitting in part from restructuring actions, and pretax income rose 22%. After taxes at 31.0%, versus 36.0%, net income advanced 31%. Earnings per share were $0.38, versus $0.28.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.38	0.28	0.25	0.16
Dec.	E0.42	0.38	0.33	0.25
Mar.	E0.45	0.41	0.33	0.25
Jun.	E0.55	0.46	0.34	0.38
	E1.80	1.53	1.25	1.04

Important Developments

Nov. '89— SFA said that new orders in the fiscal 1990 first quarter were $147.5 million, up 14%, year to year. The backlog at September 30 was $225 million, up $2.5 million from the June quarter. SFA said that earnings for the first quarter of fiscal 1990 reflected greater shipments of broadband cable TV equipment; all product lines participated in the CATV performance, reflecting greater customer acceptance of newly introduced products. SFA noted that there was considerable interest in its current and planned CATV products in international markets. Network Systems continued to grow, aided by a $29 million Chilean contract, while instrumentation sales declined 7%. SFA also noted that the first commercially available HDTV satellite transmission system was delivered to Telesat Canada for acceptance testing.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	10.63	9.40	8.24	7.30	7.56	6.93	6.78	7.41	5.16	4.16
Earnings	1.53	1.25	1.04	d0.39	0.71	0.50	0.02	0.63	0.90	0.66
Dividends	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.11	0.07¾	0.05
Payout Ratio	8%	10%	12%	NM	17%	24%	777%	18%	11%	8%
Prices—High[2]	24⅞	18⅜	20¼	14⅜	14⅞	15⅜	22⅞	28	34¾	22⅞
Low[2]	12⅝	10⅜	8⅛	8½	9¾	7¼	14⅛	10⅛	18⅛	8
P/E Ratio—	16-8	13-8	19-8	NM	21-14	31-15	NM	44-16	39-20	35-12

Data as orig. reptd. Adj. for stk. div(s). of 100% Feb. 1981, 100% May 1980. 1. Reflects merger or acquisition. 2. Cal. yr. d-Deficit. NM-Not Meaningful. E-Estimated.

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	547	65.6	12.0	15.6	13.2	1.33	56.7	36.0%	36.3	6.6
1988	509	58.5	11.5	10.1	13.5	1.28	47.9	38.0%	29.7	5.8
1987	495	60.4	12.2	6.7	14.2	2.36	48.5	50.0%	[1]24.3	4.9
1986	469	22.6	4.8	17.6	13.0	6.12	d15.6	NM	d9.2	NM
1985	437	38.5	8.8	15.5	11.3	2.29	27.3	40.0%	16.4	3.8
1984	399	24.0	6.0	15.9	10.1	2.50	14.4	18.3%	11.8	3.0
1983	327	2.8	0.9	13.0	8.2	2.41	d4.1	NM	0.4	0.1
1982	337	29.7	8.8	12.1	6.5	[1]3.68	22.1	35.8%	14.2	4.2
1981	277	39.7	14.3	12.1	5.2	3.83	33.6	43.4%	19.0	6.9
[2]1980	192	28.5	14.9	11.9	3.5	2.40	23.0	44.7%	12.7	6.6

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	80.0	294	74	4.0	356	11.0%	2.6	257	268	1.0	15.0%
1988	53.0	257	51	5.0	316	9.7%	2.9	237	254	1.1	13.4%
1987	22.2	229	58	3.9	288	8.1%	3.2	202	220	1.4	12.7%
1986	3.6	240	103	2.3	310	NM	6.1	180	204	3.0	NM
1985	4.6	211	68	3.1	281	6.1%	7.0	188	212	3.3	9.0%
1984	13.6	191	61	3.1	259	4.5%	7.9	174	194	4.1	6.8%
1983	32.4	200	67	3.0	268	0.1%	11.1	177	201	5.5	0.2%
1982	11.3	195	51	3.8	248	6.1%	11.2	173	197	5.7	9.6%
1981	3.8	153	61	2.5	197	11.2%	18.5	110	136	13.6	19.2%
1980	3.1	106	34	3.1	139	9.9%	13.3	86	105	12.6	17.6%

Data as orig. reptd. 1. Refl. acctg. change. 2. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Scientific-Atlanta primarily makes broadband communications equipment, and makes test and measurement instruments and defense electronics systems. Contributions to sales and operating profits (in million $) in fiscal 1989:

	Sales	Profits
Communications	71%	$64.1
Instrumentation	29%	2.7

Foreign sales represented about 20% of total sales in fiscal 1989, versus 14% in fiscal 1988.

Communications equipment includes antennas, receivers, transmitters, modulators, demodulators, and other items. These devices are used in satellite earth stations and in cable television (CATV) receiving and distribution systems. The company markets its satellite-related equipment to domestic and international satellite communications networks (including private business communications systems) and to CATV operators.

Instrumentation products consist of spectrum analyzers and systems, instruments to test and measure the quality and performance of various types of telecommunications equipment, antenna test and measurement devices, and products that measure radar reflectivity. Also manufactured is the Optima line of cabinets for electronic laboratory, data processing, and medical instruments. For government use, the company manufactures products which include telemetry, electronic warfare, anti-submarine warfare and acoustic communications products and systems.

Dividend Data

Dividends were initiated in 1976. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Feb. 15	Feb. 23	Mar. 1	Mar. 15'89
0.03	May 11	May 19	May 25	Jun. 24'89
0.04	Aug. 9	Aug. 17	Aug. 23	Sep. 13'89
0.04	Nov. 15	Nov. 22	Nov. 29	Dec. 13'89

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $2,578,000.

Common Stock: 23,047,082 shs. ($0.50 par).
Institutions hold approximately 47%.
Shareholders of record: 7,390.

Office—One Technology Parkway, Box 105600, Atlanta, Ga. 30348. Tel—(404) 441-4000 Chrmn—S. Topol. Vice Chrmn & CEO—W. E. Johnson. Pres—J. H. Levergood VP-Secy—D. A. Eggers. Dirs—W. E. Johnson, W. B. King, J. H. Levergood, A. L. McDonald, D. J. McLaughlin, J. V. Napier, W. Skinner, S. Topol. Transfer Agent & Registrar—First National Bank of Boston Incorporated in Georgia in 1951 Empl—3,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Scott Paper

1988

NYSE Symbol SPP Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
50½	52½-38⅜	10	0.80	1.6%	A-	1.19

Summary

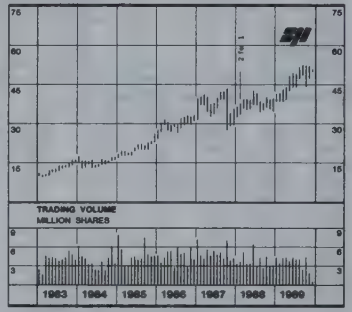
This company is the leading producer of toilet tissues and paper towels and napkins, and also maintains an important position in printing and fine papers. Although the consumer paper products area remains intensely competitive, SPP's strong pulp position and benefits from its major modernization program now underway brighten long-term prospects.

Current Outlook

Earnings for 1990 are projected at $4.80 a share, compared with the $5.20 estimated for 1989, which includes a net unusual credit of $0.97.

Dividends should remain at $0.20 quarterly.

Sales for 1990 are expected to show a moderate gain, based on continued strong markets for sanitary products and printing and publishing papers, unless the general economy begins to weaken. Margins could benefit if market pulp prices weaken, thereby lessening an important cost factor. Mexican sales and earnings may suffer due to price controls.



Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,269	1,126	957
Jun.	---	1,254	1,164	1,029
Sep.	---	1,249	1,151	1,034
Dec.	---	---	1,285	1,101
	---	---	4,726	4,122

Sales for the nine months ended September 30, 1989 rose 9.6%, year to year, led by strong gains in personal care products. Net income declined 5.0%, to $4.00 a share from $4.18. Results include an unusual credit of $0.97, versus $1.22 in the year-earlier interim.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.20	---	0.97	0.84
Jun.	E1.20	[3]2.01	0.98	0.77
Sep.	E1.20	1.99	2.22	0.76
Dec.	E1.20	E1.20	1.05	0.89
	E4.80	E5.20	5.23	3.06

Important Developments

Oct. '89— Earnings for the third quarter included a $1.68 per share gain on the sale of timberland decreased by asset restructuring and other special charges of $0.72. Earnings for the third quarter of 1988 included a gain of $1.53 a share from the sale of Scott's interest in Brunswick Pulp and Paper Co. minus an unusual charge of $0.31.

Oct. '89— Scott withdrew from a joint venture that had planned to build a wood pulp mill in Indonesia, citing lower anticipated need for eucalyptus pulp.

Jul. '89— Scott completed the sale of 194,000 acres of timberland in Washington state to Crown Pacific Ltd., for approximately $230 milion.

Jun. '89— Scott agreed to purchase the warrants for Scott common stock held by Brascan Ltd. for $200 million or $24.92 per warrant.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	[2]1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	26.54	21.44	18.57	16.30	16.23	15.03	15.05	15.02	14.50	13.11
Earnings	5.23	3.06	2.48	2.26	1.92	1.29	0.81	1.61	1.72	1.76
Dividends	0.75½	0.68	0.63½	0.60½	0.56	0.50	0.50	0.50	0.50	0.45
Payout Ratio	14%	22%	26%	22%	29%	39%	62%	32%	29%	26%
Prices—High	42¾	43½	33⅜	26⅛	17½	16⅛	10⅝	14⅜	11⅞	10½
Low	32⅝	27½	24	16¾	12⅝	9⅜	6⅞	7½	6⅞	6⅞
P/E Ratio—	8-6	14-9	13-10	12-7	9-7	13-7	13-8	9-5	7-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1988. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Six mos. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1988	4,726	822	17.4	509	283	159	643	37.0%	[3]401	8.5
[2]1987	4,122	717	17.4	380	259	143	353	33.1%	234	5.7
[3]1986	3,437	568	16.5	421	213	134	295	36.1%	187	5.4
[2]1985	3,050	474	15.5	514	167	93	277	27.3%	201	6.6
[3]1984	2,847	463	16.3	286	159	66	291	35.8%	187	6.6
1983	2,465	317	12.8	221	145	39	185	33.3%	124	5.0
1982	2,293	272	11.9	389	128	40	169	55.8%	74	3.2
1981	2,309	256	11.1	321	117	[3]43	201	33.7%	[3]133	5.8
1980	2,083	218	10.5	252	109	[3]36	182	26.6%	134	6.4
1979	1,908	255	13.4	182	104	33	183	24.9%	137	7.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	374	1,615	1,147	1.4	5,156	8.3%	1,450	1,945	3,892	37.3	22.8%
1987	80	1,192	946	1.3	4,480	5.5%	1,382	1,567	2,956	46.7	16.0%
1986	89	967	738	1.3	3,939	5.0%	1,412	1,352	2,772	51.0	14.7%
1985	54	766	646	1.2	3,517	6.7%	1,379	1,183	2,570	53.7	17.0%
1984	352	992	847	1.2	3,322	6.2%	640	1,585	2,213	28.9	12.2%
1983	146	597	429	1.4	2,723	4.6%	586	1,456	2,048	27.7	8.1%
1982	24	474	374	1.3	2,382	3.2%	445	1,284	2,008	22.2	5.4%
1981	20	519	376	1.4	2,299	5.9%	501	1,280	1,922	26.0	10.6%
1980	35	464	321	1.4	2,014	6.9%	475	1,128	1,707	27.8	12.4%
1979	46	434	288	1.5	1,830	7.9%	422	1,019	1,541	27.4	14.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change.

Business Summary

Scott Paper is the largest producer of paper tissues, napkins and towels. Business segment contributions in 1988:

	Sales	Profits
Personal care & cleaning.....	73%	58%
Printing & publishing papers.	27%	42%

Personal care & cleaning products include toilet tissue, paper towels, towel holders, facial tissues, table napkins and sanitary tissues. These products are sold under the Scott name as well as other company tradenames. Industrial wipes, as well as other nonwoven fabrics are also produced.

The printing and publishing division produces commercial printing papers, book publishing papers, converting papers (for envelopes, wrappers and gummed labels), business and thin papers, and specialty papers.

Scott conducts international operations in Europe, Latin America and the Far East. These operations accounted for 26% of sales and 18% of pretax earnings in 1988.

SPP owns or controls some 2.9 million acres which supply more than 20% of pulpwood needs. Lumber and pulp are also sold to others.

Dividend Data

Dividends have been paid since 1915. A dividend reinvestment plan is available. A "poison pill" stock purchased right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Jan. 17	Feb. 21	Feb. 27	Mar. 10'89
0.20	Apr. 18	May 22	May 26	Jun. 10'89
0.20	Jul. 18	Aug. 21	Aug. 25	Sep. 10'89
0.20	Oct. 17	Nov. 17	Nov. 24	Dec. 10'89

Next dividend meeting: Jan. 16'90.

Capitalization

Long Term Debt: $1,724,600,000.

$3.40 & $4.00 Preferred Stock (2 series): 46,205 shs. and 24,435 shs., respectively.

Common Stock: 73,423,105 shs. (no par).
Institutions hold some 68%.
Shareholders of record: 44,200.

Office—One Scott Plaza, Philadelphia, Pa. 19113 **Tel**—(215) 522-5000 **Chrmn, Pres & CEO**—P. E. Lippincott. **VP-Secy**—S. D. Ford. **Treas**—B. L. Anderson. **Dirs**—W. A. Andres, T. A. Burtis, J. J. Crocker, P. J. Everaert, J. T. Eyton, W. M. Jenkins, J. R. Leaman, Jr., P. E. Lippincott, R. K. Lochridge, R. E. McAvoy, C. B. Malone, M. Meyerson, G. L. Roubos, J. L. Shane, P. Stern. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1922. **Empl**—27,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Scripps Howard Broadcasting

5170K

NASDAQ Symbol SCRP (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
74	81-57½	39	1.00	1.4%	B+	0.16

Summary

This 80%-owned subsidiary of E. W. Scripps Co. owns and operates nine television stations and five radio stations, which together accounted for 78% of total revenues in 1988; the remaining revenues were derived from cable television operations. Earnings rose strongly in the first half of 1989, benefiting from the completion of the Sacramento cable system.

Business Summary

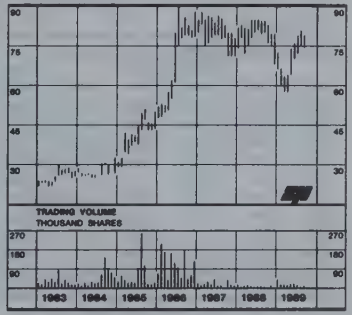
As of December 31, 1988, Scripps Howard Broadcasting Company owned nine television stations and five radio stations. The company also operates or holds investment interests in cable television systems. In 1988, revenues and income from operations (in 000s) were derived from:

	Revs.	Income
Broadcasting	78%	$58,882
Cable television	22%	4,444

Television stations (six VHF and three UHF) are located in Detroit, Mich. (WXYZ-acquired in January 1986); Tampa, Fla. (WFTS-acquired in January 1986); Cincinnati, Ohio (WCPO); Cleveland, Ohio (WEWS); Memphis, Tenn. (WMC); West Palm Beach, Fla. (WPTV); Tulsa, Okla. (KJRH); Kansas City, Mo. (KSHB); and Phoenix, Ariz. (KNXV). All six VHF stations are affiliated with national television networks while the three UHF stations recently joined the Fox Network. The E.W. Scripps Company, which through its Scripps Howard, Inc. subsidiary owns 80% of the company's stock, also owns daily newspapers in Cincinnati, Ohio and Memphis, Tennessee, where the company operates broadcast stations.

Scripps Howard owns radio stations in Memphis, Tenn. (WMC AM/FM); Portland, Ore. (KUPL AM/FM); and Baltimore, Md. (WBSB FM). All of the stations provide news and public affairs broadcasts, and all but one provide music and music-related programming.

Cable television systems are in Sacramento, California, the Colorado areas of Fort Lupton, Lafayette, Longmont, Louisville, Loveland, and Parachute/Battlement Mesa and the Florida communities of Lake County and Volusia County. As of February 28, 1989, the Sacramento cable system was largely complete, following three years of construction. At February 28, 1989, the company's cable systems passed approximately 421,000 homes and served some 216,000 (51% of homes passed) basic cable subscribers. In addition to basic cable service, substantially all of the Scripps Howard's cable systems offer at least three premium programming services.



Important Developments

Jul. '89— Scripps Howard said earnings in the first half of 1989, before depreciation, interest and taxes, increased 17%, to $72,807,000 ($7.05 a share), from $62,137,000 ($6.02). The improvement primarily reflected the completion of the Sacramento cable system. At June 30, 1989, the company had 222,000 basic subscribers (169,000 in Sacramento), up from 184,000 (134,000) a year earlier.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Book Value[2]	d6.24	d7.39	d11.73	8.28	8.24	7.14	6.28	4.34	4.35	4.09
Earnings[3]	1.60	1.24	0.53	3.00	1.76	1.70	1.89	1.70	1.60	1.55
Dividends	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77½	0.75
Payout Ratio	50%	64%	151%	27%	46%	47%	42%	47%	49%	48%
Prices—High	85	88	89¾	51	32½	29¾	25¾	23	16½	13⅞
Low	68	71	47½	29	24¾	21½	18¾	11⅝	12⅛	11⅝
P/E Ratio—	53-43	71-57	NM	17-10	18-14	18-13	14-9	14-7	10-8	9-8

Data as orig. reptd. Adj. for 4-for-1 stk. split in 1981. 1. Refl. merger or acq. 2. Net of intangibles & unamort. film contract rights. 3. Bef. spec. items of +0.97 in 1987, +0.16 in 1981. NA-Not Available. d-Deficit. NM-Not Meaningful.

October 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	275	94.2	34.3	33.2	35.5	[4]28.5	30.1	45.0%	16.5	6.0
1987	234	79.1	33.8	68.5	31.1	23.8	33.5	61.7%	12.8	5.5
[2]1986	211	63.5	30.2	52.0	26.3	26.0	[3]13.2	58.6%	5.5	2.6
1985	135	48.5	36.0	28.3	13.8	3.1	[3]51.9	40.4%	30.9	23.0
1984	118	48.3	40.9	10.3	9.6	0.5	[3]36.8	50.7%	18.2	15.4
1983	101	38.3	38.1	15.9	7.4	NA	[3]31.2	43.7%	17.6	17.4
1982	96	39.6	41.5	9.2	6.1	NA	[3]36.0	45.9%	19.5	20.4
1981	87	35.3	40.4	7.1	[4]4.2	0.4	[3]33.1	47.2%	17.5	20.0
1980	77	32.4	42.0	4.7	3.6	NA	[3]30.6	46.2%	16.5	21.4
1979	70	30.5	43.6	5.1	2.9	Nil	29.6	46.1%	16.0	22.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	2.5	106.0	62.8	1.7	606	2.8	288	153	501	57.6	11.1
1987	2.8	97.1	94.0	1.0	585	2.2	275	144	466	59.0	9.4
1986	2.1	85.5	72.5	1.2	566	1.3	287	130	463	62.0	4.2
1985	23.0	61.9	47.2	1.3	250	15.0	28	132	188	14.9	25.5
1984	6.3	38.0	27.3	1.4	164	11.8	3	110	129	2.4	17.3
1983	6.9	34.6	25.8	1.3	143	13.0	5	100	113	4.4	18.4
1982	7.3	35.8	22.7	1.6	126	16.3	4	91	98	3.7	22.9
1981	10.1	36.6	21.6	1.7	113	17.0	4	79	85	4.8	23.7
1980	19.0	41.3	17.2	2.4	93	19.2	5	68	73	6.2	25.6
1979	22.7	42.0	14.7	2.9	78	21.9	Nil	60	60	Nil	28.6

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. merger or acq. 3. Incl. equity in earns. of nonconsol. subs. 4. Refl. acctg. change. 5. Net of interest income. NA-Not Available.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	67.96	60.17	49.89	44.42
Jun.	79.14	70.09	61.49	55.62
Sep.		64.92	54.91	49.70
Dec.		79.48	67.86	60.81
		274.66	234.15	210.55

Revenues for the six months ended June 30, 1989, rose 13%, year to year. Aided by the maturing of the Sacramento system and the strong performance of WXYZ in Detroit, operating income surged 26%. Following a 4.1% increase in net interest expense, pretax income climbed 54%. After taxes at 45.0%, versus 46.1%, net income advanced 57%, to $9,181,000 ($0.89), from $5,845,000 ($0.57).

Common Share Earnings ($)

Quarter:	1989	1988	[1]1987	1986
Mar.	0.18	0.09	[2]1.94	d0.05
Jun.	0.71	0.47	0.65	0.43
Sep.		0.24	0.24	0.06
Dec.		0.80	[3]d1.59	0.09
		1.60	1.24	0.53

1. Restated for acctg. change. 2. Incl. gain of 1.96 on sale of assets. 3. Incl. asset writedown of 1.68. d-Deficit.

Dividend Data

Cash has been paid each year since 1951.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Nov. 3	Nov. 16	Nov. 25	Dec. 9'88
0.25	Feb. 7	Feb. 17	Feb. 24	Mar. 10'89
0.25	May 4	May 22	May 26	Jun. 9'89
0.25	Aug. 3	Aug. 21	Aug. 25	Sep. 8'89

Finances

Scripps Howard's credit facility with its parent company allows maximum borrowings of $175 million. At June 30, 1989, the company had $31 million available under this facility.

At June 30, 1989, the company carried goodwill of $69,444,000 on its financial statements, compared with $71,249,000 a year earlier.

Capitalization

Long Term Debt: $298,970,000 (6/89).

Common Stock: 10,328,200 shs. ($0.25 par).
E. W. Scripps Co. owns about 80%.
Institutions hold some 11%.
Shareholders: 800 (3/89).

Office—1100 Central Trust Tower, Cincinnati, Ohio 45202 Tel—(513) 977-3000 Chrmn—J. R. Howard Pres & CEO—R. J. Janssen Treas & Secy—D. J. Castellini. Dirs—D. J. Castellini, E. W. Estlow, G. E. Hetfern, J. R. Howard, R. J. Janssen, L. A. Leser, D. L. Perris, C. E. Scripps, R. E. Stautberg. Transfer Agents & Registrars—Mellon Bank, Pittsburgh. Incorporated in Ohio in 1935. Empl—1,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Neeraj Vohra

Seagram Co.

1999M

NYSE Symbol VO Options on Pac (Feb-May-Aug-Nov) & Toronto (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 22'89	1989					
88	90⅜–60¼	12	[1]1.40	[1]1.6%	A	0.99

Summary

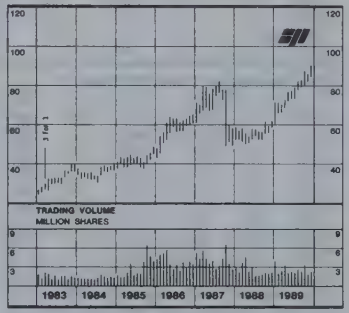
Seagram is one of the world's leading distilled spirits and wines producers, and owns 24% of E.I. du Pont de Nemours, the largest chemical company. In March, 1988 VO acquired Martell S.A., a leading worldwide cognac producer, for $732 million, and in April, 1988 it acquired Tropicana Products, a leading ready-to-serve orange juice producer for $1.2 billion. The acquisitions are likely to be dilutive in fiscal 1989-90 and beyond. Directors have authorized repurchase of up to 5% of the common shares.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are expected to rise to $8.15 a share from the $7.15 projected for fiscal 1989-90.

The $0.35 quarterly dividend is the minimum expected.

Revenues for fiscal 1990-1 should continue in a good uptrend, reflecting increased case sales outside the U.S. and volume growth at Tropicana. Profitability may continue to be limited by the Martell and Tropicana acquisition costs and higher advertising and marketing outlays, but a better product mix should sustain an upward trend in earnings. Rising dividends and equity contributions from the DuPont holding should remain important to earnings growth.



Gross Revenues[2] (Million U.S. $)

Quarter:	1990–11	1989–90	1988–9	1987–8
Apr.	---	1,228	937	832
Jul.	---	1,303	1,246	869
Oct.	---	1,362	1,307	927
Jan.	---	---	1,566	1,187
	---	---	5,056	3,815

Sales for the nine months ended October 31, 1989 rose 12%, year to year, largely reflecting the acquisition of Martell and Tropicana, and growth in international business. Operating income advanced 37%, and with dividend income rising 15% and interest expense up 34%, pretax net gained 27%. After taxes at 25.8%, versus 18.2%, income from beverage operations and DuPont dividends was up 15%, to $2.93 a share from $2.55. Including equity in unremitted DuPont earnings, net income increased 20%, to $5.84 a share from $4.91.

Common Share Earnings ($)

Quarter:	1990–11	1989–90	1988–9	1987–8
Apr.	E2.25	2.00	1.71	1.21
Jul.	E2.30	2.07	1.74	1.46
Oct.	E2.00	1.77	1.46	1.53
Jan.	E1.60	E1.31	1.21	1.26
	E8.15	E7.15	6.12	5.46

Important Developments

Dec. '89— VO attributed improvement in nine month operating earnings to the increased profitability of its international beverage business as well as improvement in both the U.S. and Canada. VO also said the addition of Martell and Tropicana aided results.

Next earnings report expected in early March.

Per Share Data (U.S. $)

Yr. End Jan. 31[3]	[4]1989	1988	[4]1987	1986	1985	1984	1982	1981	1980
Tangible Bk. Val.	35.24	45.86	41.42	37.31	33.50	30.96	27.94	26.13	11.73
Earnings[5]	6.12	5.46	4.45	3.44	4.22	3.53	2.95	3.14	0.58
Dividends	1.17½	1.05	0.95	0.80	0.80	0.68	0.56¾	0.44¼	0.35½
Payout Ratio	20%	19%	21%	24%	19%	19%	18%	14%	61%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	61⅞	82⅜	65⅛	48¾	40⅜	40	24⅞	20½	21¾
Low	50	49	42¾	37⅜	30	24	14½	15⅛	11
P/E Ratio—	10–8	15–9	15–10	14–11	10–7	11–7	8–5	7–5	38–19

Data as orig. reptd. Adj. for stk. div(s). of 200% Mar. 1983. **1.** In U.S. funds, bef. 15% nonresident Canadian tax. **2.** Incl. excise taxes. **3.** Prior to 1984 yrs. ended Jul. 31. **4.** Reflects merger or acquisition. **5.** Bef. results of disc. opers. of +0.06 in 1982, +0.65 in 1981 and spec. item(s) of +11.62 in 1982, +0.15 in 1981. E-Estimated

January 3, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million U.S. $)

Year Ended Jan. 31[1]	[2]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[5]1989	3,956	559	14.1	142	113	257	676	11.9%	589	14.9
1988	2,799	341	12.2	89	50	136	596	11.8%	521	18.6
[6]1987	2,412	280	11.6	106	49	138	437	2.3%	[6]423	17.6
1986	2,114	265	12.5	75	47	137	358	9.7%	[6]319	10.7
1985	2,006	293	14.6	79	44	123	425	9.0%	384	13.6
1984	1,781	272	15.3	68	39	119	352	9.1%	318	12.0
1982	1,916	327	17.1	90	33	166	330	14.6%	[6]279	14.6
1981	1,790	310	17.3	140	34	396	529	37.0%	330	18.5
1980	1,588	276	17.4	118	31	93	133	54.5%	61	3.8

Balance Sheet Data (Million U.S. $)

Jan. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	235	3,182	1,994	1.6	9,697	6.7%	2,329	4,974	7,532	30.9	12.3%
1988	634	2,950	1,394	2.1	7,543	7.2%	1,058	4,458	5,988	17.7	12.4%
1987	594	2,702	1,102	2.5	6,888	6.4%	912	3,956	5,624	16.2	11.3%
1986	364	2,181	943	2.3	6,274	5.3%	804	3,550	5,177	15.5	9.5%
1985	127	1,535	741	2.1	5,596	7.0%	781	3,079	4,722	16.5	12.9%
1984	89	1,530	876	1.7	5,305	6.2%	761	2,783	4,295	17.7	12.0%
1982	104	1,567	1,033	1.5	5,041	5.5%	706	2,521	3,912	18.1	11.4%
1981	815	2,416	963	2.5	5,981	7.5%	1,218	2,798	4,933	24.7	16.2%
1980	18	1,532	753	2.0	2,795	2.3%	460	1,285	1,778	25.9	4.8%

Data as orig. reptd. **1.** Prior to 1984 yrs. ended Jul. 31. **2.** Incl. other inc.; excl. excise taxes. **3.** Incl. equity in earns. of nonconsol. subs. **4.** Bef. results of disc. opers. in 1982, 1981, and spec. item(s) in 1982, 1981. **5.** Reflects merger or acquisition. **6.** Reflects accounting change.

Business Summary

Seagram Co. is the world's largest producer and marketer of distilled spirits and wines with subsidiaries and affiliates in 27 countries. Products include some 700 brands of distilled spirits, wines, champagnes, brandies, ports and sherries which are sold in over 150 nations. In 1988, Seagram acquired Tropicana Products (annual revenues of some $760 million) for $1.2 billion, and Martell S.A. (annual revenues of 1.8 billion French francs) for $732 million. Contributions by geographic segment in fiscal 1988-9 (profits in million $):

	Revs.	Profits
United States	49%	-$7
Europe	36%	248
Latin America & Asia-Pacific	11%	93
Canada	4%	91

The company owned as of January 31, 1989 some 54.7 million shares (22.9%) of E. I. du Pont de Nemours and Co. DuPont is the largest manufacturer of chemicals in the U. S., and owns the ninth largest domestic oil company (Conoco, Inc.). Dividend income and equity in unremited earnings in Du Pont contributed net income of $487 million in the fiscal year ended January 31, 1989, representing 83% of Seagram's total.

The company owns 1.4 trillion cubic feet of gross proved reserves of natural gas in the Gulf of Thailand. During fiscal 1985-6 VO sold its Canadian and North Sea oil and gas operations.

Dividend Data

Dividends have been paid since 1937.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35 *	Feb. 16	Feb. 27	Mar. 3	Mar. 15'89
0.35 *	May 25	May 30	Jun. 5	Jun. 15'89
0.35 *	Aug. 17	Aug. 28	Sep. 1	Sep. 15'89
0.35 *	Nov. 20	Nov. 27	Dec. 1	Dec. 15'89

*US funds; bef. 15% Canadian tax.

Next dividend meeting: mid-Feb. '90.

Capitalization

Long Term Debt: $1,958,993,000.

Common Stock: 95,848,530 shs. (no par).
About 33% held by Bronfman family trusts.
Institutions hold approximately 22%.
Shareholders of record: 9,800.

Office—1430 Peel St., Montreal, Quebec, Canada H3A 1S9. **Tel**—(514) 849-5271 **Chrmn & CEO**—E M Bronfman. **Pres**—D G Sacks **Secy**—M. C. L. Hallows, Sr. **Treas**—J. K. Hauswald. **Dirs**—C. R. Bronfman, E. M. Bronfman, E. M. Bronfman, Jr., D. M. Culver, W. G. Davis, P. Desmarais, M. J. Drouin, A. J. de Grandpre, A. De Gunzburg, R. E. Heckert, E. G. Jefferson, D. L. Johnson, E. L. Kolber, C. E. Medland, N. F. Phillips, D. G. Sacks, J. L. Weinberg, E. S. Woolard, Jr. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC; Royal Trust Co., Montreal, Toronto, Calgary and Vancouver. **Incorporated** in Canada in 1928 **Empl**—16,200

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

David J. Braverman

Sears, Roebuck

2002

NYSE Symbol S Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
39	48 1/8-38 1/4	13	2.00	5.1%	A-	1.40

Summary

Sears is the largest retailer in the U.S., and has substantial insurance and other financial services operations. In a new strategy to revitalize its merchandising division, the company has changed its pricing policy from promotional to everyday low pricing and is rapidly developing specialty retail formats, such as Brand Central, and other specialty businesses. In the fourth quarter of 1988 Sears took a $442 million ($1.17 a share) charge for the restructuring of the merchandising group.

Current Outlook

Earnings for 1990 are projected at $5.00 a share, versus 1989's estimated $4.00.

The dividend should remain at $0.50 quarterly.

Revenues for 1990 should increase moderately in all divisions. Merchandise margins should widen, benefiting from increased emphasis on specialty businesses and cost-cutting programs. Discover Card should increase their profitability, and earnings at Allstate and Dean Witter should improve. Per share earnings will reflect fewer shares outstanding.

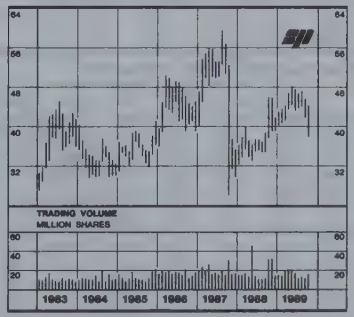
Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	12.16	10.96	10.48	9.39
Jun.	13.28	12.16	11.72	10.75
Sep.	13.18	12.57	12.19	11.17
Dec.	---	14.56	14.05	12.97
	---	50.25	48.44	44.28

Revenues for nine months ended September 30, 1989 advanced 6.4%, year to year. Merchandise group income declined 3%, reflecting the soft durable goods market and increased interest cost in the credit segment of the merchandise group. Due to damage claims from hurricane Hugo exceeding $250 million before reinsurance, income at Allstate fell 9.3%. Earnings at Dean Witter advanced 92% (income from Discover Card rose almost 5-fold). On a consolidated basis, net income declined 0.5%. Share earnings were $2.39 on 6.7% fewer shares, against $2.22, before income from discontinued operations of $0.17 versus a loss of $0.14, and a $1.44 special credit in 1988 from a change in accounting principles.

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.70	0.50	0.75	0.52
Jun.	0.95	0.89	1.03	0.77
Sep.	0.74	0.83	1.08	0.88
Dec.	E1.61	0.50	1.49	1.45
	E4.00	2.72	4.35	3.62



Important Developments

Oct. '89— Revenues for the Sears merchandise group rose 1.3% in the third quarter of 1989; revenues at Allstate increased 12.8% and a 3.6% rise in revenues was reported at Dean Witter. As part of Sears' major restructuring plan announced in October, 1988, it is developing specialty power formats, such as Brand Central, a home appliance and entertainment superstore within a store, featuring a greatly expanded product assortment. In addition, everyday low pricing was implemented on a nationwide basis on March 1 in an attempt to encourage customers to shop more often rather than wait for promotions. The plan also included cost cutting at all levels, the sale of the Sears Tower, and the repurchase of up to 40 million shares by mid-1989. Separately, in September the company offered $200 million 9% notes due September 15, 1996; net procceds were earmarked to reduce short-term debt.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31[1]	[2]1988	1987	[2]1986	1985	1984	1983	1982	[2]1981	[3]1980	1979
Tangible Bk. Val.	36.09	34.74	32.94	30.61	28.39	26.51	24.08	22.74	24.38	23.53
Earnings[4]	2.72	4.35	3.82	3.53	4.01	3.80	2.46	2.06	1.92	2.54
Dividends	2.00	2.00	1.76	1.76	1.76	1.52	1.36	1.36	1.36	1.28
Payout Ratio	72%	46%	50%	50%	44%	40%	55%	73%	71%	50%
Prices—High	46	59 1/2	50 3/8	41 1/8	40 3/8	45 1/8	32	20 7/8	19 5/8	21 7/8
Low	32 1/4	26	35 7/8	30 7/8	29 1/2	27	15 3/4	14 7/8	14 3/8	17 3/4
P/E Ratio—	17-12	14-8	14-10	12-9	10-7	12-7	13-8	10-7	10-7	9-7

Data as orig. reptd. 1. Yrs. ended Jan. 31 of fol. cal. yr. prior to 1981. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. results of disc. opers. of -0.32 in 1988, and spec. item(s) of +1.44 in 1988. E-Estimated.

November 6, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31[1]	[2]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[4]Net Inc.	% Net Inc. of Revs.
[5]1988	50,251	NA	NA	889	NA	2,978	1,086	4.9%	1,032	2.1
1987	48,440	4,689	9.7	[6]702	560	2,755	1,910	13.6%	1,649	3.4
[7]1986	44,282	4,553	10.3	[6]539	518	2,681	1,811	25.4%	[8]1,351	3.1
1985	40,715	4,316	10.6	[6]624	445	2,655	1,627	19.9%	1,303	3.2
1984	38,828	4,488	11.6	[6]839	412	2,545	1,913	23.9%	1,455	3.7
1983	35,883	3,843	10.7	[6]542	376	1,715	1,914	29.9%	1,342	3.7
1982	30,020	2,974	9.9	[6]406	337	1,640	1,093	21.2%	861	2.9
[7]1981	27,357	2,277	8.3	[6]348	295	1,537	660	1.5%	[6]650	2.4
[6]1980	25,195	2,081	8.3	368	279	1,150	698	12.2%	606	2.4
1979	17,514	1,336	7.6	372	218	634	1,029	21.3%	810	4.6

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	[9]Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3,458	NA	NA	NA	77,952	1.4%	10,076	14,055	24,673	40.8	7.5%
1987	2,805	NA	NA	NA	74,991	2.3%	10,052	13,588	25,440	39.5	12.4%
1986	2,984	NA	NA	NA	65,995	2.0%	10,067	12,797	25,565	39.4	10.8%
1985	2,357	NA	NA	NA	66,417	2.1%	10,264	11,544	24,399	42.1	11.5%
1984	1,765	NA	NA	NA	57,073	2.8%	9,974	10,661	23,083	43.2	13.9%
1983	1,503	NA	NA	NA	46,178	3.2%	7,937	9,787	19,778	40.1	14.4%
1982	1,308	NA	NA	NA	36,643	2.4%	6,488	8,812	16,873	38.5	10.0%
1981	1,171	NA	NA	NA	34,509	2.0%	5,837	8,269	15,547	37.5	7.8%
1980	787	NA	NA	NA	28,054	2.7%	3,382	7,689	12,495	27.1	8.0%
1979	284	10,256	6,261	1.6	16,422	5.2%	2,474	7,467	10,161	24.3	11.2%

Data as orig reptd. 1. Yrs ended Jan. 31 of fol. cal. yr. prior to 1981. 2. Incl. other income after 1979. 3. Incl. equity in earns. of nonconsol. subs. 4. Bef. results of disc. opers. in 1988, and spec. item(s) in 1988. 5. Excl. disc. opers. and reflects merger or acquisition. 6. Net of curr. yr. retirement and disposals. 7. Reflects merger or acquisition. 8. Reflects accounting change. 9. Incl. current portion aft. 1979. NA-Not Available.

Business Summary

Sears operates four major retail and financial service businesses. Segment contributions in 1988:

	Revs.	Income
Sears	60%	23%
Allstate	30%	59%
Dean Witter	7%	10%
Coldwell Banker	3%	8%

Merchandising is conducted through 397 full-line stores (80 million sq. ft.), 367 medium-sized stores (32 million), 60 hard lines stores, 713 specialty stores and 112 catalog outlets (2.9 million). Credit operations accounted for 55% of group net income in 1988. Foreign operations are conducted in Canada and Mexico (116 stores combined).

Allstate Insurance Group is the second largest property-liability insurer in the U.S. The Coldwell Banker Real Estate group invests in, develops and operates real estate, and performs brokerage, mortgage guaranty insurance operations and other related services. Its Homart Development Co. subsidiary, develops and operates shopping centers, office buildings and other commercial properties. At year-end 1988 Homart owned, managed or was a partner in 30 regional malls.

The Dean Witter Financial Services group provides securities brokerage, investment banking, and other financial services. Discover Card offers traditional bank credit card and related services.

Dividend Data

Dividends have been paid since 1935. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Nov. 9	Nov. 18	Nov. 25	Jan. 3'89
0.50	Feb. 14	Feb. 17	Feb. 24	Apr. 3'89
0.50	May 11	May 26	Jun. 2	Jul. 3'89
0.50	Aug. 9	Aug. 22	Aug. 28	Oct. 2'89

Next dividend meeting: mid-Nov.'89.

Capitalization

Long Term Debt: $9,690,600,000.

Common Stock: 343,838,671 shs. ($0.75 par).
Institutions hold about 52%.
Shareholders of record: 352,309.

Office—Sears Tower, Chicago, Ill. 60684. Tel—(312) 875-2500. Chrmn & Pres—E. A. Brennan. Sr VP-CFO—J.M.Denny. VP-Secy—D.Shute. Investor Contact—R. Greer. Dirs—W. L. Batts, M. Bozic, E. A. Brennan, A. V. Casey, J.M.Denny, E. M. deWindt, R. J. Haayen, A. J. Hill, S. C. Mobley, N. Pace, P. J. Purcell, N. C. Reynolds, C. B. Rogers, Jr., D. H. Rumsfeld, E. B. Stern, E. R. Telling. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in New York in 1906. Empl—520,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Security Pacific

2004M

NYSE Symbol SPC Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
40¼	54⅞-35½	7	2.28	5.7%	A	1.31

Summary

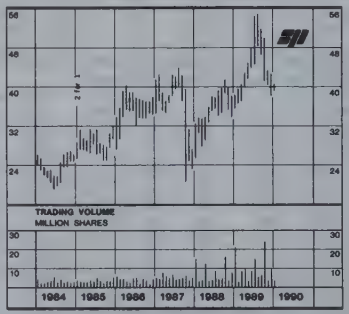
This bank holding company, the fifth largest in the country and second largest in California, has amassed an interstate banking presence throughout the West and Alaska through acquisitions. SPC has also diversified into other financial services, particularly securities trading, capital markets services, and commercial and consumer finance, which together account for a significant portion of profits. Cost-cutting efforts helped earnings to resume their uptrend in 1988 and should continue to benefit earnings through 1990.

Current Outlook

Earnings for 1990 could reach $6.90 a share, up from the $6.25 estimated for 1989.

The $0.57 quarterly dividend is the minimum expectation.

Loan growth is expected to slow to 7%-9% in 1990 from 12% posted through September, 1989, as the economy cools. International loans should decline relative to the portfolio, while domestic real estate and consumer loans increase. However, residential real estate loans are unlikely to register the advances posted in 1989 (up 33% year to date). Margins will likely continue under pressure as asset growth probably outstrips that of core deposits. The streamlining of the branch network along with the integration of recent acquisitions should contain costs. The weakness is in the Arizona bank, which is losing money due to mounting problem real estate loans. While loan quality is generally improving, except in Arizona real estate, loan loss reserves (at 66% of nonperforming loans) could be boosted. LDC loans are reserved at over 50%. Merchant banking should improve, reflecting the sale and elimination of low-return businesses. Pacific Rim trade financing business could aid long-term growth.



Review of Operations

Net interest income for the first nine months of 1989 advanced 12%, year to year, reflecting 11% growth of earning assets (including acquisitions). The provision for loan losses was 11% higher, at $338 million, partially reflecting a weak Arizona real estate market. Lower trading profits and securities-related fees were offset by higher service charges, rising fee income, and gains from the sale of equities; noninterest income rose 1.5%. With noninterest expense growth held to 3.5%, pretax earnings advanced 19%. After taxes at 36.8%, versus 35.6%, net income was up 18%. Share earnings were $4.67, versus $4.13.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.54	1.30	1.06	1.11
Jun	1.58	1.36	d1.81	1.19
Sep.	1.55	1.47	1.16	1.25
Dec.	E1.58	1.46	d0.40	1.31
	E6.25	5.59	0.01	4.86

Important Developments

Dec. '89— SPC agreed to acquire Mountain West Savings Bank, an Idaho-based savings bank with assets of $320 million, for $31.5 million. In June, SPC agreed to sell to Mitsui Bank, Ltd. a 5% equity interest in the consumer and commercial services groups of SPC's Financial Services System for about $100 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[1]1987	[2]1986	1985	[2]1984	1983	[2]1982	[2]1981	1980
Tangible Bk. Val.	NA	31.52	28.00	33.25	29.90	26.87	24.19	22.12	19.78	17.61
Earnings[3]	NA	5.59	0.01	4.86	4.35	3.96	3.62	3.27	2.94	2.73
Dividends	2.20	1.92	1.72	1.44½	1.31	1.19½	1.09	0.97[15]/16	0.89[19]/32	0.81¼
Payout Ratio	NA	34%	NM	30%	30%	30%	30%	30%	31%	30%
Prices—High	54⅞	41½	43⅞	40¼	32	26⅞	27¾	18¾	18¼	14⅜
Low	35½	25⅜	20½	27⅛	24⅞	19	14⅞	10⅜	14¼	9¼
P/E Ratio—	NA	7-5	NM	8-6	7-6	7-5	8-4	6-3	6-5	5-3

Data as orig reptd Adj for stk div(s) of 100% Feb 1985, 20% May 1983. 1. Reflects merger or acquisition and accounting change. 2. Reflects merger or acquisition 3. Aft gains (losses on security trans of +0.04 in 1988, +0.05 in 1987, +0.33 in 1985, +0.01 in 1984, +0.01 in 1983, +0.01 in 1982, -0.01 in 1981, -0.01 in 1980. d-Deficit. E-Estimated NM-Not Meaningful NA-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	2,651	64	1,760	414	66.9	1,014	37.0%	639	4.17	0.84	20.8
[2]1987	2,340	91	1,667	1,274	69.6	d110	NM	16	3.87	0.02	0.0
[1]1986	1,935	88	1,129	503	67.1	499	22.7%	386	4.37	0.71	17.1
1985	1,777	83	850	379	64.9	495	34.8%	323	4.59	0.69	16.0
[1]1984	1,551	65	771	388	62.0	456	36.2%	291	4.60	0.71	15.7
1983	1,392	61	505	156	65.9	453	41.6%	264	4.63	0.71	16.1
[1]1982	1,160	63	449	162	65.5	352	33.4%	234	4.24	0.67	16.9
[1]1981	1,006	58	339	72	67.0	331	37.7%	206	4.21	0.68	16.7
1980	880	57	270	79	64.8	288	37.2%	181	4.31	0.69	16.5
1979	829	45	203	75	63.1	275	40.5%	164	4.56	0.70	16.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets— Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	77,870	5,033	3,835	24,207	31,258	2.05	11,548	36,105	116.4	7,894	3,543	3.9
1987	72,838	6,178	4,406	22,423	29,205	3.27	10,180	35,371	113.3	6,527	3,063	3.9
1986	62,606	4,840	3,189	22,037	22,306	1.71	10,473	27,935	115.5	4,653	2,575	4.0
1985	53,503	5,108	2,004	18,292	18,772	1.50	7,849	25,025	112.8	3,508	2,289	4.3
1984	46,117	4,443	1,859	16,561	16,451	1.57	8,633	24,373	106.5	2,456	1,963	4.5
1983	40,382	3,207	2,166	13,881	14,783	1.18	5,931	21,912	103.0	1,638	1,782	4.4
1982	36,991	2,703	1,920	12,794	13,598	1.13	5,225	20,624	102.1	1,317	1,489	4.0
1981	32,999	2,460	1,773	10,794	12,145	0.97	5,394	18,052	97.8	1,005	1,323	4.1
1980	27,794	1,641	2,314	8,421	10,911	0.96	6,050	15,118	91.3	648	1,170	4.2
1979	24,923	1,198	2,367	7,458	9,588	1.01	5,790	12,661	92.4	343	1,042	4.2

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects merger or acquisition and acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

This holding company owns the second largest bank in California, with 552 branches, and banks in Arizona, Washington, Oregon, Nevada and Alaska with 375 branches. Merchant banking, including worldwide securities trading and processing, other capital markets activities, and advisory services, is an important part of business, as are specialized financial services such as commercial and consumer finance (500 offices) and venture capital lending ($300 million invested). Contributions to net income (in million $; excluding special reserves against LDC loans in 1987):

	1988	1987
Retail banking	$242	$123
Business banking	112	60
Merchant banking	83	96
Interstate banking	60	102
Financial services	154	155
Developing country	2	-14

Foreign operations accounted for 20% of assets in 1988.

Average earning assets of $65.1 billion in 1988 were divided: commercial loans 45%, real estate loans 14%, consumer loans 20%, investment securities 6%, investment securities 6% and other 9%. Average sources of funds were interest-free deposits 13%, other deposits 47%, borrowed funds 29%, equity 5%, and other 6%.

At 1988 year-end nonperforming assets were $1.9 billion (3.4% of related assets), against $2.3 billion (4.4%) a year earlier. The reserve for loan losses was 2.05% of loans, down from 3.27%, as SPC charged off LDC loans. Net charge-offs during 1988 were 1.77% of average loans, versus 0.84%.

Dividend Data

Dividends have been paid since 1881. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.49	Jan. 17	Jan. 25	Jan. 31	Feb. 20'89
0.57	Apr. 18	Apr. 26	May 2	May 20'89
0.57	Jul. 18	Jul. 26	Aug. 1	Aug. 20'89
0.57	Oct. 17	Oct. 25	Oct. 31	Nov. 20'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $8,135,000,000.

Adj. Rate Cum. Pfd. Stk.: $525,000,000.

Common Stk.: 115,173,604 shs. ($10 par). Institutions hold about 60%.
Shareholders of record: 33,882.

Office—333 South Hope St., Los Angeles, Calif. 90071. **Tel**—(213) 345-6211. **Chrmn & CEO**—R. J. Flamson III. **Pres**—G. F. Moody. **VP-Secy**—L. J. Foss. **VP-Treas**—R. C. Gilbert. **Investor Contact**—J. S. Gould (213-345-5568). **Dirs**—J. F. Albrandi, R. Anderson, J. G. Boswell II, W. H. Burnside, T. F. Crull, R. J. Flamson III, C. C. Frost, B. A. Getz, D. E. Guinn, F. L. Hope Jr., L. O. Kitchen, C. C. Knudsen, J. D. Mangels, D. B. Miller, G. F. Moody, F. W. O'Green, H. T. Segerstrom, R. H. Smith, J. R. Ukropina, J. S. Yeager, J. H. Zumberge **Transfer Agent & Registrar**—Security Pacific National Bank, Los Angeles **Incorporated** in Delaware in 1971, bank organized in 1871 **Empl**—41,363

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine CFA

Service Corp. Int'l

2010

NYSE Symbol SRV Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
16⅛	22-12¾	NM	0.56	3.5%	A	1.24

Summary

This company is the largest publicly-held funeral service/cemetery company in North America, operating some 502 funeral homes, 128 cemeteries, and 35 flower shops throughout the U.S. and Canada. In November, 1989 the company agreed to sell its funeral supply division for $62 million in cash and announced plans to sell its prearranged funeral business.

Current Outlook

Share earnings for 1990 are projected at $1.55, up from an estimated $1.25 for 1989.

Dividends should continue at $0.14 quarterly.

Profits from funeral services operations should improve slightly in 1990, reflecting a small increase in prices at both flower shops and for funeral services. However, a continuing decline in national mortality rates is expected to lead to a further decline in funeral case volume and apply some pressure to margins. Profits from cemetery operations are expected to rise slightly. Consolidated earnings should benefit from sharply higher nonoperating income.

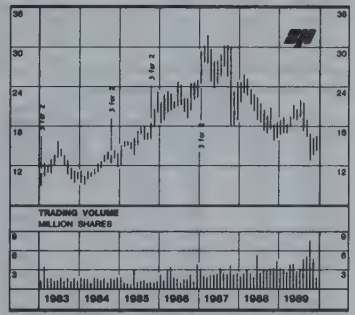
Net Revenues[1] (Million $)

Quarter:	1989	1988	1987-8	1986-7
Mar.	196.0	---	126.7	68.8
Jun.	189.3	---	123.2	83.1
Sep.	181.9	---	136.3	108.6
Dec.	---	---	153.8	126.2
	---	[2]462.6	540.0	386.6

Revenues for the nine months ended September 30, 1989 rose 9.2% from those for the nine months ended October 31, 1988 (the fiscal year-end has been changed to December 31 from April 30). Margins widened, and following higher nonoperating income, net income advanced to $44.8 million from $16.8 million. Share earnings were $0.83, against $0.35, which excludes a special charge of $0.34 from an accounting change.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987-8	1986-7
Mar.	0.38	---	0.31	0.28
Jun.	0.30	---	0.34	0.27
Sep.	0.15	---	0.35	0.33
Dec.	E0.42	---	0.35	0.33
	E1.25	[2]0.09	1.35	1.21



Important Developments

Nov. '89— SRV reached an agreement to sell its funeral supply division to Hillenbrand Industries for $62 million in cash. The agreement was part of SRV's plan to discontinue involvement in the funeral supply and insurance funded prearranged funeral marketing businesses; the net assets of the businesses to be sold as of September 30, 1989 totaled about $280 million.

May '89— Directors raised the quarterly dividend 17%, to $0.14 from $0.12, with the July, 1989 payment. In April SRV's Canadian subsidiary sold publicly 1.5 million shares, reducing SRV's ownership interest to 70%; the sale resulted in an after-tax gain of $2.9 million. Proceeds were used by the subsidiary for reimbursement of SRV for certain Canadian acquisitions and partial payment for acquisition of a Canadian funeral firm.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31[3]	1988	1987	[4]1986	[4]1985	[4]1984	[4]1983	[4]1982	[4]1981	[4]1980	[4]1979
Tangible Bk. Val.	7.60	9.08	8.62	7.15	6.30	5.49	4.89	3.53	2.86	2.05
Earnings[5]	0.09	1.35	1.21	1.08	0.95	0.80	0.65	0.55	0.42	0.30
Dividends	0.24	0.40	0.29⅜	0.21⅜	0.17⅞	0.14¼	0.11¼	0.08¾	0.06½	0.05
Payout Ratio	267%	30%	24%	20%	19%	18%	19%	19%	14%	16%
Prices—High[6]	25⅞	31⅞	25	23¼	14⅜	15¾	9½	5	2⅞	1½
Low[6]	15¾	18	18⅜	12⅛	9	8⅞	3¼	2⅛	1	1
P/E Ratio—	NM	24-13	21-15	22-11	15-9	20-11	15-5	9-4	7-3	5-3

Data as orig. reptd. Adj. for stk. div(s). of 50% Feb. 1987, 50% Nov. 1985, 50% Oct. 1984, 50% Jan. 1983, 33⅓% June 1981. 1. Quarters ended Jul. Oct., Jan., Apr. prior to 1988. 2. Eight mos. ended Dec. 31, 1988. 3. Years ended Apr. 30 of the foll. cal. yr. prior to 1988. 4. Reflects merger or acquisition. 5. Bef. spec. item(s) of -0.34 in 1988, +0.23 in 1980. 6. Cal. yr. E-Estimated. NM-Not Meaningful.

December 21, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[4]1988	463	40	8.6	32	17.1	23.5	5.8	22.3%	4.5	1.0
1987	540	105	19.4	77	21.5	24.1	99.2	36.0%	63.5	11.8
[5]1986	387	77	20.0	119	14.5	15.7	86.0	40.0%	51.6	13.3
[5]1985	264	60	22.7	38	9.5	7.0	64.5	36.5%	41.0	15.5
[5]1984	234	54	22.9	25	8.3	6.0	54.9	36.4%	34.9	14.9
[5]1983	215	46	21.4	16	7.6	6.2	47.0	38.3%	29.0	13.5
[5]1982	209	40	19.3	16	6.9	8.0	34.5	40.5%	20.5	9.8
[5]1981	162	29	18.2	48	4.6	8.7	23.2	41.3%	13.6	8.4
[5]1980	135	25	18.5	9	3.4	7.1	16.4	43.3%	9.3	6.9
[5]1979	115	22	21.0	6	3.3	6.6	13.7	46.0%	7.4	6.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	38	NA	NA	NA	1,872	NA	466	516	1,054	44.2	NA
1987	42	201	63.4	3.2	1,129	6.2%	355	569	982	36.1	11.8%
1986	40	162	52.1	3.1	862	6.7%	224	479	742	30.2	12.4%
1985	129	186	30.7	6.0	567	8.3%	165	299	489	33.7	14.5%
1984	44	91	29.8	3.1	400	9.3%	58	256	331	17.6	14.7%
1983	54	92	23.0	4.0	335	8.9%	61	211	284	21.4	14.5%
1982	48	83	23.7	3.5	310	6.7%	64	187	260	24.7	12.5%
1981	14	52	24.1	2.2	263	5.2%	88	121	214	41.2	11.9%
1980	7	30	13.9	2.2	170	6.2%	69	69	141	49.0	15.5%
1979	9	31	15.3	2.0	162	4.8%	69	63	133	51.4	12.4%

Data as orig. reptd. 1. Years ended Apr. 30 of the foll. cal. yr. prior to 1988. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. spec. item(s) in 1988, 1980. 4. Eight mos. ended Dec. 31, 1988. 5. Reflects merger or acquisition. NA-Not Available.

Business Summary

SRV is the largest publicly held funeral service/cemetery company in North America, with 502 funeral homes, 128 cemeteries, 20 funeral product and supply manufacturing plants, five casket distribution centers, and 35 flower shops. SRV also offered insurance and prearranged funeral programs (this business and SRV's funeral supply business are being held for sale). Contributions to revenues and profits by business segment in the eight month period of 1988 (operating profits in million $):

	Revs.	Profits
Funeral services	43%	$49.8
Prearranged funeral	19%	7.2
Cemetery	18%	15.3
Funeral supply	16%	-27.6
Other	4%	- 2.7

SRV's funeral homes perform all services relating to funerals. SRV also markets funeral prearrangement programs in the U.S. and Canada. The face amount of prearranged funeral contracts sold in the eight month period of 1988 was $163.5 million, and of prearranged cremations $5.7 million. Funeral supply operations include the manufacture and distribution of caskets and casket component and equipment to the entire funeral industry.

The cemetery division sells cemetery properties, mausoleum spaces, crypts and related merchandise, and performs interment and cemetery maintenance services.

SRV's flower shops design and sell funeral floral arrangements. SRV planned to dispose of those retail flower shops which are not associated with the funeral industry.

The company has acquired most of its operations and continues to review possible acquisitions of various related businesses.

Dividend Data

Dividends were initiated in 1973. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Feb. 23	Apr. 10	Apr. 14	Apr. 28'89
0.14	May 11	Jul. 10	Jul. 14	Jul. 31'89
0.14	Aug. 16	Oct. 10	Oct. 16	Oct. 31'89
0.14	Nov. 14	Jan. 10	Jan. 17	Jan. 30'90

Capitalization

Total Debt: $465,543,000, incl. $100 million of 6.5% debs., conv. into com. at $26 a sh.

Variable Term Preferred Stock: 100,000 shs. ($100,000,000 liquid. pref.).

Common Stock: 48,382,126 shs. ($1 par). Officers and directors own about 9%. Institutions hold approximately 56%. Shareholders of record: 6,559.

Office—1929 Allen Pkwy., P.O. Box 13548, Houston, Tex. 77219. Tel—(713) 522-5141. Chrmn & Pres—R. L. Waltrip. Secy—E. K. Payne. SVP-Fin & Treas—B. B. Dees. Dirs—D. R. Campbell, D. M. Conway, J. Finkelstein, A. J. Foyt, Jr., J. J. Gavin, J. H. Greer, L. W. Heiligbrodt, D. A. Holder, B. D. Hunter, W. A. McGee, J. W. Mecom, Jr., W. E. Mercer, E. H. Thornton, Jr., R. L. Waltrip, W. B. Waltrip, A. W. Wunderlich, Jr. Transfer Agent & Registrar—Texas Commerce Bank, Houston. Incorporated in Texas in 1962. Empl—12,354.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Service Merchandise

2010M

NYSE Symbol SME Options on Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
10⅞	22¾-9⅝	6	None	None	B	1.50

Summary

SME is one of the two largest catalog showroom merchandisers, and is also active in specialty retailing. Earning in 1989's first half were aided by higher sales, an improved product mix, and lower interest expense. In July, 1989 the company distributed a $10 a share special dividend as part of a recapitalization plan and discontinued its quarterly dividends. The shares were split 3-for-2 in March.

Business Summary

Service Merchandise is one of the two largest catalog showroom merchandisers in the U.S. Operations were substantially expanded by the 1985 acquisitions of H.J. Wilson Co. and Ellman's, Inc., which increased the company's total number of showrooms by 87, giving it 317 catalog showrooms as of December 31, 1988. The company also owns several specialty retailing units.

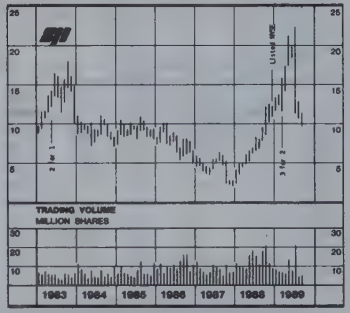
Showrooms (primarily leased) range in size from 20,000 to 80,000 square feet, averaging about 55,000. The showrooms sell jewelry, diamonds and brand-name hardgoods, including housewares, small appliances, giftware, silverware, luggage, cameras, radios, televisions and other electronic equipment and accessories, toys, sporting goods and home and garden equipment. In-store transactions account for most sales, with some mail-order business also conducted.

The company's catalog of about 490 pages, distributed by mail each fall, describes some 20,000 items and lists both manufacturers' suggested and the company's discounted prices. In addition, a 160-page supplementary catalog is published each spring, and flyers describing specials and seasonal items are mailed several times a year.

Although stocks of some items are maintained within showroom selling areas, most are warehoused in contiguous areas, and only samples are displayed. Customers select and pay for these items on the selling floor and take delivery at pickup counters.

Other specialty retailing operations include three Zimm's jewelry and giftware stores (as of December 31, 1988) and 11 Computer Shoppes, which sell small computers at retail. The Lingerie Store was closed in February, 1989.

In August, 1986 the company discontinued operations of its Mr. HOW subsidiary, which consisted of a group of 22 retail home improvement warehouses.



Important Developments

Aug. '89— Chemical Bank said that it had structured, syndicated and agented a $975 million senior recapitalization financing for SME. Of that amount, $500 million was in term loans and $475 million was revolving credit loans. The funds were used to pay the $10 a share special dividend in July, and were to be used to refinance certain existing debt, obtain necessary letters of credit, provide ongoing working capital, and pay fees and expenses related to the restructuring plan, which was adopted in May. SME said it expected to service such debt "without substantial modification" of its current expansion plans, but said that it would discontinue its quarterly cash dividend and take other steps to reduce costs and improve cash flow.

Jun. '89— SME announced an agreement to sell its 11 Computer Shoppes at about Computer Shoppe's net book value.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	7.62	6.14	5.57	6.57	6.42	5.57	4.72	3.75	3.19	2.69
Earnings[2]	1.51	0.50	d0.34	0.21	0.97	0.99	0.80	0.61	0.54	0.51
Dividends	0.05⅓	0.05⅓	0.05⅓	0.05⅓	0.05⅓	0.05¼	0.04⅓	0.04⅓	0.04⅓	0.04⅓
Payout Ratio	3%	11%	NM	25%	5%	5%	6%	8%	9%	8%
Prices—High	12½	6⅜	10⅛	10⅞	11⅛	18	9⅜	4⅞	5⅜	6⅜
Low	2⅜	2	4⅞	7⅛	7⅛	8¾	3⅛	3½	2⅝	4⅛
P/E Ratio—	8-2	13-4	NM	51-34	11-7	18-9	12-4	8-6	11-5	13-8

Data as orig. reptd. Adj. for stk. divs. of 50% Mar. 1989, 100% May 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.60 in 1988 and spec. item of +0.12 in 1987. d-Deficit. NM-Not Meaningful.

October 4, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	3,093	251	8.1	35	53.6	82.1	121	37.0%	76.5	2.5
1987	2,719	178	6.5	42	56.2	85.6	44	44.0%	24.9	0.9
[2]1986	2,527	91	3.6	71	56.7	68.3	d29	NM	[3]d17.1	NM
[4]1985	2,526	105	4.2	394	44.0	57.5	10	NM	10.7	0.4
1984	1,657	126	7.6	127	25.0	21.5	85	47.4%	44.8	2.7
1983	1,458	118	8.1	48	18.4	18.2	88	48.7%	44.9	3.1
[4]1982	1,195	97	8.1	28	15.3	24.1	61	48.5%	31.6	2.6
1981	1,027	82	8.0	22	13.1	28.2	44	47.3%	23.1	2.2
1980	865	69	8.0	35	11.0	22.9	38	45.8%	20.4	2.4
1979	730	57	7.7	46	8.6	15.0	35	44.1%	19.5	2.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	337	1,148	731	1.6	1,711	4.7%	574	381	980	58.6	22.3%
1987	250	962	593	1.6	1,553	1.6%	622	307	959	64.8	8.5%
1986	146	897	450	2.0	1,525	NM	770	279	1,075	71.6	NM
1985	48	812	625	1.3	1,459	0.9%	492	328	834	59.1	3.3%
1984	90	561	368	1.5	867	5.3%	185	309	498	37.1	15.5%
1983	189	556	348	1.6	756	6.6%	154	252	408	37.7	19.3%
1982	141	410	210	2.0	586	5.7%	168	205	375	44.9	17.1%
1981	55	307	164	1.9	454	5.4%	148	142	290	50.9	17.5%
1980	61	255	112	2.3	400	5.5%	167	121	288	58.1	18.3%
1979	26	214	131	1.6	339	6.5%	105	102	208	50.3	20.8%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1986, and spec. item(s) in 1987. 2. Excl. disc. opers. 3. Reflects acctg. change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	565	527	451	393
Jun.	717	672	596	541
Sep.		597	525	479
Dec.		1,297	1,147	1,114
		3,093	2,719	2,527

Sales for the six months ended June 30, 1989 rose 6.9%, year to year, reflecting 4.4% higher comparable showroom sales and the opening of a net 11 additional showrooms since last year. Margins widened on a more favorable product mix, and after lower total interest expense and higher other income, pretax income was $14.8 million, in contrast to a loss of $8.0 million. After taxes at 36.0%, versus tax credits of $3.1 million, net income amounted to $9.4 million ($0.18 a share), against a net loss of $4.9 million ($0.10, adjusted).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.09	d0.26	d0.35	d0.51
Jun.	0.27	0.18	0.01	d0.06
Sep.		0.01	d0.31	d0.25
Dec.		1.59	1.15	0.48
		1.51	0.50	d0.34

d-Deficit.

Dividend Data

The company discontinued its quarterly cash dividend in conjunction with the payment on July 25, 1989 of a special cash distribution of $10 a share to holders of record July 19. The last quarterly dividend was $0.01½paid June 15, 1989. Previously, dividends had been paid since 1977.

Finances

In 1989's first quarter SME prepaid a $70 million revolving credit balance. Another temporary $100 million line of credit agreement was entered into on March 17, 1989. At June 30, 1989 $57 million was outstanding under the $100 million line of credit. Also, SME had other credit lines totaling $20 million.

Capitalization

Long Term Debt: $512,779,000, incl. $103,038,000 of capital lease obligations.

Common Stock: 51,185,621 shs. ($0.50 par)
The Zimmerman family owns about 9%.
Institutions hold some 62%.
Shareholders: 5,172 of record.

Office—2988 Foster Creighton Drive, Nashville, Tenn. 37204. Tel—(615) 251-6666. Chrmn & Pres—R. Zimmerman. VP-Treas & CFO—S. P Braud. VP-Secy—G. A. Bodzy. Dirs—R. P. Crane Jr., R. M. Holt, H. I. Levy, C. V. Moore, J. E. Poole, R. Zimmerman. Transfer Agent—Harris Trust and Savings Bank, Chicago. Incorporated in Tennessee in 1970. Empl—19,772.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Christopher J. Grant

ServiceMaster L.P.

2012

NYSE Symbol SVM

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
22¼	24¼-21¼	11	1.76	7.9%	A+	1.04

Summary

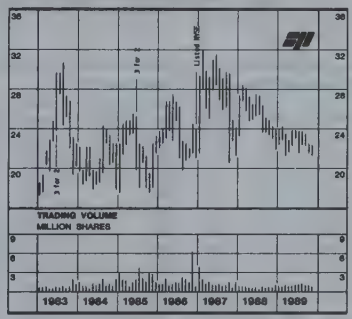
ServiceMaster L.P. provides housekeeping, maintenance and management services to health care facilities, as well as to residential, commercial, educational and industrial customers. In October, 1989 SVM acquired American Home Shield Corp., a provider of home service warranty contracts. Earnings for the first nine months of 1989 benefited from higher profits at both business segments.

Current Outlook

Share earnings for 1990 are projected at $2.25, up from the $2.10 estimated for 1989.

The $0.44 quarterly distribution is expected to be raised in December, 1989.

Profits from management services in 1990 are expected to rise slightly, reflecting more modest revenue growth, especially in services provided to the industrial facilities market. Consumer services profits should be higher on growth in radon testing services, an increase in the number of Merry Maids franchises, continued growth in demand for termite and pest control services, and favorable contributions from the October, 1989 acquisition of Amercian Home Shield.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	385	368	337	288
Jun.	401	382	359	276
Sep.	400	387	363	285
Dec.	---	394	367	294
	---	1,531	1,425	1,123

Revenues for the nine months ended September 30, 1989 rose 4.3%, year to year, reflecting growth at both business segments. Income from operations advanced 7.5%, but higher interest expense more than offset an increase in interest income, and net income was up 5.2%. Share earnings were $1.59 on 3.0% more shares, versus $1.55.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.50	0.50	0.46	0.24
Jun.	0.56	0.54	0.50	0.26
Sep.	0.53	0.51	0.48	0.25
Dec.	E0.51	0.47	0.46	0.26
	E2.10	2.02	1.90	1.00

Important Developments

Oct. '89— A SVM subsidiary acquired the common stock of American Home Shield Corp. (AHS) for $9.50 per AHS share in cash plus the right to receive up to $3.50 per share based upon future performance of AHS; senior officers of AHS retained a 20% interest in AHS. AHS markets home service warranty contracts in 38 states and the District of Columbia, covering the repair and replacement of major home systems. SVM said that during the first nine months of 1989 it repurchased 503,815 of its common shares for a total cost of $11.5 million.

Jul. '89— SVM's Merry Maids subsidiary opened its first franchise operation in Osaka, Japan. SVM added that since acquiring Merry Maids in July, 1988, the number of Merry Maids home cleaning franchises has expanded to over 450.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	d4.55	d4.28	d4.59	2.31	2.07	1.79	1.67	1.62	1.39	1.11
Earnings	2.02	1.90	1.00	1.00	0.93	0.78	0.65	0.53	0.43	0.35
Distributions	1.70	1.57	1.02	0.79625	0.69375	0.5825	0.4675	0.37625	0.305	0.2225
Payout Ratio	87%	82%	102%	80%	75%	74%	71%	71%	71%	63%
Prices—High	28⅜	32	27½	25½	24⅜	30¾	18⅞	13⅛	10¾	7⅜
Low	21⅞	20½	19¾	17⅛	17⅞	17¼	10½	10⅛	6½	5¼
P/E Ratio—	14-11	17-11	28-20	26-18	26-19	39-22	29-16	25-19	25-15	21-15

Data as orig. reptd. Adj. for stk. divs. of 50% Jun. 1985, 50% Jun. 1983, 50% Jun. 1981, 50% Jan. 1980. E-Estimated. d-Deficit.

December 7, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,531	107.1	7.0	[1]19.8	21.7	22.8	[2]67.4	Nil	64.6	4.2
1987	1,425	99.4	7.0	[1]19.1	19.9	[3]16.5	[2]63.0	Nil	60.0	4.2
1986	1,123	72.3	6.4	17.7	9.0	NA	[2]62.8	47.1%	32.8	2.9
1985	1,002	66.6	6.6	15.2	7.6	NA	[2]61.4	46.8%	32.7	3.3
1984	850	60.3	7.1	10.5	5.3	NA	[2]57.9	47.3%	30.5	3.6
1983	701	49.3	7.0	8.5	3.6	Nil	[2]48.6	47.3%	25.6	3.7
1982	595	41.3	6.9	6.0	[4]3.7	Nil	41.0	47.4%	21.6	3.6
1981	502	34.2	6.8	5.2	3.7	Nil	33.7	47.6%	17.7	3.5
1980	416	28.5	6.9	3.5	3.2	0.1	27.1	48.6%	13.9	3.3
1979	339	22.6	6.7	4.1	2.7	0.1	21.2	47.8%	11.1	3.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	76.4	202	81.2	2.5	484	14.8%	280	51.4	342	82.0	134.7%
1987	20.4	129	64.5	2.0	371	16.8%	184	42.2	234	78.3	161.2%
1986	18.3	107	53.3	2.0	340	14.0%	186	32.1	224	82.8	62.9%
1985	17.5	83	42.4	2.0	133	27.7%	12	75.8	90	12.8	45.5%
1984	18.0	72	34.2	2.1	103	30.8%	Nil	67.9	69	Nil	48.2%
1983	27.1	69	34.3	2.0	95	29.1%	Nil	58.6	60	Nil	45.2%
1982	24.4	61	25.1	2.4	82	27.8%	Nil	54.8	56	Nil	39.7%
1981	22.8	55	19.0	2.9	74	26.4%	Nil	53.8	55	Nil	35.3%
1980	17.0	44	13.5	3.2	59	26.1%	Nil	45.1	45	Nil	34.4%
1979	7.6	31	12.0	2.6	47	25.8%	Nil	34.7	35	Nil	34.4%

Data as orig. reptd. 1. Net of curr. yr. retirement and disposals. 2. Incl. equity in earns. of nonconsol. subs. 3. Net of interest income. 4. Reflecting accouting change. NA-Not Available.

Business Summary

ServiceMaster Limited Partnership (formerly ServiceMaster Industries) provides management services to health care, educational and industrial customers, and a variety of consumer services and products to residential and commercial customers. Contributions by segment in 1988:

	Revs.	Profits
Management services	86%	72%
Consumer services & products	14%	28%

Management services provided include housekeeping, plant operation and maintenance, food service, laundry and linen care, grounds care, materials management, clinical equipment maintenance and home health care. As of December 31, 1988, SVM was providing management services to over 1,600 health care, educational, and industrial facilities in 47 states, the District of Columbia, Canada, and through affiliated companies in Japan and the Middle East.

Consumer services are provided through a network of independent franchisees, which perform lawn care services to residential and commercial customers, cleaning and housekeeping to the residential market under the ServiceMaster trademark, and termite and pest control services under the TERMINIX trademark. Consumer products include cleaning products for the home and automobile and products for pets.

Distribution Data

Cash has been paid each year since 1962.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.44	Dec. 12	Dec. 29	Jan. 5	Jan. 31'89
0.44	Mar. 6	Mar. 30	Apr. 5	Apr. 30'89
0.44	May 8	Jun. 28	Jul. 5	Jul. 31'89
0.44	Jul. 24	Sep. 29	Oct. 5	Oct. 31'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $270,143,000.

Minority Interest: $6,599,000.

Partnership Shares: 30,648,499.
Institutions hold some 21%.
Shareholders of record: 29,000.

Office—2300 Warrenville Road, Downers Grove, Ill. 60515. Tel—(312) 964-1300. Chrmn—K. T. Wessner Pres & CEO—C. W Pollard VP & CFO—R D Erickson Investor Contact—Roger N. Ervin. Dirs—D. M. Barbo, P W Berezny Jr., H O Boswell, C H Cantu, R J Erickson, K. N. Hansen, H. P. Hess, G. H. Knoedler, V. C. Nelson, B. E. Sorensen, C. W. Stair, D. K. Wessner, K. T. Wessner, P. D. Woodward. Transfer Agent—Harris Trust & Savings Bank, Chicago Incorporated in Illinois in 1956; reincorporated in Delaware in 1989; reorganized in Delaware in 1986. Empl—17,023

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Shared Medical Systems

5208

NASDAQ Symbol SMED (Incl. in Nat'l Market; marginable) Options on Pacific In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 14'89	1989					
13⅜	19⅜-12	16	0.84	6.3%	A-	0.64

Summary

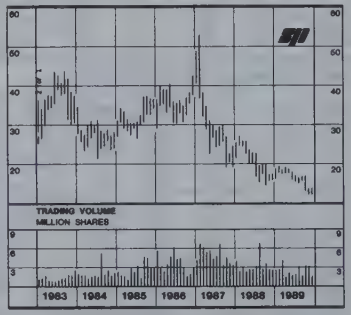
Shared Medical is a leading provider of computer-based information systems and related services to hospitals, clinics and physician groups. Depressed operating results in recent quarters reflected sales force problems and a more competitive and weaker healthcare information systems and automation market. Results through 1990 are expected to benefit from modestly higher revenues and slightly improved margins.

Current Outlook

Earnings for 1990 are projected at $1.00 a share, versus the $0.80 estimated for 1989 and the $1.25 reported for 1988.

A hike in the $0.21 a share quarterly dividend is not anticipated.

Revenues through 1990 are expected to increase modestly reflecting continued growth in the turnkey, physicians, international and lab products divisions (totaling 30% of revenues), which should outweigh lackluster hospital systems results (70%). The DRG legislation passed by Congress in 1983 resulted in strong competition and a declining growth rate in the healthcare market. Spending on information systems and the automation of activities by hospitals remains under pressure. Margins are expected to widen slightly on certain volume efficiencies and cost controls.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	95.5	95.4	96.6	87.3
Jun.	96.7	92.8	95.9	92.5
Sep.	96.9	95.0	99.1	96.4
Dec.	---	95.5	99.1	98.7
	---	378.7	390.7	374.9

Revenues for the nine months ended September 30, 1989, rose 2.0%, year to year, as increased hardware sales (reflecting a higher level of hardware content for systems installed) were offset by lower service and system fees. Margins narrowed, owing to significant nonrecurring general and administrative expenses associated with the creation of employee retirement and deferred compensation plans and higher personnel and equipment related costs, and pretax income declined 47%. After taxes at 33.0%, versus 35.0%, net income was off 45%, to $12,817,000 ($0.56 a share on 3.2% fewer shares), from $23,298,000 ($0.98). Results for the 1989 period exclude a $0.22-per-share credit from the cumulative effect of an accounting change.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.06	0.44	0.51	0.46
Jun.	0.28	0.36	0.42	d0.29
Sep.	0.22	0.18	0.43	0.53
Dec.	E0.24	0.27	0.44	0.56
	E0.80	1.25	1.80	1.26

Important Developments

Oct. '89— Shared Medical said that it had repurchased about 2.3 million of its common shares under authorizations to purchase up to 5.0 million shares.

Nov. '88— The company said that it had taken steps to improve its sales force, including a staff shakeup and expansion of training and marketing programs.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	7.36	7.59	7.02	6.38	5.15	4.12	3.31	2.67	2.15	1.74
Earnings	1.25	1.80	1.26	1.66	1.37	1.11	0.88	0.69	0.55	0.45
Dividends	0.81	0.74	0.63	0.51	0.42	0.34	0.22	0.19½	0.15	0.11
Payout Ratio	63%	40%	50%	31%	30%	30%	25%	28%	27%	24%
Prices—High	27⅛	53	42½	37⅜	34⅝	43¾	27½	18⅝	13⅞	8⅝
Low	14⅜	19	29	26⅜	21¼	25⅛	12⅞	12½	7⅜	5⅞
P/E Ratio—	22-12	29-11	34-23	23-16	25-16	39-23	31-15	27-18	25-13	19-13

Data as orig. reptd. Adj. for stk. divs. of 100% Jan. 1983, 100% Jan. 1980. 1. Refl. acctg. change. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	377	68	18.1	24.1	23.8	1.36	45.0	34.6%	29.4	7.8
1987	387	100	25.9	20.6	26.5	1.77	75.5	40.0%	45.3	11.7
1986	372	109	29.3	43.4	24.9	1.93	255.3	42.2%	32.0	8.6
1985	309	91	29.4	28.3	18.8	1.13	274.3	43.8%	41.7	13.5
1984	255	78	30.7	35.5	17.1	0.76	62.6	46.1%	33.8	13.2
1983	209	64	30.8	37.8	14.6	0.80	51.4	47.0%	27.3	13.1
1982	163	53	32.7	20.3	13.9	0.79	41.0	47.9%	21.4	13.1
1981	130	42	32.3	24.2	10.5	0.95	33.0	49.6%	16.6	12.8
1980	106	36	33.7	18.7	9.6	0.71	26.2	49.3%	13.3	12.6
1979	82	28	33.7	19.5	8.7	0.05	21.6	50.1%	10.8	13.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	32.2	136	60.2	2.3	285	10.2	7.7	169	205	3.8	17.1
1987	54.9	161	60.5	2.7	308	15.1	10.1	184	220	4.6	25.6
1986	59.8	156	72.3	2.2	303	11.5	14.1	177	211	6.7	19.0
1985	53.7	121	53.3	2.3	252	18.5	9.7	160	186	5.2	28.9
1984	18.6	69	34.6	2.0	193	19.2	8.9	126	150	6.0	29.8
1983	16.6	56	35.0	1.6	158	18.5	7.1	100	116	6.2	30.2
1982	30.5	61	36.4	1.7	135	17.5	8.1	80	97	8.3	29.6
1981	16.4	43	28.8	1.5	108	17.7	9.3	64	79	11.8	28.7
1980	8.9	34	16.1	2.1	79	18.3	7.7	51	63	12.2	28.7
1979	6.8	26	10.6	2.4	65	19.3	8.9	41	54	16.3	29.1

Data as orig. reptd. 1. Refl. acctg. change. 2. Incl. equity in earns. of nonconsol. subs.

Business Summary

Shared Medical Systems Corporation provides computer-based information systems and associated services to the healthcare industry.

The company's products are made available to hospitals, clinics and physician groups through integrated financial, administrative and patient management software systems that use diverse computing and networking technologies, ranging from remote processing, to distributed processing systems, to onsite turnkey systems. The company also provides a variety of professional services related to the information systems business, such as facilities management of data processing departments and physician group offices, systems installation, proprietary networking design, custom programming and education.

Shared Medical's markets are generally acute-care (short-stay) hospitals, primarily with more than 100 beds, and physicians groups. Historically, the company's primary market has been in the U.S., with hospital contracts in 47 states, the District of Columbia and Puerto Rico. Shared Medical also has contracts in Canada, the United Kingdom, Ireland, the Netherlands, West Germany and Spain. Although the number of acute-care hospital beds has not changed significantly in recent years, the demand for integrated information systems in the healthcare industry has grown with the increase in information required by the government and private insurers, additional medical services provided by hospitals and the need to control costs as prices, hospital budgets and government regulatory programs have increased.

Dividend Data

Cash has been paid each year since 1977.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.21	Mar. 14	Mar. 27	Mar. 31	Apr. 17'89
0.21	Jun. 15	Jun. 26	Jun. 30	Jul. 15'89
0.21	Sep. 20	Sep. 25	Sep. 30	Oct. 15'89
0.21	Dec. 12	Dec. 22	Dec. 31	Jan. 15'90

Finances

At September 30, 1989, the company had short-term lines of credit with banks totaling $42,656,000 (mainly at prime), of which $37,903,000 was unused.

Capitalization

Long Term Obligs.: $5,071,000 (9/89).

Common Stock: 22,894,445 shs. ($0.01 par).
Institutions hold about 73%.
Shareholders: 5,962 of record.

Office—51 Valley Stream Parkway, Malvern, Pa. 19355 Tel—(215) 296-6300. Chrmn & CEO—R. J. Macaleer. Pres—G. O. King. Exec VP, Treas & Secy—J. C. Kelly Investor Contact—Scott Holmes Dirs—R. K. Denworth Jr., F. W. DeTurk, C. M. Hyde, J. J. Kerley, R. J. Macaleer, A. B. Murray, J. S. Weston. Transfer Agent—Pittsburgh National Bank, Pittsburgh. Incorporated in Delaware in 1969. Empl—3,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Shawmut National

2021

NYSE Symbol SNC Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
22⅞	29¾-22½	7	1.44	6.3%	NR	0.92

Summary

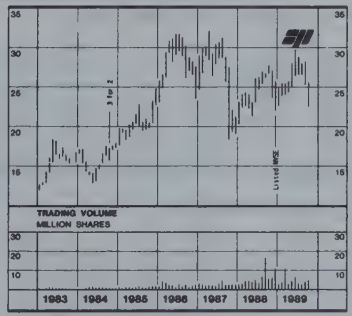
Formed through the early 1988 merger of Hartford National Corp. and Shawmut Corp., this superregional bank holding company, the 23rd largest in the nation, operates a branch network of 415 offices in Connecticut, Massachusetts and Rhode Island. Despite the slowing regional economy, and mounting problems in the real estate industry, earnings could continue to benefit from efficiencies resulting from integrating acquisitions.

Current Outlook

Earnings for 1990 could reach $3.95 a share, up from the $3.55 estimated for 1989.

The quarterly dividend was raised 5.9%, to $0.36 from $0.34, with the October, 1989 payment.

The New England economy is slowing, and loan growth may not surpass 5%-6% the coming year. Commercial real estate lending, which accounts for about 24% of the loan portfolio, should be slow, reflecting overbuilt conditions in local markets, particularly in the overdeveloped residential area. Real estate loan quality problems could accelerate leading to rising nonperforming assets. With reserves covering about 89% of non-accrual loans, provisions could rise moderately. LDC loans have been sharply reduced, and are reserved at about 60%. Competition among banks for consumer deposits is expected to continue, leading to higher funding costs and pressure on the net interest margin. Shawmut has been consolidating back office and other processing operations, as well as merging Hartford National's Massachusetts banks into Shawmut, and Shawmut's Connecticut banks into Hartford National. The resulting efficiencies could reduce overhead expenses and boost profitability.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.85	0.75	0.73	0.64
Jun.	0.88	0.80	d0.06	0.70
Sep.	0.90	0.85	0.93	0.74
Dec.	E0.92	0.88	0.60	0.82
	E3.55	3.28	2.20	2.90

Review of Operations

Net interest income for the nine months ended September 30, 1989 declined 1.2% year to year, as a 3.9% growth in average earning assets was offset by a narrower net interest margin. The provision for loan losses was 49% lower, at $53.5 million, reflecting year-earlier LDC reserving. Noninterest income fell 18%, primarily due to the 1988 sale of SNC's 50% stake in its Boston headquarters. With noninterest expense declining 7.1%, pretax earnings increased 13%. After taxes at 26.2%, versus 25.7%, net income was up 12%. Share earnings were $2.63, versus $2.40.

Important Developments

Oct. '89— SNC said that third-quarter earnings were influenced by soft loan demand, fewer investment opportunities, and narrower spreads between earning assets and purchased funds and consumer deposits. During the quarter the net interest margin fell to 3.83% from 4.27% a year earlier.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[3]1986	[1,3]1985	[1,3]1984	[1,3]1983	[1,3]1982	1981	[1]1980	[1]1979
Tangible Bk. Val.	22.22	20.40	14.84	16.54	14.96	15.61	14.51	16.79	15.22	13.84
Earnings[4]	3.28	2.20	2.90	2.77	2.53	2.56	1.98	2.52	2.16	1.46
Dividends	1.32	1.24	1.17⅜	1.10¾	1.02⅞	0.93⅝	0.84½	0.77¾	0.66¾	0.60
Payout Ratio	40%	56%	40%	40%	41%	37%	43%	31%	31%	41%
Prices—High	27¾	32⅛	31¾	24⅞	17⅞	18⅝	13⅜	12	9⅛	8
Low	21¼	18¼	23	17½	12¾	11⅞	8⅛	8⅜	4⅞	6⅜
P/E Ratio—	8-6	15-8	11-8	9-6	7-5	7-5	7-4	5-3	4-2	5-4

Data as orig. reptd.; prior to 1987 data for Hartford National only. Adj. for stk. divs. of 50% Oct. 1984. **1.** Incl. equity in earns. of unconsol. subs. **2.** Major merger resulted in formation of new co. **3.** Reflects merger or acquisition **4.** Incl. gains/losses from sec. trans. of +0.12 in 1988, +0.21 in 1987, +0.12 in 1986, +0.17 in 1985, +0.03 in 1983, +0.10 in 1979, bef. results of disc. opers. and/or spec. item(s) of +0.48 in 1979. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	[1]Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
1988	939	91	415	124	63.0	329	26.3%	243	4.32	0.92	15.3
[3]1987	873	127	282	122	66.2	209	24.0%	159	4.70	0.66	11.0
[4]1986	402	100	123	30	58.2	140	18.4%	114	5.77	1.11	17.2
[4]1985	303	69	92	19	61.4	99	18.5%	80	5.93	1.09	17.9
[4]1984	225	56	78	14	62.2	66	11.9%	59	6.01	1.06	17.8
[4]1983	156	29	54	5	67.1	46	16.7%	38	5.60	0.95	16.4
[4]1982	135	21	53	6	73.2	29	15.7%	25	5.81	0.71	14.1
1981	79	16	42	2	74.0	18	10.0%	16	5.26	0.68	15.7
1980	74	9	31	3	75.0	16	13.0%	14	4.56	0.58	14.9
1979	69	6	25	5	73.8	14	33.6%	9	3.96	0.38	11.1

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	28,414	5,575	6,759	12,212	1.49	4,992	13,995	99.9	745	1,668	5.9
1987	26,477	4,513	6,564	11,084	1.48	5,040	14,102	92.2	758	1,463	5.9
1986	13,879	2,452	2,823	5,720	1.15	3,884	6,895	79.3	431	726	6.3
1985	8,343	1,389	2,096	2,907	1.12	2,757	3,892	75.2	110	481	5.9
1984	6,192	767	1,571	2,082	1.12	1,916	2,940	75.2	55	328	5.6
1983	4,676	592	1,026	1,426	1.12	1,470	2,046	69.7	54	232	5.4
1982	4,128	431	898	1,185	1.12	1,584	1,738	62.7	41	183	5.1
1981	2,826	270	716	767	1.20	1,340	916	64.2	39	111	4.3
1980	2,753	326	640	776	1.20	1,256	953	62.7	44	98	3.9
1979	2,591	287	584	735	1.24	1,007	1,085	62.1	44	88	3.5

Data as orig. reptd., prior to 1987, data for Hartford National only. **1.** Incl. equity in earns. of unconsol. subs. **2.** Bef. results of disc. ops. and/or spec. items. **3.** Major merger resulted in formation of new co. **4.** Refl. merger or acq.

Business Summary

Shawmut National Corp., formed through the 1988 merger of Hartford National Corp. and Shawmut Corp., operates banks in Massachusets (with 227 branches), Connecticut (166 branches) and Rhode Island (12). It provides banking services to consumers and corporations, including a specialization in cash management services for insurance companies. Trust services are also important ($10 billion of assets under management). Shawmut also owns two mortgage banks.

During 1988 average earning assets were $23.8 billion (up 12% from 1987), and included $18.0 billion of loans (up 13% from 1987). Average sources of funds were core deposits 54%, purchased funds 29%, long-term debt 3%, equity 6% and other 17%.

At year-end 1988, the loan portfolio was divided: commercial loans 37%, commercial real estate 23%, residential real estate 26%, and consumer 14%.

At year-end 1988, nonperforming assets were $247 million (1.32% of loans and related assets), up from $216 million (1.24%). The reserve for loan losses was 1.51% of loans in both years. Net chargeoffs during 1988 were 0.57% of average loans, against 0.25% in 1987.

Dividend Data

A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Dec. 19	Dec. 23	Dec. 30	Jan. '20'89
0.34	Mar. 20	Mar. 27	Mar. 31	Apr. '20'89
0.34	Jun. 19	Jun. 26	Jun. 30	Jul. '20'89
0.36	Sep. 21	Sep. 26	Oct. 2	Oct. '20'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $717,960,000.

Pfd. Stk.: 700,000 shs. ($50 stated value).

Common Stock: 73,056,000 shs. ($0.01 par).
Institutions hold 56%.
Shareholders of record: 30,760.

Office—1 Federal St., Boston, Mass. 02211; 777 Main St., Hartford, Conn. 06115. **Tel**—(617) 292-2000. (203) 728-2000. **Chrmn & CEO**—J B Alvord. **Pres**—G. S. Overstrom Jr. **CFO**—J.E Adams. **Secy**—R A Guenter. **Investor Contact**—T F Theurkauf Jr. **Dirs**—J B Alvord, S B Brown, F Colloredo-Mansfeld, P E Gray, W N Griffin, J P Hamill, H W Jarvis, G S Overstrom Jr., M Segall, P R Tregurtha, W Wilde. **Transfer Agent**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Massachusetts in 1988. **Empl**—13,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Richard M. Levine, CFA

Shearson Lehman Hutton

2023

NYSE Symbol SLH Options on NYSE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
16	24-13¾	22	0.75	4.7%	NR	NA

Summary

Formerly a wholly-owned subsidiary of American Express Co., SLH is one of the leading full-line securities brokerage and investment banking firms in the world. In April, 1988 the company completed the acquisition of the securities and investment banking firm E.F. Hutton Group for approximately $962 million in cash and notes. American Express controls about 61% of the voting power of SLH.

Business Summary

Shearson Lehman Hutton Holdings is a holding company which through Shearson Lehman Hutton and other subsidiaries is one of the largest securities brokerage and investment banking firms in the world. Based on total regulatory capital of $4.9 billion (as of December 31, 1988) SLH is one of the largest member firms of the NYSE. Prior to its initial public offering in May, 1987, SLH had been wholly owned by American Express.

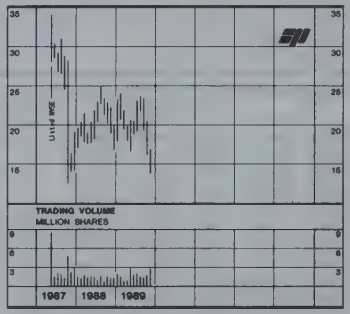
Revenues	1988	1987
Commissions	14%	17%
Investment banking	14%	12%
Principal transactions	11%	12%
Interest & dividends	53%	50%
Investment advisory	5%	6%
Mortgage banking	1%	1%
Other	2%	3%

The company engages in diverse investment banking activities for corporations, municipalities, and other governmental bodies both in the U.S. and internationally. SLH manages and underwrites public offerings of debt and equity, arranges project financings and private placements, and provides advisory and other services regarding mergers and acquisitions, divestitures, and financial restructurings.

SLH is a major dealer in corporate equity and fixed income securities, and is one of the 44 primary dealers in U.S. Government securities.

SLH provides investment advisory and counseling and administration to a wide range of institutional and individual clients. The company is engaged in real estate lending, syndication, development and property management.

At year-end 1988 SLH's private client group served 4.1 million active client accounts through approximately 11,000 financial consultants located in 575 domestic retail branch offices.



Important Developments

Oct. '89— Commenting on third quarter results SLH said the increase in quarterly earnings reflected higher commissions and revenues from market making and principal transactions. These improvements, together with an increase in net interest income, more than offset lower investment banking revenues and an increase in expenses, which were up despite a drop in fixed costs. Third quarter 1989 results included a pretax gain of $77 million ($37 million after-tax) from the sale of the institutional money management business of Lehman Management Co. The company added that firm-wide efforts to control fixed expenses were continuing, although some increases were anticipated in association with the opening of a new office facility in late 1989. Separately, in November, 1989 SLH announced it would reduce its headcount by up to 800 employees, or about 2.1%. of its workforce.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986
Tangible Bk. Val.	NM	9.46	NA
Earnings	0.81	1.00	4.03
Dividends	0.75	0.56¼	Nil
Payout Ratio	93%	56%	Nil
Prices—High	25	34⅛	NA
Low	16¾	12½	NA
P/E Ratio—	31-21	34-13	NA

Data as orig. reptd., prior to 1987 data as reptd in Prospectus dated May 7, 1987. NM-Not Meaningful NA-Not Available.

December 1, 1989

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Income Data (Million $)

Year Ended Dec. 31	Commissions	Int. Inc.	Total Revs.	Int. Exp.	% Exp./ Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Assets	% Return On Equity
1988	1,515	5,635	10,529	5,376	98.9	119	19.3%	96	0.9	0.1	5.5
1987	1,151	3,349	6,749	3,159	97.7	153	34.0%	101	1.5	0.2	6.7
1986	938	1,193	4,600	1,030	89.4	488	35.2%	316	6.9	0.7	24.9
1985	713	825	3,246	658	89.2	350	42.6%	201	6.2	0.7	18.9
1984	536	584	2,262	467	92.5	169	37.9%	105	4.6	0.7	12.7
1983	598	351	1,811	206	82.1	325	46.5%	174	9.6	2.2	27.6
1982	444	303	1,318	162	82.7	228	45.6%	124	9.4	NA	NA

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Cash Items	Rec.	Secs. Owned	Sec. Borrowed	Due Brokers & Cust.	Other Liabs.	Capitalization Debt	Capitalization Equity	Capitalization Total
1988	84,840	4,692	39,919	28,161	39,868	8,901	27,914	6,411	1,238	7,649
1987	66,599	3,096	33,318	22,395	33,017	8,420	19,678	3,741	1,235	5,484
1986	53,978	2,151	25,312	20,562	27,837	7,608	13,839	3,336	1,358	4,694
1985	34,927	1,895	16,927	12,700	15,593	7,204	9,634	1,319	1,177	2,496

Data as orig. reptd., prior to 1987 data as reptd. in Prospectus dated May 7, 1987. NA-Not Available.

Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.00	2.48	1.69	1.110
Jun.	3.29	2.51	1.70	1.070
Sep.	3.28	2.62	1.57	1.100
Dec.		2.91	1.79	1.321
		10.53	6.75	4.600

Total revenues for the nine months ended September 30, 1989 rose 26%, year to year. Commissions rebounded 31%, largely reflecting a depressed retail environment a year earlier, while investment banking revenues declined 32% due to slower merger and acquisition and underwriting activity. Market making and principal transactions increased 9.8%, as strong fixed income results offset a first quarter $35.2 million writedown of MCorp securities. Investment advisory fees were up 7.4%. Total expenses were 26% higher, and pretax income advanced 22%. After taxes at 35.8%, versus 19.2%, net income declined 3.4%. Share earnings were $0.98 compared with $1.05.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.24	0.75	1.00	---
Jun.	0.54	0.37	0.68	---
Sep.	0.64	d0.11	0.54	---
Dec.		d0.22	d1.18	---
		0.81	1.00	4.03

Finances

In January, 1988 SLH acquired E.F. Hutton Group Inc. SLH purchased 29.6 million EFH common shares at $29.25 per share in cash, and in April the remaining 3.3 million EFH common shares were converted into the right to receive $29.25 face amount of 10.75% senior subordinated debt.

On May 7, 1987 American Express reduced its stake in SLH to about 61% from 100%, via the sale of 18 million SLH common shares. AXP has agreed that, subject to certain conditions, until January 1, 1990 it will not reduce its ownership of SLH below 40%, without the consent of Nippon Life which owns the convertible preferred stock.

At June 30, 1989 SLH had net capital of $1.33 billion, or some $1.23 billion in excess of the NYSE minimum net capital requirement.

Dividend Data

Dividends were initiated in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18¾	Jan. 24	Feb. 27	Mar. 4	Apr. 1'89
0.18¾	May 4	May 30	Jun. 5	Jul. 3'89
0.18¾	Jul. 25	Aug. 29	Sep. 5	Oct. 2'89
0.18¾	Oct. 24	Nov. 29	Dec. 5	Jan. 1'90

Capitalization

Long Term Debt: $6,819,000,000.

5% Conv. Preferred Stock: 13,000,000 shs. ($39.10 liquid. pref.); conv. into 13,000,000 com. Held by the Nippon Life Insurance Co. of Japan.

Common Stock: 88,467,900 ($0.10 par). American Express controls 61% of voting power. Shareholders of record: 1,977

d-Deficit

Office—American Express Tower, World Financial Center NYC 10285. **Tel**—(212) 298-2000. **Chrmn & CEO**—P. A. Cohen. **Pres**—J. B. Lane. **Secy**—B. Kullen. **Treas**—M. Milversted. **Investor Contact**—K. Addington. **Dirs**—R. S. Berlind, H. L. Clark, P. A. Cohen, D. M. Culver, C. de Benedetti, G. R. Ford, R. M. Furlaud, T. Hirose, J. Ishizaka, F. R. Johnson, J. B. Lane, D. Merrill, J. H. Nusbaum, J. D. Robinson III, M. Wilson. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1983. **Empl**—40,675.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Shell Canada

5211K

Toronto S.E. Symbol SHC Options on Toronto (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 13'89	1989					
42	49³/₈-41¼	12	¹0.90	2.1%	B	NA

Summary

About 78% owned by the Royal Dutch/Shell Group, this company is one of the largest producer/refiners of petroleum products in Canada. Capital and exploration expenditures for 1989 are being concentrated in the resources segment. The cash dividend was increased 12½% in early 1989.

Business Summary

One of the largest integrated oil concerns in its country, Shell Canada Limited explores for, produces, transports, refines and markets petroleum products.

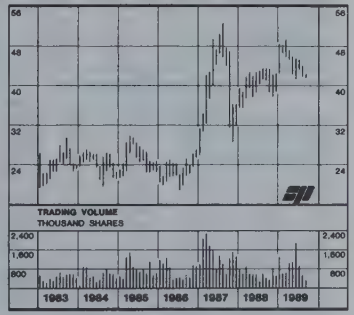
Revenues and operating profit for 1988 were derived as follows:

	Revs.	Profit
Resources	15%	31%
Oil products	64%	23%
Chemicals	19%	41%
Other	2%	5%

In 1988, gross production of crude oil and natural gas liquids averaged 10,700 gross cu. meters daily (8,600 net), compared with 11,200 (8,800 net) in 1987 (one cu. meter=6.29 bbl.). Natural gas produced and sold averaged 18.4 million gross cu. meters daily (14.5 million net), compared with 17.0 million (13.0 million net) in 1987 (one cu. meter=35.3 cu. ft.). Sulphur production averaged 3,600 tonnes daily, versus 3,400 tonnes in 1987 (one tonne=0.984 long ton). Clean coal production averaged 5,900 tonnes daily, versus 4,700. Crude oil processed by Shell refineries averaged 37,800 cu. meters per day (37,100 in 1987). Rated capacity of refineries was 43,100 cu. meters at year-end 1988, with an average utilization of 88%.

At December 31, 1988, net proved developed reserves were 14.2 million cu. meters of crude oil, 6.0 million cu. meters of natural gas liquids, 62.3 billion cu. meters of natural gas and 11.6 million tonnes of sulphur. In addition, oil sands synthetic crude potential reserves were placed at 800 million cu. meters recoverable by in-situ methods and 300 million cu. meters by mining.

Research and technology expenditures in 1988 were $61 million, up from $54 million in 1987.



Important Developments

Aug. '89— The company announced that it had agreed with Dow Chemical Canada Inc., a unit of Dow Chemical Co., to construct and operate a natural gas fractional facility on Dow Canada's Fort Saskatchewan, Alta., site. The installation, which was scheduled to start up in 1992, was estimated to cost approximately $120 million and would process approximately 70,000 barrels of natural gas daily. Shell also agreed in principle to sell ethane to Dow for the project.

Jul. '89— The company said that it had filed a project development application for a new gas plant for the Caroline natural gas field, with a planned daily capacity of processing 8.5 million cu. meters of raw gas. The plant would take about two years to construct and cost about $700 million.

Next earnings report expected in late October.

Per Share Data (Can. $)

Yr. End Dec. 31	1988	1987	²1986	1985	1984	1983	1982	1981	1980	1979
Book Value	34.98	31.05	28.03	27.18	26.43	25.96	24.21	25.54	23.86	20.50
Earnings³	3.77	3.01	1.24	1.17	1.27	0.83	1.26	2.12	3.34	2.42
Dividends	0.80	0.70	0.60	0.60	0.60	0.60	0.90	0.90	0.90	0.72
Payout Ratio	21%	23%	48%	51%	47%	72%	56%	42%	27%	30%
Prices—High	43½	52¾	27⅛	29⅞	27	29½	27¾	28¾	40½	37¼
Low	35½	26	18¾	21¼	19½	19¼	15¾	17¼	23¼	15½
P/E Ratio—	12-9	18-9	22-15	26-18	21-15	36-23	22-13	14-8	12-7	15-6

Data as orig. reptd. 1. Canadian funds; subject to 15% Can. withholding tax on nonresidents, deductible from U.S. taxes 2. Refl. merger or acq. 3. Bef. results of disc. ops. & spec. items of -0.46 in 1984, -0.26 in 1982. NA-Not Available.

September 20, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million Can. $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	¹Net Bef. Taxes	Eff. Tax Rate	²Net Inc.	% Net Inc. of Revs.
1988	4,968	989	19.9	346	288	92	701	39.1%	427	8.6
1987	4,819	807	16.8	404	221	99	525	33.3%	350	7.3
³1986	4,798	656	13.7	293	240	144	292	55.5%	130	2.7
1985	6,070	709	11.7	341	229	130	382	61.8%	146	2.4
1984	5,734	726	12.7	381	169	133	452	65.0%	158	2.8
1983	5,300	569	10.7	658	140	140	325	68.6%	102	1.9
1982	5,149	469	9.1	857	119	90	302	50.3%	150	2.9
1981	4,751	592	12.5	707	118	34	490	51.8%	236	5.0
1980	3,962	717	18.1	349	106	31	641	44.6%	355	9.0
1979	3,436	520	15.1	232	84	31	452	42.7%	259	7.5

Balance Sheet Data (Million Can. $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	522	1,855	890	2.1	5,615	7.7	649	2,963	4,606	14.1	15.1
1987	332	1,775	852	2.1	5,509	6.5	700	2,629	4,489	15.6	13.4
1986	209	1,510	609	2.5	5,225	2.4	825	2,363	4,410	18.7	4.9
1985	202	2,064	897	2.3	5,799	2.5	1,070	2,291	4,661	23.0	5.8
1984	107	1,997	1,059	1.9	5,778	2.9	998	2,228	4,453	22.4	6.4
1983	235	1,747	745	2.3	5,240	1.9	1,002	2,186	4,256	23.5	3.9
1982	65	1,675	710	2.4	4,660	3.5	1,007	1,884	3,753	26.8	6.7
1981	38	1,527	723	2.1	3,778	6.5	414	1,865	2,957	14.0	11.8
1980	348	1,619	742	2.2	3,449	11.1	302	1,742	2,632	11.5	20.7
1979	361	1,369	543	2.5	2,963	9.2	328	1,496	2,382	13.8	17.2

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. ops. & spec. items. 3. Refl. merger or acq.

Total Revenues (Million Can. $)

Quarter:	1989	1988	1987	1986
Mar.	1,215	1,260	1,129	1,390
Jun.	1,206	1,267	1,169	1,203
Sep.		1,236	1,258	1,102
Dec.		1,296	1,301	1,123
		5,060	4,857	4,818

For the six months ended June 30, 1989, total revenues dipped 4.2%, year to year, primarily reflecting lower prices and volume in the chemicals segment. Net income fell 14%, to $177 million ($1.58 a share), from $205 million ($1.78).

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	1.04	0.87	0.90	0.32
Jun.	0.54	0.91	0.54	0.13
Sep.		0.84	0.80	0.11
Dec.		1.15	0.77	0.68
		3.77	3.01	1.24

Dividend Data

Cash has been paid in each year since 1965.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Sep. 28	Nov. 8	Nov. 15	Dec. 15'88
0.45	Apr. 26	May 9	May 15	Jun. 15'89

Finances

Effective June 1, 1989, the company reclassified its Class B shares as Class A shares on a four-for-one basis and deleted the Floating Rate Preferred shares as a series.

In May 1989, Shell Canada raised $125 million in international capital markets through the issue of 11% debentures due May 25, 1994. The company called for redemption U.S. $125 million of 14⅜% debentures, prior to maturity on May 15, 1989.

Shell Canada said capital expenditures in 1989 would be concentrated in the resources segment ($463 million), which management views as the key source of long-term growth in net income.

Capitalization

Long Term Debt: $759,000,000 (6/89).

4% Cum. Pref. Stock: 100 shs. ($10,000 par).

Common Stock: 112,036,881 shs. (no par). Royal Dutch/Shell Group owns about 78%, representing about 71% of the voting power. Shareholders: 6,631.

Office—400-4th Avenue SW, Calgary, Alberta T2P 0J4 **Tel**—(403) 232-3111 **Pres & CEO**—J. M. MacLeod **VP & Secy**—H. W. Lemieux **VP-Fin**—G. B. Darou. **Treas**—E. F. J. Marschall. **Dirs**—P. J. G. Bentley, F. R. Bibeau, J. E. Czaja, J. M. Ham, P. F. Holmes, W. F. Light, L. K. Lodge, J. M. MacLeod, M. Southern, D. J. Taylor, L. C. van Wachem. **Transfer Agent & Registrar**—National Trust Co., Montreal, Toronto, Winnipeg, Calgary, Vancouver, and Halifax. **Incorporated** in Canada in 1925. **Empl**—7,159

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Shayna J. Malnak

Shell Transport & Trading

2025

NYSE Symbol SC Options on CBOE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 17'89	1989					
41 3/8	44-35 3/4	10	[1]1.97	[1]4.8%	A	0.74

Summary

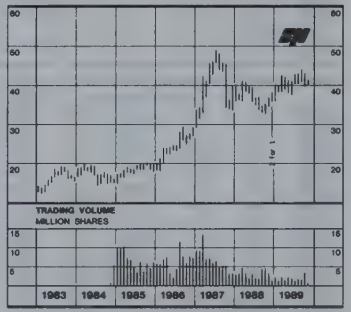
Shell Transport & Trading holds a 40% interest in the Royal Dutch/Shell Group of companies, a worldwide petroleum and chemical enterprise. With the formation of the Single Internal European Market planned for 1992, the Group is well positioned to exploit marketing opportunities throughout the Continent. SC can consider selected upstream (exploration and production) or downstream (refining and distribution) acquisitions that would strengthen its petroleum capacity and add to its retail market share.

Current Outlook

Earnings for 1990 per New York share are projected at $3.90, versus 1989's estimated $4.05, which includes $0.33 nonrecurring income.

Dividends paid from 1989 earnings should exceed the $1.97 a share (adjusted) paid from 1988 earnings, after 15% British Tax.

Revenues (£) for 1990 will reflect rising crude and natural gas production. Profit comparisons will be restricted by the absence of 1989's nonrecurring gain on the sale of real estate. Profits are expected to reflect greater upstream volumes in addition to greater downstream market share.



Operating Revenues[2] (Billion £)

Quarter:	1989	1988	1987	1986
Mar.	11.37	10.81	11.44	12.89
Jun.	12.98	10.73	11.56	10.34
Sep.	12.95	11.30	12.52	9.84
Dec.	---	11.18	12.26	11.13
	---	44.00	47.78	44.21

Group revenues (£) for the nine months ended September 30, 1989 rose 14%, year to year, due mostly to higher crude oil prices and increased crude volumes. Margins were enhanced by the strength of the exploration and production segment, and including the sale of real estate, net income advanced 31%. Earnings per New York share rose to $3.25 from $2.63 (adjusted).

New York Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.48	0.97	0.69	0.69
Jun.	1.08	0.77	0.70	0.55
Sep.	0.69	0.87	0.70	0.52
Dec.	E0.80	0.83	0.99	0.69
	E4.05	3.46	3.12	2.39

Important Developments

Nov. '89— Group earnings from operations in 1989's third quarter were hurt primarily by weakness in the worldwide chemicals segment. Prices softened and feedstock costs were higher, which impaired margins. The worldwide exploration and production business recorded an increase in profitability, reflecting higher crude oil prices and increased crude production. Natural gas volumes declined. Manufacturing (refining), marine and marketing earnings were hurt by weakness in the U.S. sector. Refined product volumes and margins in the U.S. were lower than in the year-earlier third quarter. Metals profits were limited by higher aluminium prices. Net earnings were further impaired by currency exchange losses stemming from the strength in the dollar. In 1989's first quarter SC recorded a nonrecurring gain on the sale of real estate in France.

Next earnings report expected in early February.

Per N.Y. Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[3]1979
Tangible Bk. Val.	32.74	31.07	26.76	24.41	21.38	20.59	19.76	18.27	20.77	16.83
Earnings[4]	3.47	3.13	2.40	2.60	3.41	2.90	2.40	2.38	3.72	5.01
Dividends[5]	2.22	1.83	1.26 3/8	1.07 1/4	0.90 1/4	0.85 1/8	0.89 1/4	0.92 1/4	1.15	1.77 5/8
Payout Ratio	64%	59%	53%	42%	26%	29%	40%	39%	31%	36%
Prices—High	41 1/8	49 1/8	29 1/2	20 1/4	19 3/4	19 1/4	15 1/2	22 1/8	24 7/8	16 7/8
Low	32 1/8	29 1/8	18	14 3/4	14 1/4	12 1/4	12	11 1/2	14 1/2	11 1/8
P/E Ratio—	12-9	16-9	12-8	8-6	6-4	7-4	7-5	9-5	7-4	3-2

Data as orig. rept. Adj. for stk. div(s) of 100% Dec. 1988, 100% Jun. 1979. **1.** Paid from 1988 earnings (approx., adj.); net aft. 15% British tax to U.S. residents. **2.** Royal Dutch/Shell Group, excl. excise taxes. **3.** Reflects merger or acquisition. **4.** Based on Shell's participation in Group net inc. and varying exchange rates. **5.** Aft. 15% British tax to U.S. residents; not subject to withholding tax prior to 1981. E-Estimated

Standard NYSE Stock Reports
Vol. 56/No. 228/Sec. 21

November 29, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	31,358	5,055	16.1	3,028	2,037	490	3,796	48.6%	1,909	6.1
1987	31,325	4,937	15.8	3,146	1,934	456	3,821	54.0%	1,723	5.5
1986	25,904	4,410	17.0	2,209	1,852	532	3,282	59.3%	1,318	5.1
1985	32,625	5,182	15.9	3,117	1,758	630	4,226	65.6%	1,427	4.4
1984	33,916	5,219	15.4	3,074	1,506	722	4,782	58.5%	1,880	5.5
1983	32,167	5,640	17.5	2,372	1,354	603	4,771	61.9%	1,600	5.0
1982	33,514	5,365	16.0	3,169	1,188	738	4,570	66.0%	[2]1,332	4.0
1981	31,020	4,330	14.0	3,029	1,011	727	3,612	60.7%	1,315	4.2
1980	31,568	5,359	17.0	2,829	1,069	[2]623	4,954	53.4%	2,056	6.5
[3]1979	24,976	4,885	19.6	3,765	803	319	5,232	43.3%	[2]2,765	11.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3,256	11,034	7,576	1.5	34,112	5.6%	2,422	18,087	24,955	9.7	10.8%
1987	3,825	11,871	8,102	1.5	34,596	5.3%	2,370	17,164	24,903	9.5	10.8%
1986	3,761	10,311	7,215	1.4	30,534	4.4%	2,497	14,785	22,050	11.3	9.3%
1985	2,780	10,540	7,592	1.4	29,865	5.0%	3,087	13,482	21,132	14.6	11.3%
1984	2,751	10,475	7,463	1.4	27,676	6.7%	3,338	11,810	19,307	17.3	16.2%
1983	3,478	11,253	6,913	1.6	28,337	5.7%	3,959	11,373	20,736	19.1	14.3%
1982	2,627	10,985	7,103	1.5	27,803	4.9%	4,417	10,918	20,021	22.1	12.7%
1981	2,223	11,332	7,418	1.5	26,075	4.9%	4,216	10,091	18,028	23.4	12.2%
1980	1,867	11,636	7,346	1.6	27,347	8.0%	4,013	11,475	19,337	20.8	19.8%
1979	2,233	11,088	7,465	1.5	23,984	13.3%	3,819	9,297	15,928	24.0	33.7%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Reflects accounting change. **3.** Reflects merger or acquisition.

Business Summary

This holding company owns 40% of the Royal Dutch/Shell Group, the other 60% being owned by Royal Dutch Petroleum. The Group ranks as the second largest factor in the world petroleum industry. Operations embrace all phases of the industry, from production and transportation to refining and marketing, and include a strong position in petrochemicals. The Group also produces and trades in coal and metals; it also owns Shell Oil Co. (U.S.) and a 79% interest in Shell Canada.

Group Oper. Profits (£)	1988	1987	1986
Europe	37%	43%	51%
Other Eastern Hemis.	28%	29%	22%
U.S.A.	19%	21%	21%
Other Western Hemis.	16%	7%	6%

In 1988 the Group's crude oil supplies averaged 5,708,000 barrels a day; natural gas sales 6.0 billion cubic feet a day; refinery processing intakes 3,379,000 b/d; and crude and oil product sales 7,456,000 b/d. Net proved reserves at the end of 1988 for the Group (including its share of reserves of associated companies) stood at 8,839 million barrels of crude oil and natural gas liquids (8,419 in 1987) and 38,687 (39,085) billion cubic feet of natural gas. In 1988, net additions to reserves of oil and gas were equivalent to 165% of crude oil and liquids production and 82% of natural gas production; in the past 10 years oil reserves have risen by 35%. Exploration acreage in 1988 was extended in 14 countries, including the Chukchi Sea off the coast of Alaska.

Dividend Data

Dividends have been paid since 1898. An interim dividend for each year is normally paid in November and a final dividend in May of the following year.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	---	---	---	Dec. 9'88
[1]1.09991	---	Mar. 31	Apr. 6	May 22'89
[1]0.81158	---	Sep. 29	Oct. 5	Nov. 16'89

[1]Net aft. 15% British tax.

Capitalization

Long Term Debt: £1,218,000,000 (Proportionate share of Group debt).

Minority Interest: £252,800,000, (Proportionate share of Group minority interest).

Preference Stock: £12,000,000.

Ordinary Share Capital: 3,314,503,242 shs. (25p). Each New York share represents six ordinary shares.

Office—Shell Centre, London SE1 7NA, England. **Managing Dirs**—Sir Peter Holmes (Chrmn), J. S. Jennings. **Dirs**—The Lord Armstrong of Ilminster, Sir Peter Baxendell, Sir Robert Clark, The Earl of Cromer, E. Dell, R. Hart, Sir David Orr, Sir Michael Palliser, W. Thomson. **Secy**—V A Wadham. **U. S. Investor Contact**—J. C. Grapa: (212-832-4870). **Depositary for New York Shares**—Irving Trust Co., NYC & London. **Incorporated** in London, England in 1897. **Empl**—134,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Greve

Sherwin-Williams

2030

NYSE Symbol SHW Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
44½	35¾-25	14	0.70	2.0%	A	1.32

Summary

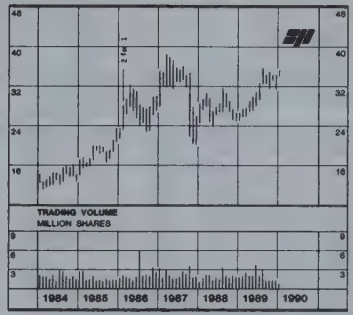
Sherwin-Williams is the largest producer of paints, wallcoverings and related products. Earnings through 1990 should benefit from higher sales, owing to more stores in operation, higher comparable store sales gains, and strength in markets served by its direct sales force. Margins are expected to be maintained, reflecting slower raw material cost increases and the acceptance of recent price hikes.

Current Outlook

Earnings for 1990 are projected at $2.80 a share, up from the $2.55 estimated for 1989.

An increase in the $0.17½ quarterly cash dividend is likely.

Sales through 1990 should show moderate improvement, aided by more stores in operation, higher comparable store sales, and by market share gains in markets served by the company's direct sales force such as the architectural, industrial maintenance and chemical coatings segments. Raw material shortages and cost increases should continue to abate and recently effected price increases should result in steady margins. Per-share earnings should be aided by a lower tax rate and a stock repurchase program.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	465	413	381	332
Jun.	584	544	492	432
Sep.	596	548	512	438
Dec.	---	445	408	350
	---	1,950	1,793	1,553

Sales for the nine months ended September 30, 1989 rose 9.2%, year to year, reflecting increases in both the paint store and coatings segments owing to market share gains and price increases. Margins narrowed slightly on higher SG&A expenses and following lower interest and other income (net), the gain in pretax profits was limited to 3.8%. After taxes at 36.0%, versus 38.6%, net income advanced 8.2%, to $2.07 a share (on 2.0% fewer shares) from $1.87.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.19	0.17	0.11
Jun.	0.90	0.82	0.67	0.58
Sep.	0.96	0.86	0.81	0.66
Dec.	E0.49	0.43	0.44	0.75
	E2.55	2.30	2.09	2.09

Important Developments

Dec. '89— SHW reached a definitive agreement to purchase the Krylon aerosol paints and coatings business of Borden, Inc., for an undisclosed amount. In October, SHW discontinued negotiations toward an agreement to purchase Whittaker Corp.'s chemical coatings group.

Apr. '89— The company said that it planned to open about 50 new stores (net) during 1989.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[2]1987	1986	1985	1984	1983	1982	[3]1981	1980
Tangible Bk. Val.	NA	13.97	12.57	11.15	10.10	8.98	8.12	7.60	7.18	6.69
Earnings[3]	NA	2.30	2.09	2.09	1.62	1.42	1.16	1.01	0.77	0.61
Dividends	0.70	0.64	0.56	0.50	0.46	0.38	0.30	0.25	0.20	0.15
Payout Ratio	NA	27%	26%	23%	28%	27%	25%	26%	26%	25%
Prices—High	35¾	31⅝	38½	32¼	23½	18¼	15⅞	12½	6	5⅛
Low	25	24	20⅛	21⅜	13⅞	11⅛	9⅛	4½	4⅛	2⅞
P/E Ratio—	NA	14-10	18-10	15-10	15-9	11-8	14-8	12-4	8-5	8-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1986, 100% Mar. 1983, 100% Mar. 1981. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +0.06 in 1987, +0.22 in 1986. E-Estimated. NA-Not Available.

January 16, 1990
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,950	174	8.9	71.6	39.1	14.3	163	38.0%	101	5.2
[4,5]1987	1,793	179	10.0	63.1	28.9	11.5	162	42.0%	94	5.2
[4]1986	1,553	167	10.7	52.8	24.6	12.4	174	44.9%	[3]96	6.2
1985	2,195	170	7.7	59.9	29.1	15.2	129	42.0%	75	3.4
1984	2,075	151	7.3	57.0	27.6	16.5	116	44.0%	65	3.1
1983	1,973	136	6.9	33.6	26.5	17.4	101	45.3%	55	2.8
1982	1,852	108	5.8	33.6	24.3	19.0	76	43.8%	43	2.3
[5]1981	1,537	86	5.6	57.6	22.1	18.3	58	45.6%	[3]31	2.0
1980	1,264	71	5.6	31.9	20.0	18.6	48	48.6%	25	2.0
1979	1,196	64	5.4	11.9	19.5	19.4	34	47.6%	18	1.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	154	766	378	2.0	1,259	8.5%	130	601	823	15.7	17.7%
1987	209	757	370	2.0	1,140	8.2%	89	550	727	12.3	18.1%
1986	102	753	430	1.8	1,146	8.9%	120	492	690	17.3	20.5%
1985	170	748	376	2.0	1,056	7.2%	145	465	647	22.5	17.0%
1984	166	710	385	1.9	1,004	6.7%	169	404	603	28.0	16.9%
1983	160	677	337	2.0	940	6.0%	175	370	572	30.6	15.4%
1982	139	618	293	2.1	888	4.6%	196	334	577	34.0	13.0%
1981	78	582	290	2.0	864	3.8%	230	284	567	40.6	11.1%
1980	149	543	236	2.3	769	3.4%	213	263	528	40.3	9.2%
1979	109	486	161	3.0	704	2.8%	234	251	538	43.6	7.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. sub aft. 1981. 2. Bef. results of disc. opers. in 1987, 1986. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Reflects merger or acquisition.

Business Summary

Sherwin-Williams is the largest producer and distributor of paints and varnishes, and also manufactures several allied products. Business segment contributions in 1988:

	Sales	Profit
Paint stores	64%	36%
Coatings	35%	61%
Other	1%	3%

At December 31, 1988 SHW operated 1,865 of its own stores, where paint and related products including industrial finishes, wallcoverings, floorcoverings, window treatments and assorted tools are sold to painting contractors, home builders, equipment manufacturers and the do-it-yourself market.

Coatings include paint, varnishes, lacquers and allied products, which are distributed to professional and do-it-yourself painters, industrial and government customers.

Other businesses are primarily conducted by the real estate group, which is engaged in acquiring, developing, leasing and managing property for the company and for others.

International operations are conducted through a direct sales force, distributors, jobbers, and company-operated stores in the Caribbean.

Dividend Data

Dividends were resumed in 1979. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Feb. 15	Feb. 21	Feb. 27	Mar. 20'89
0.17½	Apr. 26	May 22	May 26	Jun. 9'89
0.17½	Jul. 19	Aug. 21	Aug. 25	Sep. 8'89
0.17½	Oct. 20	Nov. 13	Nov. 17	Dec. 1'89

Next dividend meeting: Feb. 21'90.

Finances

During the nine months of 1989 SHW repurchased 447,725 common shares, bringing to 1,421,935 the number of shares bought back under a February, 1988 authorization to repurchase up to 3 million shares.

SHW has filed a shelf registration with the SEC covering $200 million of debt securities with maturities ranging from nine months to 30 years. At December 31, 1988 no borrowings were outstanding under this registration.

Capitalization

Long Term Debt: $127,818,000

Common Stock: 43,105,024 shs. ($1.00 par). Institutions hold approximately 60%. Shareholders: 12,606.

Office—101 Prospect Ave., N.W., Cleveland, Ohio 44115. Tel—(216) 566-2000. Chrmn—J. G. Breen. Pres—T. A. Commes. VP-Secy—L. J. Pitorak. VP-Treas & Investor Contact—Conway G. Ivy. Dirs—J. M. Biggar, J. G. Breen, D. W. Calloway, L. Carter, T. A. Commes, R. C. Doban, A. C. Holmes, J. R. Killpack, W. G. Mitchell, R. E. Shey, W. W. Williams. Transfer Agent & Registrar—AmeriTrust Co., Cleveland. Incorporated in Ohio in 1884. Empl—16,607.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Peter C. Wood

Shoney's, Inc.

2030M

NYSE Symbol SHN Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
11¾	12½-7¾	27	None	None	A-	1.40

Summary

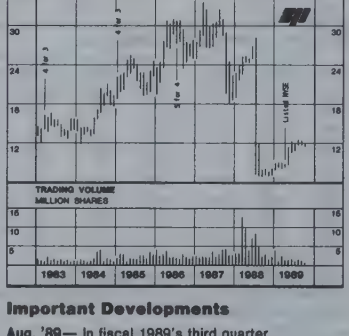
This restaurant company completed a recapitalization in mid-1988 that included payment of a special dividend to stockholders and issuance of stock options to employees. SHN's business includes the operation and franchising of Shoney's, Captain D's, and Lee's Famous Recipe Chicken restaurants. Although SHN's debt level has limited overall earnings in fiscal 1989, sales and (pre-interest) profits have grown impressively. SHN's shares began trading on the New York Stock Exchange in April, 1989.

Current Outlook

Earnings for the fiscal year ending October 31, 1990, are estimated at $0.55 a share, up from the $0.48 expected for fiscal 1989.

Resumption of quarterly dividends, omitted following the 1988 recapitalization, is not expected over the near term.

Sales growth is expected to slow in fiscal 1990, reflecting a lesser emphasis on the opening of new company-operated units and difficult comparisons against the robust improvements in sales of existing restaurants achieved in fiscal 1989. However, some further margin expansion is possible, aided by an incentive program which includes stock options and bonus plans.



Total Revenues (Million $)

Period:	1988-9	1987-8	1986-7	1985-6
16 Wks: Feb. ...	242.4	211.0	194.3	171.7
12 Wks: May	203.2	179.2	161.6	146.9
12 Wks: Aug. ...	210.5	188.3	169.9	154.0
12 Wks: Oct.	---	203.7	168.5	156.8
	---	782.1	694.3	629.4

Revenues for the 40 weeks ended August 6, 1989 rose 13%, year to year. After sharply higher interest expense related to the 1988 recapitalization, net income declined 67%, to $0.36 a share from $1.14.

Common Share Earnings ($)

Period:	1988-9	1987-8	1986-7	1985-6
16 Wks: Feb. ...	0.08	0.36	0.31	0.27
12 Wks: May	0.12	0.39	0.34	0.30
12 Wks: Aug. ...	0.16	0.39	0.38	0.34
12 Wks: Oct.	E0.12	0.08	0.32	0.24
	E0.48	1.22	1.35	1.15

Important Developments

Aug. '89— In fiscal 1989's third quarter comparable restaurant sales rose 6.3% (a 2.6% real gain, adjusted for menu price increases). The biggest increases came from the Shoney's chain (7.0%; 3.2%), while nominal sales gains of between 5.0% and 6.8%, and real sales gains of between 1.4% and 1.8% were achieved by each of SHN's three other restaurant businesses. Also, through August 6, SHN had made $165 million of principal payments against the $585 million of bank borrowings used to finance its 1988 recapitalization. This included $41.2 million of scheduled repayments and $123.8 million of prepayments. In the second quarter SHN had sold publicly $201 million principal amount of zero coupon liquid yield option notes, due 2004, which may be converted into stock. Net proceeds of $55.5 million were used to prepay bank debt.

Next earning report expected in late December.

Per Share Data ($)

Yr. End Oct. 31	1988	1987	1986	1985	1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	d10.38	8.29	7.11	6.10	5.10	4.06	2.94	2.21	1.82	1.50
Earnings	1.22	1.35	1.15	1.04	0.87	0.70	0.72	0.46	0.38	0.32
Dividends	[2]16.04½	0.16	0.14⅜	0.12	0.09⅜	0.09	0.07¼	0.06½	0.06⅛	0.05⅛
Payout Ratio	NM	12%	12%	11%	11%	13%	10%	14%	16%	16%
Prices—High[3]	28¼	33⅜	31	25½	21	16⅝	13⅜	6⅞	4⅞	3½
Low[3]	6¾	18	19⅜	18⅞	12	12⅛	5¾	4½	2½	2½
P/E Ratio—	23-6	25-13	27-17	25-18	24-14	24-17	18-8	15-9	13-7	11-8

Data as orig. reptd. Adj. for stk. divs. of 25% Jul. 1986, 33% Jan. 1985, 33% Mar. 1983, 33% Oct. 1981, 33% Oct. 1980. 1. Reflects merger or acquisition. 2. Incl. 16.00 spec. div.; also 4.00 of 12% debs. 3. Cal.yr. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Oct. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	770	122	15.8	51.5	33.7	27.1	[1]71.9	37.6%	44.9	5.8
1987	690	112	16.2	77.7	28.9	3.2	[1]85.6	42.3%	49.3	7.2
1986	623	98	15.7	64.7	24.7	3.6	[1]77.1	45.8%	41.8	6.7
1985	541	84	15.6	63.1	21.5	4.4	[1]65.6	43.3%	37.2	6.9
1984	470	71	15.1	56.7	19.0	5.7	[1]53.8	43.9%	30.2	6.4
1983	393	58	14.8	37.8	16.2	6.1	[1]41.1	43.5%	23.2	5.9
[2]1982	325	45	13.7	47.9	11.8	4.9	[1]39.8	41.6%	23.2	7.2
1981	269	38	14.0	28.0	9.5	3.0	[1]26.5	44.1%	14.8	5.5
1980	216	31	14.4	22.0	8.1	2.6	21.3	44.3%	11.8	5.5
1979	188	26	14.0	22.9	6.7	2.1	18.2	44.7%	10.0	5.3

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	6.6	48.4	70.2	0.7	404	11.0	682	d379	328	NM	NM
1987	13.2	63.4	55.6	1.1	412	12.6	28	301	353	7.8	17.6
1986	30.4	74.3	58.0	1.3	372	12.1	31	258	311	10.0	17.5
1985	14.3	54.7	42.7	1.3	316	12.4	33	217	269	12.3	18.7
1984	22.9	60.4	48.1	1.3	284	9.7	36	181	233	15.6	16.1
1983	26.5	57.1	35.9	1.6	239	10.7	53	138	200	26.6	19.4
1982	1.3	28.6	26.0	1.0	184	14.8	51	96	155	32.8	27.5
1981	2.1	22.0	21.9	1.0	129	12.7	28	72	104	27.0	22.5
1980	2.6	18.0	17.8	1.0	104	12.1	23	59	85	27.1	22.0
1979	3.6	19.7	19.3	1.0	92	12.1	21	49	72	29.3	22.6

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Shoney's, Inc. is an operator and franchiser of restaurants and inns. At February 19, 1989 SHN businesses included 1,543 restaurants, of which 683 were company-owned units and 860 were franchises. In fiscal 1988 there was a net addition of 24 company-owned restaurants and 30 franchised units.

Under the Shoney's name, there were 649 family restaurants, consisting of 275 company-owned units and 374 franchises. In addition, SHN's Captain D's chain had 598 restaurants, of which 347 were company owned and 251 were franch ises. A third chain, Lee's Famous Recipe Chicken, had 281 restaurants, of which 46 were company owned and 235 were franchises. Also, SHN operated 15 restaurants under the Pargo's and Fifth Quarter names.

As of August 1989, SHN's Lodging division included 51 facilities operated under the Shoney's Inn name. Most of the inns are operated by others, under licenses from SHN. SHN's strategy has been to place Shoney's Inns adjacent to or near a Shoney's Restaurants.

Other operations included Mike Rose Foods, Inc., a private label manufacturer of salad dressings, dry batter, biscuit mixes and condiments for the foodservice industry.

Dividend Data

Paid each year since 1971, dividends were discontinued following the large special distribution in mid-1988.

Finances

In mid-1988 SHN completed a recapitalization that included the payment of a special dividend ($16 a share in cash and $4 a share principal amount of 12% subordinated debentures due 2000) to stockholders. SHN's debt level increased substantially as a result of the recapitalization.

Capitalization

Long Term Debt: About $651,000,000.

Common Stock: 36,856,189 shs. ($1 par).
Officers & directors as a group own some 32%.
Institutions hold some 63%.
Shareholders: 7,954 of record.

Office—1727 Elm Hill Pike, P.O. Box 1260, Nashville, Tenn. 37202. Tel—(615) 391-5201. Chrmn & CEO—J. M. Boyd Pres—G. P. Spoleta VP-Fin & Investor Contact—Taylor H. Henry Jr. Treas—W. C. Barber Secy—F. E. McDaniel. Dirs—D. C. Bottorff, J. M. Boyd, H. H. Campbell Jr., R. L. Danner, V. B. Jackson, D. W. Maddox, J. C. Neff, W. N. Rasmussen, A. Schoenbaum, R. T. Shircliff, G. P. Spoleta, J. R. Thomas II. Transfer Agent & Registrar—Citizens & Southern National Bank, Atlanta. Incorporated in Tennessee in 1968. Empl—27,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Tom Graves, CFA

Skyline Corp.

NYSE Symbol SKY Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
14½	20¼-13⅞	11	0.48	3.3%	A-	0.93

Summary

Skyline is one of the largest producers of manufactured housing and of recreational vehicles. Sales and earnings are very sensitive to cyclical economic fluctuations and especially to the level of mortgage interest rates. Earnings in recent periods have been hurt by softening demand and intense pricing competition in both manufactured housing and recreational vehicles.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 are estimated at $1.10 a share, versus the $1.53 earned in fiscal 1988-9.

Dividends should continue at $0.12 quarterly.

Manufactured housing sales are likely to weaken somewhat as the 1989-90 fiscal year progresses, reflecting a soft industrywide trend. Recreational vehicle sales may remain weak until the general economic picture strengthens. Margins should come under some pressure from highly competitive pricing in both industries.

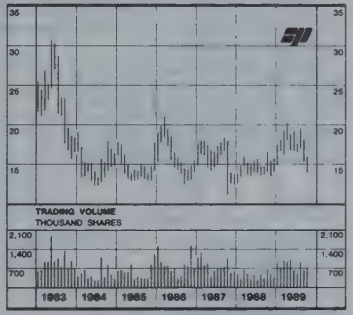
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	93.1	97.2	84.7	81.6
Nov.	---	95.8	78.8	76.9
Feb.	---	82.8	61.9	64.4
May	---	107.9	97.5	89.6
	---	383.6	322.9	312.6

Sales for three months ended August 31, 1989 declined 4.2%, year to year, reflecting a sharp drop in recreational vehicle sales. Manufactured housing sales were up modestly. Margins narrowed on lower RV sales and increased costs, which were not offset by higher prices. Net income declined 39%. Per-share earnings were $0.25, compared with $0.41.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.25	0.41	0.36	0.28
Nov.	E0.30	0.36	0.28	0.25
Feb.	E0.20	0.27	0.11	0.13
May	E0.35	0.49	0.42	0.38
	E1.10	1.53	1.17	1.04



Important Developments

Sep. '89— The company said that manufactured housing sales for the first quarter of fiscal 1989-90 were $71.5 million, up 6.3%, year to year. Recreational vehicle sales were $21.5 million, down 28% from the year before. Management said that shipments of manufactured housing by Skyline remained stable during the quarter, but shipments by the industry as a whole continued to decline. Recreational vehicle sales reflected an industrywide softening of demand for many types of RVs, including travel trailers, SKY's principal RV product.

Sep. '89— Current assets at August 31 were $147.6 million and current liabilities $22 million, for a current ratio of 6.7 to 1.

Next earnings report expected late December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	13.61	12.57	11.88	11.32	10.88	10.65	10.40	10.19	10.21	10.09
Earnings	1.53	1.17	1.04	0.93	0.71	0.73	0.70	0.48	0.60	0.54
Dividends	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Payout Ratio	31%	41%	46%	52%	68%	66%	69%	104%	81%	89%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	16⅜	18⅜	21	17⅞	19⅛	30¾	27½	19⅝	15⅜	12¾
Low	12½	11⅛	12⅜	12¾	12¼	15⅝	11½	11⅜	8½	9¼
P/E Ratio—	11-8	16-10	20-12	19-14	27-17	42-21	39-16	43-25	26-14	24-17

Data as orig. reptd. E-Estimated

November 2, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	384	20.7	5.4	3.73	2.37	Nil	27.6	37.9%	17.1	4.5
1988	323	15.4	4.8	4.76	2.23	Nil	21.4	38.9%	13.1	4.0
1987	313	18.6	6.0	2.12	2.14	Nil	22.7	48.7%	11.7	3.7
1986	316	14.8	4.7	3.10	2.24	Nil	20.0	48.0%	10.4	3.3
1985	328	7.4	2.2	2.32	1.75	Nil	15.0	47.3%	7.9	2.4
1984	384	8.6	2.2	2.83	1.66	Nil	15.3	46.8%	8.1	2.1
1983	293	6.6	2.2	0.57	1.69	Nil	14.7	47.0%	7.8	2.7
1982	265	d1.0	NM	1.00	2.12	Nil	9.6	46.1%	5.2	2.0
1981	277	6.6	2.4	0.70	2.87	Nil	12.6	47.1%	6.7	2.4
1980	334	8.2	2.5	4.30	3.23	Nil	11.9	49.4%	6.0	1.8

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	111	149	23.6	6.3	177	10.1%	Nil	153	153	Nil	11.7%
1988	101	135	21.6	6.3	163	8.2%	Nil	141	141	Nil	9.5%
1987	102	130	22.8	5.7	156	7.7%	Nil	133	133	Nil	9.0%
1986	92	121	20.3	5.9	147	7.1%	Nil	127	127	Nil	8.3%
1985	93	119	22.6	5.3	145	5.5%	Nil	122	122	Nil	6.8%
1984	84	116	22.8	5.1	142	5.7%	Nil	119	119	Nil	6.9%
1983	88	114	25.5	4.5	142	5.6%	Nil	117	117	Nil	6.8%
1982	85	105	19.9	5.2	134	3.8%	Nil	114	114	Nil	4.5%
1981	81	104	21.6	4.8	138	5.1%	Nil	115	115	Nil	5.9%
1980	74	90	12.1	7.5	125	4.6%	Nil	113	113	Nil	5.3%

Data as orig. reptd. d-Deficit. NM-Not Meaningful.

Business Summary

Skyline Corp. produces manufactured housing (mobile homes), and recreational vehicles including travel trailers, mini-motor homes, fifth wheels and van conversions. Contributions by industry segment to sales and operating profits in fiscal 1988-9:

	Sales	Profits
Manufactured housing	70%	62%
Recreational vehicles	30%	38%

Manufactured housing is produced in lengths ranging from 36 ft. to 80 ft., and in single widths (12 ft. to 18 ft.) and double wide widths (20 ft. to 28 ft.). SKY produced 15,884 manufactured homes in fiscal 1988-9, up 18% from a year earlier. Of these, 61% were single section homes and 39% multisection. The company was operating 23 manufactured housing plants at the end of May, 1989.

During fiscal 1988-9 the company delivered 10,187 travel trailers (10,422 in fiscal 1987-8). Of these, 2,860 were fifth wheel models (2,713) which are designed to be towed by a pick-up truck. Fifth wheel models have been gaining market share in recent years.

In May, 1989 ten recreational vehicle plants were in operation. Travel trailers and fifth wheels are sold under the Nomad, Layton and Aljo Aly names; mini-motor homes under Lindy and Jamee; and van conversions under Skyline Vans.

Finances

At May 31, 1989 SKY had $108,437,000 (61% of total assets) invested in treasury bills. Interest income in fiscal 1988-9 was $7,964,000.

Dividend Data

Dividends have been paid since 1960.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Dec. 8	Dec. 19	Dec. 23	Jan. 3'89
0.12	Mar. 2	Mar. 13	Mar. 17	Apr. 1'89
0.12	Jun. 2	Jun. 12	Jun. 16	Jul. 1'89
0.12	Jul. 20	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: early Dec. '89.

Capitalization

Long Term Debt: None.

Common Stock: 11,217,144 shs. ($0.0277 par).
Some 14% owned by officers and directors, including 13% by A. J. Decio.
Institutions hold some 56%.
Shareholders: 3,300.

Office—2520 By Pass Rd P O Box 743 Elkhart Ind 46515 **Tel**—(219) 294-8521 **Chrmn & CEO**—A J Decio **Pres**—R F Kloska **Secy**—R M Treckelo **VP-Treas**—J B Fanchi **Dirs**—T. P. Berge, A. J. Decio, J Hammes, R F Kloska, W H Lawson, A. J. McKenna, D Sarkett, R M Treckelo, F. A. Vita. **Transfer Agent & Registrar**—First National Bank of Chicago **Incorporated** in Indiana in 1959 **Empl**—2,815

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

SmithKline Beecham

NYSE Symbol SBE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21'89	1989					
147⅜	44⅞-35½	NM	[2]---	[2]---	NR	NA

Summary

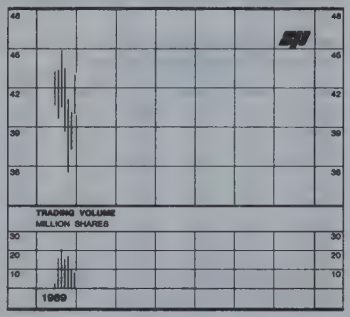
Formed through the July, 1989 merger of SmithKline Beckman with British drug maker Beecham Group p.l.c., SmithKline Beecham ranks as one the world's largest pharmaceutical and health care companies. Prior to the merger, SmithKline Beckman spun off to shareholders its Allergan and Beckman units. Substantial cost economies and synergies from the merger, coupled with new products from combined R & D efforts, enhance longer-range prospects.

Current Outlook

Earnings for 1990 for SmithKline Beecham may reach $3.40 per Equity Unit, up from the $2.90 estimated for 1989 (before restructuring charges).

In December, 1989 SBE declared a dividend of $0.1722 (approximate; before 15% British tax) on the ADS for the A Ordinary shares and $0.209 on the Equity Units for the five-month period from July 26 to December 31, 1989. A second interim dividend for the period ending December 31 is expected to be paid April 17, 1990.

Sales for 1990 are expected to surpass the $6.8 billion seen for 1989, aided by growth in most key drug and consumer product lines. Margins should be helped by the better volume and significant cost synergies from the merger.



Net Sales (Billion U.S. $)

Period	1989	[3]1988
3 Mos. Mar.	---	---
6 Mos. Jun.	---	---
9 Mos. Sep.	5.10	---
12 Mos. Dec.		7.27

SmithKline Beecham's pro forma sales from continuing operations for the nine months ended September 30, 1989 rose 16%, to £3.2 billion from £2.7 billion in the year-earlier period. After costs and expenses, pretax income was up 12%, to £587 million from £524 million.

Earnings Per Equity Unit (U.S. $)

Period:	1989	[3]1988
3 Mos. Mar.	---	---
6 Mos. Jun.	---	---
9 Mos. Sep.	---	---
12 Mos. Dec.		2.30

Important Developments

Jul. 26'89— SmithKline Beckman Corp. merged with the British drug company Beecham Group p.l.c, forming SmithKline Beecham, one of the world's largest pharmaceutical and health care products firms. Under terms of the merger, each SmithKline Beckman share was exchanged for one Equity Unit consisting of five B ordinary shares of SmithKline Beecham and one $2.25 preferred share of its U.S. subsidiary. Holders of SKB shares also received per SKB share a special cash dividend of $5.50 and a pro rata quarterly dividend of $0.225. The equity distribution made SKB holders equal owners with Beecham stockholders in the new company. Prior to the merger, SKB spun off to shareholders its Allergan and Beckman units.

Next earnings report expected in mid-March.

Per Equity Unit Data (U.S. $)

Yr. End Dec. 31	1988
Tangible Bk. Val.	d0.51
Earnings	[4]2.30
Dividends	NA
Payout Ratio	NA
Prices—High	NA
Low	NA
P/E Ratio—	NA

Data as reptd. in Proxy Statement/Prospectus dated Jul. 26, 1989. Based on U.K. GAAP conv. to U.S. $ at fiscal year-end exch. rate. 1. One Equity Unit consisting of 5 B Ordinary shs. and 1 pfd. sh. 2. See Dividend Data. 3. Pro forma; data for SmithKline Beckman for yr. ended Dec. 31, 1988 and data for Beecham for yr. ended Mar. 31, 1989. 4. Bef. spec. item(s) of -0.75 in 1988. NA-Not Available. d-Deficit.

January 2, 1990

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25 Broadway, NY, NY 10004

Income Data (Million U.S. $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[3]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	7,272	NA	NA	NA	NA	352	919	31.7%	618	8.5

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On [illegible]
[2]1988	1,680	4,333	2,678	1.6	6,908	NA	3,713	d137	3,581	103.7	NA

Data as reptd. in Proxy/Prospectus dated Jul.26, 1989. Based on U.K. GAAP conv. to U.S. $ at fiscal year-end exch. rate. 1. Bef. spec. item(s) in 1988. 2. Pro forma; data for SmithKline Beckman for yr. ended Dec. 31, 1988 and Beecham for yr. ended Mar. 31, 1989. 3. Net. NA-Not Available d-Deficit.

Business Summary

SmithKline Beecham was formed in July, 1989 through the merger of SmithKline Beckman Corp. and the British drug firm Beecham Group p.l.c., with the company now ranking as one the world's largest pharmaceutical and health care firms. Pro forma sales from continuing businesses for the combined company in calendar 1988 were divided:

	Sales
Ethical drug	51%
Over-the-counter medications	12%
Animal health	7%
Clinical laboratories	10%
Consumer products	20%

About 40% of sales are made in the U.S., 40% in Europe and 20% in Japan.

The most important drug in the SmithKline line is Tagamet, which is used to treat ulcers and other gastrointestinal diseases (sales of about $1.0 billion in calendar 1988). Tagamet sales have been impacted in recent years by competitive products, most notably Glaxo's Zantac. Other SmithKline ethical pharmaceuticals include diuretics such as Diazide for the treatment of hypertension and excessive water retention (diuretics had sales of $200 million in 1988), as well as cephalosporin antibiotics, antiarthritic products, vaccines, tranquilizers, cough-cold preparations, and ointments for a variety of applications.

Principal Beecham prescription medicines consist of oral broad spectrum antibiotics such as Amoxil (amoxycillin) and Augmentin (sales of these products represented about 82% of Beecham's prescription drug sales in fiscal 1988-9). Other Beecham drugs include Eminase, a thrombolytic (clot-dissolving) agent; Relifex, an antiarthritic compound; and Maxolon, a treatment for gastrointestinal disorders. New drug applications for Eminase, Relifex, Corlopam (an anti-hypertensive), and Engerix B (a hepatitis B vaccine) for marketing approval have been filed with the FDA. The combined worldwide pharmaceutical sales force of SmithKline and Beecham totals about 6,000.

Over-the-counter medications include Tums antacid; Contac cold medications; Sine-Off sinus remedies; Ecotrin coated aspirin; Oxy acne products; Sucrets, Venos and N'ice medications for sore throats and coughs; and Beecham Powders, Night Nurse and Day Nurse for colds and influenza.

Animal health products include veterinary formulations of antibiotics, other pharmaceuticals, vaccines, feed additives and various other animal health and nutrition items. Products are sold under the Stafac, Valbazen, Filaribits Plus, Leukocell and other names.

SmithKline Bio-Science Laboratories (SKBL) is the largest clinical laboratory network in North America. SKBL provides a broad range of clinical laboratory testing services, information and laboratory management expertise to over 50,000 physicians, hospitals and other clients.

Principal consumer products made by Beecham include Macleans and Aquafresh toothpaste, the Massengill line of feminine hygiene products, Odol mouthwashes and Silvikrin and Brylcreem hair products. A line of health-oriented drinks and various food products are also offered.

Dividend Data

On December 4, 1989 the company declared dividends of approximately $0.1722 (before 15% British tax to U. S. residents) per ADS for the A Ordinary shares and $0.209 per Equity Unit, payable January 23 and January 16, 1990, respectively, to holders of record December 21. The dividends covered the five-month period from July 26 to December 31, 1989. A second interim dividend is expected to be paid on April 17, 1990. The company plans to pay dividends on all shares which in the aggregate will equal about 40%-45% of annual net income.

Capitalization

Long Term Debt: $3,713,000,000.

Minority Interest: $39,000,000.

Subsid. $2.25 Cum. Part. Pfd. Stk.: $34,000,000.

A Ordinary Shares: 669,956,848 shs. (25 p par). Each American Depositary Share (NYSE: SBH) represents 5 A shares.

B Ordinary Shares: 654,775,000 shs. (25 p par). Each American Depositary Share (NYSE; SBE) represents one Equity Unit consisting of 5 B shares and one preferred share. B shares and preferred stock trade only as Units.

Office—Beecham House, Great West Road, Brentford, Middlesex TW8 9BD England. **Tel**—011-441-560-5151 **Chrmn**—H. Wendt **CEO**—R F Bauman. **Finance Dir**—H. R. Collum. **Secy**—I. M. F. Balfour. **Investor Contact**—Philip Ward **U. S. Investor Contact**—R Williams (215) 751-3338 **Dirs**—J. G. Andresa, R. P. Bauman, A. R. F. Buxton, J. F. Chappell, Sir Robert Clark, H. R. Collum, H. E. Evans, W. R. Grant, M. Greenacre, J. F. B. Hunter, K. N. Kermes, Sir John Kingman, F. W. Kyle, F. P. Lucier, D. F. McHenry, R. A. Pfeiffer, Jr., Sir Peter Walters, H. Wendt, J. White **Depository for ADSs**— Morgan Guaranty Trust Co., NYC. **Incorporated** in Great Britain in 1989 **Empl**—51,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B Saltz

Snap-on Tools

NYSE Symbol SNA Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 16'89	1989					
32	41⅞-31½	12	1.08	3.4%	A	1.20

Summary

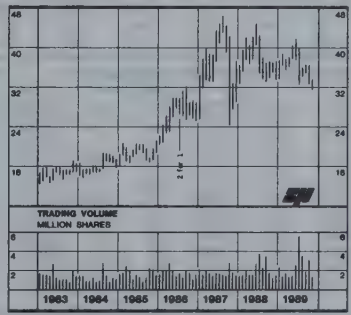
Snap-on Tools is the largest manufacturer and distributor of hand tools, storage units and diagnostic equipment for professional mechanics. Products are primarily distributed through some 4,900 independent dealers. Net income for 1989 will likely decline, reflecting a slower rate of dealership expansion, slower sales to new car dealer mechanics, and higher training and operating expenses. Slight improvement is expected in 1990.

Current Outlook

Earnings for 1990 could rise to $2.65 a share from 1989's estimated $2.55.

The $0.27 quarterly dividend should continue.

Sales for 1990 should benefit from improved foreign and industrial sales, but a slower rate of expansion of the domestic dealer network, sluggish sales to new car dealer mechanics, and a continued high level of training and operating expenses will limit earnings gains. A share repurchase program will boost share earnings. Positive demand factors for auto repair tools include an aging and increasingly complex car population, continued growth in the vehicle population, and increasing passenger vehicle miles driven.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	232.1	215.3	185.5	157.3
Jun.	226.4	219.2	184.6	168.6
Sep.	212.6	208.9	189.1	166.5
Dec.	---	211.3	195.1	177.7
	---	854.6	754.3	670.1

Sales for the nine months ended September 30, 1989 rose 4.3%, year to year, reflecting greater penetration of foreign markets. Hurt by a slowdown in sales to U.S. independent dealers and softer demand in the U.S. for industrial products, pretax income fell 6.8%. After taxes at 37.0%, against 38.3%, net income was down 4.8%. Share earnings were $2.00 on fewer shares, versus $2.06.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	0.71	0.52	0.41
Jun.	0.66	0.70	0.51	0.42
Sep.	0.57	0.65	0.53	0.38
Dec.	E0.55	0.66	0.57	0.38
	E2.55	2.72	2.13	1.59

Important Developments

Oct. '89— The decline in second and third quarter earnings was attributed to softer sales to U.S. new car dealer mechanics, a rebalancing of inventories between SNA and its independent dealer network as a result of product delivery capability improvements, and higher training and operating expenses. SNA said that professional mechanics became more cautious as U.S. new car sales declined during 1989. The softer economy also slightly reduced sales from the U.S. industrial segment. International operations continued strong with gains in Canada, the U.K., and smaller operations in Europe and the Pacific. SNA expected continued sluggishness in the fourth quarter of 1989 and into the first half of 1990. Capital spending for 1989 was estimated at $60-$65 million primarily for expanding of facilities and new manufacturing equipment.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.35	10.97	9.28	8.24	7.33	6.38	5.75	5.28	4.76	4.16
Earnings	2.72	2.13	1.59	1.46	1.47	1.06	0.92	0.99	0.96	1.08
Dividends	0.88	0.70	0.61	0.58	0.46½	0.42½	0.42	0.42	0.41½	0.38
Payout Ratio	32%	33%	38%	40%	32%	40%	46%	42%	44%	35%
Prices—High	44⅞	46½	32⅛	21¼	18⅞	17⅛	14⅞	15⅛	14½	14½
Low	32⅝	24¼	20⅜	16	13½	12⅜	8⅜	9	9⅜	9⅛
P/E Ratio—	16-12	22-11	20-13	15-11	13-9	16-12	16-9	15-9	15-10	13-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1986, 100% May 1979. E-Estimated.

November 28, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	[1]893	201	22.5	37.9	18.7	2.64	183	38.0%	113	12.7
1987	[1]785	172	21.9	30.9	16.6	2.79	[2]156	43.1%	89	11.3
1986	[1]696	142	20.4	32.3	14.9	2.67	[2]126	48.2%	[3]85	9.4
1985	623	125	20.0	24.6	12.8	2.70	112	48.6%	60	9.6
1984	586	125	22.1	19.9	11.2	2.75	115	48.0%	60	10.5
1983	455	93	20.5	12.5	10.6	2.85	83	48.3%	43	9.5
1982	431	82	19.1	10.0	11.0	3.65	70	46.3%	37	8.7
1981	442	88	19.8	14.9	11.0	5.28	72	44.2%	40	9.1
1980	402	82	20.5	30.9	9.5	4.90	68	44.0%	38	9.5
1979	374	87	23.2	27.0	7.4	3.41	77	44.3%	43	11.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	16.9	505	142	3.5	668	17.8%	8.1	505	525	1.5	23.8%
1987	64.6	471	131	3.6	616	15.4%	12.6	458	484	2.6	21.0%
1986	27.3	392	112	3.5	527	13.2%	16.1	383	414	3.9	18.1%
1985	39.8	361	93	3.9	460	13.6%	17.7	337	367	4.8	18.7%
1984	43.6	331	90	3.7	419	15.0%	20.2	299	329	6.1	21.4%
1983	52.7	293	84	3.5	372	12.1%	22.7	259	288	7.9	17.5%
1982	19.2	261	75	3.5	339	11.0%	25.1	233	263	9.5	16.7%
1981	5.9	258	94	2.8	339	12.3%	27.5	213	246	11.2	19.8%
1980	5.4	235	88	2.7	313	12.9%	29.9	191	225	13.3	21.4%
1979	2.1	215	83	2.6	277	16.7%	25.9	165	194	13.4	28.3%

Data as orig. reptd. 1. Incl. other income after 1985. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change.

Business Summary

Snap-on Tools manufactures high quality tools and equipment for use by professional mechanics and customers worldwide. Its principal products are hand tools, including wrenches, screwdrivers, hammers, and other similar products; pneumatic impact wrenches and chisels; power assisted drills; and wheel balancing and aligning equipment. Other products include tool chests and roll cabinets, and electronic automotive diagnostic equipment. Approximately 80% of sales are derived from hand tools.

Products are used primarily for automotive service and maintenance, but are also used in manufacturing and other repair and maintenance activities. In recent years SNA has begun developing and marketing autoclavable medical tools for surgeons.

Products are sold to approximately 4,900 independent dealers throughout the world. U.S. dealers accounted for about 67% of 1988 sales, versus 69% in 1987. Each dealer operates out of a walk-in display van or similar vehicle that carries an extensive inventory of products and parts. Sales to industrial customers (16% of 1988 revenues and 15% in 1987) are handled through company salesmen. Foreign sales accounted for 17% of consolidated sales in 1988 and 15% in 1987.

Dividend Data

Dividends have been paid since 1939. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 6	Feb. 13	Feb. 17	Mar. 10'89
0.26	Apr. 28	May 15	May 19	Jun. 9'89
0.27	Jun. 23	Aug. 15	Aug. 21	Sep. 11'89
0.27	Oct. 27	Nov. 14	Nov. 20	Dec. 11'89

Next dividend meeting: early Jan.'90.

Finances

Working capital at 1988 year-end totaled $362.6 million, compared with $339.1 million a year earlier. SNA's current ratio stood at 3.5 to 1 and its long-term debt had dropped to 1.6% of shareholders' equity. SNA attained a 23.5% after-tax return on average shareholders' equity in 1988.

Capitalization

Long Term Debt: $7,700,000.

Common Stock: 41,098,940 shs. ($1 par).
Institutions hold about 53%.
Shareholders of record: 9,916.

Office—2801 80th St., Kenosha, Wis. 53141-1410. Tel—(414) 656-5200 Chrmn & Pres—M. F. Gregory Secy—J. R. Olson Trans & Investor Contact—M. F. Montemurro. Dirs—D. L. Burnham, R. A. Cornog, R. F. Farley, H. W. Fry, M. F. Gregory, M. G. Hasselt, A. L. Kelly, D. J. Krumm, L. L. Larson, G. W. Mead, D. J. Riordan, J. T. Schank, J. H. Schnabel. Transfer Agent & Registrar—Harris Trust & Savings Bank, Chicago. Incorporated in Delaware in 1930.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M. Herari

Sonat Inc.

NYSE Symbol SNT Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov 16'89	1989					
43 1/4	44 7/8–28 5/8	18	2.00	4.6%	B+	1.04

Summary

This diversified energy company operates a natural gas pipeline serving seven Southeastern states and to a lesser extent is involved in oilfield services and oil and gas exploration and production. In December, 1988 SNT filed jointly with two other pipelines for FERC approval to construct a pipeline that would transport natural gas from the Mobile Bay area. Earnings for the first nine months of 1989 advanced, reflecting a nonrecurring gain. In August, SNT sold publicly sold $100 million of long-term debt.

Current Outlook

Share earnings for 1990 are projected at $2.25, down from 1989's estimated $2.60, which includes a nonrecurring gain of $0.83.

Dividends are expected to continue at $0.50 quarterly.

Pipeline profits for 1990 are expected to decline in absence of income from settlement of a rate case and a take-or-pay related filing, despite an expected increase in both gas transmission and gas sales volumes. Exploration and production profits should rise on higher average gas prices and an expected small increase in production. Oilfield services profits should rise on greater activity and a minor improvement in margins, but are likely to remain somewhat depressed. Share earnings growth will be restricted by higher interest expense.

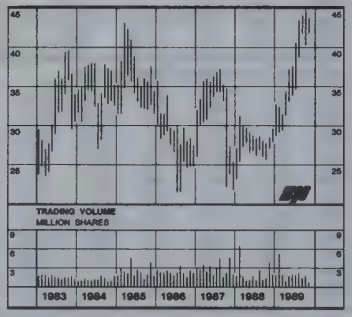
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	411	485	537	682
Jun.	641	277	285	356
Sep.	280	268	250	301
Dec.	---	363	347	453
	---	1,392	1,418	1,793

Revenues for the nine months ended September 30, 1989 rose 29%, year to year, reflecting settlement of a rate case and a take-or-pay related filing. Following higher interest expense, pretax income was up 25%. After taxes at 35.6%, versus 31.7%, net income advanced 18%, to $2.11 a share from $1.80, which excludes a special credit of $0.32.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.65	0.83	0.50	1.14
Jun.	1.08	0.53	0.73	0.47
Sep.	0.38	0.44	0.26	d0.01
Dec.	E0.49	0.29	0.46	d8.90
	E2.60	2.09	1.95	d7.30



Important Developments

Aug. '89— SNT publicly sold $100 million of long-term notes. Net proceeds were to be used to repay short-term lines of credit and revolving credit agreements, and for general corporate purposes.

Jul. '89— SNT said that net income for the 1989 second quarter included $33.9 million, or $0.83 a share, from the settlement of Southern Natural Gas Co.'s rate case and a take-or-pay related filing. Separately, SNT filed for regulatory approval to use a natural gas supply reservation fee program.

Mar. '89— SNT and Peder Smedvig Aksjeselskap (Norway) formed a joint venture company called Teleco North Sea A/S, which would offer a complete range of directional drilling services and equipment.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	1983	[1]1982	1981	1980	1979
Tangible Bk. Val.	26.64	24.89	24.10	33.82	35.47	31.84	28.07	24.21	20.01	17.45
Earnings[2]	2.09	1.95	d7.30	d1.48	4.30	5.20	5.05	4.24	3.42	2.72
Dividends	2.00	2.00	2.00	1.92 3/4	1.70	1.42 1/2	1.20	1.01 1/4	0.83 1/8	0.68 1/8
Payout Ratio	96%	103%	NM	NM	40%	27%	24%	24%	24%	25%
Prices—High	31 1/4	37 1/4	35 3/4	43 1/8	38	39 5/8	33 1/2	37 1/4	37 1/8	27 7/8
Low	23 1/8	21 3/4	21 3/8	31 1/2	27	23 1/2	19 7/8	26 5/8	20 1/8	15 7/8
P/E Ratio—	15–11	19–11	NM	NM	9–6	8–5	7–4	9–6	11–6	10–6

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep. 1981. 1. Reflects accounting change. 2. Bef. results of disc. opers. of +0.64 in 1987, -0.22 in 1986, +1.03 in 1984, bef. spec. item(s) of +1.56 in 1985. E-Estimated. d-Deficit. NM-Not Meaningful.

November 28, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,392	327	23.5	382	152	98	125	32.5%	85	6.1
1987	1,418	311	22.0	166	145	128	149	46.8%	[3]79	5.6
[4]1986	1,692	427	25.3	162	530	137	d515	NM	d295	NM
1985	2,498	715	28.6	577	506	115	d119	NM	d60	NM
[5]1984	2,591	592	22.8	465	221	98	327	46.8%	174	6.7
1983	2,687	602	22.4	163	196	93	365	42.5%	210	7.8
[3]1982	2,681	574	21.4	362	182	120	357	42.7%	205	7.6
1981	2,569	475	18.5	621	146	116	308	43.6%	[3]174	6.8
1980	1,744	342	19.6	253	99	71	244	42.7%	140	8.0
1979	1,446	292	20.2	158	89	54	198	44.4%	110	7.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	19	591	432	1.4	3,138	2.7%	858	1,082	2,182	39.3	8.1%
1987	393	1,029	711	1.4	3,115	2.5%	824	1,003	2,090	39.4	8.0%
1986	425	1,256	534	2.4	3,288	NM	1,335	976	2,623	50.9	NM
1985	269	1,139	678	1.7	3,570	NM	996	1,361	2,726	36.5	NM
1984	438	1,436	821	1.7	3,640	5.1%	811	1,435	2,706	30.0	12.8%
1983	289	1,183	705	1.7	3,222	6.6%	630	1,288	2,354	26.8	17.3%
1982	220	1,102	700	1.6	3,139	6.9%	792	1,135	2,335	33.9	19.4%
1981	165	939	723	1.3	2,814	7.0%	688	991	1,977	34.8	19.2%
1980	169	696	590	1.2	2,134	7.1%	461	819	1,490	30.9	18.2%
1979	164	609	465	1.3	1,794	6.6%	391	705	1,243	31.4	16.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1987, 1986, 1984, and spec. item(s) in 1988, 1985. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Excl. disc. opers. and reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Contributions to revenues and operating profits (in million $) of this diversified energy and natural resource related company (formerly Southern Natural Resources) in 1988:

	Revs.	Profits
Pipeline	75%	$139.9
Oilfield services	16%	2.3
Exploration & production	9%	38.1
Other	Nil	-1.7

Southern Natural Gas Co. and 50%-owned Citrus Corp. operates a interstate pipeline system extending over 13,300 miles, which supplies gas to an eight states in the Southeast. Total combined gas sales volume in 1988 was 394 Bcf (417 Bcf in 1987); gas transported for others was 299 Bcf (284 Bcf). Transportation and sales to Atlanta Gas Light Co., Alabama Gas Corp., and South Carolina Pipeline Co. accounted for 31.0% of SNT's revenues in 1988 (9.8% in 1987).

Sonat Exploration is engaged in oil and gas exploration and production, with activities offshore in the Gulf of Mexico and onshore in the Southwest, the Southern coastal states, and West Virginia. Proved reserves at year-end 1988 were estimated at 7.0 million barrels of oil and 334.0 Bcf of gas.

Sonat Offshore Drilling is one of the largest contract drilling firms in the world. Teleco Oilfield Services (acquired 1984) provides measurement-while-drilling services to companies engaged in drilling oil and gas wells, directional drilling services, and leases mud motors.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 26	Feb. 22	Feb. 28	Mar. 14'89
0.50	Apr. 27	May 24	May 31	Jun. 14'89
0.50	Jul. 27	Aug. 25	Aug. 31	Sep. 14'89
0.50	Oct. 26	Nov. 24	Nov. 30	Dec. 14'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $966,736,000.

Common Stock: 40,626,206 shs. ($1 par).
Institutions hold about 62%.
Shareholders of record: 18,000.

Office—First National-Southern Natural Building, Birmingham, Ala. 35203. Tel—(205) 325-3800. Chrmn, Pres & CEO—R. L. Kuehn, Jr. Vice Chrmn & CFO—J. R. Doody. VP-Gen. Counsel—W. A. Smith. VP-Fin & Investor Contact—T. W. Barker, Jr. Dirs—W. M. Anderson, J. J. Creedon, J. R. Doody, R. C. Gonzuela, H. C. Goodrich, R. L. Kuehn, Jr., R. L. Lanigan, H. R. Linden, C. Marshall, W. C. O'Malley, N. S. Rogers, L. E. Smart, J. B. Williams, J. B. Wyatt. Transfer Agent & Registrar—Manufacturers Hanover Trust Co., NYC. Incorporated in Delaware in 1935.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Sony Corp.

2053T

NYSE Symbol SNE Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
59⅝	65¾-49¾	27	[1]0.28	[1]0.5%	NR	0.58

Summary

This well-known Japanese company manufactures a wide variety of consumer electronic equipment, notably color TV sets and videotape recorders. Product leadership and managerial resourcefulness have made the company a world leader in its field. In November, 1989 SNE acquired Columbia Pictures Entertainment, a major filmed entertainment company.

Business Summary

Sony Corp. is a world leader in the development, manufacture and sale of various electronic equipment, instruments and devices. Net sales, in Japanese yen, in recent fiscal years (ended March 31) came from the following product areas:

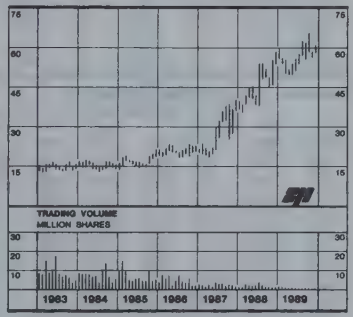
	1988-9	1987-8
Video equipment	27%	31%
Audio equipment	26%	28%
Televisions	16%	22%
Records	16%	---
Other products	15%	20%

Measured in yen, domestic (Japanese) sales accounted for 34% of total sales in fiscal 1988-9, U.S. sales 27%, European sales 23%, and other sales 15%.

During the past two years, SNE has substantially broadened its business beyond the sale of hardware equipment. In November, 1989 it acquired Columbia Pictures Entertainment, one of the world's leading filmed entertainment companies, for about $4.8 billion (including assumption of debt); and in January, 1988 it acquired CBS Records, a leading recorded music company, for about $2 billion.

SNE's video equipment includes the line of Betamax home videotape recorder-players (VTR), Betacam 1/2-inch video systems, one-inch VTRs, U-matic VTRs, and Handycam, an 8mm compact portable video camcorder and its companion compact video tape deck.

Television sets feature the Black Trinitron cathode ray tube which improves picture quality, while audio equipment includes high-fidelity stereo components and compact products such as the Walkman personal stereo cassette player and the Discman compact disc record player. Other products include electronic components, information processing equipment, and telecommunications systems.



Important Developments

Nov. '89— SNE completed the acquisition of Columbia Pictures Entertainment, Inc., one of the world's leading filmed entertainment companies, for about $4.8 billion, including the assumption of debt. In the fiscal year ended February 28, 1989, Columbia had revenues of $1.6 billion and net income of $8.6 million. The acquisition included a large library of movies and television shows, which could make it easier for SNE to successfully introduce new hardware technology on which such software could be played. A similar synergy is possible from SNE's 1988 acquisition of CBS Records. Meanwhile, in the first half of fiscal 1989-90, measured in yen, SNE's video equipment sales rose 23%, year to year, while sales of audio equipment and televisions were up 26% and 24%, respectively. Record sales increased 19%, and sales of other products advanced 26%.

Next earnings report expected in late February.

Per ADS Data ($)

Yr. End Mar. 31[2]	1989	1988	[3]1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	20.64	17.67	18.03	16.19	12.23	9.58	8.85	8.36	8.47	7.15
Earnings	1.83	1.19	0.39	1.12	1.49	1.26	0.55	0.81	1.34	1.51
Dividends	0.28⅞	0.28⅜	0.10⅝	0.23⅜	0.17⅛	0.15	0.15⅝	0.14⅞	0.12⅞	0.11¾
Payout Ratio	16%	24%	27%	21%	11%	12%	28%	18%	10%	8%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High[4]	58½	40¼	Nil	23½	21⅜	17⅜	16¾	18	26⅛	16¾
Low[4]	35⅜	18¼	Nil	18⅛	13½	12¾	12⅝	11	14½	6
P/E Ratio—	32-19	34-15	Nil	21-16	14-9	14-10	30-23	22-14	19-8	11-4

Data as orig. reptd. 1. Decl. in the past 12 mos. (approx.); net aft. 15% Japanese tax. 2. Yr. ended Oct. 31 prior to 1987. 3. Five mos. 4. Cal. yr.

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Income Data (Million $)

Year Ended Mar. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc.of Revs.
[3]1989	16,678	2,169	13.0	1,381	953	247	1,270	56.8%	549	3.3
[4]1988	11,450	934	8.2	1,068	691	199	614	52.1%	294	2.6
[5]1987	3,820	356	9.3	345	226	65	190	52.1%	91	2.4
1986	8,309	695	8.4	581	486	137	512	49.5%	259	3.1
1985	6,788	962	14.2	615	332	108	712	51.7%	344	5.1
1984	5,211	763	14.6	328	226	112	607	51.9%	292	5.6
1983	4,804	506	10.5	242	232	138	254	49.8%	127	2.7
1982	4,578	642	14.0	456	196	170	373	50.0%	186	4.1
1981	4,863	803	16.5	450	149	142	626	51.0%	[5]307	6.3
1980	4,266	673	15.8	231	117	128	577	43.6%	325	7.6

Balance Sheet Data (Million $)

Mar. 31[1]	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	3,202	10,862	8,477	1.3	17,915	3.1%	1,673	6,908	8,973	18.6	8.4%
1988	2,539	8,615	7,554	1.1	14,935	2.4%	1,568	5,203	6,968	22.5	6.5%
1987	1,953	6,316	4,020	1.6	9,666	NM	982	4,170	5,319	18.5	NM
1986	1,702	6,013	3,878	1.6	8,952	3.3%	888	3,743	4,783	18.6	7.9%
1985	1,046	4,557	3,054	1.5	6,827	5.7%	634	2,826	3,574	17.7	13.7%
1984	895	3,658	2,540	1.4	5,346	5.5%	364	2,213	2,641	13.8	13.7%
1983	1,093	3,624	2,599	1.4	5,259	2.5%	417	2,044	2,491	16.7	6.4%
1982	721	3,472	2,678	1.3	5,042	3.6%	231	1,929	2,204	10.5	9.6%
1981	895	3,851	3,032	1.3	5,287	6.3%	94	1,953	2,090	4.5	17.0%
1980	777	3,064	2,401	1.3	4,158	8.9%	45	1,543	1,600	2.8	24.7%

Data as orig. reptd. 1. Yr. ended Oct. 31 prior to 1987. 2. Incl. equity in earns of nonconsol. subs. 3. Reflects accounting change. 4. Reflects merger or acquisition. 5. Five mos. NM-Not Meaningful.

Net Sales[1] (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	3.97	3.51	2.12	---
6 Mos. Sep.	8.84	7.35	4.41	---
9 Mos. Dec.		12.75	8.71	---
12 Mos. Mar.		16.25	11.51	[2]3.75

Net sales (in yen) for the six months ended September 30, 1989, increased 24%, year to year. Pretax income rose 31%. After taxes at 45.3% versus 58.5%, and equity earnings, net income was up 68%.

Earnings Per ADS[1] ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Mos. Jun.	0.52	0.43	0.10	---
6 Mos. Sep.	1.09	0.73	0.22	---
9 Mos. Dec.		1.54	0.94	---
12 Mos. Mar.		1.83	1.19	[2]0.39

Finances

In fiscal 1988-9 SNE's number of common shares outstanding increased to 282.6 million, from 238.8 million, reflecting a public stock offering, conversion of convertible debt, and exercise of stock purchase warrants. Also, a public offering of 30 million shares was made in July 1989.

On January 5, 1988 SNE acquired CBS Inc.'s Record Group for about $2 billion. On a pro forma basis, assuming SNE owned CBS Records during all of fiscal 1987-8, SNE had net sales of $13.623 billion and earnings per ADR of $1.24 ($1.21 fully diluted).

Dividend Data

Dividends have been paid since 1947. ADS payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
[1]0.1331	---	Mar. 23	Mar. 30	Jul. 20'89
[1]0.1478	---	Sep. 22	Sep. 28	Dec. 19'89

[1]Net after 15% Japanese tax.

Capitalization

Long Term Debt: $1,428,403,000 (9/89; prior to Columbia Pictures Entertainment acquisition.)

Minority Interest: $115,942,000.

Common Stock: 312,602,923 shs. (50 yen par).Each American Depositary Share represents one common share.

1. Prior to 1986-7 periods ended Jan., Apr., Jul., Oct., respectively 2. Five mos.

Office—7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141, Japan. **Tel**—(03) 448-2111 **U.S. Office**—9 W 57th St., NYC 10019 **Tel**—(212) 371-5800 **Chrmn**—A Morita **Pres & CEO**—N Ohga **U. S. Investor Contact**—H Tsuchihashi **Dirs**—K Adachi, J Aiko, T Aoki, T Doi, T Hashimoto, N Idei, T Ishizuka, K Iwaki, K Kamiya, Y Kaneda, N Kanoi, Y Kashiwagi, Y Kato, J Kodera, F Kohno, S Komiyama, Y. Kuroki, R.Matsuda, S. Miyaoka, K. Momoi, M. Morio, A. Morita, M. Morita, M. Morizono, A. Nagano, N. Ohga, A. Ohnishi, K. Oheone, J. J. Schmuckli, M. P. Schulhof, K. Shirakura, M. Takahashi, K. Tamiya, K. Yamakawa **Depositary, Transfer Agent & Registrar for ADRs**—Morgan Guaranty Trust Co., NYC. **Incorporated** in Japan in 1946. **Empl**—78,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Graves, CFA

Southeast Banking

2062

NYSE Symbol STB

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
26⅛	29⅛-21½	7	1.12	4.3%	A-	0.88

Summary

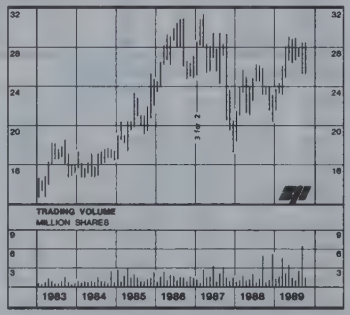
This bank holding company, is the second largest in Florida and the nation's 40th largest, with 216 offices statewide. Southeast's strength has traditionally been in commercial lending, but it is now increasing emphasis on retail banking. Despite a slowdown in the Florida real estate markets and rising problem loans, higher earnings are expected in 1989 and 1990.

Current Outlook

Earnings for 1990 could reach $4.10 a share ($3.90 fully diluted), up from the $3.80 ($3.60) estimated for 1989.

A modest increase in the $0.28 quarterly dividend is expected.

A cooling economy should result in a moderation of loan growth in 1990 to 10% from the 15% expected for 1989. STB is increasing its share of consumer loans, which could help offset some of the weakness in commercial real estate lending (24% of loan portfolio), due to the overbuilt condition of Florida markets. Fee income growth should continue to be sluggish. Loan quality has been weakening, with nonperforming assets on the rise. At September 31, 1989 NPAs were $345 million (3.2% of loans), up from $253 million (2.7%) a year ago. In addition, with the low level of reserves to problem loans (58%), the probability is rising that loan loss provisions will be raised. Startup costs for new branches and investment in technology could restrain advances near-term, although some cost savings should be realized from integrating the First Federal acquisition.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 4.2%, year to year, reflecting 14% earning asset growth, partially offset by a narrower yield on those assets (3.91%, versus 4.29%). The provision for loan losses was 11% lower at $64.5 million, as STB used reserves to cover chargoffs that were 40% higher, at $72.4 million. Aided by a 23% rise in mortgage servicing fees and higher gains from the sale of investment securities, noninterest income rose 22%. With noninterest expense up 4.5%, pretax earnings rose 53%. After taxes at 11.9%, versus 29.1%, net income was up 99%. Following preferred dividends, share earnings were $2.96 ($2.79 fully diluted), versus with $1.56 ($1.52).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.04	0.75	0.83	0.71
Jun.	1.00	0.71	d1.57	0.74
Sep.	0.92	0.11	0.96	0.77
Dec.	E0.84	0.79	0.92	0.78
	E3.80	2.35	1.14	3.00

Important Developments

Oct. '89— Commenting on the third quarter, STB said that earnings were negatively impacted by a narrowing interest margin. In addition, a slowing regional economy led to a 17% rise in nonperforming assets ($345 million, up from $295 million at the end of the second quarter).

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	[1]1983	1982	[1]1981	[1]1980	[1,2]1979
Tangible Bk. Val.	18.34	19.15	19.27	16.66	15.16	14.64	14.27	12.88	13.17	11.58
Earnings[3]	2.35	1.14	[4]3.00	[4]2.27	[4]2.20	[4]2.01	[4]2.02	[4]2.10	[4]2.15	[4]1.85
Dividends	1.03	0.91	0.82	0.80	0.74	0.70¾	0.66¾	0.66¾	0.60¾	0.54¾
Payout Ratio	44%	80%	27%	35%	34%	35%	33%	32%	28%	30%
Prices—High	26¼	31⅜	31	25⅝	17¾	18½	15⅜	15¾	13½	11⅜
Low	18⅜	17¼	23⅜	16½	14¾	12½	8⅞	11⅜	8⅜	8⅛
P/E Ratio—	11-8	28-15	10-8	11-7	8-7	9-6	8-4	7-5	6-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Feb. 1987. 1. Reflects merger or acquisition. 2. Refl. acctg. change. 3. Aft. gains/losses on security trans. of +0.04 in 1988, -0.02 in 1987, +0.02 in 1986, +0.18 in 1985, -0.13 in 1984, -0.05 in 1983, -0.01 in 1980, -0.11 in 1979. 4. Ful. dil. 2.26 in 1988, 2.89 in 1986, 2.21 in 1985, 2.15 in 1984, 1.95 in 1982, 3.03 in 1981, 2.07 in 1980, 1.77 in 1979. E-Estimated d-Deficit.

October 27, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	495	38	181	90	68.0	103	26.7%	75	4.30	0.53	10.6
[1]1987	457	54	151	155	62.6	37	NM	38	4.78	0.31	5.2
[1]1986	396	70	130	64	61.5	96	10.2%	87	4.97	0.81	14.8
1985	355	47	126	64	66.3	75	13.5%	65	4.63	0.65	12.4
1984	318	41	114	38	66.6	73	11.9%	64	4.68	0.71	12.1
[1]1983	277	39	95	22	70.5	58	5.3%	55	4.56	0.67	12.1
1982	259	32	82	18	70.0	62	15.7%	53	5.11	0.77	13.2
[1]1981	221	31	69	12	68.4	58	15.3%	49	4.85	0.80	14.7
1980	210	29	58	18	64.0	60	20.6%	48	5.32	0.91	17.0
[1,2]1979	172	19	48	13	65.0	47	26.4%	35	5.16	0.81	15.7

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	15,623	818	2,594	3,261	6,954	2.06	2,214	9,291	86.7	300	690	4.6
1987	12,842	543	2,220	3,098	5,305	2.05	2,100	7,418	86.6	288	650	5.1
1986	12,469	911	2,162	2,902	4,707	1.34	2,268	7,288	78.2	264	599	5.1
1985	11,052	594	2,148	2,537	4,325	1.22	1,789	6,549	80.4	270	483	4.6
1984	9,869	843	1,492	2,449	3,798	1.17	1,674	5,967	79.2	225	435	5.1
1983	8,883	1,632	1,460	1,764	2,759	1.18	1,560	5,080	85.5	158	465	5.5
1982	7,274	1,611	930	1,359	2,353	1.17	1,410	4,111	84.7	162	417	5.7
1981	6,453	1,316	919	1,303	1,961	1.22	1,545	3,425	83.0	173	373	5.3
1980	5,854	1,372	1,088	1,051	1,594	1.28	1,697	2,700	58.0	169	294	5.2
1979	5,028	775	1,155	726	1,680	1.23	1,571	2,257	60.7	171	250	5.2

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects acctg. change. NM-Not Meaningful.

Business Summary

Southeast Banking Corp. is the holding company for Southeast Bank, the largest bank in Florida and the nation's 23rd largest (based on assets) and First Federal Savings and Loan. Through 216 offices statewide it provides retail and commercial services, with emphasis on the latter. Nonbank subsidiaries include mortgage banking ($6.7 billion of servicing), discount brokerage, leasing, reinsurance and venture capital operations.

Average earning assets during 1988 of $12.4 billion (up 5.7% from 1987) were divided: commercial loans 24%, real estate loans 31%, consumer loans 18%, foreign loans 1%, investment securities 20%, money market assets 6%. Average sources of funds were demand and savings deposits 42%, time deposits 34% (total deposits averaged $10.8 billion), short term borrowings 14%, long term debt 2%, equity 5%, and other 3%.

At December 31, 1988 nonperforming assets were $260 million (2.6% of loans), up from $224 million (2.5%) a year earlier. The reserve for loan losses was 2.06% of loans, versus 1.89%. Net chargeoffs during 1988 were 0.68% of average loans, against 1.10% in 1987.

Dividend Data

Dividends have been paid since 1908. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.28	Dec. 18	Dec. 20	Dec. 27	Jan. 10'89
0.28	Mar. 17	Mar. 21	Mar. 28	Apr. 7'89
0.28	Jun. 16	Jun. 20	Jun. 26	Jul. 7'89
0.28	Sep. 15	Sep. 18	Sep. 25	Oct. 6'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $380,600,000, incl. $62 million notes and debs. conv. into 1,913,683 com. shs.

Adj. Rate Preferred Stock: 600,000 shs. ($1 par).

Common Stock: 30,690,000 shs. ($5 par). Institutions hold some 65%.
Shareholders of record: 8,701.

Office—One Southeast Financial Center, Miami, Fla. 33131. Tel—(305) 375-7500. Chrmn & CEO—C. J. Zwick. Pres—J. E. Porta. VP-Secy—T. R. Woolsey. SVP-Treas & Investor Contact—D. W. Ebbert, Jr. Dirs—H. H. Bassett, D. Blumberg, D. N. Boyce, J. A. Boyd, M. A. Burns, E. D. Duda, A. Fanjul, Jr., J. J. Forese, R. R. Goode, H. C. Henry, Jr., M. Jacobs, K. O. Johnson, N. de B. Katzenbach, J. W. McLamore, J. E. Porta, W. C. Robinson, C. D. Towers, Jr., J. S. Wilson, C. J. Zwick. Transfer Agent—Southeast Bank, Miami. Incorporated in Florida in 1967. First National Bank of Miami organized in 1902. Empl—8,341.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Southern Co.

NYSE Symbol SO Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
28⅛	29¾-22	10	2.14	7.6%	A	0.47

Summary

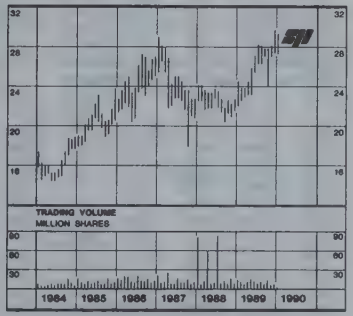
This major utility holding company, serving much of the nation's Southeast, is diversifying its power sources through its 45.7% interest in the two-unit Vogtle nuclear project. Unit 1 entered operation in May, 1987 and unit 2 was placed in operation in May, 1989. In their report on the company's 1988 financial statements, auditors noted the existence of uncertainties associated with SO's construction program in addition to an investigation into the company's tax accounting practices.

Current Outlook

Share earnings for 1990 are projected at $2.90, up from the $2.80 estimated for 1989, excluding potential Vogtle write-offs in both years.

The $0.53½ quarterly dividend is expected to be maintained.

Share earnings for 1990 (before potential non-recurring charges) will benefit from higher kwh sales and increased base rates. Completion of the Vogtle project will substantially improve cash flow and strengthen the regulatory climate. SO's ability to sell power into Florida enhances longer-term prospects.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,679	1,694	1,540	1,586
Jun.	1,882	1,773	1,767	1,668
Sep.	2,151	2,124	2,090	1,988
Dec.	---	1,644	1,613	1,605
	---	7,235	7,010	6,847

Revenues for the nine months ended September 30, 1989 rose 2.2%, year to year, primarily reflecting higher kwh sales. Following lower production costs, operating income advanced 17%. However, after substantially lower AFUDC, the gain in net income narrowed to 6.3%. Share earnings were $2.35 on 1.8% more shares, versus $2.25.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.62	0.51	d0.13	0.71
Jun.	0.60	0.52	0.71	0.68
Sep.	1.13	1.22	1.10	1.14
Dec.	E0.45	0.47	0.24	0.64
	E2.80	2.72	1.92	3.17

Important Developments

Nov. '89— SO said that during the 1989 third quarter the Georgia PSC issued its decision on the company's $413 million rate request for recovery of its investment in Plant Vogtle Unit 2 and other costs of providing service. The commission recognized a need for $218 million of additional revenues over a phase-in period. The order, which took effect October 3, 1989, calls for a first-year increase in base rates of $75 million. The remainder of the increase is to be recovered over the next 10 years. The PSC's order that the company file a conventional rate case in April, 1991 remains in effect. SO has agreed not to appeal the rate decision. The company is, however, appealing a $155 million net disallowance for Vogtle 1. In April, 1989 the company agreed to an approximate $60 million net disallowance for Vogtle 2. Rates for Vogtle 1 are finalized.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	20.59	20.23	20.51	19.47	18.21	17.31	16.43	16.04	16.50
Earnings[1]	NA	2.72	1.92	3.17	3.20	3.00	2.72	2.26	1.81	2.23
Dividends	2.14	2.14	2.14	2.06½	1.95	1.83	1.72½	1.66	1.62	1.56
Payout Ratio	NA	79%	111%	65%	61%	61%	63%	73%	90%	70%
Prices—High	29¾	24⅛	29	27¼	23¾	18⅞	17¾	15⅞	12⅞	14⅛
Low	22	20⅜	17⅞	20⅜	17⅞	14⅜	14½	11	10⅞	10¼
P/E Ratio—	NA	9-7	15-9	9-6	7-6	6-5	7-5	7-5	7-6	6-5

Data as orig. reptd. 1. Bef. spec. item(s) of -0.02 in 1983, +0.12 in 1982 d-Deficit. E-Estimated. NA-Not Available.

January 19, 1990

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	7,235	632	547	80.7%	2.54	268	26.0%	846	11.7	9.6	13.0
1987	7,010	545	560	82.6%	2.36	348	31.7%	554	7.9	8.0	9.1
1986	6,847	523	563	82.9%	3.36	572	36.9%	883	12.9	9.9	15.6
1985	6,814	486	550	83.1%	3.28	522	38.3%	830	12.2	10.4	16.6
1984	6,124	429	483	82.9%	3.12	411	39.4%	717	11.7	10.3	16.6
1983	5,418	407	418	81.2%	2.85	287	40.9%	595	11.0	10.2	15.8
1982	4,927	391	391	82.0%	---	211	42.4%	449	9.1	9.4	13.6
1981	4,256	360	359	83.4%	---	184	41.3%	326	7.7	7.7	10.9
1980	3,763	331	290	81.9%	---	197	42.6%	344	9.1	8.1	12.9
1979	3,128	304	245	82.9%	---	172	40.4%	219	7.0	7.2	8.9

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	25,579	1,754	16,849	8.4	17,745	8,433	50.9	1,465	8.8	6,686	40.3
1987	23,697	1,821	15,896	7.8	16,885	8,204	52.2	1,351	8.6	6,170	39.2
1986	22,217	2,340	15,304	8.0	16,250	7,675	50.9	1,379	9.2	6,010	39.9
1985	20,166	2,211	13,878	8.7	14,810	7,092	51.7	1,295	9.4	5,332	38.9
1984	18,203	2,100	12,493	8.8	13,421	6,638	53.2	1,196	9.6	4,639	37.2
1983	16,490	1,706	11,355	9.4	12,237	6,294	54.8	1,154	10.0	4,042	35.2
1982	14,894	1,491	10,314	8.9	11,320	6,104	56.9	1,113	10.4	3,504	32.7
1981	13,569	1,288	10,699	6.8	11,580	5,754	58.0	1,045	10.5	3,123	31.5
1980	12,440	1,230	9,872	7.1	10,436	5,227	58.1	939	10.4	2,835	31.5
1979	11,700	1,185	9,430	5.9	9,450	4,769	58.1	937	11.4	2,499	30.5

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. spec. item(s) in 1983, 1982. 3. Based on income before interest charges. 4. As reptd. by co. aft. 1983. 5. Utility plant.

Business Summary

The Southern Company is a utility holding company whose subsidiaries, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Savannah Electric & Power (acquired March, 1988) serve much of the Southeast. Revenues by customer class in recent years:

Revenues	1988	1987	1986	1985
Residential	29%	28%	28%	26%
Commercial	25%	23%	23%	22%
Industrial	27%	26%	27%	27%
Other	19%	23%	22%	25%

Power requirements in 1988 were derived from coal 82%, nuclear 15%, hydro 2%, and oil/gas 1%. Peak load in 1988 was 23,841 mw and capability totaled 26,539 mw for a capacity margin of 11%.

The company owns 45.7% of the two unit Vogtle nuclear facility. Unit 1 entered service in May, 1987 and unit 2 was placed in service in May, 1989. In October, 1987 the Georgia PSC disallowed some $430 million ($1.48 a share) of the company's investment. SO charged off $229 million ($0.79 a share) of the disallowance retroactive to 1987's first quarter and is appealing the balance of the disallowance.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.53½	Jan. 16	Jan. 31	Feb. 6	Mar. 6'89
0.53½	Apr. 17	Apr. 25	May 1	Jun. 6'89
0.53½	Jul. 17	Aug. 1	Aug. 7	Sep. 6'89
0.53½	Oct. 16	Oct. 31	Nov. 6	Dec. 6'89

Next dividend meeting: mid-Jan. '90.

Finances

In their report on the company's 1988 financial statements, auditors noted the existence of uncertainties with regulatory treatment for SO's investments in the Vogtle nuclear facility, the Rocky Mountain hydro project, the Scherer coal unit as well as legal and tax issues.

Capitalization

Long Term Debt: $8,385,000,000.

Subsidiary Pfd. Stock: $1,456,000,000.

Common Stock: 315,653,667 shs. ($5 par).
Institutions hold about 32%.
Shareholders of record: 290,725.

Office—64 Perimeter Center East, Atlanta, Ga. 30346. Tel—(404) 393-0650. Pres & CEO—E. L. Addison Secy—T. Chisholm Treas—W. A. Maner III. Investor Contact—J. R. Harris. (212) 269-8842. Dirs—E. L. Addison, C. H. Chapman, Jr., W. P. Copenhaver, A. W. Dahlberg, P. J. DeNicola, V. A. Dyner, J. Edwards, J. M. Farley, H. A. Franklin, A. M. Gignilliat, Jr., L. G. Hardman III, E. B. Harris, D. L. McCrary, J. M. McIntosh, E. D. McLean, Jr., W. A. Parker, Jr., H. G. Pattillo, W. J. Rushton III, G. M. Shatto, H. Stockham, V. Whibbs. Transfer Agent & Registrar—Company's office. Incorporated in Delaware in 1945. Empl—32,523.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Southern New England Telecom. 2071

NYSE Symbol SNG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
87	90-53⅜	14	3.24	3.7%	A	0.54

Summary

The holding company for Southern New England Telephone, SNG provides telephone service to virtually all of Connecticut, and has moved into nonregulated telecommunications businesses. Nonregulated operations have incurred losses in recent years, reflecting substantial losses from the company's investment in the LIGHTNET joint venture, which was sold in April, 1989.

Current Outlook

Earnings for 1990 are projected at about $6.00 a share, versus the $6.15 estimated for 1989, which includes a $0.61 gain on sale of assets.

The $0.81 quarterly dividend is the minimum expectation.

Telephone revenues for 1990 should continue to moderately advance, due to growth in access lines and calling volumes. Revenues from nonregulated operations should increase at a rapid pace, reflecting continued strength in the company's cellular mobile phone and publishing operations and the absence of investment losses from LIGHTNET for the full year. Interest costs should decrease moderately. Shares outstanding may decline.

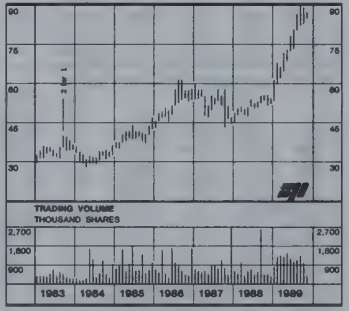
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	407	375	362	349
Jun.	417	390	350	356
Sep.	424	394	371	364
Dec.	---	423	386	365
	---	1,583	1,470	1,433

Revenues and sales for the nine months ended September 30, 1989 increased 7.7%, year to year. Margins widened, and after a $41.3 million gain from the sale of FiberCom, pretax income increased 46%. After taxes at 44.3%, versus 36.6%, net income advanced 28%, to $4.75 a share from $3.72.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.32	1.18	1.16	1.08
Jun.	2.04	1.26	1.05	1.13
Sep.	1.38	1.27	1.16	1.10
Dec.	E1.41	1.28	1.17	1.15
	E6.15	4.99	4.54	4.46



Important Developments

Oct. '89— SNG said that innovative marketing of its products and services contributed to the rise in revenues during the 1989 third quarter. Revenues from Yellow Pages sales reached $41.2 million, up 12%, and the cellular mobile phone cutomer base was up by nearly one-third since a year earlier. Steps being taken to strengthen SNG's finances included marketing efforts and aggressive cost controls.

Jul. '89— SNG noted that 1989 second quarter earnings included a net gain of $19 million ($0.61 a share) from the sale of its interest in the LIGHTNET fiber optic network. Sold on April 3, 1989 to Williams Telecommunications Group, Inc. for $365 million, LIGHTNET was a 50/50 partnership between SNG and CSX Corp. Earlier, directors authorized the repurchase of up to 1.5 million SNG common shares over a two-year period.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	36.96	34.88	33.03	31.23	30.05	28.59	27.06	26.53	25.10	24.52
Earnings	4.99	4.54	4.46	3.81	4.03	3.96	3.06	3.84	2.80	2.62
Dividends	3.03	2.91	2.82	2.74	2.66	2.55	2.34	2.10	1.86	1.80
Payout Ratio	61%	64%	63%	72%	66%	64%	76%	55%	66%	69%
Prices—High	55⅛	60	61½	47	36¼	40	31	23⅞	18½	20½
Low	45⅛	43	43	35	27¾	29½	20½	16⅞	14⅞	16⅞
P/E Ratio—	11-9	13-9	14-10	12-9	9-7	10-7	10-7	6-4	7-5	8-6

Data as orig reptd. Adj. for stk. div(s). of 100% Oct. 1983. E-Estimated

December 7, 1989

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Income Data (Million $)

Year Ended Dec. 31	[1]Oper. Revs.	Depr.	Maint.	Oper. Ratio	[2]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	1,583	215	313	84.8%	3.98	NA	28.5%	155	9.8	9.9	13.9
1987	1,470	206	290	86.7%	4.75	NA	33.6%	140	9.5	9.2	13.3
1986	1,433	197	253	87.3%	5.46	NA	38.0%	139	9.7	9.1	13.8
1985	1,304	182	245	84.8%	4.35	2.60	37.5%	120	9.2	8.6	12.4
1984	1,273	166	233	84.5%	4.83	2.50	41.1%	125	9.8	9.2	13.7
1983	1,183	149	220	85.1%	4.82	2.70	39.7%	121	10.2	9.3	14.2
1982	1,081	141	223	86.5%	---	3.90	37.2%	92	8.5	8.6	11.4
1981	1,003	132	192	83.6%	---	3.20	37.3%	109	10.9	10.2	14.9
1980	825	104	152	84.3%	---	3.60	36.2%	78	9.4	9.0	11.4
1979	737	96	137	84.7%	---	0.75	35.1%	71	9.6	8.5	10.8

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization [5]LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	3,486	328	2,312	10.7	2,569	855	42.6	Nil	Nil	1,155	57.4
1987	3,226	381	2,127	9.6	2,244	648	37.5	Nil	Nil	1,080	62.5
1986	2,968	289	1,942	9.6	2,159	646	39.0	Nil	Nil	1,011	61.0
1985	2,768	244	1,856	10.8	2,065	573	36.2	68.7	4.3	944	59.5
1984	2,599	212	1,804	11.0	1,960	564	36.9	69.2	4.5	895	58.6
1983	2,475	177	1,782	10.0	1,882	577	38.9	70.2	4.7	837	56.4
1982	2,372	198	1,758	8.5	1,796	575	40.5	71.2	5.0	775	54.5
1981	2,246	230	1,700	9.9	1,702	575	41.8	72.2	5.3	728	52.9
1980	2,074	223	1,602	8.4	1,602	575	44.0	73.2	5.6	658	50.4
1979	1,920	220	1,479	8.0	1,365	425	38.3	74.3	6.7	610	55.0

Data as orig. reptd. 1. Aft. prov. for uncollectible accounts. 2. Times int. exp. & pfd. divs. covered (pretax basis). 3. Based on income bef. interest charges. 4. As reptd. by co. 5. Incl. capital lease oblig. aft. 1982. NA-Not Available.

Business Summary

Southern New England Telecommunications (formerly Southern New England Telephone) supplies telephone service throughout Connecticut, except for the main part of Greenwich and in a few small communities where another company operates. Contributions to revenues by type of service:

Revenues	1988	1987
Local service	28%	33%
Intrastate toll	23%	23%
Network access	22%	24%
Sales	14%	6%
Publishing & other	13%	14%

At 1988 year-end there were 1,839,000 access lines in service, up 3.4% from a year earlier.

In addition to providing telephone service, the company engages in various nonregulated telecommunications businesses through various subsidiaries including: SNET Systems, Inc., which distributes telecommunications equipment, and provides consulting, installation and maintenance services; SNET Cellular, Inc. operates cellular radio telephone systems in Hartford, New Haven and Bridgeport, Conn. SNET Fibercom, Inc. (sold in April, 1989), through the LIGHTNET joint venture with CSX Communications, operates a 4,500 mile fiber optic network connecting more than 38 major markets in the East. Nonregulated telecommunications subsidiaries, including SNET FiberCom, incurred a $4.8 million loss in 1988 on $215.8 million in sales.

Dividend Data

Dividends have been paid since 1891. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.78	Dec. 14	Dec. 20	Dec. 27	Jan. 17'89
0.78	Mar. 8	Mar. 14	Mar. 20	Apr. 15'89
0.81	Apr. 12	Jun. 20	Jun. 26	Jul. 15'89
0.81	Sep. 13	Sep. 19	Sep. 25	Oct. 16'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $865,200,000.

Common Stock: 30,966,604 shs. ($12.50 par).
Institutions hold about 34%.
Shareholders of record: About 69,299.

Office—227 Church St., New Haven, Conn. 06506 **Tel**—(203) 771-5200 **Chrmn, Pres & CEO**—W. H. Monteith, Jr **Secy-Treas**—E. W. Kobernusz. **Dirs**—F. G. Adams, W. F. Andrews, R. H. Ayres, B. M. Bloom, F. J. Connor, N. R. Goodspeed, J. R. Greenfield, N. L. Greenman, W. Loomis, B. G. Malkiel, W. H. Monteith, Jr., F. R. O'Keefe, Jr., R. L. Sims, R. H. Sorensen. **Transfer Agent**—Company's office. **Registrar**—Union Trust Co., New Haven. **Incorporated** in Connecticut in 1882. **Empl**—13,714.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Southern Union

2076M

NYSE Symbol SUG

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 10'89	1989					
13	13⅛-8⅛	NM	[1]---	[1]---	B	0.99

Summary

On June 15, 1989 Metro Mobile CTS, Inc. and this natural gas distributor serving about 391,000 customers in Texas, the Oklahoma panhandle and northern Arizona agreed to merge. Subsequently, a revised agreement was reached whereby a company to be spun-off by Metro Mobile would acquire Southern Union for $13.80 per SUG common share in cash, or approximately $140 million. The merger, subject to approvals by shareholders of SUG and Metro Mobile, as well as regulators, was expected to be completed in the 1989 fourth quarter.

Business Summary

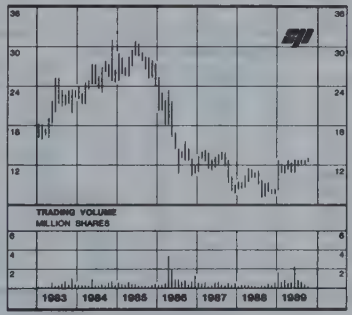
Southern Union primarily distributes natural gas through its Southern Union Gas Co. subsidiary. Other interests include oil and gas exploration and production activities, investments in real estate, and to a lesser extent the sale of appliances and operation of interstate natural gas pipeline systems. Profit contributions by business segment in recent years (in million $):

	1988	1987	1986
Gas utility	$18.3	$19.8	$10.8
Other	-15.4	-3.1	-3.6

Southern Union Gas Co. serves communities in Texas, including El Paso, Austin, Port Arthur and Galveston, and portions of northern Arizona and the Oklahoma panhandle. Gas sales volume in 1988 was 43.0 Bcf, up from 42.0 Bcf in 1987. Gas transported for others in 1988 amounted to 4.8 Bcf, up from 3.4 Bcf in 1987. Average customers served in 1988 totaled 391,254, up from 385,632 in 1987. Western Gas Interstate Co. operates small interstate pipeline systems in Texas and Oklahoma. The majority of 1988 gas requirements for utility operations was purchased under long-term contracts with El Paso Natural Gas Co., Valero Transmission Co., Houston Pipe Line Co., and United Texas Transmission Co.

Southern Union Exploration Co. conducts exploration and production activities in U.S., primarily in Arkansas, New Mexico, North Dakota, Oklahoma, and Texas. Proved reserves at year-end 1988 were 77.8 Bcf of gas and 2.1 million barrels of oil.

Southern Union Realty Co. holds real estate investments in Texas, including Forest Central Office Park, an apartment project, and undeveloped land.



Acquisition Agreement

Aug. '89— On June 15 SUG entered into a merger agreement with Metro Mobile CTS, Inc. (MM). Subsequently, a revised agreement was reached whereby a company which is to be spun off by MM will acquire SUG for $13.80 cash per common share, or approximately $140 million, and SUG's outstanding 10% preferred stock would be acquired for $108 per share, the redemption price of the preferred. Completion of the merger was subject to certain conditions, including approval by SUG's common and preferred shareholders and certain required regulatory approvals. SUG and MM expected the merger transaction to be completed in the 1989 fourth quarter. Under the agreement, SUG will not be permitted to pay its quarterly common stock dividend commencing with the 1989 third quarter.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.05	13.44	15.15	16.36	17.28	22.58	21.33	20.65	18.41	15.93
Earnings[2]	d0.82	d0.68	d2.00	1.42	d1.37	2.33	1.96	3.46	3.70	3.19
Dividends	0.50	0.80	1.49	1.72	1.66	1.58	1.58	1.44	1.31	1.20
Payout Ratio	NM	NM	NM	121%	NM	68%	80%	42%	35%	38%
Prices—High	11⅛	14¼	25⅜	30⅞	31	25¼	22¾	32	34⅛	23⅜
Low	7	7⅝	10¼	24	21½	15⅞	14	20½	16⅜	13
P/E Ratio—	NM	NM	NM	22-17	NM	11-7	12-7	9-6	9-4	7-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Dec. 1980. 1. See Acquisition Agreement. 2. Bef. results of disc. opers. of -0.42 in 1988, -0.19 in 1987, +0.35 in 1986, -2.89 in 1984, bef. spec. item(s) of -0.13 in 1987, +1.48 in 1986. NM-Not Meaningful. d-Deficit.

October 18, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	191	7.8	NA	97.9%	0.42	0.15	NM	d5.8	NM	2.8	NM
1987	192	8.0	NA	91.2%	0.43	0.34	NM	d4.4	NM	2.6	NM
1986	200	11.2	5.4	94.4%	NM	NA	NM	d17.3	NM	0.1	NM
1985	305	16.4	7.0	94.7%	1.56	0.06	NM	17.9	5.9	11.8	9.6
[5]1984	768	24.3	13.7	91.7%	0.35	0.09	NM	d10.0	NM	2.1	NM
1983	1,041	28.6	16.2	95.9%	---	0.04	40.1%	28.0	2.7	9.6	11.4
1982	1,090	25.9	15.1	96.4%	---	0.28	32.1%	24.3	2.2	9.5	9.9
1981	1,032	21.9	13.9	95.7%	---	0.26	34.9%	37.9	3.7	12.6	18.6
1980	958	19.6	13.3	95.1%	---	0.36	42.7%	39.1	4.1	14.4	22.6
1979	724	15.6	10.3	95.5%	---	0.15	35.0%	34.1	4.7	13.9	22.4

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	302	13.3	213	1.9	273	106	49.0	25.0	11.5	85.5	39.5
1987	291	18.2	207	8.4	290	101	42.4	25.0	10.5	112.0	47.1
1986	431	32.4	317	3.7	328	66	30.1	23.1	10.5	131.0	59.4
1985	444	32.4	311	3.8	373	106	37.8	28.5	10.1	147.0	52.1
[5]1984	745	58.9	525	12.6	446	145	44.1	32.7	9.9	152.0	46.0
1983	768	43.6	542	8.0	533	158	38.8	38.4	9.4	212.0	51.8
1982	730	84.8	531	7.9	508	156	39.0	40.3	10.1	204.0	50.9
1981	649	86.9	475	10.1	468	142	37.1	41.6	10.9	200.0	52.0
1980	567	67.9	413	12.6	421	154	44.0	17.3	4.9	179.0	51.1
1979	472	52.7	335	10.3	344	117	40.3	19.6	6.7	155.0	53.0

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. results of disc. opers. in 1988, 1986, 1984; bef. spec. item(s) in 1986. 3. Based on income before interest charges. 4. As reptd. by co. prior to 1986, 1984; bef. spec. item(s) in 1986. 5. Excl. disc. opers. NA-Not Available. NM-Not Meaningful. d-Deficit.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	75	78	79	93
Jun.	34	31	36	47
Sep.		27	23	31
Dec.		55	54	28
		191	192	200

Operating revenues for the six months ended June 30, 1989 declined 2.5%, year to year, reflecting warmer weather conditions. Penalized by a $3.4 million charge for settlement of litigation, net income from continuing operations was off 85%. After preferred dividends, the loss per share was $0.03, compared with share earnings of $0.46, which excludes a loss from discontinued operations of $0.20.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.49	0.66	0.45	0.45
Jun.	d0.52	d0.21	d0.14	d1.03
Sep.		d0.40	d0.43	d0.56
Dec.		d0.87	d0.56	d0.86
		d0.82	d0.68	d2.00

d-Deficit.

Dividend Data

Dividends, which had been paid since 1943, were omitted in August, 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05	Nov. 15	Nov. 25	Dec. 1	Dec. 15'88
0.05	Feb. 14	Feb. 23	Mar. 1	Mar. 15'89
0.05	May 25	May 30	Jun. 5	Jun. 15'89

Finances

In May, 1989 SUG sold 10.25 undeveloped acres of its Forest Central office park project for $4,974,000; proceeds were used to repay certain debt outstanding under a revolving credit arrangement.

Capitalization

Long Term Debt: $105,492,000.

Red. Preferred Stock: $25,000,000.

Common Stock: 10,148,951 shs. ($1 par).
Institutions hold about 26%.
Shareholders of record: 6,533.

Office—1800 Renaissance Tower, Dallas, Texas 75270. Tel—(214) 748-8511. Chrmn & Pres—F. W. Denius. CFO & Treas—R. J. Endres. Secy—B. E. Henderson. Dirs—E. R. Delgado, F. W. Denius, W. Denius, S. A. Milner, A. M. Wiederkehr. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1932. Empl—1,025.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Southwest Airlines

NYSE Symbol LUV Options on CBOE (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 29'89	1989					
22½	30¾-19⅝	9	0.14	0.6%	B+	1.03

Summary

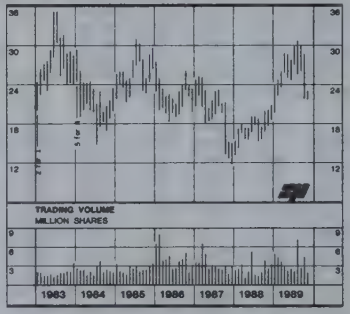
This former Texas intrastate airline has grown rapidly in recent years through expansion into new markets, primarily in the West and Midwest, which have lessened its dependence on the energy-related economy of the Southwest. Further expansion of the fleet is planned, and the company added two more cities to its route system in 1989. Slower traffic growth could hamper earnings improvement in 1990.

Current Outlook

Earnings for 1990 are projected at $2.25 a share, down from 1989's estimated $2.35.

Dividends should continue at least at the current $0.03½ quarterly rate.

Revenues for 1990 should rise moderately from the 1989 level. Traffic growth should be moderate at least in the first half, reflecting softness in the economy, despite further expansion of the route system. Twelve aircraft will be added during the year. The fare yield could decline, reflecting greater use of discounts and increased competition in major markets. Operating costs should come under better control during 1990.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	229.4	178.6	178.4	173.3
Jun.	263.6	216.9	205.3	193.9
Sep.	266.4	239.1	200.7	207.6
Dec.	---	225.8	193.9	194.0
	---	860.4	778.3	768.8

Revenues for the first nine months of 1989 increased 19.7%, year to year. Operating costs rose 18.6%. With nonoperating gains larger, net income was up 51.5%, to $2.09 a share from $1.33.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.64	0.01	d0.30	0.08
Jun.	0.64	0.48	0.02	0.53
Sep.	0.81	0.85	0.63	0.66
Dec.	E0.26	0.51	0.28	0.28
	E2.35	1.84	0.63	1.55

Important Developments

Nov. '89— The company reported that it had completed the repurchase of one million shares of its common stock in recent periods and that directors had authorized the buyback of an additional one million shares.

Oct. '89— Management stated in the third-quarter interim report to shareholders that it expected a decline in earnings for the fourth quarter, year to year, because of a continued rise in operating expenses.

Apr. '89— LUV announced that service between Oakland and San Diego, Phoenix and Ontario would begin on May 15. Also, on April 3 service between Indianapolis and Detroit (City), St. Louis and Houston (Hobby) began.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.15	16.43	15.35	13.83	12.25	10.68	8.62	6.78	4.52	2.77
Earnings	1.84	0.63	1.55	1.54	1.69	1.40	1.28	1.35	1.30	0.79
Dividends	0.13¼	0.13	0.13	0.13	0.13	0.12⅞	0.12⅞	0.10⅞	0.08⅛	0.06
Payout Ratio	7%	20%	8%	8%	8%	9%	11%	8%	7%	8%
Prices—High	20⅞	25¼	27½	31	29⅜	35¼	25½	19½	11⅞	5⅛
Low	13⅛	11¾	18¼	21¼	14¾	20	11	9½	3⅞	2⅞
P/E Ratio—	11-7	40-19	18-12	20-14	17-9	25-14	20-9	14-7	9-3	7-4

Data as orig. reptd. Adj. for stk. div(s). of 25% Jan. 1984, 100% Jan. 1983, 25% Oct. 1981, 50% Sep. 1980, 50% Feb. 1979. 1. Reflects merger or acquisition. d-Deficit E-Estimated

December 7, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	860	152	17.7	265	66.2	29.2	85.4	32.1%	58.0	6.7
1987	778	96	12.3	235	66.6	30.7	29.1	30.7%	20.2	2.6
1986	769	156	20.3	195	67.9	37.3	65.4	23.5%	50.0	6.5
[1]1985	680	132	19.4	445	53.9	26.9	60.8	22.2%	47.3	7.0
1984	536	103	19.3	185	34.9	16.1	67.8	26.7%	49.7	9.3
1983	448	98	21.9	127	29.9	12.4	63.6	35.7%	40.9	9.1
1982	331	61	18.4	140	21.7	10.3	44.4	23.4%	34.0	10.3
1981	270	64	23.6	79	15.3	7.8	48.3	29.2%	34.2	12.6
1980	213	61	28.6	57	12.2	[2]10.5	41.3	31.1%	28.4	13.4
1979	136	38	27.5	55	8.5	8.7	20.7	19.6%	16.7	12.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	210	265	153	1.7	1,308	4.9%	370	567	1,038	35.6	10.7%
1987	143	201	112	1.8	1,043	1.9%	251	514	851	29.5	4.0%
1986	75	128	83	1.5	1,078	4.8%	339	512	960	35.3	10.2%
1985	69	118	72	1.6	1,022	5.5%	381	466	946	40.3	11.0%
1984	26	63	47	1.3	646	8.1%	153	362	597	25.7	14.7%
1983	131	153	48	3.2	587	7.9%	159	315	537	29.6	14.4%
1982	17	42	27	1.5	421	9.3%	106	241	392	27.2	15.8%
1981	17	32	26	1.2	292	12.7%	59	177	265	22.2	23.2%
1980	18	29	19	1.5	224	13.6%	78	107	205	38.0	33.0%
1979	10	21	13	1.6	172	11.4%	87	58	159	55.1	32.9%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change.

Business Summary

Southwest Airlines is a scheduled air carrier operating in Texas and several southwestern and midwestern states. In Texas it serves the cities of Dallas, Houston, San Antonio, Harlingen, (Rio Grande Valley), Corpus Christi, Midland-Odessa, Lubbock, El Paso, Amarillo, and Austin. Interstate service began in January, 1979; as of March, 1989 cities served included New Orleans, Tulsa, Oklahoma City, Albuquerque, Kansas City, Little Rock, Las Vegas, Phoenix, San Diego, Los Angeles, San Francisco, Ontario, St. Louis, Nashville, Birmingham, Detroit and Chicago (Midway).

The company offers frequent flights made possible by a short average hop and a quick turnaround of aircraft.

All flights provide a single class of service utilizing a peak/off peak coach fare structure. Two types of discount fares are also offered.

Southwest has maintained a competitive advantage by being able to utilize smaller airports closer to the city center in Houston and Dallas than those used by other carriers.

At the end of 1988 the Southwest fleet consisted of 46 737-200s and 39 737-300s. Nine 737-300s were scheduled for delivery in 1989 and three each in 1991 and 1992. Ten 737-500s are to be delivered in 1990 and five in 1991. On opti on were six 737-300s for 1993-4 and up to 35 737-500s for 1991-4.

Dividend Data

Dividends were initiated in 1976. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03½	Jan. 16	Mar. 6	Mar. 10	Mar. 27'89
0.03½	May 17	Jun. 7	Jun. 13	Jun. 28'89
0.03½	Jul. 19	Sep. 1	Sep. 8	Sep. 26'89
0.03½	Nov. 15	Nov. 29	Dec. 5	Dec. 20'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $357,097,000.

Common Stock: 29,956,000 shs. ($1 par).
Institutions hold about 85%.
Shareholders of record: 5,953.

Warrants: To purchase 1,080,320 shs. at $35 ea.

Office—P O Box 37611, Love Field, Dallas, Texas 75235 Tel—(214) 902-1100 Chrmn & Pres—H D Kelleher Treas—J Owen Secy—C C Barrett Dirs—S E Barshop, G. Bishop, T. C. Johnson, H E Kelleher, R. W. King, W. M. Mischer, Sr. Transfer Agent & Registrar—MTrust, Dallas Incorporated in Texas in 1967. Empl—6,467.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M. Canning, CFA

Southwestern Bell

2077U

NYSE Symbol SBC Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
57⅜	58⅝-38⅞	15	2.60	4.5%	A-	0.68

Summary

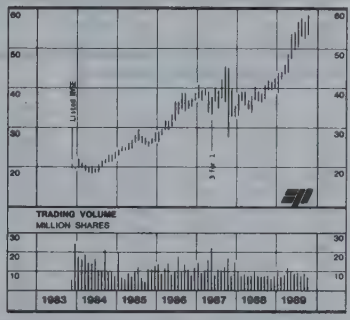
Southwestern Bell, spun off from AT&T in 1984, is the eighth largest telephone holding company in the U.S., providing local exchange telephone service in Texas, Missouri, and three other states. Earnings prospects are enhanced by investments in unregulated businesses, notably the 1987 acquisition of cellular and paging operations of Metromedia Inc. and others for some $1.38 billion.

Current Outlook

Earnings for 1990 are projected to reach $4.20 a share, versus the $3.80 estimated for 1989.

The $0.65 quarterly dividend is likely to be raised in early 1990.

Revenues for 1990 are anticipated to increase moderately. Telephone revenues should advance, reflecting some gains in access lines and calling volume; revenues from unregulated units, particularly cellular and paging operations, should advance rapidly. Margins could widen, reflecting ongoing expense control. Dilution from the Metromedia cellular acquisition should decrease.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.06	2.00	1.88	1.92
Jun.	2.14	2.03	1.89	2.01
Sep.	2.21	2.23	2.09	1.96
Dec.	---	2.19	2.15	2.01
	---	8.45	8.00	7.90

Revenues for the nine months ended September 30, 1989 increased 2.2%, year to year. Margins narrowed slightly, and operating income was up 2.0%. After a 2.4% decrease in interest expense and a 24% decrease in other income, pretax income advanced 2.5%. After taxes at 25.7%, versus 26.7%, net income increased 16%. Share earnings were $1.68, compared with $1.44.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	0.73	0.79	0.82
Jun.	0.87	0.71	0.83	0.93
Sep.	0.98	1.08	1.04	0.92
Dec.	E1.16	1.02	0.82	0.74
	E3.80	3.53	3.48	3.42

Important Developments

Oct. '89— SBC said that 1989 third-quarter earnings comparisons were affected by a franchise tax refund in the 1988 interim; production of several Yellow Pages directories was shifted from the third to fourth quarters; a onetime adjustment to telephone revenues; and a Missouri rate refund. Excluding the tax refund and the revenue adjustment, which were nonrecurring, third-quarter net income exceeded that of a year ago. Earlier, Southwestern Bell Telephone (SWBT) and the Missouri PSC agreed to a revised $82 million rate reduction, versus a $101 million rate cut origonally proposed. Also, a three year trial regulation plan was implemented pursuant to which SWBT would retain 100% of its earnings up to a 14.1% ROE; 40% of earnings between an ROE of 14.11% to 14.5% would be retained (60% would be credited to customers); and earnings at an ROE of 14.51% and above would be divided equally.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Book Value	24.04	23.02	25.18	24.26	23.24	NA
Earnings	3.53	3.48	3.42	3.33	3.01	NA
Dividends	2.44	2.27⅜	2.10	1.96¾	1.86¾	NA
Payout Ratio	69%	65%	61%	59%	62%	NA
Prices—High	42⅝	45½	38⅞	29½	23⅞	20¾
Low	33	27½	26⅜	22⅞	18⅜	19½
P/E Ratio—	12-9	13-8	11-8	9-7	8-6	NA

Data as orig. reptd. Adj. for stk. div(s). of 200% May 1987 E-Estimated. NA-Not Available

October 31, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Invest. Capital	% Return On [2]Com. Equity
1988	8,453	1,845	NA	81.0%	3.42	15.3	24.8%	1,060	12.5	9.1	12.7
1987	8,003	1,650	1,439	80.8%	4.11	27.2	34.2%	1,047	13.1	8.9	13.0
1986	7,902	1,387	1,600	81.2%	4.47	42.3	41.0%	1,023	12.9	9.2	13.3
1985	7,925	1,302	1,612	81.5%	4.40	54.5	39.7%	996	12.6	9.4	13.7
1984	7,191	1,141	1,537	81.1%	4.13	52.4	39.6%	883	12.3	9.0	13.1

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	23,651	1,222	16,304	9.7	17,792	5,039	37.2	Nil	Nil	8,504	62.8
1987	23,085	1,484	16,740	9.2	18,138	5,649	40.8	Nil	Nil	8,191	59.2
1986	21,911	1,970	16,727	9.0	16,892	4,912	38.6	Nil	Nil	7,818	61.4
1985	20,524	2,090	16,140	9.3	16,212	5,001	40.3	Nil	Nil	7,397	59.7
1984	18,952	1,804	15,394	9.0	15,400	4,935	41.4	Nil	Nil	6,995	58.6

Data as orig. reptd. 1. Times int. exp. (pretax basis). 2. As reptd. by co. NA-Not Available.

Business Summary

Southwestern is the eighth largest telephone holding company in the U.S., based on 1988 revenues. The company's telephone subsidiary, Southwestern Bell Telephone, furnishes exchange telecommunications and access service in Arkansas, Kansas, Missouri, Oklahoma, and Texas. As of June 30, 1989 the company had 11.5 million access lines in service, up 2.8% from a year earlier.

Southwestern Bell Mobile Systems (SBMS) markets cellular telephone service and equipment in nine states and the District of Columbia. The September, 1987 acquisition of properties owned primarily by Metromedia added six fully operational cellular systems, making SBC the nation's second largest supplier of cellular telephone service. As of June 30, 1989 SBMS operated systems serving 303,000 customers in 24 markets. Through its Metromedia Paging unit SBC is the largest supplier of paging services, with almost 803,000 pagers in 32 markets.

Southwestern Bell Publications, Inc. publishes and sells advertising for classified directories in U.S. and international markets. Within the company's five state area, SBC provides over 34 million copies of about 470 classified directories (i.e. Yellow Pages and White Pages).

Southwestern Bell Telecom markets a variety of telecommunications systems and products throughout the U.S., Canada and the U.K., ranging from single-line telephones to digital PBX systems.

The company jointly owns, with the six other regional Bell holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.62	Dec. 16	Jan. 3	Jan. 9	Feb. '89
0.65	Mar. 31	Apr. 4	Apr. 10	May '89
0.65	Jun. 30	Jul. 5	Jul. 11	Aug. '89
0.65	Sep. 29	Oct. 3	Oct. 10	Nov. '89

Next dividend meeting: mid-Dec.'89.

Finances

Construction and other capital expenditures totaled $1.22 billion in 1988, versus $1.45 billion in 1987. Such expenditures were budgeted at approximately $1.5 billion for 1989.

On September 30, 1987 SBC purchased certain cellular telephone and paging properties primarily from Metromedia Co. for $1.4 billion. Financing was provided through $1.2 billion in debt, including $366.0 million in short-term debt outstanding on December 31, 1987. Depending on certain factors, SBC may refinance a large portion of this debt through issuance of debt securities available under a $700 million shelf registration.

On January 1, 1984 AT&T spun-off its 22 Bell operating companies in the form of SBC and six other regional holding companies (RHCs). That action was taken pursuant to a divestiture agreement settling Federal antitrust action.

Capitalization

Long Term Debt: $5,465,700,000.

Common Stock: 300,600,000 shs. ($1 par).
Institutions hold about 43%.
Shareholders of record: 1,130,904.

Office—One Bell Center, St Louis, Mo 63101-3099 **Tel**—(314) 235-9800 **Chrmn & CEO**—Z E Barnes **Pres**—E E Whitacre, Jr **VP-Secy**—A. Goddard **SVP-Treas**—C. Carr. **Investor Contact**—R. Hall. **Dirs**—C. C. Barksdale, Z. E. Barnes, J. W. Bates Jr., J. S. Blanton, G. D. Blatherwick, H. W. Bloch, A. A. Busch III, R. R. Cardenas, H. H. Friday, T. C. Frost, J. T. Hay, B. R. Inman, C. F. Knight, W. W. Marlie, H. M. Monroe Jr., R. G. Pope, V. V. Weldon, E. E. Whitacre, Jr. **Transfer Agent**—American Transtech Inc., Jacksonville, Fla **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1983. **Empl**—65,060

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Southwestern Public Service

NYSE Symbol SPS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 26'89	1989					
28¼	29⅞-25¼	12	2.20	7.8%	A	0.39

Summary

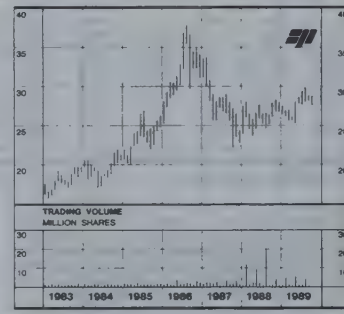
This utility supplies electricity to a population of about one million in a 52,000-square-mile area of the Panhandle and south plains of Texas and parts of New Mexico, Oklahoma and Kansas. With the completion of the Tolk Station 2 in June, 1985, no additional generating capacity should be required until after the mid-1990s. SPS is coping with weak economic conditions in its service territory by closely monitoring costs and attempting to increase sales to other utilities.

Current Outlook

Earnings for the fiscal year ending August 31, 1990 are estimated at $2.50 a share, up from the $2.45 posted for fiscal 1989.

Dividends at $0.55 quarterly are the minimum expectation.

Slightly higher earnings are anticipated for the fiscal year ending August 31, 1990 on the basis of a modest improvement in economic activity in the company's service territory, increased sales to other utilities and tight control of operating costs. One uncertainty is the amount of pre-1983 investment tax credits regulators will allow SPS to recognize in income.



Operating Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov.	---	184.0	187.3	183.2
Feb.	---	184.7	194.0	184.7
May	---	203.3	188.6	186.4
Aug.	---	226.8	224.3	217.3
	---	798.8	794.2	771.6

Operating revenues for the fiscal year ended August 31, 1989 (preliminary) increased 0.6%, year to year, aided by higher electric kwh sales. Hurt by lower rates, operating income was down 4.4%. After lower other income and interest charges, net income fell 1.8%. Share earnings were $2.45, versus $2.50.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Nov	E0.50	0.52	0.64	0.46
Feb.	E0.50	0.47	0.58	0.42
May	E0.70	0.67	0.47	0.53
Aug.	E0.80	0.79	0.81	0.77
	E2.50	2.45	2.50	2.18

Important Developments

Oct. '89— In its fiscal 1989 preliminary earnings release, Southwestern attributed the lower earnings primarily to rate reductions implmented during 1988, and certain increases in operation and maintenance expenses. The decreases in electric rates reflected lower Federal income tax rates on corporations as well as SPS' overall efficiency. The effect of reductions in electric rates was mitigated by franchise-tax refunds from the state of Texas that added $0.12 per common share to 1989 earnings as well as higher electric kwh sales.

Oct. '89— The company estimated fiscal 1990 construction expenditures at about $55.5 million, versus approximately $46 million in fiscal 1989.

Next earnings report expected in early January.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	15.12	14.73	14.67	13.86	12.79	11.71	11.10	10.54	9.97
Earnings[1]	2.45	2.50	2.18	2.27	2.72	2.57	2.36	2.02	1.91	1.52
Dividends	2.20	2.12	2.12	2.02	1.88	1.74	1.62	1.50	1.38	1.28
Payout Ratio	90%	85%	97%	89%	69%	68%	69%	74%	72%	84%
Prices—High[2]	29⅞	28¼	33¾	37⅞	26⅞	22	19¾	17	13⅛	12⅝
Low[2]	25¼	23⅝	22⅛	25¼	20	17	15⅝	11⅝	10½	9½
P/E Ratio—	12-10	11-9	15-10	17-11	10-7	9-7	8-7	8-6	7-5	8-6

Data as orig reptd 1. Bef spec item(s) of +0.48 in 1986 2. Cal. yrs. E-Estimated NA-Not Available

November 3, 1989

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Income Data (Million $)

Year Ended Aug. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	794	54.5	21.2	80.2%	3.69	1.5	35.5%	110	13.8	10.8	16.6
1987	772	53.7	22.0	81.0%	3.70	2.2	43.9%	97	12.5	10.2	14.7
1986	808	55.5	24.3	82.2%	3.44	3.1	42.4%	102	12.6	11.2	15.8
1985	832	49.5	23.9	82.6%	4.11	27.3	37.7%	118	14.2	12.2	20.2
1984	806	45.5	25.1	82.8%	3.98	26.1	36.5%	109	13.5	12.0	20.6
1983	726	44.0	23.9	84.3%	3.04	12.5	22.5%	95	13.1	12.0	20.6
1982	589	33.7	19.0	85.6%	---	32.0	25.2%	76	13.0	10.2	18.4
1981	534	32.7	18.8	85.6%	---	16.7	19.1%	64	12.0	10.1	17.7
1980	461	27.9	14.6	86.9%	---	17.6	18.1%	47	10.1	8.5	14.6
1979	379	25.7	12.6	86.5%	---	7.0	5.4%	45	11.7	9.1	15.3

Balance Sheet Data (Million $)

Aug. 31	[5]Gross Prop.	[6]Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	1,941	41	1,423	11.0	1,515	570	44.0	103	7.9	625	48.1
1987	1,908	51	1,436	10.2	1,487	572	44.5	103	8.0	609	47.5
1986	1,868	63	1,439	10.0	1,457	569	44.5	103	8.0	607	47.5
1985	1,826	101	1,442	10.3	1,413	570	45.5	115	9.2	566	45.3
1984	1,737	133	1,371	10.6	1,328	562	47.3	115	9.7	511	43.0
1983	1,595	135	1,259	9.5	1,240	551	49.0	115	10.2	458	40.8
1982	1,424	129	1,130	7.9	1,119	524	51.0	114	11.1	390	37.9
1981	1,271	127	1,005	8.1	979	444	49.2	114	12.7	344	38.1
1980	1,139	106	894	7.2	889	428	52.2	102	12.5	290	35.3
1979	1,009	107	791	6.9	772	378	52.7	82	11.5	257	35.8

Data as orig reptd 1. Times int exp & pfd divs covered (pretax basis) 2. Bef spec. item(s) in 1986 3. Based on income before interest charges 4. Based on mean common equity. 5. Utility plant. 6. As reptd. by Co.

Business Summary

Southwestern Public Service provides electricity to a population of some one million in the Panhandle and south plains region of Texas (about 60% of revenues) and parts of Kansas, Oklahoma and New Mexico. Contributions by class of customer in recent fiscal years:

Revenues	1988	1987	1986	1985
Residential	20%	20%	20%	21%
Commercial	19%	20%	19%	20%
Industrial	35%	35%	33%	38%
Other	26%	25%	28%	21%

Some 23% of fiscal 1988 total revenues were derived from industrial customers engaged in oil and gas production and petroleum refining.

The fuel mix in 1988 was 84% coal, 15.8% gas, and 0.2% other. Peak load in 1988 was 2,992 mw and system capability was 4,260 mw, for a capacity margin of 29.8%. Sales of electricity totaled 17,009 mw, up 7.6% from 15,809 mw a year earlier.

The company does not expect that new base-load generating facilities will be needed until after the mid-1990s.

Dividend Data

Dividends have been paid since 1942. A dividend reinvestment plan is available.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Jan. 11	Feb. 9	Feb. 15	Mar. 1'89
0.55	Apr. 25	May 9	May 15	Jun. 1'89
0.55	Jul. 25	Aug. 9	Aug. 15	Sep. 1'89
0.55	Oct. 24	Nov. 9	Nov. 15	Dec. 1'89

Next dividend meeting: mid-Jan.'90.

Finances

SPS expects that internally generated funds will be sufficient to provide for substantially all of its construction expenditures over the 1989-1993 period.

Capitalization

Long Term Debt: $563,991,000.

Red. Cum. Preferred Stock: $29,716,000.

Cum. Preferred Stock: $72,680,000.

Common Stock: 40,917,908 shs. ($1 par).
Institutions hold about 27%.
Shareholders of record: 41,339.

Office—SPS Tower, 6th and Tyler Sts., Amarillo, Tex. 79170 Tel—(806) 378-2121 Chrmn & CEO—W. R. Easler Pres & COO—B.D. Hefton. Secy-Treas—R. D. Dickerson Investor Contact—Lorene Lacer (806) 378-2841 Dirs—B. B. Armstrong, B. Ballenger, G. H. Bishop, J. C. Chambers, D. H. Conklin, W. R. Esler, D. Maddox, J. A. Rush, Jr., J. T. Williams, Jr., G. C. Wilson, G. W. Wolf. Transfer Agent & Registrar—MBank Dallas Incorporated in New Mexico in 1921 Empl—2,021.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul L. Huberman

Sovran Financial

NYSE Symbol SOV In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
38⅝	43¼–33	9	3.---	3.---	A	0.95

Summary

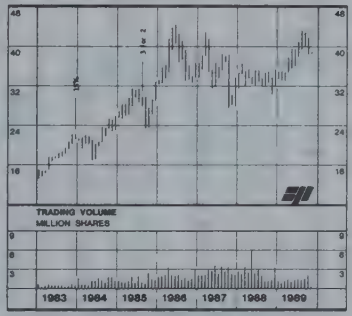
In September, 1989 Sovran Financial and Citizen and Southern Corp. (CTZ), a Georgia-based superregional bank holding company, agreed to combine under a new holding company, Avantor Financial Corp., in a tax-free exchange of stock. The transaction is expected to be completed in the first quarter of 1990. On a proforma basis, the new company would have assets of $47 billion, and would be the 14th largest bank holding company in the U.S.

Current Outlook

Earnings for 1990 (for SOV as now constituted) could rise to $5.00 a share from 1989's estimated $4.45. Share earnings for Avantor Financial Corp. are estimated at $4.15 for 1990.

The quarterly dividend was raised 18%, to $0.45 from $0.38, with the October, 1989 payment.

The merger of SOV and CTZ would create a huge superregional banking concern with assets of some $47 billion and a loan portfolio of over $31 billion. The merger will result in a strong banking franchise from Florida to Maryland, with solid representation in many of the markets. Loan growth for the new company is estimated at above 10%, reflecting the relative strength of the southeastern economy. Loan quality is solid with modest levels of nonperforming assets and strong reserves. Since the two companies now operate in separate markets, there is little overlap in banking operations; estimated cost savings of some $15 million will come from non-bank operations.



Review of Operations

Net interest income for the nine months ended September 30, 1989 rose 13%, year to year, on 9.7% growth in earning assets and wider net interest margins. Provision for loan losses was increased 22%, to $63.4 million. Aided by higher trust income and other service charges and fees, noninterest income rose 7.2%. With noninterest expense up 7.1%, pretax income advanced 20%. After taxes at 23.5%, versus 18.6%, net income was up 12%, to $3.28 a share from $2.94.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.03	0.92	0.85	0.82
Jun.	1.10	0.98	0.88	0.85
Sep.	1.15	1.04	0.93	0.88
Dec.	E1.17	1.15	1.01	0.93
	E4.45	4.09	3.67	3.48

Merger Agreement

Sep. '89— SOV and Citizens & Southern Corp. (CTZ), a Georgia-based superregional bank holding company, announced a definitive agreement to merge and create a new holding company, Avantor Financial Corp. (AFC), in a tax-free exchange of stock. Completion of the transaction is expected in the first quarter of 1990. When completed, each of SOV's 59.8 million common shares outstanding will convert into 1.23 common shares of AFC, and each of CTZ's 62 million common shares will convert into one AFC common share. At September 30, 1989 CTZ had assets of about $23 billion, with 493 branch offices in Georgia, Florida and South Carolina. CTZ provides trust and other bank-related services in the Southeast. On a proforma basis, AFC will have total assets of $47 billion, making it the nation's 14th largest bank holding company.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	[2]1985	1984	[2]1983	[2]1982	[1,2]1981	[2]1980	[2]1979
Tangible Bk. Val.	22.51	20.14	17.96	19.13	17.18	14.98	15.03	13.89	12.78	11.98
Earnings[4]	4.09	3.67	3.48	3.50	3.15	2.75	2.45	2.22	1.70	1.77
Dividends	1.48	1.40	1.32	1.20	1.06	0.97	0.87	0.75⅝	0.65	0.59⅛
Payout Ratio	36%	38%	38%	34%	34%	36%	35%	34%	38%	33%
Prices—High	38⅜	43	44½	32⅞	25⅞	22¼	13⅜	13¼	8¾	9⅞
Low	30⅛	27½	32¼	23⅜	16⅞	13⅛	9¼	7⅞	6⅛	7½
P/E Ratio—	9–7	12–7	13–9	9–7	8–5	8–5	6–4	6–4	5–4	6–4

Data as orig. reptd., for Virginia National Bankshares prior to 1983. Adj. for divs. of 50% Aug. 1985. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. See Merger Agreement. 4. Aft. gains/losses on sec. trans. of +0.12 in 1986, +0.09 in 1987, +0.11 in 1986, +0.05 in 1985, -0.27 in 1983, -0.15 in 1982, -0.3 in 1981, -0.24 in 1980, -0.04 in 1979. E Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Inst Ref. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	% Return On Assets	% Return On Equity
[1]1988	784	71	336	84	63.5	290	16.1%	243	4.47	1.14	17.9
[2]1987	732	101	326	62	63.6	268	19.0%	217	4.65	1.10	17.9
[2]1986	523	108	239	48	63.6	169	12.6%	148	5.09	1.08	18.2
[2]1985	345	62	169	29	65.8	108	13.9%	93	5.34	1.08	17.4
1984	306	50	137	19	67.6	91	12.1%	80	5.66	1.12	17.4
[3]1983	294	44	126	15	68.5	75	12.6%	66	5.84	0.98	16.9
[2]1982	150	23	50	6	69.9	34	7.5%	31	6.13	0.93	16.4
[2,1]1981	134	17	42	9	67.8	33	16.4%	28	6.41	0.99	16.4
[2]1980	114	16	32	8	69.6	20	NM	20	6.15	0.81	13.6
[2]1979	108	13	26	10	68.8	22	7.3%	21	5.91	0.85	15.3

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Earning Assets: Com'l Loans	Earning Assets: Other Loans	% Loan Loss Resv.	Deposits: Demand	Deposits: Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	22,484	865	3,239	5,542	9,942	1.16	3,435	14,058	88.5	474	1,426	6.35
1987	21,234	1,569	3,140	5,158	8,727	1.16	3,178	13,489	83.3	380	1,304	6.15
1986	14,952	1,084	2,145	3,450	6,461	1.15	2,955	8,655	85.4	255	861	5.92
1985	9,672	382	1,390	1,996	4,704	1.05	1,750	5,477	92.7	153	550	6.17
1984	8,286	480	1,158	1,814	3,730	1.00	1,617	4,621	88.9	78	499	6.37
1983	7,187	442	1,105	1,351	3,492	1.08	1,467	4,101	82.3	81	420	5.73
1982	3,874	347	733	474	1,838	1.20	795	2,312	69.3	76	205	5.69
1981	3,214	274	559	509	1,430	1.21	729	1,758	73.3	78	180	6.04
1980	2,704	180	510	373	1,227	1.14	790	1,381	69.9	79	158	5.98
1979	2,521	105	516	359	1,201	1.10	744	1,335	71.2	81	144	5.51

Data as orig. reptd.; for Virginia National Bankshares prior to 1983. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Major merger resulted in formation of new co. NM-Not Meaningful.

Business Summary

Sovran is the 32nd largest bank holding company in the nation. Headquartered in Virginia, it provides retail and corporate commercial banking and trust services through 276 offices in Virginia, 82 in Maryland, 10 in Washington, D.C., 110 in Tennessee, four in Kentucky, and a credit card bank in Delaware. Nonbank subsidiaries engage in mortgage banking (89 offices), servicing $7.8 billion of mortgages, as well as leasing, commercial finance, brokerage and insurance.

During 1988 average earning assets of $19.1 billion (up 6.8% from 1987) were divided: consumer loans 21%, real estate loans 22%, commercial and other loans 33%, investment securities 16% and money-market investments 8%. Average sources of funds were: noninterest-bearing deposits 15%, other core deposits 49%, other deposits 16%, short-term borrowings 10%, long-term debt 2%, equity 8% and other 2%.

At December 31, 1988, the reserve for loan losses was 1.18% of loans, unchanged from a year earlier. Nonperforming loans were 0.93% of loans, versus 0.63%. Net chargeoffs were 0.45% of average loans in 1988 against 0.40% in 1987.

Dividend Data

Cash dividends were paid since 1934 by predecessor companies. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.38	Jan. 18	Feb. 17	Feb. 24	Apr. '89
0.38	Apr. 19	May 24	May 31	Jul. '89
0.45	Jul. 19	Aug. 25	Aug. 31	Oct. '89
0.45	Oct. 18	Nov. 24	Nov. 30	Jan '90

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $485,643,000.

$2.37 Series A Cum. Conv. Pfd. Stk.: 59,280 shs. ($25 par); conv. into 1.974 com.

Common Stock: 59,893,000 shs. ($5 par).
Institutions hold about 38%.
Shareholders: 32,171 of record.

Office—Sovran Center, One Commercial Place, Norfolk, Va. 23510. **Tel**—(804) 441 4000. **Chrmn & Pres**—A. B. Gorrito, Jr. **Pres**—D. C. Botterill. **Secy**—G. R. Wallis. **CFO & Treas**—D. W. Polley. **Investor Contact**—James A. Kirkpatrick. **Dirs**—J. L. Barksdale, W. W. Berry, D. C. Botterill, E. J. Campbell, B. D. Currey Jr., C. A. Cutchins, III, J. P. Darden, Jr., J. B. Gildenhorn, R. Gladstone, A. B. Gorrito Jr., W. F. Goroo, F. Hirsch, D. E. Hull, H. V. Kelly, R. W. McElroy, C. C. McGehee, A. B. McKinnon, R. J. Mulligan, P. F. O'Malley, G. C. Palmer, II, S. F. Pauley, R. D. Ray, J. Safer, T. D. Savage, Jr., H. M. Shayne, J. W. Snow, W. Stettinius, J. S. Wattkinson, R. G. Weeks, T. Welch, R. C. Williams, T. S. Witt, H. B. Wilson, R. W. Wiltshire. **Transfer Agent**—Sovran Bank. **Incorporated** in 1972; predecessors chartered in 1867-93. **Empl**—14,606.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard M. Levine, CFA

Springs Industries

NYSE Symbol SMI In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
36⅜	45¼-30½	9	1.20	3.3%	B+	0.91

Summary

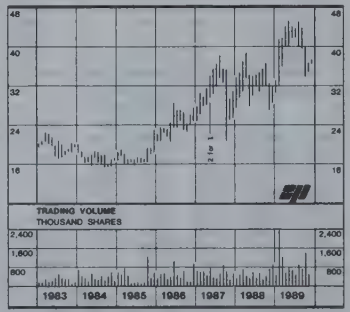
Springs is a major manufacturer of home furnishings, finished fabrics, and industrial fabrics. Earnings for 1988 were hurt by an $11.2 million ($0.63 a share) after-tax restructuring charge, but profits have rebounded sharply for the first nine months of 1989 and further gains are expected in 1990. Members of the Close family own or control about 45% of the total common shares or an approximate 77% voting interest.

Current Outlook

Earnings for 1990 are projected at $4.15, up from the $3.68 estimated for 1989.

The $0.30 quarterly dividend on Class A shares should be increased in 1990.

Despite weakness in the finished fabrics area, sales in 1990 should rise moderately on continued demand for home furnishings and industrial fabrics. Margins may narrow slightly in the first half of the year, reflecting continued restructuring in the finished fabrics business, and higher fiber costs and various start-up costs in the home furnishings area. However, overall margins should begin widening in the second half, as SMI benefits from its extensive restructuring and modernization program. Interest charges should approximate the 1989 level.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	472	426	380	370
Jun.	489	457	400	350
Sep.	463	458	424	377
Dec.	---	484	457	408
	---	1,825	1,661	1,505

Sales for the first nine months of 1989 rose 6.2%, year to year. In the absence of an $18 million restructuring charge, margins widened substantially, and pretax income rose 52%. After taxes at 37.2%, versus 38.3%, net income was up 54%. Share earnings were $2.54, versus $1.66.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.86	0.59	0.51	0.27
Jun.	0.94	0.84	0.71	0.26
Sep.	0.74	0.23	0.99	0.42
Dec.	E1.14	1.32	0.92	0.89
	E3.68	2.98	3.13	1.83

Important Developments

Oct. '89— SMI said that third quarter results reflected differing conditions in its three product areas. Soft shipments in the finished fabrics area caused SMI some volume reductions, requiring curtailment in production and increased manufacturing costs. While home furnishings markets have remained firm, margins have been hurt by higher fiber costs and various expenses related to the start-up of a new fabricating plant and a modernization program. The domestic fiber business continued to show strength, offsetting some margin reduction in Europe and in some of the smaller industrial product lines. SMI added that its extensive program of consolidating its fabric production and equipment moderization in the home furnishings area would continue to hurt margins for a number of months, but would be beneficial over the long term.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	30.67	28.64	26.24	25.03	25.04	23.74	22.47	20.76	19.24	19.31
Earnings[2]	2.98	3.13	1.83	0.75	2.03	2.08	2.11	2.25	1.82	1.99
Dividends	1.02	0.82	0.76	0.76	0.76	0.76	0.72	0.68	0.60	0.56⅜
Payout Ratio	34%	26%	41%	101%	37%	36%	34%	30%	33%	28%
Prices—High	38¾	38¼	28½	23	20⅛	22½	20⅛	13½	9½	9⅝
Low	27	20¾	20½	15⅝	17⅛	10	8⅛	6½	5	7
P/E Ratio—	13-9	12-7	16-11	31-21	10-8	11-8	10-5	6-4	5-4	5-4

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1987. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.31 in 1982, -1.22 in 1980. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	1,825	184	10.1	77	62.1	26.9	[3]85	38.0%	52.8	2.9
1987	1,661	178	10.7	70	57.8	26.6	[3]102	45.1%	[4]55.7	3.4
1986	1,505	135	8.9	57	55.6	28.6	[3]59	44.6%	32.8	2.2
[2]1985	1,013	64	6.3	175	37.6	9.0	[3]21	35.7%	13.3	1.3
1984	945	85	9.0	51	31.9	5.4	55	34.6%	36.1	3.8
1983	894	83	9.3	67	27.6	5.8	57	35.0%	37.1	4.1
[5]1982	875	86	9.9	40	23.5	5.8	63	40.6%	37.5	4.3
1981	917	100	10.9	37	21.5	9.0	72	44.2%	40.0	4.4
[5]1980	794	86	10.9	30	19.9	8.2	59	45.8%	32.2	4.0
[2]1979	828	90	10.8	53	21.9	6.7	64	45.4%	35.1	4.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	67	619	229	2.7	1,118	4.8%	238	542	837	28.5	10.1%
1987	132	640	212	3.0	1,084	5.3%	257	505	820	31.3	11.5%
1986	92	577	175	3.3	1,010	3.2%	271	465	782	34.7	7.2%
1985	55	561	179	3.1	1,013	1.6%	308	442	782	39.4	3.0%
1984	63	353	73	4.8	615	5.9%	39	441	513	7.6	8.4%
1983	68	350	80	4.4	602	6.4%	46	419	495	9.4	9.1%
1982	83	352	68	5.2	561	6.8%	50	396	468	10.8	9.8%
1981	25	349	93	3.8	546	7.5%	54	365	419	13.0	11.4%
1980	14	336	96	3.5	513	6.1%	54	336	390	13.8	9.5%
1979	11	345	101	3.4	546	6.9%	83	336	419	19.9	10.8%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1982, 1980. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change. 5. Excl. disc. opers.

Business Summary

Springs Industries is a leading manufacturer of home furnishings, finished fabrics, and industrial fabrics. Major brand names include Springmaid, Wamsutta, Ultrasuede, Skinner, Pacific, Graber, Performance, Fashion Pleat, Custom Designs, and Pacific Silvercloth. Industry segment contributions in 1988 (profits in million $):

	Sales	Profits
Home furnishings	42%	$89.0
Finished fabrics	35%	-0.4
Industrial fabrics	23%	33.1

The home furnishings group produces sheets, pillowcases, bedspreads, comforters, draperies, towels, bath mat sets, bed and bath accessories, tufted area and scatter rugs, woven area rugs, ceramic bath accessories, table linens, shower curtains, drapery hardware, window shades and blinds. Most of the products are sold directly to retailers.

Finished fabrics consist of a broad range of woven and nonwoven fabrics sold to apparel manufacturers, decorative home furnishings, furniture and specialty markets.

Industrial fabrics include the manufacture of fiber glass industrial fabrics through the Clark-Schwebel subsidiary for use in printed electronic circuit boards, aircraft parts, sporting goods, reinforced plastic, dust filtration bags and electrical insulation. This division also produces aramid fabrics for antiballistic vests, protective helmets, reinforcement of aircraft parts and marine applications. A variety of other specialty fabrics for other markets is also produced.

Dividend Data

Dividends have been paid since 1898.

Amt. of Div. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 23	Feb. 28	Mar. 6	Mar. 14'89
0.30	Apr. 17	Jun. 5	Jun. 9	Jun. 23'89
0.30	Aug. 17	Sep. 11	Sep. 15	Sep. 29'89
0.30	Oct. 20	Dec. 12	Dec. 18	Jan. 2'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $224,712,000.

Class A Common Stock: 9,814,141 shs. ($0.25 par). Institutions hold about 69%. Shareholders: 3,700.

Class B Common Stock: 8,061,125 shs. ($0.25 par); 4 votes per sh.; divd. 10% below Cl. A divd.; conv. sh.-for-sh. into Cl. A. Some 98% closely held.

Office—205 North White St., P.O. Box 70, Fort Mill, S.C. 29715. **Tel**—(803) 547-3650 **Chrmn & CEO**—W. Y. Elisha **Pres**—W. P. Tippett **VP-CFO**—W. Peacock **VP-Secy**—J. S. White **Dirs**—C. C. Bowles, C. W. Coker, W. Y. Elisha, D. N. Frey, J. P. Kelley, D. M. Krause, J. Lasnick, D. S. Perkins, A. W. Schultz, R. Z. Sorenson, W. P. Tippett, S. Turley. **Transfer Agent & Registrar**—Wachovia Bank & Trust, Winston-Salem, N.C. **Incorporated** in South Carolina in 1895. **Empl**—23,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Elizabeth Vandeventer

Square D Co.

NYSE Symbol SQD In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
50⅝	62¾-47½	11	2.00	4.0%	B+	0.95

Summary

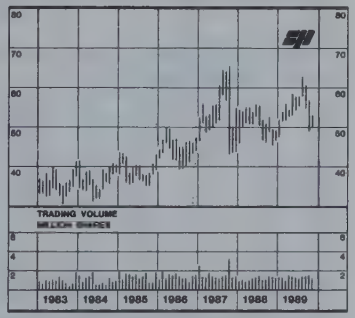
Square D is a well-established manufacturer of electrical equipment used in the distribution and control of electricity, and also makes electronic products. Following several years of earnings growth, lower profits are likely in 1989 due to a restructuring charge. High sales, productivity improvements and the absence of that charge should allow for a substantial increase in earnings in 1990. The company has a stock repurchase program.

Current Outlook

Earnings for 1990 should approximate $5.15 a share, up from 1989's estimated $4.05, which includes a $0.70 unusual charge.

A modest increase in the $0.50 quarterly dividend is likely in 1990.

Sales from continuing operations for 1990 should advance about 7%, aided by new product introductions. A projected increase in capital spending should assist the gain in electrical equipment. However, electronic products sales are likely to be only modestly higher due to minimal growth in the electronics industry. Although growth is expected in international sales in local currencies, the stronger dollar will restrain the gain once those sales are translated into dollars. Margins are expected to expand due to the higher volume, the impact of the recent restructuring, and the absence of the $0.70 a share charge associated with the restructuring. Fewer shares outstanding will boost per-share earnings.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	391	336	334
Jun.	[1]827	408	367	356
Sep.	411	431	401	364
Dec.	---	426	380	348
	---	1,657	1,484	1,403

Sales from continuing operations for the nine months ended September 30, 1989 rose 9.2%, year to year. Despite a 16% increase in operating income, pretax income advanced only 7.8% due to a 28% rise in interest expense resulting from debt incurred to repurchase common stock. After taxes at 37.3%, versus 35.9%, net income increased 5.4%, to $3.69 a share from $3.25, before a loss from discontinued operations of $0.08 a share, versus a gain of $0.19.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	0.99	0.79	0.73
Jun.	[1]2.42	1.15	0.97	0.85
Sep.	1.27	1.30	1.36	0.94
Dec.	E0.36	1.00	0.70	0.90
	E4.05	4.44	3.82	3.42

Important Developments

Nov. '89— SQD said that it had concluded letters of intent to sell its Yates Industries copper foil business that had sales of approximately $130 million in 1988. Earlier, SQD said it would incur a fourth-quarter after-tax charge of approximately $17.5 million ($0.70 a share) as part of a restructuring plan to improve profitability.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[2]1981	[2]1980	1979
Tangible Bk. Val.	21.77	21.70	20.11	17.82	15.88	14.33	15.17	16.02	14.39	13.17
Earnings[3]	4.44	3.82	3.42	3.55	3.71	2.22	2.61	3.82	3.41	3.04
Dividends	1.94	1.86	1.84	1.84	1.84	1.84	1.84	1.73½	1.62½	1.52½
Payout Ratio	44%	47%	54%	52%	50%	84%	71%	45%	50%	50%
Prices—High	55¾	65½	50	43⅝	41½	41¼	34¾	37⅜	33½	25½
Low	45⅜	43	39¼	35⅛	31⅛	30⅜	21¾	24⅜	17⅝	19¾
P/E Ratio—	13-10	17-11	15-11	12-10	11-8	19-14	13-8	10-6	10-5	8-6

Data as orig. reptd. 1. Six mos. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.53 in 1985. E-Estimated.

November 21, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,657	257	15.5	84	63.6	26.5	186	36.1%	119	7.2
1987	1,484	269	18.5	44	54.3	19.9	192	42.8%	110	7.4
1986	1,403	234	16.7	89	50.2	26.3	175	43.5%	[3]99	7.0
[4]1985	1,348	237	17.6	88	42.4	26.3	183	43.9%	102	7.6
1984	1,366	239	17.5	69	37.8	29.9	191	44.4%	106	7.8
1983	1,144	162	14.1	89	34.5	26.4	123	48.7%	63	5.5
1982	1,057	159	15.0	65	29.1	21.3	119	39.6%	[3]72	6.8
[5]1981	1,144	229	20.0	65	27.4	23.5	196	47.6%	103	9.0
[5]1980	999	180	18.0	118	19.4	[3]17.4	155	46.4%	83	8.3
1979	826	147	17.8	48	14.3	10.0	131	44.6%	73	8.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	79	588	375	1.6	1,336	9.7%	139	636	961	14.5	18.8%
1987	101	530	303	1.8	1,193	9.7%	128	680	890	14.4	16.7%
1986	74	481	233	2.1	1,132	8.8%	150	671	899	16.7	15.5%
1985	49	500	247	2.0	1,103	9.6%	185	606	857	21.6	17.7%
1984	69	481	242	2.0	1,021	10.8%	170	551	780	21.8	20.0%
1983	80	427	214	2.0	945	7.1%	176	506	731	24.1	12.6%
1982	47	371	167	2.2	805	8.8%	109	479	637	17.1	14.9%
1981	35	414	198	2.1	812	12.9%	101	472	614	16.4	22.8%
1980	44	382	183	2.1	741	12.4%	119	408	558	21.3	22.0%
1979	53	343	121	2.8	564	13.9%	93	325	443	21.1	23.7%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. aft. 1979. 2. Bef. results of disc. opers. in 1985. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Reflects merger or acquisition.

Business Summary

Square D is a leading manufacturer of electrical equipment and also makes electronic products. Contributions by industry segment in 1988:

	Sales	Profits
Electrical equipment	83%	92%
Electronic products	17%	8%

Foreign operations accounted for 20% of sales and 24% of operating income in 1988.

The electrical equipment segment manufactures equipment for the distribution and control of electricity. Distribution products include circuit breakers, safety switches, panelboards, switchboards, switchgear, busways, transformers and wiring devices. Control products include electromechanical devices and other devices such as push-buttons, motor starters, relays, limit switches, pressure switches and vacuum switches. SQD also makes equipment used by electric utilities.

Electronic products consists of electro-deposited copper foil primarily used in printed circuit boards, power conditioning equipment and semiconductor devices.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Oct. 27	Dec. 9	Dec. 15	Jan. 3'89
0.50	Feb. 23	Mar. 9	Mar. 15	Apr. 1'89
0.50	Jun. 1	Jun. 9	Jun. 15	Jul. 1'89
0.50	Aug. 23	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: late Nov.'89.

Finances

As of September 30, 1989 the company had repurchased 5.2 million of the 7.5 million shares of its stock authorized for repurchase.

Capitalization

Long Term Debt: $129,763,000.

Common Stock: 24,701,034 shs. ($1.66⅔ par). Institutions hold about 72%. Shareholders: 12,058.

Office—1415 South Roselle Rd., Palatine, Ill. 60067 **Tel**—(312) 397-2600 **Chrmn, Pres & CEO**—J. L. Stead **VP-Fin & CFO**—T. L. Bindley. **VP-Treas**—D. S. Free. **Investor Contact**—Ernest J. Schenk **Dirs**—G. B. Beitzel, M. L. Besson, D. C. Clark, R. F. Froehlke, C. R. Haden, D. L. Knauss, S. B. Lubar, L. J. McKernan, F. J. Morgan, J. B. Schwemm, J. L. Stead, A. M. Zeien. **Transfer Agent & Registrar**—National Bank of Detroit. **Incorporated** in Michigan in 1903.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Standard Motor Products

2103

NYSE Symbol SMP

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
15½	20-13¾	13	0.32	2.1%	B+	1.18

Summary

Standard Motor Products derives the bulk of its sales from electrical, fuel system, brake, and air conditioner parts for the automotive aftermarket, demand from which should continue to grow. In 1988 SMP focused on the restructuring of its manufacturing operations to strengthen the company for the future. Earnings for the first nine months of 1989 rose sharply, as customer acquisition costs declined. In October SMP agreed to buy Wickes Companies' automotive distribution group.

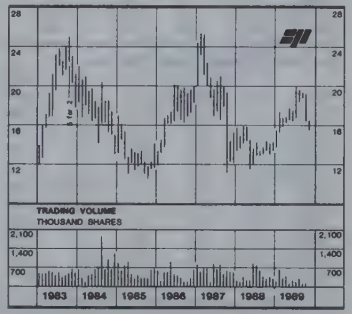
Business Summary

Standard Motor Products is primarily a manufacturer of replacement parts for the electrical, fuel, brake and temperature control systems of motor vehicles. Parts are used by cars, trucks, marine and industrial engines. Sales distribution in the past three years:

	1988	1987	1986
Ignition parts	34%	35%	44%
Battery cable and wire	12%	13%	14%
Fuel system	10%	11%	13%
"Champ" general service line	7%	7%	10%
Air conditioner parts	12%	11%	12%
Brake parts	25%	23%	8%

The company's manufactured parts are sold to distributors and jobbers under the brand names Standard, Blue Streak, Champ, Hygrade, Four Seasons, and EIS Brake Parts, and parts of other manufacturers are distributed. SMP sells replacement parts only and does not sell to automotive manufacturers. Export sales other than to Canada are small. Products are sold by about 500 persons to some 1,300 warehouse distributors who distribute at wholesale to approximately 50,000 retail jobber outlets.

Among the automotive ignition parts sold are parts for distributors, including point sets, condensors, heads, rotors, breaker arm leads, ground leads and vacuum controls, ignition coils, battery parts, generator parts, and voltage regulators. Ignition parts also are sold for use in small motors. EIS Brake Parts makes a complete line of brake system components for the automotive aftermarket. In 1988 SMP began offering replacement on-board computers for GM vehicles and in 1989 computers for Ford and Chrysler vehicles are to be added.



Export sales (primarily to Canada) accounted for 7.6% of total sales in 1988 and 6.2% in 1987.

In 1988 the company purchased its Long Island City, N.Y. headquarters, restructured and added to the capabilities of its Hong Kong and Puerto Rico manufacturing operations, and began construction of its largest distribution center in Virginia. The company also increased investment in the EIS Brake division to attempt to increase market share over several years.

Important Developments

Oct. '89— SMP agreed to buy Wickes Companies' automotive distribution group, including the Guaranteed Parts/Sorenson Division of Wickes Manufacturing and Wickes Guaranteed Parts Ltd.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	11.56	11.17	10.27	9.18	8.70	7.50	6.09	4.99	4.13	3.98
Earnings	0.71	1.23	1.41	0.80	1.51	1.60	1.19	0.99	0.30	0.48
Dividends	0.32	0.32	0.32	0.32	0.32	0.27¼	0.23¼	0.18½	0.17⅛	0.17⅛
Payout Ratio	45%	26%	23%	40%	21%	17%	20%	18%	57%	35%
Prices—High	16	25⅝	20⅛	17	22	25	13⅞	8⅛	4½	5
Low	11½	11⅛	11⅞	10½	13	11⅞	6	3¾	1⅞	3⅛
P/E Ratio—	23-16	21-9	14-8	21-13	15-9	16-7	12-5	9-4	15-6	10-6

Data as orig reptd Adj. for stk div(s). of 150% Dec. 1983, 50% Dec 1981 1. Reflects merger or acquisition.

November 22, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	398	27.4	6.9	26.8	6.16	11.2	11.9	22.4%	9.3	2.3
1987	356	37.9	10.6	12.9	5.55	6.2	25.9	37.1%	16.3	4.6
1986	286	36.9	12.9	16.9	4.47	2.6	32.3	42.4%	18.6	6.5
1985	243	21.4	8.8	5.4	3.49	2.5	17.8	40.9%	10.5	4.3
1984	239	39.0	16.3	8.4	3.29	2.8	34.5	42.4%	19.9	8.3
1983	206	41.1	20.0	5.1	2.68	2.4	37.3	43.6%	21.1	10.2
1982	179	30.2	16.9	4.7	2.25	2.7	26.9	44.0%	15.0	8.4
1981	157	24.9	15.8	2.9	1.97	4.7	19.7	42.7%	11.3	7.2
1980	126	8.3	6.6	6.7	1.67	3.4	4.5	26.0%	3.3	2.6
1979	109	11.8	10.8	4.7	1.50	1.9	9.0	41.0%	5.3	4.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	23.5	282	136.0	2.1	354	2.9%	60.5	151	218	27.7	6.2%
1987	22.8	223	70.9	3.2	277	6.2%	54.0	146	206	26.2	11.6%
1986	21.1	204	52.9	3.9	249	8.8%	56.2	136	196	28.6	14.5%
1985	20.5	142	35.4	4.0	175	5.9%	18.3	121	139	13.2	8.9%
1984	13.0	149	45.8	3.3	180	12.0%	20.4	114	135	15.1	18.7%
1983	12.4	124	32.6	3.8	151	15.1%	20.4	98	119	17.2	23.7%
1982	19.7	101	24.4	4.1	125	11.9%	22.3	79	101	22.1	21.0%
1981	6.0	87	31.7	2.7	110	10.9%	22.3	56	78	28.5	22.0%
1980	4.2	71	26.0	2.7	95	3.7%	23.5	45	69	34.1	7.4%
1979	2.4	63	18.2	3.5	83	7.0%	21.6	44	65	33.2	12.7%

Data as orig. reptd. 1. Reflects merger or acquisition.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	95.6	97.4	81.6	64.6
Jun.	117.4	101.7	93.5	69.0
Sep.	110.2	104.3	92.1	71.0
Dec.		94.9	89.1	81.7
		398.4	356.4	286.4

Sales for the nine months ended September 30, 1989 advanced 6.5%, year to year. Aided by reduced costs of customer acquisition and in the absence of costs related to 1988's restructuring of manufacturing operations, pretax income was up 67%. After taxes at 24.0%, against 33.0%, net income rose 90%. Share earnings were $0.95, versus $0.50.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.27	0.22	0.31	0.31
Jun.	0.38	0.08	0.33	0.38
Sep.	0.30	0.20	0.34	0.34
Dec.		0.21	0.25	0.38
		0.71	1.23	1.41

Dividend Data

Dividends have been paid since 1960.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Jan. 10	Feb. 9	Feb. 15	Mar. '89
0.08	Apr. 6	May 9	May 15	Jun. '89
0.08	Jul. 7	Aug. 9	Aug. 15	Sep. '89
0.08	Oct. 5	Nov. 9	Nov. 15	Dec. '89

Next dividend meeting: early Jan. '90.

Finances

In January, 1989 SMP's directors authorized the establishment of an employee stock ownership plan. The company believes that when the plan is funded, the plan will purchase one million SMP shares on the open market.

Capitalization

Long Term Debt: $69,501,000.

Common Stock: 13,082,938 shs. ($2 par). The Fife and Sills families own about 38%. Institutions hold about 39%. Shareholders of record: 1,400.

Office—37-18 Northern Blvd., Long Island City, N.Y. 11101 Tel—(718) 392-0200. Co-Chrmn & CEOs—B. Fife & N. L. Sills. Pres & COO—L. Sills. VP-Treas, Secy & Investor Contact—M. S. Chanko. Dirs—A. D. Davis, A. R. Fife, B. Fife, J. L. Kelsey, J. L. McKee, L. I. Sills, N. L. Sills, R. F. Sills. Transfer Agent & Registrar—Registrar & Transfer Co., NYC. Incorporated in New York in 1926. Empl—3,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M Harar

Stanley Works

2124K

NYSE Symbol SWK Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
37½	39¼-27½	14	1.08	2.9%	A	1.26

Summary

This company is a major factor in the production, both domestically and abroad, of hand tools for the construction, industrial and consumer markets, and also manufactures other household, builder and industrial products. The company has paid higher dividends for 22 consecutive years, including an increase of 12.5% in 1989.

Current Outlook

Earnings for 1990 are projected at $3.05 a share, compared with the $2.70 estimated for 1989.

The quarterly dividend was raised 12.5%, to $0.27 from $0.24, with the September, 1989 payment.

Sales for 1990 should continue to show modest progress, with gains expected from both the consumer and professional segments. The do-it-yourself market should continue to expand. Foreign sales and earnings should also grow.

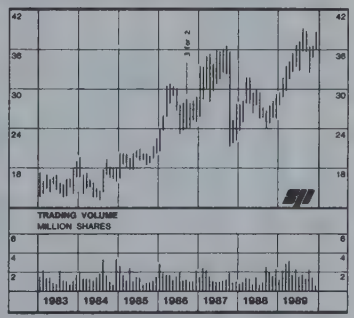
Net Sales (Million $)

13 Weeks:	1990	1989	1988	1987
Mar.	---	481	466	417
Jun.	---	492	486	433
Sep.	---	488	470	454
Dec.	---	---	486	459
	---	---	1,909	1,763

Sales for the nine months ended September 30, 1989 rose 2.6%, year to year, reflecting gains in industrial and professional products. Margins widened, and pretax income increased 14%. After taxes at 39.0%, versus 40.0%, net income was up 15%. Earnings per share were $1.94, compared with $1.69.

Common Share Earnings ($)

13 Weeks:	1990	1989	1988	1987
Mar.	E0.70	0.57	0.49	0.44
Jun.	E0.80	0.72	0.61	0.54
Sep.	E0.80	0.65	0.59	0.63
Dec.	E0.75	E0.76	0.71	0.61
	E3.05	E2.70	2.40	2.22



Important Developments

Oct. '89— Third-quarter earnings benefited from inventory reduction efforts that produced a LIFO gain of $0.06 per share. This was offset by environmental expenses ($0.02 per share), unfavorable foreign currency effects ($0.02) and a provision for a plant closing ($0.02).

Aug. '89— Stanley completed the purchase of Parker Group Inc. Parker is a maker of fastening products such as glue guns, staplers, riveters and soldering tools.

Jul. '89— Stanley purchased Rabone Chesterman, a measuring tool business in the United Kingdom, for $14 million. SWK also purchased Windsor Manufacturing, a door manufacturing busines in British Columbia, Canada.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	14.01	12.16	10.79	12.03	11.00	10.35	9.67	9.66	9.12	8.62
Earnings[3]	2.40	2.22	1.84	1.90	1.73	1.28	0.93	1.40	1.29	1.42
Dividends	0.92	0.82	0.72⅛	0.66¾	0.60	0.52	0.50¾	0.48	0.44⅜	0.38¾
Payout Ratio	38%	36%	40%	36%	33%	41%	55%	34%	34%	27%
Prices—High	31¾	36⅝	30⅞	22½	19¾	19	18	14½	14⅜	15⅜
Low	23⅜	21¼	20½	16⅜	13	13½	8½	10½	9	7½
P/E Ratio—	13-10	16-10	17-11	12-9	11-8	15-11	19-9	10-7	11-7	11-5

Data as orig. reptd. Adj. for stk. div(s). of 50% Sep. 1986, 100% May 1980. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.22 in 1987, +0.02 in 1986. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,909	269	14.1	90.0	50.3	39.7	172	40.0%	103.0	5.4
1987	1,763	261	14.8	91.0	49.4	39.6	[1]165	41.7%	96.3	5.5
[2]1986	1,371	201	14.7	81.2	39.1	26.5	[1]131	40.7%	77.9	5.7
1985	1,208	186	15.4	41.2	34.4	10.3	137	43.0%	78.3	6.5
1984	1,158	170	14.7	44.6	33.4	11.5	127	43.0%	72.4	6.2
1983	984	130	13.2	44.2	32.4	9.7	88	40.0%	53.0	5.4
1982	963	100	10.4	47.1	30.0	11.5	59	36.0%	37.5	3.9
1981	1,009	119	11.8	59.4	27.8	13.1	89	37.5%	[3]55.4	5.5
[4]1980	940	120	12.7	51.5	24.9	[3]14.5	88	43.0%	50.4	5.4
1979	872	124	14.2	51.4	21.0	10.6	92	43.8%	51.4	5.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	36.6	710	267	2.7	1,405	7.4%	339	698	1,083	31.3	15.5%
1987	46.5	745	312	2.4	1,388	7.4%	354	626	1,020	34.7	16.3%
1986	53.1	629	215	2.9	1,208	7.8%	363	555	939	38.7	14.6%
1985	59.4	487	149	3.3	778	10.3%	81	503	610	13.3	16.3%
1984	42.6	430	167	2.6	721	10.4%	74	444	537	13.8	16.8%
1983	66.4	404	147	2.8	704	7.7%	85	435	543	15.6	12.6%
1982	54.4	370	129	2.9	636	5.7%	90	390	494	18.1	9.6%
1981	48.0	418	170	2.5	666	8.5%	85	384	484	17.6	14.8%
1980	57.1	404	146	2.8	626	8.1%	88	360	467	18.8	14.4%
1979	62.1	392	154	2.5	574	9.6%	83	316	411	20.2	17.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Excludes discontinued operations and reflects merger or acquisition. 3. Reflects accounting change. 4. Reflects merger or acquisition.

Business Summary

Stanley Works makes hand tools and other products for two basic markets. Contributions by industry segment in 1988 were:

	Sales	Profits
Home improvement & consumer	53%	54%
Industrial & professional	47%	46%

Sales outside the U.S. accounted for 28% of sales and 33% of operating income in 1988.

Home improvement and consumer products are primarily for the do-it-yourself market and are sold through hardware distributors, national chain stores and home improvement centers. These products consist primarily of hand tools and hardware items, automatic garage door openers, home automation products and equipment rental operations.

Industrial and professional products include industrial and mechanics tools, fastening tools and fasteners, air and hydraulic tools, power operated doors and gates and industrial storage systems.

Dividend Data

Dividends have been paid since 1877. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.24	Mar. 1	Mar. 7	Mar. 13	Mar. 31'89
0.24	May 31	Jun. 6	Jun. 12	Jun. 30'89
0.27	Aug. 30	Sep. 5	Sep. 11	Sep. 29'89
0.27	Nov. 29	Dec. 4	Dec. 8	Dec. 30'89

Next dividend meeting: early Mar. '90.

Finances

In January, 1988 SWK sold $50 million of 9% notes due 1998. Proceeds were used to reduce bank borrowings.

Capitalization

Long Term Debt: $402,700,000.

Common Stock: 43,652,407 shs. ($2.50 par). Institutions hold about 42%. Shareholders of record: 23,031.

Office—1000 Stanley Dr., New Britain, Conn. 06050. Tel—(203) 225-5111. Chrmn, Pres & CEO—R. H. Ayers. VP-Secy—S. G. Weddle. VP-Treas—R. E. Johnson. Investor Contact—R. F. Gilrain. Dirs—R. H. Ayers, M. H. Banta, E. B. Bates, S. B. Brown, K. K. Chow, D. W. Davis, E. R. Fiedler, J. R. Hicks, G. A. Lamb, W. J. McNerney, G. G. Michelson, E. H. Norton, J. S. Scott, H. E. Uyterhoeven, A. W. Van Sinderen Transfer Agent & Registrar—Connecticut Bank and Trust Co., Hartford Incorporated in Connecticut in 1852 Empl—16,988

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

State Street Boston

5319

NASDAQ Symbol STBK (Incl. in Nat'l Market; marginable) Options on Phila (Feb-May-Aug-Nov)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
37½	40⅞-25½	14	0.60	1.6%	A+	1.53

Summary

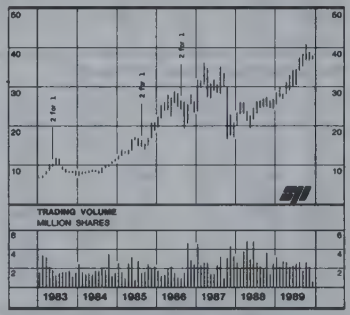
This bank holding company, the fifth largest in Massachusetts, provides commercial banking services and is the nation's leading mutual fund custodian, with more than 40% of the industry's assets in custody. It also offers master trust services to large pension funds and institutional investors. Fee income from a rapidly growing mutual funds industry fueled earnings gains in recent years. Further gains are expected in 1990.

Current Outlook

Earnings for 1990 could reach $3.10 a share ($3.00 fully diluted), up from the $2.85 ($2.75) projected for 1989.

A modest boost to the $0.15-a-share quarterly dividend is anticipated.

The company derives a large part of its profits from trust operations, particularly its mutual funds processing business. STBK's success in that business rests on the ability to process a high volume of transactions efficiently thanks to heavy and well-managed investments in technology. STBK is likely to continue to augment is leading market share as the industry consolidates and others fail to meet the heavy investment requirements. STBK also stands to benefit from the increasing complexity of pension benefit plans, which it has superior capability to administer. Fee income growth has slowed to about 15% annually, approximately one-half the pace registered before the 1987 stock market crash, but could accelerate as STBK focuses on a rapidly growing international marketplace. Loan growth could continue to be very modest in 1990, as STBK will likely maintain a highly liquid balance sheet (loans account for about 30% of total assets and money-market assets 55%). STBK's insistence on high loan quality should limit loan loss provisions.



Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.66	0.57	0.54	0.45
Jun.	0.68	0.61	0.54	0.45
Sep.	0.73	0.65	0.55	0.48
Dec.	E0.78	0.68	0.60	0.59
	E2.85	2.51	2.23	1.97

Review of Operations

Net interest income for the nine months ended September 30, 1989, was up 4.8%, year to year, with earning-asset growth of 11% offset by a lower net interest margin, as funding costs rose faster than the yield on assets. The provision for loan losses was 7.2% higher, at $12.5 million. Aided by a 14% increase in fiduciary fees and a 25% gain from foreign exchange, noninterest income rose 11%. With noninterest expense up 7.9%, pretax earnings expanded 12%. After taxes at 36.4%, versus 36.3%, net income increased 12%. Share earnings were $2.08 ($2.01 fully diluted), compared with $1.83 ($1.76).

Important Developments

Oct. '89— STBK attributed the increase in third-quarter earnings to growth in fee revenue, which reflected higher fees from mutual fund services and new clients (particularly General Electric Investment Corp., which selected STBK as custodian for $27 billion in assets), and higher net interest revenue, partially offset by increased operating expenses and a higher provision for loan losses.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	[1]1979
Book Value	14.44	12.90	11.19	9.48	8.10	6.95	6.09	4.90	4.28	3.67
Earnings[2]	2.51	2.23	1.97	1.60	1.42	1.11	1.47	0.78	0.66	0.42
Dividends	0.52	0.44	0.36	0.29⅝	0.25	0.22½	0.20	0.16⅝	0.13¾	0.11¼
Payout Ratio	21%	20%	18%	19%	18%	20%	14%	21%	21%	27%
Prices—High	27¾	36⅛	28⅞	20⅞	11⅝	11⅞	7¼	3⅞	2¾	1⅝
Low	19⅜	16½	19¼	11⅜	7⅛	6⅝	3⅞	2½	1⅜	1¼
P/E Ratio—	11-8	16-7	15-10	13-7	8-5	11-6	5-3	5-3	4-2	4-3

Data as orig. reptd. Adj. for stk. divs. of 100% Aug. 1986, 100% Aug. 1985, 100% May 1983, 100% May 1982. 1. Refl. acctg. change. 2. Bef. results of disc. ops. and/or spec. items of -0.06 in 1983, +0.43 in 1982, +0.06 in 1980; ful. dil.: 2.40 in 1988, 2.12 in 1987, 1.84 in 1986, 1.45 in 1985, 1.29 in 1984, 1.05 in 1983, 0.73 in 1981, 0.40 in 1979. E-Estimated

December 13, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Tax Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[2]1988	200	16.1	396	15.6	71.4	145	36.1%	92.3	3.51	1.27	18.7
1987	197	25.5	329	22.6	67.2	133	37.5%	83.1	3.89	1.20	19.2
[2]1986	181	31.1	247	17.9	65.5	110	35.2%	71.4	4.27	1.14	20.0
[3]1985	155	29.1	178	12.5	64.3	89	37.6%	55.3	4.66	1.12	18.9
1984	132	25.0	144	4.0	64.8	77	36.2%	49.0	5.08	1.26	19.6
1983	133	19.5	117	4.7	66.3	65	41.1%	38.5	4.84	0.97	17.2
1982	125	18.1	116	8.5	59.9	74	34.1%	48.9	5.28	1.38	27.4
1981	100	17.4	70	5.0	66.3	37	28.5%	26.2	4.98	0.86	17.2
1980	90	11.5	58	7.4	64.8	33	33.0%	21.9	4.68	0.81	16.3
[2]1979	80	8.4	45	7.3	69.2	24	35.7%	15.4	4.72	0.67	12.4

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets: Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	8,372	2,481	2,367	1,472	707	2.30	2,775	2,613	40.4	123	506	6.81
1987	6,955	1,683	1,942	1,309	834	2.18	2,606	1,932	47.2	125	471	6.26
1986	7,190	1,536	1,622	1,332	837	1.95	3,406	1,863	41.2	136	392	5.69
1985	6,653	1,873	1,307	1,290	742	1.78	2,696	1,874	44.5	70	323	5.94
1984	4,744	1,113	799	1,106	448	1.75	1,808	1,403	48.3	82	267	6.45
1983	4,044	1,040	783	944	431	1.93	1,208	1,277	55.2	82	241	5.63
1982	3,915	823	850	851	530	1.94	989	1,494	55.4	59	210	5.05
1981	3,388	680	674	720	525	1.76	986	1,262	55.1	68	165	4.99
1980	3,009	503	671	690	474	1.79	896	1,006	60.7	71	143	4.99
1979	2,598	383	572	542	603	1.59	925	710	69.3	76	128	5.37

Data as orig. reptd. 1. Bef. results of disc. ops. and/or spec. items. 2. Refl. acctg. change. 3. Refl. merger or acq.

Business Summary

State Street Boston Corp., the holding company for State Street Bank & Trust, is the fifth largest bank holding company in Massachusetts. It is the leading mutual fund custodian in the U.S., providing securities custody and recordkeeping services to approximately 1,450 mutual funds with assets totaling $400 billion at September 30, 1989 (up 16% from year-end 1988). Master trust and other services brought total assets in custody to $767 billion (up 23%). In addition, trust assets under management were $57 billion (up 50%). Boston Financial Services, a joint-venture company, provides recordkeeping services for shareholders.

During 1988, average earning assets of $6.1 billion (up 7.3% from 1987) were divided: commercial loans 20%, other loans 16%, investment securities 34%, money-market investments 20% and federal funds sold and securities purchased under resale agreements 10%. Average sources of funds were: noninterest-bearing deposits 29%, other domestic deposits 21%, other foreign deposits 11% (total deposits were $4;4 billion, unchanged from 1987), short-term borrowings 25%, long-term debt 2%, equity 7% and other 6%.

At year-end 1988, nonperforming loans were $9.7 million (0.44% of loans), down from $18.9 million (0.89%) a year earlier. The reserve for loan losses was 2.30%, versus 2.18%. Net chargeoffs during 1988 were 0.46% of average loans, against 0.92% in 1987.

Dividend Data

Cash has been paid each year since 1910.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Dec. 15	Dec. 27	Jan. 3	Jan. 17'89
0.14	Mar. 16	Mar. 28	Apr. 3	Apr. 17'89
0.15	Jun. 15	Jun. 27	Jul. 3	Jul. 17'89
0.15	Sep. 21	Sep. 26	Oct. 2	Oct. 16'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $114,875,000 (9/89).

Common Stock: 35,997,000 shs. ($1 par).
Institutions hold about 58%.
Shareholders of record: 4,734 (12/88).

Office—225 Franklin St., Boston, Mass. 02110. Tel—(617) 786-3000. Chrmn & CEO—W. S. Edgerly. Pres & COO—P. E. Madden. Secy—R. J. Malley. Treas & CFO—D. A. Spina. VP-Fin & Investor Contact—Susanne G. Clark. Dirs—J. F. Conway Jr., W. S. Edgerly, W. F. Glavin, J. B. Gray, C. H. Hood, C. F. Kaye, A. J. Kelley, N. O. Keohane, G. H. Kidder, P. E. Madden, D. B. Perini, D. A. Spina, E. B. Stevens, M. Tanenbaum, W. R. Thurston, P. A. Wallace, R. E. Weissman. Transfer Agent—State Street Bank & Trust, Boston. Registrar—Bank of Boston. Formed in 1970, bank incorporated in Massachusetts in 1891. Empl—7,298.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Stone Container

NYSE Symbol STO Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 20'89	1989					
23¼	36⅜-22⅝	4	0.72	3.1%	B	1.56

Summary

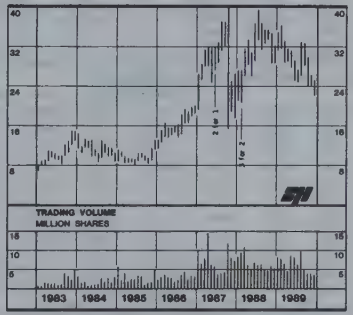
This company is primarily a producer of corrugated containers and also markets paperboard and corrugating medium to others. Earnings are extremely vulnerable to cyclical price fluctuations. STO has greatly expanded operations through a series of acquisitions, most recently Consolidated-Bathurst, a large Canadian newsprint producer. The Stone family owns about 25% of the stock.

Current Outlook

Earnings for 1990 are projected at $4.00 a share, compared with the $4.80 estimated for 1989.

Dividends should remain at $0.18 quarterly.

Sales for 1990 will grow more slowly than in recent years in the absence of further large acquisitions. Markets for bleached kraft and market pulp should remain strong. Linerboard shipments should hold up well as long as the general economy avoids a recession. Interest costs will remain high.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	1,127	881	586
Jun.	---	1,380	859	831
Sep.	---	1,373	1,022	907
Dec.	---	---	980	909
	---	---	3,742	3,233

Sales for the nine months ended September 30, 1989 rose 40%, year to year, reflecting acquisitions and higher prices. Shipments increased 38%. Margins narrowed, and pretax earnings declined 2.4%. After taxes at 39.7%, versus 38.0%, net income was down 5.0%. Per-share earnings were $3.68, compared with $3.87.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.00	1.45	1.09	0.50
Jun.	E1.00	1.06	1.30	0.55
Sep.	E1.00	1.17	1.48	0.74
Dec.	E1.00	E1.12	1.82	0.97
	E4.00	E4.80	5.69	2.81

Important Developments

Nov. '89— STO said that it would open a new $16 million recycling facility at its Missoula, Montana mill in January as part of a $42 million capital program to increase recycling capacity. The facility will recycle used corrugated containers.

Jul. '89— The company reported excellent progress in integrating its Consolidated-Bathurst acquisition, but said newsprint price pressures would make the acquisition dilutive to 1989 earnings.

Mar. '89— STO completed a $2.2 billion tender offer for Consolidated-Bathurst, a large Canadian producer of newsprint, uncoated groundwood, linerboard and market pulp, making STO one of the world's largest paper companies.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	[1]1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	17.74	12.40	7.96	7.09	7.18	6.57	4.83	4.59	3.97	3.36
Earnings	5.69	2.81	0.65	0.08	0.80	d0.11	0.49	0.83	0.74	0.54
Dividends	0.36	0.25	0.20	0.20	0.20	0.20	0.20	0.17⅛	0.12½	0.10¾
Payout Ratio	6%	9%	31%	253%	25%	NM	41%	21%	17%	20%
Prices—High	39½	39⅞	20	13¼	14½	15	8⅛	7½	4¾	5⅜
Low	20⅝	15⅜	11⅜	8	8⅝	6¾	4¼	3⅞	3⅛	1⅞
P/E Ratio—	7-4	14-5	31-17	NM	18-11	NM	17-9	9-5	6-4	10-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Mar. 1988, 100% Jun. 1987, 25% Mar. 1982, 50% Mar. 1981. 1. Reflects merger or acquisition. 2. Reflects accounting change. d-Deficit. E-Estimated. NM-Not Meaningful.

December 29, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2,3]1988	3,742	771	20.6	137	148	111	549	37.8%	342	9.1
[3]1987	3,233	533	16.5	106	130	133	283	43.1%	161	5.0
[3]1986	2,032	223	11.0	63	89	87	60	40.7%	35	1.7
[2]1985	1,229	126	10.2	47	66	65	2	NM	[3,4]	0.3
1984	1,244	172	13.8	42	64	60	55	39.2%	34	2.7
[2]1983	656	46	7.1	21	34	25	d8	NM	d3	NM
1982	427	41	9.6	63	22	17	22	34.0%	14	3.3
1981	411	52	12.7	68	17	11	31	22.7%	24	5.8
[3]1980	379	53	14.0	39	15	7	34	36.5%	21	5.6
1979	328	46	14.0	26	14	7	26	39.8%	15	4.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	8.5	866	426	2.0	2,395	14.6%	765	1,064	1,969	38.9	37.8%
1987	8.1	737	353	2.1	2,286	7.7%	1,070	740	1,933	55.4	26.3%
1986	15.4	530	203	2.6	1,524	2.6%	767	382	1,320	58.1	8.5%
1985	3.9	320	165	1.9	1,010	0.4%	493	295	845	58.4	1.1%
1984	8.3	323	164	2.0	1,007	3.4%	483	295	842	57.3	11.7%
1983	2.0	252	104	2.4	968	NM	548	269	864	63.4	NM
1982	7.1	104	50	2.1	381	4.0%	139	141	331	41.9	10.3%
1981	4.6	103	51	2.0	333	8.1%	113	133	282	39.9	19.2%
1980	12.8	85	42	2.0	254	8.8%	69	114	212	32.5	20.2%
1979	4.5	75	37	2.0	226	7.0%	69	96	189	36.4	17.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change. NM-Not Meaningful. d-Deficit.

Business Summary

Stone Container manufactures corrugated containers, and sells paperboard and corrugating medium to others. The March, 1989 acquisition of Consolidated-Bathurst also makes Stone a major newsprint producer. Sales by business segment in 1988:

	Sales
Corrugated container	45%
Containerboard, paper & pulp	32%
Bag	20%
Other	3%

The company produces kraft linerboard and corrugating medium at 12 mills in the U.S., about 75% of which is combined and converted into corrugated board at STO's 87 corrugator plants. Most of the board is then processed further into corrugated containers and a lesser amount is sold as sheets.

In 1988 Stone produced 3.5 million tons of containerboard and shipped 34.5 billion sq. ft. of corrugated products. STO also shipped 780,000 tons of paper bags and sacks.

Through several subsidiaries and affiliates, STO also produces polyethylene film and bags, packaging machinery systems and wood chips and lumber.

Dividend Data

Dividends have been paid since 1947. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Jan. 23	Feb. 15	Feb. 22	Mar. 13'89
0.18	May 9	May 18	May 24	Jun. 13'89
0.18	Jul. 24	Aug. 16	Aug. 22	Sep. 13'89
0.18	Nov. 13	Dec. 5	Dec. 11	Dec. 29'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $3,496,081,000, incl. $254 million non-recourse debt of a subsidiary.

Common Stock: 59,967,530 shs. (no par).
The Stone family owns about 25%.
Institutions hold approximately 48%.
Shareholders of record: 4,300.

Office—150 No Michigan Ave., Chicago, Ill 60601 **Tel**—(312) 346-6600 **Chrmn, Pres & CEO**—R. W. Stone **Secy**—L. T. Lederer **VP-Fin & Investor Contact**—A. F. Brookstone. **Trees**—M. B. Wheeler. **Dirs**—K. B. Abernathy, S. Davidson, W. Y. Elisha, R. A. Gieser, J. J. Glasser, H. C. Miller, J. K. Pearlman, R. J. Raskin, P. G. Ryan, A. Stone, A. J. Stone, I. N. Stone, J. H. Stone, R. W. Stone. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Illinois in 1945; reincorporated in Delaware in 1987. **Empl**—20,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Telrick

Stride Rite

NYSE Symbol SRR Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 4'89	1989					
25¼	28-13⅛	15	0.40	1.6%	A-	1.13

Summary

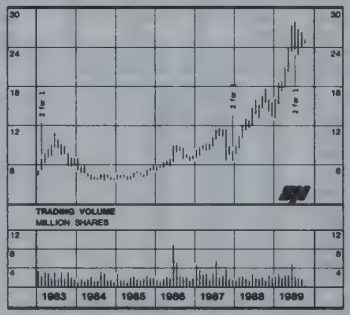
Stride Rite is a leading marketer of quality children's footwear in the U.S. and a major marketer of athletic, outdoor recreational and casual footwear for children and adults. Led by the Keds division, sales and earnings reached record levels in fiscal 1988 and in the first nine months of fiscal 1989. Further sales and earnings progress is expected for the fourth quarter of fiscal 1989 and for fiscal 1990. The shares were split 2-for-1 in July, 1989.

Current Outlook

Earnings for the fiscal year ending November 30, 1990 should equal $2.20 a share, up from the $1.80 estimated for fiscal 1989, giving effect to the July, 1989 2-for-1 stock split.

The quarterly dividend on the split shares was raised 33%, to $0.10 from $0.07½ (adjusted).

Sales for fiscal 1990 should rise substantially, reflecting higher prices, new product introductions, and continued demand for Keds products; higher sales of children's shoes; and increased demand for Sperry shoes. Margins may narrow slightly on higher manufacturing costs, but these costs should be largely offset by the higher selling prices.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	114.1	86.6	77.0	69.1
May	121.6	97.5	87.4	73.4
Aug.	128.5	106.1	83.2	73.9
Nov.	---	88.6	86.2	67.1
	---	378.8	333.7	283.5

Sales for the nine months ended September 1, 1989 rose 26%, year to year, reflecting increased demand for Keds and Sperry Top-Sider products. Margins widened, and net income from continuing operations rose 39%, to $1.41 a share (on 2.1% fewer shares) from $1.00 (adjusted). Results for the fiscal 1988 period exclude a loss of $0.07 a share from discontinued operations, and a $0.06 credit from a change in accounting principles.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Feb.	0.43	0.25	0.18	0.14
May	0.49	0.36	0.24	0.16
Aug.	0.49	0.39	0.23	0.15
Nov.	E0.39	0.27	0.17	0.13
	E1.80	1.27	0.80	0.57

Important Developments

Sep. '89— SRR said that all operating divisions contributed to the increased sales for the third quarter of fiscal 1989. The Keds division continued to be a major factor in SRR's favorable results, and were 29% higher in the third quarter than in fiscal 1988's third quarter. The Sperry Top-Sider division also enhanced consolidated results, with third quarter sales up 18% over the year-earlier level. SRR said that earnings also benefited from the absense of losses from the Overland Trading Co. division and the Joseph M. Herman division, which were discontinued in the fourth quarter of fiscal 1988.

Jun. '89— The company said that given the current backlog of orders and the rate of incoming orders for the fall season, it was expecting to meet its goals for the balance of the fiscal year.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Nov. 30	1988	1987	1986	1985	1984	1983	1982	1981	1980	[3]1979
Tangible Bk. Val.	4.93	4.25	4.01	3.64	3.46	3.47	2.42	2.22	2.02	1.91
Earnings[1]	1.27	0.80	0.57	0.36	0.18	0.59	0.45	0.37	0.26	0.20
Dividends	0.26¼	0.22¾	0.20	0.20	0.20	0.18	0.16¾	0.15½	0.14½	0.13½
Payout Ratio	21%	28%	35%	56%	111%	32%	37%	43%	57%	72%
Prices[2]—High	17¾	11⅛	9	6	7	11	5¼	3⅞	2	2¼
Low	7⅛	6⅝	5⅛	3¾	3⅝	4⅜	2⅛	2	1½	1⅝
P/E Ratio—	14-6	15-8	16-9	17-10	39-20	19-7	12-5	10-5	7-6	11-8

Data as orig. reptd. Adj. for stk. div(s). of 100% in Jul. 1989, 100% Dec. 1987, 100% Feb. 1983. 1. Bef. results of disc. opers. of -0.17 in 1988, and spec. item(s) of +0.06 in 1988, +0.02 in 1985. 2. Cal. yr. 3. Reflects merger or acquisition. E-Estimated

October 13, 1989

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Income Data (Million $)

Year Ended Nov. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	379	61.8	16.3	9.52	3.93	1.74	57.5	39.6%	34.7	9.2
1987	334	45.0	13.5	4.85	4.14	0.89	42.6	43.3%	24.1	7.2
1986	283	30.6	10.8	4.60	4.36	1.14	27.6	38.4%	[3]17.0	6.0
1985	277	20.4	7.4	2.80	4.06	1.99	17.6	39.1%	10.7	3.9
1984	289	14.2	4.9	5.08	4.33	2.78	8.5	36.1%	5.4	1.9
1983	302	34.3	11.4	6.03	4.07	2.83	30.0	44.1%	16.8	5.6
[3]1982	225	25.9	11.5	5.57	3.42	3.03	20.5	44.5%	11.4	5.1
1981	195	22.0	11.3	8.77	3.00	3.12	16.5	44.5%	9.2	4.7
1980	166	18.7	11.3	3.39	2.74	3.26	[4]12.1	47.6%	6.3	3.8
[5]1979	136	13.4	9.9	3.75	2.33	2.88	8.2	43.8%	4.6	3.4

Balance Sheet Data (Million $)

Nov. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	12.6	212	91.6	2.3	243	15.9%	6.7	134	152	4.4	27.8%
1987	25.2	173	59.9	2.9	199	12.8%	8.8	119	139	6.3	20.8%
1986	33.4	168	49.6	3.4	194	9.1%	9.7	123	145	6.7	14.5%
1985	41.5	155	46.9	3.3	181	6.1%	12.6	112	135	9.4	9.8%
1984	20.7	141	34.1	4.1	169	3.1%	24.7	106	135	18.2	5.1%
1983	7.3	148	42.8	3.5	180	9.6%	27.5	106	137	20.0	18.6%
1982	1.8	113	47.2	2.4	143	8.9%	30.0	84	96	31.1	19.0%
1981	0.5	86	35.8	2.4	112	8.9%	15.8	58	76	20.8	17.1%
1980	0.9	74	22.0	3.4	93	6.7%	19.7	50	71	27.9	13.1%
1979	1.7	76	25.4	3.0	95	5.4%	21.6	47	70	31.1	10.0%

Data as orig. reptd. 1. Beff. results of disc. operations in 1988, and spec. item(s) in 1988, 1985. 2. Excludes discontinued operations. 3. Reflects acctg. change. 4. Incl. equity in earns. of nonconsol. subs. 5. Reflects merger or acquisition.

Business Summary

Stride Rite is the leading marketer of quality children's footwear in the U.S. and a major marketer of athletic, casual and outdoor recreational footwear for children and adults. The company manufactures products in its own facilities in the U.S. and Puerto Rico, and imports products from overseas. Footwear is distributed through independent retail stores and company-owned stores.

Children's footwear, primarily for the 6 months-12 year age range, includes dress and recreational shoes and boots, and sneakers, sold under the Stride Rite trademark.

Boating footwear and a portion of outdoor recreational footwear for children and adults are sold under the Sperry Top-Sider trademark. Products sold under that label also include sneakers for adults and children and espadrilles and sandals for women and children.

The company also markets sneakers and casual footwear for adults and children under the Keds trademark, and casual footwear and espadrilles for women under the Grasshoppers label.

As of fiscal 1988 year-end the retail division was operating a total of 293 outlets. These consisted of 201 Stride Rite Bootery stores and 67 leased shoe departments in department stores, both of which sell children's shoes, and 25 Overland Trading Co. stores. Overland, which was discontinued in January, 1989, sold portions of the company's adult footwear lines. In December, 1988 the company began operating a Sperry Top-Sider specialty store, stocked with Sperry Top-Sider footwear, apparel and giftware.

In January, 1989 SRR sold its Joseph M. Herman division, which had produced adult work shoes, boots, adult recreational shoes designed for rugged outdoor use, and lightweight hiking and casual shoes under the Herman and Herman Survivors names.

Dividend Data

Dividends have been paid since 1955. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record.	Payment Date
0.15	Nov. 4	Nov. 21	Nov. 28	Dec. 15'88
0.15	Feb. 1	Feb. 22	Feb. 28	Mar. 15'89
0.15	May 1	May 24	May 31	Jun. 15'89
2-for-1	Jun. 26	Jul. 19	Jul. 11	Jul. 18'89
0.10	Aug. 7	Aug. 25	Aug. 31	Sep. 15'89

Next dividend meeting: early Nov.'89.

Capitalization

Long Term Debt: $6,667,000 (6/2/89).

Common Stock: 26,929,056 shs. ($1 par).
Institutions hold about 62%.
Shareholders of record: 3,300.

Office—5 Cambridge Center, Cambridge, Mass. 02142. Tel—(617) 491-8800. Chrmn & CEO—A. Hiatt. Pres—M. W. Rayden. Secy—M. C. Morris. VP-Treas & Investor Contact—J. J. Phelan. Dirs—D. R. Grant, A. Hiatt, M. A. McKenna, J. J. Phelan, M. W. Rayden, W. J. Salmon, M. J. Sloeberg. Transfer Agent & Registrar—The First Nationals Bank of Boston. Incorporated in Massachusetts in 1919. Empl—5,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Elizabeth Vandeventer

Summagraphics Corp.

5341E

NASDAQ Symbol SUGR (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
14¼	17-11½	8	None	None	NR	NA

Summary

The computer-graphics digitizing tablets manufactured by this company are used in computer-aided design, engineering and manufacturing, desktop publishing, architectural drawing, graphic design and illustration, cartography and general computing. Earnings increased sharply in recent years, with 1988-9 results bolstered by strength in the computer-aided design market and expansion of applications for the company's products.

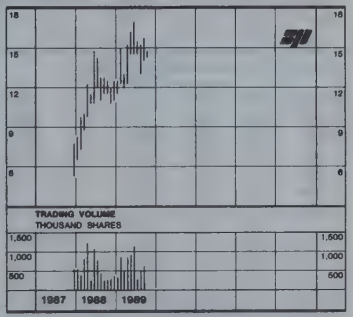
Business Summary

Summagraphics Corporation is a leading designer, manufacturer and marketer of digitizing tablets used with high-resolution computer graphics systems. Digitizers are input devices that translate graphic information into digital form so it can be processed by a computer. The company's products have a wide variety of applications, including computer-aided design, computer-aided manufacturing, computer-aided engineering, computer-aided publishing, construction costing, graphic design, cartography and general-purpose computing. Digitizers increase productivity in comparison with alternative input devices (such as keyboards and mice) in most graphics-intensive applications.

Digitizers are capable of determining the absolute location of a stylus or cursor within several thousandths of an inch on a grid of sensors imbedded in a tablet. Digitizer performance is measured principally by resolution, accuracy and the size of the active area. Summagraphics' digitizer products are based on higher-resolution electromagnetic technology, commercially introduced in fiscal 1984, and lower-cost electrostatic technology.

The company offers three series of digitizers: desktop, standard-accuracy tablets (MM), which accounted for 76% of 1988-9 sales; floor-standing, high-accuracy tablets (Microgrid or MG), contributing 19%; and low-cost desktop tablets, 2%. Digitizers are offered in standard configurations for the distribution market and are customized to meet specific OEM and foreign market requirements. All are supported by a wide range of accessory products, including styli, cursors, power supplies, cabling and software, and may be software-configured to meet various requirements.

Summagraphics' marketing strategy is to offer a broad line of computer graphics peripheral products and to develop strong brand recognition. Brand names include SummaSketch, Bit Pad and Microgrid. The company has developed an extensive sales network, including OEMs, distributors, manufacturers' representatives and direct sales offices in the U.S. and abroad. In 1988-9, distribution sales were about 77% of the total and sales to OEMs 23%. Sales outside the U.S. (primarily in Europe) accounted for about 39%.



Research and development expenses totaled $2,818,683 (6.5% of net sales) in 1988-9, compared with $2,271,642 (6.3%) the year before.

Important Developments

Jun. '89— Summagraphics attributed much of the strong gain in net income for 1988-9 to the booming computer-aided design market, as well as a rapid increase in new applications for its products in diverse disciplines. The company said that, given its strong cash position, it was continuing to pursue acquisitions of intelligent computer peripherals that would increase sales and earnings potential.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987
Tangible Bk. Val.	7.85	6.00	d14.64
Earnings[1]	1.75	1.43	0.47
Dividends	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil
Calendar Years	1988	1987	1986
Prices—High	14¾	11⅜	NA
Low	6½	5	NA
P/E Ratio—	8-4	8-3	NA

Data as orig. reptd. 1. Bef. spec. item of +0.31 in 1987. NA-Not Available. d-Deficit

October 11, 1989

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25 Broadway, NY, NY 10004

5341E

Income Data (Million $)

Year Ended May 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	43.7	7.71	17.7	1.53	1.05	0.04	7.07	7.1%	6.57	15.0
1988	35.8	5.72	16.0	0.73	0.99	0.12	4.90	4.0%	4.70	13.1
1987	28.5	2.77	9.7	0.15	0.69	0.44	1.93	41.7%	1.13	4.0

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	14.7	30.0	5.15	5.8	33.8	21.7	0.32	28.4	28.7	1.1	26.5
1988	14.0	24.9	5.50	4.5	26.7	9.0	0.01	21.2	21.2	NM	NM
1987	1.0	11.6	6.73	1.7	13.2	NA	0.09	d8.7	6.4	1.5	NA

Data as orig. reptd. 1. Bef. spec. item in 1987. NA-Not Available. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	10.45	9.71	8.13	5.97
Nov.		10.75	8.74	6.43
Feb.		11.10	9.08	6.64
May		12.12	9.90	9.43
		43.68	35.84	28.47

For the quarter to August 31, 1989, net sales rose 7.6%, year to year, and pretax income was up 6.4%. After taxes at 22.0% (as Summagraphics triggered the limitation of its net operating loss carryforwards in March 1989—see Finances), versus 3.6%, net income retreated 14%, to $1,131,853 ($0.30 a share), from $1,315,617 ($0.35).

Net sales for the fiscal year ended May 31, 1989, advanced 22% from those of 1987-8. The gain principally reflected the successful introduction and continued penetration of electromagnetic digitizers into the distribution marketplace and strong demand for Summagraphics' products for use in desktop computer-aided design applications. Profitability benefited from the higher sales, lower-cost offshore manufacturing and reductions in overhead. Despite a 24% increase in R&D expenditures, the gain in pretax income was extended to 44%. Following taxes at 7.1%, against 4.0%, net income was up 40%, to $6,565,179, from $4,702,062. Earnings per share were $1.75, based on 14% more shares, versus $1.43.

Common Share Earnings ($)

Quarter:	1989-90	1988-9 [1]	1987-8 [2]	1986-7
Aug.	0.30	0.35	0.24	0.04
Nov.		0.44	0.29	0.12
Feb.		0.50	0.41	0.22
May		0.46	0.45	0.40
		1.75	1.43	0.78

1. Sum of quarters does not equal full-year amount, because of increase in shares. 2. Includes special credit.

Dividend Data

Summagraphics has never paid any cash dividends. It is the present policy of directors to retain all earning for use in the operation and expansion of the company's business.

Finances

In April 1989, Summagraphics entered into a $7.5 million demand line-of-credit agreement with one of its banks. Borrowings are secured by a portion of assets. As of May 31, 1989, there were no direct borrowings under this line of credit.

Cash and short-term investments totaled $14,711,000 (about $4 a share) as of May 31, 1989. Summagraphics intends to use a substantial portion of the proceeds from its September 1987 initial public offering and may use bank credit and other sources of capital to finance acquisitions.

As of May 31, 1989, Summagraphics had available net operating loss carryforwards (NOLs) of approximately $7,400,000 for financial reporting purposes and $5,000,000 for federal income tax purposes, expiring in varying amounts through 2002. In March 1989, as a result of changes in the stock ownership of the company, taking into account the initial public offering, Summagraphics triggered a limitation on the use of its NOLs. The effect of this limitation is to restrict the utilization of NOLs to about $2.5 million annually until the NOLs are fully utilized. This limitation reduced earnings for 1988-9 by $0.08 a share (all in the fourth quarter).

Summagraphics has agreements with three Far East companies under which they manufacture certain of its products.

Capitalization

Long Term Liabilities: $320,324 (5/89).

Common Stock: 3,622,051 shs. ($0.01 par). Institutions hold about 39%.
Shareholders: 298 of record (5/89).

Office—60 Silvermine Rd., Seymour, Conn 06483. **Tel**—(203) 881-5400. **FAX**—(203) 881-5367. **Chrmn, Pres & CEO**—W. J. Lifka **VP-Treas & CFO**—W. J. Greene **VP-Secy**—R. B. Sims **Dirs**—G. F. Hardyman, S. J. Keane, W. J. Lifka, L. J. Racey, D. G. Sisco **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in Delaware in 1972. **Empl**—198.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

J. J. Schemitsch

Sun Co.

NYSE Symbol SUN Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 3'89	1989					
38⅜	43-31⅜	12	1.80	4.7%	NR	0.73

Summary

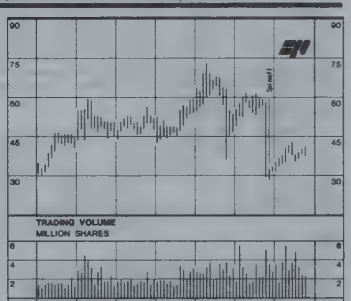
Sun Co. is a leading petroleum refining and marketing company serving much of the Northeast and the Midwest. In November, 1988 SUN implemented a comprehensive restructuring entailing the spin-off to stockholders of its domestic exploration and production operations as a separate, publicly-traded company, asset write-downs, and major cuts in overhead. Following the spin-off and the acquisition of the refining and marketing assets of Atlantic Petroleum Corp. in November, 1988, SUN is well positioned to exploit prospectively softening crude oil prices and tight North American refining capacity.

Current Outlook

Share earnings for 1990 are projected at $3.60, versus the $3.30 estimated for 1989.

The $0.45 quarterly dividend, reduced from $0.75 in December, 1988 to reflect the spin-off, is the minimum expectation.

Revenues for 1990 are expected to benefit from increased refining and marketing volumes. Potentially lower feedstock costs should leverage profits as the company purchases substantially all of its crude oil requirements. Profit comparisons will be enhanced by possible asset divestitures and greater retail penetration.



Sales & Operating Income[1] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.61	2.33	2.21	3.27
Jun.	2.83	2.37	2.37	2.42
Sep.	[3]2.70	2.40	2.44	2.32
Dec.	---	2.65	2.47	2.04
	---	9.74	9.48	10.05

Total revenues for the nine months ended September 30, 1989 rose 14%, year to year. Operating profits benefited from improved pricing in the international exploration and production segment and Suncor's oil sands operation. In the absence of the 1988 domestic upstream contribution and a $297 million after-tax writedown, net income was $271 million ($2.54 a share), in contrast to a loss of $69 million ($0.66)

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.76	0.57	0.35	1.34
Jun.	0.98	d1.90	0.82	0.92
Sep.	0.80	0.67	1.27	0.64
Dec.	E0.76	0.72	0.77	0.64
	E3.30	0.06	3.21	3.54

Important Developments

Oct. '89— Share earnings in 1989's third quarter benefited from a turnaround in SUN's Canadian subsidiary, Suncor. The unit recorded $11 million in earnings, versus a loss of $3 million in the 1988 period, reflecting mostly higher synthetic crude oil prices and increased production volumes. SUN's international exploration and production segment contributed $4 million to earnings, compared with a $4 million loss, owing to higher crude oil prices and increased production volumes. Much of the increased production was due to the Magnus Field in the North Sea in which SUN acquired a 5% interest in January, 1989. In 1989 SUN did not record results for domestic exploration and production, while in 1988 there was a $10 million loss. The refining and marketing segment recorded a $13 million decline in 1988, owing to lower refined product and chemical margins.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	[2]1984	[2]1983	1982	1981	[2]1980	1979
Tangible Bk. Val.	31.24	49.11	48.73	48.26	46.32	44.54	43.35	41.08	34.38	30.35
Earnings	0.06	3.21	3.54	4.72	4.67	3.84	4.49	8.85	5.92	5.89
Dividends	2.70	3.00	3.00	2.30	2.30	2.30	2.25	2.02½	1.72½	1.47½
Payout Ratio	NM	92%	84%	48%	48%	59%	50%	23%	29%	25%
Prices—High	61¾	73⅛	59½	56¼	59½	48½	45¾	49⅜	59⅝	36½
Low	28	36	42¼	43⅝	43⅜	30¼	26¾	29	30⅝	20⅞
P/E Ratio—	NM	23-11	17-12	12-9	13-9	12-8	10-6	6-3	10-5	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1980. 1. Incl. excise taxes. 2. Reflects merger or acquisition. 3. Approx. d-Deficit. E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[3]1988	8,612	769	8.9	1,258	723	296	d43	NM	7	0.1
[4]1987	8,691	1,145	13.2	1,110	761	315	574	39.4%	348	4.0
1986	9,376	1,126	12.0	1,000	662	293	592	35.0%	[4]385	4.1
1985	13,769	1,322	9.6	1,597	788	339	816	35.4%	527	3.8
[3]1984	14,466	1,841	12.7	2,029	877	365	977	44.9%	538	3.7
[3]1983	14,730	1,985	13.5	1,294	809	310	835	45.7%	453	3.1
1982	15,519	1,833	11.8	1,714	828	386	944	43.1%	537	3.5
1981	15,012	2,151	14.3	1,524	797	539	1,857	42.1%	1,076	7.2
[3]1980	12,945	1,982	15.3	1,411	619	250	1,237	41.6%	723	5.6
1979	10,666	1,630	15.3	852	458	122	1,194	41.4%	[4]700	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	848	2,455	2,279	1.1	8,616	0.1%	1,491	3,325	6,070	24.6	0.1%
1987	1,822	3,301	2,800	1.2	12,580	2.9%	1,938	5,202	9,407	20.6	6.7%
1986	1,669	3,289	2,386	1.4	11,684	3.1%	1,666	5,253	8,860	18.8	7.3%
1985	2,373	4,331	3,629	1.2	12,923	4.2%	1,835	5,240	8,844	20.7	10.2%
1984	1,070	3,118	3,056	1.0	12,789	4.3%	2,366	5,217	9,356	25.3	10.5%
1983	1,244	3,583	3,106	1.2	12,466	3.7%	2,225	5,172	8,955	24.8	8.8%
1982	565	2,816	2,577	1.1	12,019	4.5%	2,187	5,119	8,872	24.7	10.7%
1981	576	2,795	2,500	1.1	11,822	9.5%	2,547	4,910	8,898	28.6	23.8%
1980	322	2,562	2,737	0.9	10,955	7.8%	2,679	4,201	7,776	34.5	18.1%
1979	725	2,370	1,868	1.3	7,461	10.2%	890	3,613	5,288	16.8	20.7%

Data as orig. reptd. 1. Excl. excise taxes. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

SUN is primarily a petroleum refiner and marketer serving much of the Northeast and Midwest through its Sunoco brand of gasoline and petroleum products. In November, 1988 SUN implemented a comprehensive restructuring which included the divestiture of its U.S. exploration and production operations. SUN took an after-tax charge of $297 million in the 1988 second quarter in connection with its restructuring. Also, in November, 1988 SUN markedly increased its refining capacity and retail distribution system with the acquisition of Atlantic Petroleum Corp. SUN remains in international exploration and production.

Oper. Profits (Million $)	1988	1987
Ref. & mkt.	$277	$ 46
Expl.& prod.	16	237
Coal	53	50
Real estate/leasing	31	29
Suncor	-2	28

In 1988 Sun International's production averaged 41,200 barrels daily of crude and condensate (39,800 b/d in 1987) and 58 million cubic feet daily of natural gas (69 million cubic feet daily). Production at Suncor, SUN's 75%-owned Canadian subsidiary, averaged 10,700 b/d of crude and condensate and 64 million cubic feet a day of natural gas. Reserves at 1988 year-end included 123 million barrels of crude oil and natural gas liquids and 382 billion cubic feet of natural gas. Refining capacity at 1988 year-end totaled 590,000 b/d, excluding 130,000 b/d from the Atlantic acquisition. Refined product sales totaled 699.4 thousand barrels daily (before Suncor's 75.2 thousand barrels daily).

Dividend Data

Dividends have been paid since 1904. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.45	Oct. 6	Nov. 8	Nov. 15	Dec. 9'89
0.45	Jan. 5	Feb. 8	Feb. 10	Mar. 10'89
0.45	Apr. 6	May 4	May 10	Jun. 9'89
0.45	Oct. 5	Nov. 6	Nov. 10	Dec. 8'89

Capitalization

Long Term Debt: $1,418,000,000.

Minority Interest: $262,000,000.

Common Stock: 106,624,214 ($1 par). Glenmede Trust holds about 51%. Shareholders of record: 69,000.

Office—100 Matsonford Rd., Radnor, Pa. 19087-4567. Tel—(215) 293-6000. Chrmn & Pres—R. McClements, Jr. Secy—D. J. Ainsworth. VP & Treas—P. F. Wartneght Investor Contact—T. Hughes. Dirs—T. A. Burtis, R. H. Campbell, W. S. Cashel, Jr., R. E. Cawthorn, R. G. Dunlop, M. J. Evans, J. M. Henske, T. W. Langfitt, R. McClements, Jr., J. P. Neafsey, W. J. Neppl, R. A. Pew, W. F. Pounds, R. S. Saul. Transfer Agent—Sun Co., 1801 Market St., Phila., Pa.; The Canada Trust Co., Calgary, Canada. Registrars—Sun Co., 1801 Market St., Phila., Pa.; Montreal Trust Co., Calgary, Canada. Incorporated in New Jersey in 1901; reincorporated in Pennsylvania in 1971. Empl—21,309.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Sun Microsystems

5343M

NASDAQ Symbol SUNW (Incl. in Nat'l Market; marginable)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
16⅛	23-13⅛	28	None	None	NR	NA

Summary

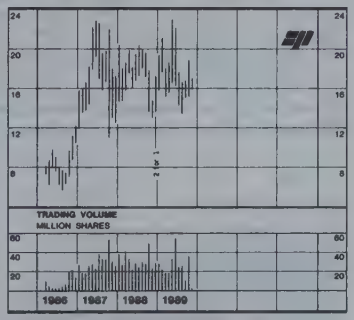
Sun is a leading supplier of high-performance computer workstations designed for the engineering, scientific, commercial and technical markets. Sun and AT&T are codeveloping the next version of AT&T's UNIX operating system, and AT&T's stake in Sun is currently about 17%. Earnings in the fiscal 1989 fourth quarter were impaired by a product line transition and a conversion to a new MIS system; however, demand for Sun's products remains strong and profitability should rebound in fiscal 1990.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are estimated at $0.95 a share, versus fiscal 1989's $0.76.

Initiation of cash dividends is not expected.

Revenues in fiscal 1990 are expected to advance about 40%, reflecting strong demand for Sun's workstations and servers and wider availablity of new products announced in April 1989. Gross margins should improve throughout the year, reflecting volume efficiences from the ramp-up of new products, an increase in the sales mix of SPARC-based systems (which have higher margins), and the reduction of high component costs of inventory purchased in prior quarters. Improved performance of a recently installed management information system should enable Sun to react to shifts in product demand more effectively. Profitability should also benefit from expense and headcount controls.



Net Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	538.5	388.5	191.7	91.9
Dec.		448.3	235.1	116.5
Mar.		497.4	259.7	143.2
Jun.		431.2	365.1	185.9
		1,765.4	1,051.6	537.5

Revenues for the three months ended September 29, 1989, advanced 39%, year to year, reflecting new products, additional capacity and increased penetration of international markets. Gross margins narrowed substantially with higher component costs, but improved from the fiscal 1989 fourth quarter. R&D spending was up 29%, and selling, general and administrative expense rose 52%. Pretax income declined 77%. After taxes at 32.0%, versus 38.0%, net income was down 75%, to $5.2 million ($0.07 a share, on 12% more shares), from $20.6 million ($0.26).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.07	0.26	0.18	0.12
Dec.		0.38	0.19	0.14
Mar.		0.38	0.19	0.15
Jun.		d0.25	0.33	0.16
		0.76	0.89	0.56

Important Developments

Nov. '89— Sun completed its offering of $135 million of 6 3/8% subordinated debentures due October 15, 1999, convertible into common stock at $25 per share. Earlier, in the fiscal 1990 first quarter, Sun received about $125 million from a private placement of debt and warrants. Proceeds were earmarked for general corporate purposes, primarily to fund investments in property, plant and equipment, and to finance accounts receivable and inventories.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	1986	1985	1984	1983	1982
Book Value	7.88	5.11	3.58	2.01	0.73	0.22	0.02	NA
Earnings	0.76	0.89	[2]0.56	0.23	0.18	0.07	0.02	[3]d0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[4]	23	20⅜	22⅞	12¼	NA	NA	NA	NA
Low[4]	13⅛	13	11	5⅝	NA	NA	NA	NA
P/E Ratio—	30-17	23-15	41-20	53-24	NA	NA	NA	NA

Data as orig. reptd. Adj. for stk. div. of 100% Nov. 1988. 1. Refl. merger or acq. 2. Ful. dil.: 0.55. 3. From inception 2-24-82. 4. Cal. yr. NA-Not Available. E-Estimated. d-Deficit.

November 15, 1989

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Income Data (Million $)

Year Ended Jun. 30	Net Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,765	191	10.8	204	102.8	14.3	78.0	22.0%	60.8	3.4
1988	1,052	162	15.4	117.0	50.9	12.4	111.0	40.0%	66.4	6.3
[1]1987	538	93	17.4	76.1	25.1	6.1	69.0	47.5%	36.3	6.8
1986	210	26	12.5	36.2	5.6	1.8	21.0	43.0%	11.9	5.7
1985	115	18	15.9	14.9	4.1	1.3	14.0	40.1%	8.5	7.4
1984	39	5	13.4	5.1	1.5	0.3	4.0	33.6%	2.7	6.8
1983	9	1	9.7	2.1	0.3	0.0	1.0	9.7%	0.7	7.6
[2]1982	NM	NA	NA	NA	NA	NA	NA	d0.1	Nil	d0.1	NM

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	54	880	463	1.9	1,269	5.7	143	662	805	17.7	11.2
1988	128	532	260	2.1	757	10.1	125	370	495	25.2	21.1
1987	216	397	155	2.6	524	9.7	127	241	368	34.6	19.3
1986	50	133	67	2.0	182	9.7	4	109	113	3.6	16.4
1985	30	65	28	2.4	84	14.8	7	[3]48	55	11.9	25.4
1984	4	25	9	2.8	31	13.7	3	[3]19	22	15.3	22.4
1983	NA	NA	NA	NA	8	16.1	1	[3]5	6	13.4	26.1
1982	NA	NA	NA	NA	Nil	NA	Nil	[3]Nil	Nil	Nil	NA

Data as orig. reptd. 1. Refl. merger or acq. 2. From inception 2-24-82. 3. Refl. conv. of pfd. stk. at time of public offering. NM-Not Meaningful. NA-Not Available. d-Deficit.

Business Summary

Sun Microsystems is a leading supplier of high-performance workstations, servers and networking software. Foreign operations accounted for 42% of fiscal 1989 sales. Revenue contributions by application in fiscal 1989 were:

Design Automation and Mfg	34%
Software Engineering	34%
Scientific Research	4%
Artificial Intelligence	6%
Electronic Publishing	6%
Finance	6%
Emerging Markets	10%

Sun's hardware consists of workstations, servers, board-level central processing units (CPUs), and peripherals. The workstations can be used in stand-alone or networked configurations which range from low-cost diskless nodes to high resolution color systems. Its servers can be used for file sharing, enabling users to access data distributed across multiple storage devices and networks, or as compute resources, to distribute compute-intensive applications across multiple processors. The UNIX operating system is the foundation for Sun's open systems approach.

The Sun-3 family (third generation) of workstations is based on the Motorola 680x0 line of microprocessors. Through fiscal 1989 year-end, approximately 84% of the 178,000 Sun workstations, servers and CPUs shipped in recent years were Sun-3 products.

In July 1987, Sun launched its fourth generation, Sun-4 family of workstations and servers based on Sun's own SPARC (Scalable Processor ARChitecture) microprocessor. In April 1989 Sun introduced the desktop SPARCstation 1, the SPARCstation 300 family and the SPARCserver 300 family. Sun is licensing SPARC to various microprocessor manufacturers in order to promote it as an industry standard. In the first quarter of fiscal 1990, SPARC-based products represented a majority of new product orders.

The Sun386i family, introduced in March 1988, is based on the Intel 80386 microprocessor and merges the UNIX environment with the industry standard DOS operating system.

Dividend Data

No cash dividends have been paid. A "poison pill" stock purchase right was adopted in May 1989.

Finances

In January 1988, American Telephone and Telegraph (AT&T) agreed to purchase, at Sun's option over a three-year period, newly issued common shares equal to up to 15% of Sun's outstanding common stock at a premium of 25% over the existing market price. Sun and AT&T are codeveloping the next-generation of AT&T's UNIX operating system.

Capitalization

Long-term Debt: Approximately $402,122,000, incl. $100 million of 5 1/4% sub. debs. due 2012, conv. into com. at $19.80 a sh. and $135 million of 6 3/8% sub. debs. due 1999, conv. into com. at $25 a sh.

Common Stock: 83,963,402 shs. ($0.00067 par). AT&T owns some 16.6%.
Institutions hold about 52%.
Shareholders of record: About 7,300 (6/89).

Office—2550 Garcia Ave., Mountain View, Calif. 94043. **Tel**—(415) 960-1300. **Chrmn, Pres & CEO**—S. G. McNealy. **VP-Fin & CFO**—W. R. Raduchel. **VP & Secy**—M. H. Morris. **Investor Contact**—Austin W. Mayer. **Dirs**—L. J. Doerr, W. R. Hearst III, R. Kayner, B. J. Lacroute, R. L. Long, S. G. McNealy, M. K. Oshman, R. Sackman. **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in California in 1982. **Empl**—10,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

SunTrust Banks

2168M

NYSE Symbol STI Options on Pac (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
22⅛	26⅞-19¾	9	0.84	3.8%	A+	0.86

Summary

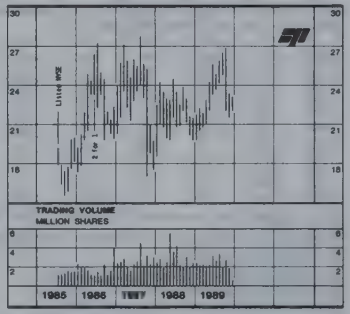
This holding company, formed through the 1985 merger of Sun Banks of Florida and Trust Co. of Georgia, subsequently acquired Third National, the second largest bank in Tennessee. STI now has 624 offices in the three states. While acquisitions have diluted share earnings over the past two years, and the Tennessee banks are encountering some loan quality problems, earnings growth in 1990 could be aided by continuing efficiencies, particularly in the Florida operations, in addition to the relative strength of the Southeastern economy.

Current Outlook

Earnings for 1990 could reach $2.85 a share, up from the $2.60 estimated for 1989.

The quarterly dividend was raised 11%, to $0.21 from $0.19, with the December, 1989 payment.

Loan growth could slow to about a 5%-6% rate through 1990, as the sluggish economy of Tennessee offsets relative strength in the Southeast. The net interest margin is narrowing with declining rates and increased competition. Loan quality is very good except in Tennessee, where weakness in real estate markets has led to an uptrend in problem loans, which have doubled to $125 million in the past year. Problem real estate loans could continue to rise. While reserves of the Georgia and Florida banks are in excess on nonperformers, the coverage of the Tennessee unit is about 71%, which could lead to higher loan loss provisions in 1990 (reserves are 119% on a consolidated basis). STI has negligible levels of developing country loans ($6 million remains of an original $116 million). Growth of the trust business and other efforts to enhance revenues could result in improving profitability in the Florida banks. The Georgia banks are already extremely profitable, but some further efficiencies from the consolidation of computer systems could benefit profitability.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 7.5%, year to year, primarily reflecting earning asset growth of 7.3%. The net interest margin narrowed slightly to 5.08% from 5.11%, due to a less favorable funding mix. The provision for loan losses was 6.4% lower, at $124 million, despite rising nonperforming loans and chargeoffs. Aided by a 16% gain in trust income, noninterest income increased 9.6%. With noninterest expense up 6.0%, pretax earnings rose 21%. After taxes at 23.4%, versus 15.7% (including a $10 million tax reduction related to a lawsuit in 1988), net income advanced 10%, to $1.95 a share from $1.77.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.65	0.58	0.53	0.49
Jun.	0.66	0.59	0.54	0.50
Sep.	0.64	0.60	0.55	0.51
Dec.	E0.65	0.61	0.55	0.36
	E2.60	2.38	2.17	1.86

Important Developments

Oct. '89— STI said that with the slowing of the regional economy, it may see some further deterioration in loan quality, particularly in real estate. At September 30 nonperforming loans totaled $281 million, versus $237 million at June 30.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1,2]1987	[1]1986	[3]1985
Tangible Bk. Val.	13.03	11.65	10.31	9.05
Earnings	2.38	2.17	[4]1.86	[4]1.67
Dividends	0.70	0.65	0.61	0.60
Payout Ratio	29%	30%	33%	36%
Prices—High	24½	27¾	27¼	20⅜
Low	18½	17	17⅜	13⅜
P/E Ratio—	10-8	13-8	15-9	12-8

Data as orig. reptd. Adj. for stk. div(s) of 100% Jul. 1986. 1. Refl. merger or acquisition. 2. Reflects acctg. change. 3. Major merger resulted in formation of new company. 4. Ful dil: 1.85 in 1986, 1.65 in 1985. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. Margin	—% Return On— Assets	Equity
[1]1988	1,146	96	464	186	61.70	372	16.9%	309	5.13	1.13	17.40
[1,2]1987	1,052	132	396	143	60.60	348	18.8%	283	5.26	1.11	17.80
[1]1986	952	202	373	152	59.90	280	5.8%	245	5.52	1.03	16.80
[3]1985	701	122	261	75	63.30	186	10.2%	167	5.82	1.01	16.20

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Mon. Mkt. Assets	Earning Assets: Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	Deposits: Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	29,177	1,225	4,051	7,037	13,399	1.50	5,531	18,413	84.0	491	1,880	6.50
1987	27,188	1,492	3,845	7,250	11,525	1.58	5,619	16,875	81.9	426	1,674	6.21
1986	26,166	1,877	3,835	6,906	10,348	1.52	5,783	15,501	79.4	403	1,497	6.11
1985	19,406	2,261	3,002	4,343	7,112	1.42	4,386	10,342	75.7	278	1,067	6.23

Data as orig. reptd.; 1. Refl. merger or acquisition. 2. Refl. acctg. change. 3. Major merger resulted in formation of new company. NM-Not Meaningful.

Business Summary

SunTrust Banks, was formed through the July, 1985 merger of Sun Banks (Orlando, Fla.) and Trust Co. of Georgia, and subsequently acquired Third National Corp, Tennessee. It is the second largest bank holding company in the Southeast and the 20th largest in the nation, with 21 banks and 332 offices in Florida, 18 banks and 181 offices in Georgia, and 14 banks and 112 offices in Tennessee. Trust operations ($20 billion of assets under management) are the largest in the Southeast. Mortgage banking includes a mortgage servicing portfolio of $3.7 billion.

Contributions of the subsidiary banks in 1988 were:

	Revs.	Net Inc.	Assets
Sun Banks	48%	43%	48%
Trust Co.	33%	43%	32%
Third Nat'l	19%	13%	20%
Other	-	1%	-

Average earning assets during 1988 of $24.2 billion (up 7.3% from 1987) were divided: loans 80%, investment securities 16%, money market assets 4%. Average sources of funds were demand deposits 28%, savings deposits 23%, time deposits 32% (average deposits of $22.6 billion were up 7.8%) short-term borrowings 7%, long-term debt 2%, equity 6%, and other 2%.

At year-end 1988 loans were divided: commercial loans 35%, commercial real estate 22%, residential real estate 19%, consumer loans 24%.

At year-end 1988 nonperforming assets were $196 million (0.97% of loans), unchanged from a year earlier (1.06%). The reserve for loan losses was 1.50% of loans, versus 1.58%. Domestic net chargeoffs during 1988 were 0.67% of average loans, against 0.48% in 1987.

Dividend Data

Dividends were initiated in 1985. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Feb. 14	Feb. 23	Mar. 1	Mar. 15'89
0.19	Apr. 18	May 25	Jun. 1	Jun. 15'89
0.19	Aug. 8	Aug. 28	Sep. 1	Sep. 15'89
0.21	Nov. 14	Nov. 27	Dec. 1	Dec. 15'89

Next dividend meeting: mid-Feb. '89.

Finances

The company owns 6,033,312 shares of common stock of the Coca-Cola Co., which are carried at $110,000, but had a market value of $404 million at September 30, 1989.

Capitalization

Long Term Debt: $486,265,000.

Common Stock: 128,976,009 shs. ($1 par).
Institutions hold about 47%.
Shareholders of record: 33,000.

Office—25 Park Place, N.E., Atlanta, Ga. 30303 Tel—(404) 588-7711 Chrmn & CEO—R. Strickland. Pres—J. R. Wells, Jr. VP-Secy—T. C. Duer. VP-CFO—J. W. Spiegel. Investor Contacts—J. C. Armstrong, T. C. Duer. Dirs—J. H. Brown, J. D. Camp, Jr., W. M. Cason, R. C. Goizueta, T. M. Hahn, Jr., D. H. Hughes, C. J. Kane, J. L. Lanier, Jr., H. G. Pattillo, S. L. Probasco, Jr., R. W. Scherer, D. T. Senterfitt, J. M. Sibley, R. Strickland, J. W. Tucker, Jr., J. R. Wells, Jr., J. B. Williams, J. H. Williams. Transfer Agent & Registrar—Sun Bank, Orlando. Incorporated in Georgia in 1964. Empl—19,936.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard M. Levine, CFA

Super Valu Stores

YSE Symbol SVU Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

rice	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
ct. 31'89	1989					
5³/₄	30¹/₈-22⁵/₈	14	0.60	2.3%	A+	0.82

ummary

VU is the nation's largest food wholesaler, serving some 3,000 principally independent food stores in 2 states. Other operations include retail supermarkets and the ShopKo general merchandise chain. ew store openings by the company and independent retailers and increased sales from ShopKo stores ould boost earnings in fiscal 1989-90.

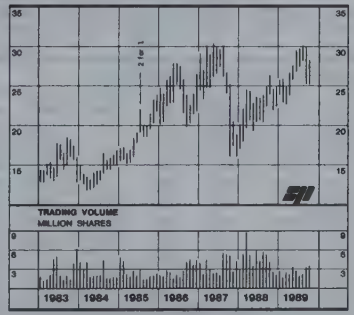
urrent Outlook

hare earnings for the fiscal year ending February 5, 1990 could approximate $1.95, up from the 1.81 of fiscal 1988-9. Earnings for fiscal 1990-91 ould reach $2.30 a share.

he quarterly dividend was raised 20%, to $0.15 om $0.12½, with the September, 1989 payment.

ales in fiscal 1989-90 should reflect the steady xpansion of store space by company-operated tailers and independents. Wholesaling margins and to benefit from operational efficiencies.

verall profitability should reflect increasing contri- utions from Shopko. Over the longer term, the ex- ansion into hypermarket formats should benefit arnings growth.



et Sales (Billion $)

Period:	1989-90	1988-9	1987-8	1986-7
3 Wks. Jun.	3.27	2.99	2.78	2.63
2 Wks. Sep. ...	2.55	2.34	2.11	2.03
2 Wks. Dec. ...	---	2.47	2.25	2.13
2 Wks. Feb. ...	---	2.51	2.24	2.27
	---	10.30	9.37	9.07

ales for the 28 weeks ended September 9, 1989 se 9.4%, year to year. Margins narrowed, eflecting a new everyday low price strategy at the ompany's ShopKo general merchandise division; retax income increased 5.1%. After taxes at 0.0%, versus 39.9%, net income rose 5.0%, to 0.89 a share from $0.85.

ommon Share Earnings ($)

Period:	1989-90	1988-9	1987-8	1986-7
3 Wks. Jun.	0.55	0.52	0.46	0.40
2 Wks. Sep. ...	0.34	0.33	0.25	0.18
2 Wks. Dec. ...	E0.49	0.46	0.36	0.25
2 Wks. Feb. ...	E0.57	0.50	0.42	0.38
	E1.95	1.81	1.50	1.20

Important Developments

Sep. '89— SVU said that retail support operations were satisfactory in the second quarter of fiscal 1989-90. The company's overall margins, however, were not up to expectations, reflecting an aggressive everday low pricing policy introduced this summer at the company's ShopKo general merchandise division. ShopKo added four new stores in the second quarter, bringing its total to 91; seven additional stores are slated to open in the third quarter. Construction of the company's second hypermarket is on schedule; opening is planned for early spring in Euclid, Ohio. The company opened Twin Valu, a 180,000 sq. ft. hypermarket in Cleveland, last February. SVU opened two Cub Foods stores during the second quarter, bringing the total to 74; six additional stores are scheduled to open this fiscal year.

Next earnings report expected in early January.

er Share Data ($)

Yr. End Feb. 28	1989	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980
angible Bk. Val.	10.39	9.07	8.00	7.20	6.34	5.21	4.38	3.72	3.06	2.54
arnings[2]	1.81	1.50	1.20	1.23	1.13	1.04	0.93	0.89	0.77	0.63
ividends	0.48½	0.43½	0.41	0.37	0.33	0.29½	0.27	0.23	0.19¼	0.15⅞
ayout Ratio	27%	29%	34%	30%	29%	28%	29%	26%	25%	25%
alendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
rices—High	26⅜	30⅜	27⅞	23⅞	16⅞	18½	14⅛	10⅛	9	6
Low	17	16	19¾	15⅛	11⅞	12⅞	7⅛	7⅛	4½	3⅞
/E Ratio—	15-9	20-11	23-16	19-12	15-10	18-12	15-8	11-8	12-6	10-6

ta as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1985, 100% Aug. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of 0.33 in 1985

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Income Data (Million $)

Year Ended Feb. 28	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	10,296	393	3.8	221	118	72.9	224	39.7%	135	1.3
1988	9,372	351	3.7	214	110	63.0	198	43.6%	112	1.2
[3]1987	9,066	317	3.5	273	92	54.0	185	53.8%	89	1.0
[3]1986	7,905	284	3.6	184	78	40.0	167	45.4%	91	1.2
[4]1985	6,548	231	3.5	186	60	28.3	156	46.8%	83	1.3
1984	5,923	206	3.5	118	52	22.6	142	46.1%	77	1.3
1983	5,197	178	3.4	105	45	19.7	126	46.0%	68	1.3
1982	4,622	169	3.6	69	38	10.6	121	46.5%	65	1.4
1981	4,204	147	3.5	75	35	12.1	101	45.1%	56	1.3
[3]1980	3,475	120	3.4	72	28	8.6	84	46.0%	45	1.3

Balance Sheet Data (Million $)

Feb. 28	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	2.2	1,045	906	1.2	2,305	6.3%	571	778	1,395	40.9	18.6%
1988	2.2	932	757	1.2	2,016	5.9%	545	677	1,257	43.3	17.5%
1987	3.4	855	742	1.2	1,798	5.3%	429	596	1,052	40.1	15.8%
1986	1.0	764	564	1.4	1,555	6.7%	429	535	991	43.3	18.2%
1985	0.9	531	466	1.1	1,174	7.6%	230	469	707	32.5	19.5%
1984	0.8	502	451	1.1	1,018	8.2%	177	385	566	31.2	21.5%
1983	0.8	387	360	1.1	858	8.8%	169	328	497	34.0	22.4%
1982	0.7	346	296	1.2	685	10.1%	111	277	388	28.6	25.4%
1981	0.7	302	247	1.2	593	9.8%	114	232	346	33.0	26.4%
1980	42.5	297	231	1.3	534	9.3%	113	189	301	37.5	26.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of discontinued opers. in 1985. 3. Reflects merger or acquisition. 4. Excludes discontinued operations.

Business Summary

Super Valu is the nation's largest food wholesaler, serving over 3,000 independent stores in 32 states, primarily in the central U.S. At fiscal 1988-9 year-end the company was operating 68 supermarkets and 87 ShopKo general merchandise department stores. Contributions by business segment in 1988-9 (operating profits in million $):

	Sales	Oper. Earns.
Wholesale foods	76%	$217.8
Retail foods	13%	-$3.4
ShopKo	11%	$76.4

Wholesale operations include sales to independently owned and operated food stores, sales to food stores owned by the company and several allied service operations.

Retail food supermarkets and superstores operate primarily under the names Hornbacher's, Great Scot, Sunflower, County Market and Cub Foods. During 1986 the company acquired Food Giant, a retail chain in Atlanta, Ga. SVU currently has 42 franchised Cub discount warehouse stores.

ShopKo units sell assorted general merchandise in mid-size cities in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Idaho, Montana and Nebraska.

Risk Planners, Inc., a subsidiary, provides comprehensive insurance programs to the company's affiliated retailers.

Dividend Data

Dividends have been paid since 1936. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12½	Dec. 14	Feb. 23	Mar. 1	Mar. 15'89
0.12½	Apr. 12	May 25	Jun. 1	Jun. 15'89
0.01 *	Apr. 18	May 25	Jun. 1	Jun. 15'89
0.15	Jun. 29	Aug. 28	Sep. 1	Sep. 15'89
0.15	Oct. 11	Nov. 27	Dec. 1	Dec. 15'89

*Represents redemption of Stk. Purchase Right.
Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $569,003,000, incl. $176.5 million capital lease obligations.

Common Stock: 74,956,627 shs. ($1 par).
Institutions hold some 62%.
Shareholders of record: 9,603.

Office—11840 Valley View Rd., Eden Prairie, Minn. 55344. P.O. Box 990, Minneapolis, Minn. 55440 **Tel**—(612) 828-4000 **Chrmn & Pres**—M. W. Wright **Secy**—J. A. Strom. **Treas**—D. A. Cairns. **Investor Contacts**—J. B. Ferris, M. Mulligan. **Dirs**—S. I. D'Agostino, W. E. C. Dearden, E. C. Gage, S. H. Goldman, V. H. Heath, G. L. Keith, Jr., R. D. McCormick, C. J. McNutt, J. E. Morrissey, H. Perlmutter, A. R. Weber, M. W. Wright. **Transfer Agent & Registrar**—Norwest Bank Minneapolis, N.A. **Incorporated** in Delaware in 1925. **Empl**—39,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

Syntex Corp.

2178M

NYSE Symbol SYN Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
45⅜	54½-36½	17	1.50	3.3%	A	1.40

Summary

This West Coast-based manufacturer of prescription pharmaceuticals and diagnostic products derives over half of its sales and earnings from its Naprosyn and Anaprox antiarthritic drugs, which have recently been impacted by maturation of their overall market and new competition. Longer-range prospects hinge importantly upon the success of new drug products spawned from SYN's ambitious R & D program.

Current Outlook

Earnings for the fiscal year ending July 31, 1990 are projected at about $3.00 a share, up from the $2.67 reported for fiscal 1989.

Dividends should continue at $0.37½ quarterly.

Sales for fiscal 1990 should show further progress, aided by contributions from new products, line extensions to the Naprosyn line, and gains in diagnostic sales. These factors should more than offset maturation of the overall antiarthritic drug market and greater competition from Voltaren and Ansaid antiarthritics. Profitability should benefit from cost economies, and share profits will be helped by fewer average shares outstanding.

Net Sales (Million $)

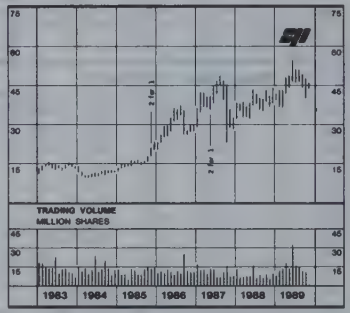
Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	---	350	306	263
Jan.	---	331	310	291
Apr.	---	348	324	287
Jul.	---	321	331	289
		1,349	1,272	1,129

Sales for the fiscal year ended July 31, 1989 (preliminary) rose 6.1%, year to year. Profitability was hurt by lower Naprosyn sales in the fourth quarter, and pretax income fell 1.2%. After taxes at 10.0%, against 13.0%, net income was up 2.2%. Share profits were $2.67, versus $2.51.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Oct.	E0.73	0.81	0.64	0.51
Jan.	E0.75	0.73	0.68	0.56
Apr.	E0.80	0.67	0.62	0.53
Jul.	E0.72	0.46	0.57	0.47
	E3.00	2.67	2.51	2.07

Next earnings report expected in late November.



Important Developments

Jul. '89— Naproxyn/naproxen sodium sales fell 7.2% in the fourth quarter fiscal 1989, reflecting added competition and a slowing market in the U.S. and generic competition and unfavorable exchange rates in certain foreign markets.

Jun. '89— The FDA approved SYN's Cytovene drug for the treatment of cytomegalovirus retinitis in AIDS patients. Also in June, the company submitted a New Drug Application for approval to market ticlopidine hydrochloride for use in preventing strokes in stroke-prone patients. Other SYN drugs now under review by the FDA include Synarel, a new treatment for endometriosis, and Toradol, a potent, non-narcotic analgesic. In March, SYN began marketing Cardene, a calcium-channel blocker drug for hypertension and chronic stable angina.

Per Share Data ($)

Yr. End Jul. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	6.38	5.11	5.71	5.18	4.40	4.22	3.93	3.20	2.64
Earnings[1]	2.67	2.51	2.07	1.61	1.17	1.02	1.08	0.97	0.70	0.54
Dividends	1.35	1.07½	0.85	0.57	0.44	0.37½	0.32½	0.25	0.17¼	0.15
Payout Ratio	51%	43%	41%	36%	38%	37%	30%	26%	24%	28%
Prices[2]—High	54½	44⅛	48¾	37½	23½	14⅛	15¾	15⅜	9⅜	9⅛
Low	36½	32⅛	23	20⅜	11⅞	9½	11⅛	7¼	6⅛	3⅞
P/E Ratio—	20-14	18-13	24-11	23-13	20-10	14-9	15-10	16-7	13-9	18-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987, 100% Dec. 1986, 100% Mar. 1982. 1. Bef. results of disc. opers. of -0.07 in 1986. 2. Cal yr. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Jul. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	1,272	381	30.0	112	44.1	29.1	341	13.0%	297	23.3
1987	1,129	338	29.9	84	42.1	21.4	291	14.5%	249	22.0
[3]1986	980	275	28.0	57	44.7	27.2	243	14.5%	208	21.2
1985	949	217	22.9	55	46.8	33.0	177	15.2%	150	15.8
1984	916	204	22.3	82	42.8	33.6	159	15.5%	135	14.7
1983	870	212	24.3	86	34.1	[4]26.7	180	17.3%	[5]149	17.2
1982	813	183	22.5	72	25.7	30.7	165	18.8%	134	16.5
1981	711	148	20.9	75	26.7	31.2	123	20.0%	99	13.9
1980	580	112	19.2	54	24.5	[6]21.7	91	17.0%	75	12.9
1979	471	94	20.0	41	16.5	13.8	77	17.0%	64	13.5

Balance Sheet Data (Million $)

Jul. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	490	855	558	1.5	1,444	22.9%	132	754	886	14.9	43.7%
1987	284	619	410	1.5	1,145	21.5%	130	604	734	17.6	38.6%
1986	464	769	381	2.0	1,256	16.9%	139	731	875	15.9	29.2%
1985	470	804	343	2.3	1,226	12.9%	178	698	883	20.2	22.9%
1984	335	661	310	2.1	1,093	13.2%	172	602	783	21.9	22.6%
1983	275	595	269	2.2	1,005	16.2%	114	612	735	15.5	25.0%
1982	166	480	220	2.2	859	16.4%	38	590	640	6.0	24.6%
1981	154	429	188	2.3	771	13.2%	82	488	583	14.1	21.7%
1980	179	423	175	2.4	708	11.6%	108	404	533	20.2	20.0%
1979	117	320	138	2.3	580	12.1%	73	345	442	16.4	19.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1986. 3. Excludes discontinued operations. 4. Net of interest income. 5. Reflects acctg. change.

Business Summary

Contributions by business segment in fiscal 1989 were as follows:

	Sales	Profits
Pharmaceuticals	89%	93%
Diagnostics	11%	7%

Operations outside of the U.S. and Puerto Rico accounted for about 34% of sales and 63% of operating profits in fiscal 1989.

The single most important Syntex drugs are Naprosyn (naproxen) and Anaprox (naproxen sodium) nonsteroidal treatments for arthritis, other inflammations and pain. Sales of these products accounted for about 55% of total sales in fiscal 1989. Other products include steroids for the treatment of inflammatory skin diseases and related ailments (8%); oral contraceptives (8%); and animal health products (5%), which include Synanthic, an anthelmintic drug used to treat cattle, sheep and other animals for internal parasites; and Synovex cattle growth stimulants. Other pharmaceutical products include cardiovascular and gastrointestinal drugs, respiratory products, chemicals and antifungal products.

Diagnostic products (11% of fiscal 1989 sales) consist of the Emit series of therapeutic drug monitoring and toxicology systems used to measure and analyze the level of various drugs in humans; and the Microtrak line of monoclonal antibody tests for sexually transmissible diseases.

Dividend Data

The company has paid dividends since 1963.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.32½	Jan. 25	Feb. 13	Feb. 17	Mar. 13'89
0.37½	Apr. 27	May 9	May 15	Jun. 12'89
0.37½	Jul. 27	Aug. 15	Aug. 21	Sep. 18'89
0.37½	Oct. 26	Nov. 7	Nov. 13	Dec. 11'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $219,600,000.

Common Stock: 111,742,260 shs. ($1 par). Institutions hold approximately 44%. Shareholders of record: 18,200.

Offices—Edificio Bank of America, Calle 50, Panama, Republic of Panama, 3401 Hillview Ave., Palo Alto, Calif. 94304. **Tel**—(415) 855-5050 **Chrmn**—A. Bowers. **Pres & CEO**—P. E. Freeman. **Secy**—B. L. Rogers. **VP-Treas**—A. B. Stevenson. **Investor Contact**—Kathleen N. Gary **Dirs**—A. Bowers, M. Carton, J. Farmer, P. E. Freiman, J. H. Fried, H. M. Holtzmann, J. R. Krevans, D. G. Leavitt, C.A. Lynch, L. Marks, Jr., G. Rosenkranz, D. F. Senac, A. M. Solomon, R. D. Sparks, H. A. Wolf. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Panama in 1957 **Empl**—9,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B. Saftlas

Sysco Corp.

2179M

NYSE Symbol SYY Options on NYSE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 3'89	1989					
55½	56⅛-36⅝	23	[4]0.40	[4]0.7%	A+	1.05

Summary

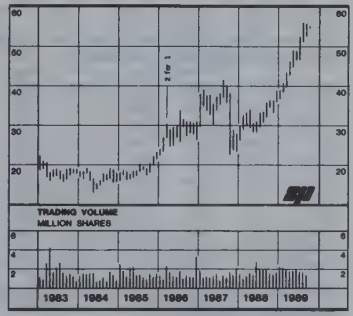
This company is the largest distributor of food and related products to restaurants, fast food chains, hotels, schools, hospitals and other foodservice customers. SYY acquired Staley Continental's foodservice business (annual revenues of $2.5 billion) in August, 1988. A long-term uptrend in sales and earnings, aided by acquisitions and increased market penetration, is expected to continue in fiscal 1990. A 2-for-1 stock split has been declared and the quarterly dividend has been increased 11%.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are expected to rise to $2.90 a share from the $2.39 of fiscal 1989, before giving effect to a 2-for-1 stock split payable October 27, 1989.

The quarterly dividend has been raised 11.1%, to the equivalent of $0.10 on the presplit shares from $0.09, with the November 11, 1989 payment.

Sales for fiscal 1990 are likely to rise 15%-20%, due to expansion in new and existing markets. Contributions from the CFS Continental acquisition should accelerate, as consolidation of plant and procurement efforts leads to a more efficient distribution network.



Total Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Sep.	---	1,558	1,044	878
Dec.	---	1,734	1,071	902
Mar.	---	1,718	1,045	896
Jun.	---	1,842	1,224	980
	---	6,851	4,385	3,656

Sales for the 52-week fiscal year ended July 1, 1989 (preliminary) rose 56% from the preceding year (53 weeks), due largely to the Staley acquisition. Operations benefited from marketing efficiencies and productivity gains but a steep rise in interest expense limited the gain in net income to 35%. Earnings increased to $2.39 a share from $1.79, excluding a $0.15 special credit in fiscal 1988.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Sep.	E0.72	0.58	0.34	0.37
Dec.	E0.75	0.61	0.48	0.35
Mar.	E0.63	0.50	0.31	0.29
Jun.	E0.80	0.70	0.57	0.37
	E2.90	2.39	1.79	1.40

Important Developments

Sep. '89— Directors declared a 2-for-1 stock split payable October 27, and raised the quarterly dividend 11.1%, to the equivalent of $0.10 (on the presplit shares) with the November 17 payment.

Sep. '89— SYY said that it expected to expand capital expenditures for fiscal 1990 some 25%, to an estimated $200 million, to upgrade facilities and for ongoing consolidation of the Staley Continental foodservice distribution business (acquired in August, 1988 for approximately $475 million). The company merged Staley Continental's Atlanta distribution facilities with its own in August, 1989 into a recently purchased complex, and expanded distribution centers in Miami and Orlando to accommodate consolidated operations.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Jun. 30	1989	[1]1988	[1]1987	[1]1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	NA	12.05	10.20	9.01	7.86	6.84	5.78	4.99	3.98	3.38
Earnings[2]	2.39	1.79	1.40	1.34	1.18	1.07	0.97	0.86	0.71	0.55
Dividends	0.34	0.30	0.26	0.21½	0.19	0.17	0.15	0.11	0.09½	0.07¼
Payout Ratio	14%	17%	19%	16%	16%	16%	16%	13%	13%	13%
Prices[3]—High	56⅛	38⅞	41½	33⅞	23¼	19¼	22⅜	20⅞	10⅝	6⅞
Low	36⅝	26	22½	22⅜	15⅞	12⅞	15⅝	9⅝	8¾	3⅝
P/E Ratio—	23-15	22-15	30-16	25-17	20-14	18-12	23-16	24-11	15-9	13-6

Data as orig. reptd. Adj. for stk. divs. of 100% Mar. 1986, 100% Jun. 1982, 50% Dec. 1980. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.15 in 1988. 3. Cal. yr. 4. Rate based on initial quarterly payment after 2-for-1 split E-Estimated. NA-Not Available.

October 12, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	4,385	189	4.3	[3]106.0	45.0	13.3	129	38.0%	80.2	1.8
[2]1987	3,656	160	4.3	75.3	36.5	10.3	122	49.5%	61.8	1.7
[2]1986	3,172	136	4.3	48.2	30.0	10.2	108	45.8%	[4]58.3	1.8
1985	2,628	115	4.4	43.6	24.7	9.4	94	46.5%	50.3	1.9
[2]1984	2,312	98	4.3	39.2	20.5	9.1	81	44.4%	45.1	2.0
1983	1,950	81	4.1	42.3	16.5	7.4	71	43.7%	40.1	2.1
[2]1982	1,700	67	3.9	62.3	13.2	5.5	62	45.0%	34.2	2.0
1981	1,376	55	4.0	25.7	10.8	4.4	50	46.1%	26.8	1.9
1980	1,193	45	3.8	19.8	9.4	4.2	38	46.0%	20.4	1.7
[2]1979	998	40	4.0	24.8	8.1	5.0	31	46.8%	16.2	1.6

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	35.6	667	356	1.9	1,021	8.5%	93	544	665	14.0	16.0%
1987	37.7	557	275	2.0	860	7.5%	99	458	586	16.8	14.4%
1986	74.0	514	253	2.0	781	7.9%	105	398	528	19.9	15.7%
1985	70.7	451	213	2.1	681	7.8%	109	339	468	23.2	15.9%
1984	46.0	375	189	2.0	600	8.0%	103	293	410	25.0	16.7%
1983	46.7	323	165	2.0	520	8.4%	104	242	356	29.2	17.8%
1982	50.6	305	155	2.0	436	8.6%	65	208	280	23.1	18.3%
1981	56.1	240	122	2.0	332	8.7%	52	154	211	24.8	18.8%
1980	39.2	198	100	2.0	276	8.0%	48	127	176	26.2	17.3%
1979	11.1	161	80	2.0	231	7.0%	41	108	151	27.2	16.5%

Data as orig. reptd. 1. Bef. spec. item(s) in 1988. 2. Reflects merger or acquisition. 3. Net of curr. yr. retirement and disposals. 4. Reflects accounting change.

Business Summary

Sysco Corp. distributes a wide range of food and related products to the foodservice or "away-from-home-eating" industry throughout the U.S. Consumer-sized frozen products are also distributed to the retail food industry in selected areas. Sales contributions in recent fiscal years:

	1989	1988	1987	1986
Traditional foodservice	87%	90%	89%	89%
Quick-service	8%	8%	3%	2%
Consumer-sized frozen	5%	7%	8%	9%

Foodservice products encompass a full line of frozen foods including meats; fully-prepared entrees; fruits, vegetables, and desserts; and a full line of canned and dry goods. In addition, a wide variety of nonfood items are distributed including paper products (disposable napkins, plates and cups); tableware (china and silverware); restaurant and kitchen equipment and supplies; and cleaning supplies. Products include both nationally-branded merchandise and items packed under Sysco's private label. Based on company estimates, food-service sales by customer in fiscal 1988 were: restaurants 56%; hospitals and nursing homes 13%; schools and colleges 11%, hotels and motels 7%; and all other 13%.

Quick-service sales consist of widely varied food products sold to restaurant chains chains.

Consumer-sized frozen products include vegetables, meats, beverages, bakery products, fruits and prepared dinners sold primarily in the New York and San Francisco metropolitan areas.

Dividend Data

Dividends have been paid since 1970. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.09	Nov. 11	Jan. 23	Jan. 27	Feb. 17'89
0.09	Feb. 8	Apr. 24	Apr. 28	May 12'89
0.09	May 10	Jul. 24	Jul. 28	Aug. 18'89
2-for-1	Sep. 13	Oct. 18	Sep. 29	Oct. 27'89
0.05	Sep. 13	Oct. 23	Oct. 27	Nov. 17'89

Next dividend meeting: mid-Nov. '89.

Capitalization

Long Term Debt: $620,150,000.

Common Stock: 45,693,929 shs. ($1 par).
Some 8% owned by officers and directors.
Institutions hold about 55%.
Shareholders of record: 7,171.

Office—1390 Enclave Parkway, Houston, Texas 77077-2027. **Tel**—(713) 584-11390. **Chrmn & CEO**—J. F. Woodhouse. **Pres**—B. M. Lindig. **Exec VP & Investor Contact**—E. J. Lowrey. **Secy-Treas**—La Dee G. Riker. **Dirs**—J. F. Baugh (Chmn), J. W. Anderson, C. G. Campbell, C. H. Cotros, F. A. Godchaux III, J. Golden, H. Irving, P. F. Kalat, D. J. Keller, B. M. Lindig, E. J. Lowery, R. G. Merrill, D. H. Pegler, Jr., J. A. Schlindwein, T. B. Walker Jr., J. F. Woodhouse. **Transfer Agent & Registrar**—First City National Bank of Houston. **Incorporated** in Delaware in 1969. **Empl**—17,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Collin

TDK Corp.

NYSE Symbol TDK

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
39⅛	46¼-30¼	27	¹0.209	¹0.5%	NR	0.46

Summary

This Japanese company manufactures electronic materials and components, magnetic recording tapes, and other recording media. In recent years electronic materials and components have accounted for an increasing percentage of total sales. In May, 1989 TDK acquired Silicon Systems for about $210 million. The American Depositary Shares (ADS) were split 2-for-1 in July, 1989 and now represent one TDK common share per ADS. TDK has changed its fiscal year-end to March 31 from November 30.

Business Summary

TDK Corp. (formerly TDK Electronics Co., Ltd) produces electronic materials and components, magnetic recording tapes and other recording media. Sales contributions by business segment in recent fiscal years (ended November 30):

	1988	1987	1986
Electronic materials & components	64%	60%	57%
Magnetic recording media	36%	40%	43%

Electronic materials and components includes ferrite cores and magnets, coil and assembled components, ceramic components, and other items.

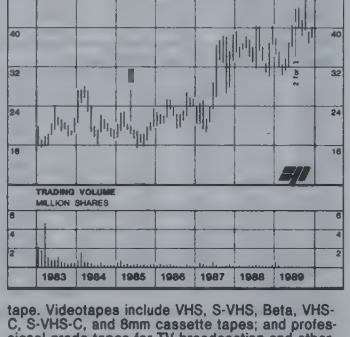
Ferrite cores are used in home entertainment products, communications equipment, and measuring devices. Ferrite magnets are found in consumer and industrial electrical products, such as speakers, motors, auto components, and machine tools. Rare earth cobalt magnets are used in electronic watches and audio components.

Coil and assembled components include coils and transformers (used in many consumer and industrial electronic products), filters (used in electronic products for suppressing noise), and switching power supplies (used in computer peripherals and measuring instruments).

Ceramic components include ceramic capacitors; ceramic filters, resonators, and other piezoelectric transducers; thermistors; varistors; and multilayer hybrid circuits.

Other operations include Avimount and Avisert machinery for precision mounting and inserting of printed circuit board components.

The magnetic recording media segment includes audio tapes, video tapes, and floppy disks. Audio tapes includes the normal, high, and metal tapes; digital audio tape (DAT) cassettes; and reel-to-reel tape. Videotapes include VHS, S-VHS, Beta, VHS-C, S-VHS-C, and 8mm cassette tapes; and professional grade tapes for TV broadcasting and other commercial applications.



Floppy disks and other includes 8", 5 ¼", and 3½" floppy disks; computer tape cartridges; parabolic antennas for reception of satellite broadcasts; and head cleaners and demagnetizers.

Important Developments

Nov. '89— TDK projected that its nonconsolidated operations would register net sales of $2.75 billion for fiscal 1989-90 and net income of $153.6 million. TDK does not issue a projection for consolidated operations. TDK also said that during the six months ended September 30, 1989 it experienced continued healthy sales of components and improved sales of recording media. Efforts to cut costs were said to have been effective.

Next earnings report expected in late February.

Per ADS Data ($)

Yr. End Mar. 31²	³1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	17.98	19.11	16.54	12.95	10.03	7.45	6.85	5.63	5.26	4.28
Earnings	0.38	1.45	1.13	0.79	1.25	1.09	0.96	0.98	1.10	0.88
Dividends	Nil	0.26	0.25⅛	0.22	0.16⅝	0.12⅜	0.12⅜	0.11	0.09	0.07⅛
Payout Ratio	Nil	18%	22%	28%	13%	13%	13%	11%	8%	9%
Calendar Years	1988	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	40½	40½	38⅝	26⅞	23⅝	28¼	24⅛	21	22¼	14⅝
Low	30	30	18⅝	19⅜	15½	16⅛	15½	11¼	12⅜	6¼
P/E Ratio—	NM	28-21	34-16	34-25	18-12	26-15	25-16	21-11	20-12	17-7

Data as orig. reptd. in US $; adj. for stk. div(s). of 100% July 1989, 10% May 1985, 400% Mar. 1981. 1. Decl. in past 12 mos.(approx.; adj.); net aft 15% Japanese withholding tax. 2. Years ended Nov. 30 prior to 1989 3. Four mos. NM-Not Meaningful

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Income Data (Million $)

Year Ended Mar. 31¹	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	²Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
³1989	1,045	189	18.1	115	71	16.3	121	60.4%	48	4.6
1988	3,429	680	19.8	263	238	41.9	417	55.9%	183	5.3
1987	2,994	553	18.5	229	208	31.3	315	56.4%	136	4.5
1986	2,367	411	17.3	242	170	18.0	222	57.0%	95	4.0
1985	2,124	510	24.0	200	137	18.3	351	57.0%	150	7.1
1984	1,692	409	24.2	182	102	14.0	301	56.1%	131	7.7
1983	1,488	364	24.5	131	97	12.0	254	54.1%	115	7.8
1982	1,208	322	26.6	191	67	9.7	250	53.5%	116	9.6
1981	1,250	345	27.6	148	61	10.8	283	54.7%	127	10.2
1980	994	260	26.2	127	40	8.6	215	54.0%	98	9.9

Balance Sheet Data (Million $)

Mar. 31¹	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	920	2,472	1,026	2.4	3,789	NA	456	2,166	2,628	17.3	NA
1988	991	2,632	1,126	2.3	4,074	4.8%	491	2,302	2,800	17.5	8.5%
1987	919	2,264	919	2.5	3,499	4.5%	453	1,992	2,451	18.5	7.7%
1986	436	1,492	642	2.3	2,493	4.3%	191	1,558	1,753	10.9	6.8%
1985	265	1,149	563	2.0	1,909	8.8%	59	1,207	1,271	4.7	14.3%
1984	194	931	539	1.7	1,510	9.0%	12	896	913	1.3	15.2%
1983	156	867	506	1.7	1,398	9.0%	6	824	834	0.7	15.4%
1982	140	692	420	1.6	1,162	10.0%	9	678	690	1.3	17.7%
1981	176	701	423	1.7	1,104	12.6%	15	609	628	2.4	23.1%
1980	155	600	367	1.6	913	12.3%	4	495	503	0.7	23.0%

Data as orig. reptd. in US $. 1. Years ended Nov. 30 prior to 1989. 2. Incl. equity in earns. of nonconsol. subs. 3. Four mos. NA-Not Available.

Net Sales¹ (Million $)

Period:	1989-90	1987-8	1986-7	1985-6
3 Mos. Jun.	779	766	609	502
6 Mos. Sep.	1,642	1,620	1,334	1,081
9 Mos. Dec.		2,258	2,015	1,785
12 Mos. Mar.		3,429	2,994	2,367

Net sales for the six months ended September 30, 1989 (the first half of the new fiscal year) amounted to 229.9 billion yen. (Corresponding prior-year figures were not available because of the fiscal year change.) Expenses absorbed 88.0% of net sales, and operating profit was 27.7 billion yen. Following other deductions, earnings before taxes were 24.9 billion yen. After taxes at 53.1% and minimal minority interest deduction, net income equaled 11.6 billion yen. Earnings per ADS amounted to $0.66, translated at the rate of Y140=U.S.$1.

Earnings per ADS¹ ($)

Period:	1989-90	1987-8	1986-7	1985-6
3 Mos. Jun.	0.33	0.33	0.26	0.20
6 Mos. Sep.	0.66	0.68	0.58	0.39
9 Mos. Dec.		0.94	0.83	0.65
12 Mos. Mar.		1.45	1.13	0.79

1. Prior to 1989-90, periods: 3 mos. Feb.; 6 mos. May; 9 mos. Aug.; 12 mos. Nov.

Finances

In May, 1989 TDK acquired Silicon Systems, Inc., a California-based manufacturer of application specific integrated circuits with annual revenues of $121 million, for about $210 million. In March, 1989 TDK established TDK (Malaysia) Sdn. Bhd. near Kuala Lumpur to produce discrete chip capacitors to be sold to Japanese companies.

Dividend Data

Semiannual dividends have been paid since 1961. ADS payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
¹0.1699	---	Apr. 19	Apr. 25	Jul. 18'89
2-for-1	Jul. 10	Jul. 24	Jul. 17	Jul. 21'89
¹0.1237	---	Sep. 22	Sep. 28	Dec. 28'89

¹Net aft. 15% Japanese tax.

Capitalization

Long Term Debt: $606,693,000, incl. $227.3 million of debs. conv. into 6.5 million com. shs.

Minority Interest: $7,314,000.

Common Stock: 123,192,657 shs. (yen 50 par). Each American Depository Share (ADS) represents 1 common share.

Shareholders: 11,786.

Office—1-13-1, Nihonbashi, Chuo ku, Tokyo 103 Japan **New York Office**—12 Harbor Park Drive, Port Washington, N.Y. 11050 **U.S. Investor Contact**—Aoshima **Tel**—(516) 625-0100 **Chrmn**—Y. Otoshi **Pres**—H. Sato **Dirs**—S. Iwaya, T. Masaki, M. Takeuchi, S. Yamamoto, S. Matsuura, R. Kato, T. Kamata, M. Kurihara. **Depositary For ADRs**—Morgan Guaranty Trust Co., NYC. **Incorporated** in Japan in 1935 **Empl**—13,538

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N.J. DeV.

TJX Companies

2185G

NYSE Symbol TJX Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
17¼	30⅛-16¼	15	0.40	2.3%	A-	1.50

Summary

TJX is a leading national retailer which operates an off-price apparel specialty business through its T.J. Maxx and Hit or Miss chains and its Chadwick's of Boston mail order catalog. In June, 1989 Zayre Corp. acquired the minority interest in its 83%-owned TJX Companies as part of a major restructuring, and changed its name to TJX Companies.

Current Outlook

Share earnings for the fiscal year ending January 31, 1990 are estimated at $1.40, versus 1988-9's $0.98, which excludes a $3.95 loss related to discontinued operations. Earnings should approximate $1.50 a share in fiscal 1990-1.

Dividends should remain at $0.10 quarterly.

Sales of off-price specialty stores should continue to increase about 15% in fiscal 1989-90, boosted by new store openings. Gross margins could widen slightly on the higher volume; expense ratios should improve, reflecting lower corporate overhead. Interest expense will be higher.

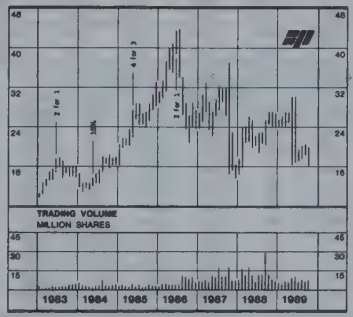
Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	466	397	1,296	1,045
Jul.	500	435	1,403	1,213
Oct.	---	522	1,602	1,316
Jan.	---	567	1,886	1,777
	---	1,921	6,186	5,351

Sales from continuing operations for the 26 weeks ended July 29, 1989 rose 16%, year to year. Gross margins narrowed and expense ratios improved. Following interest and dividend income of $14.6 million from an investment in Ames Department Stores, Inc., pretax income increased 15%. After taxes at 38.4% versus 39.9%, and minority interest, net income rose 50%, to $0.54 a share (before an $0.11 gain from discontinued operations) from $0.38 (before a $0.69 loss from discontinued operations).

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Apr.	0.34	0.22	0.36	0.28
Jul.	0.20	0.16	1.29	0.15
Oct.	E0.45	0.41	0.39	0.38
Jan.	E0.41	0.18	0.03	0.73
	E1.40	0.98	2.10	1.55



Important Developments

Sep. '89— Management said that during the second quarter of fiscal 1989-90, sales rose 15%. T. J. Maxx achieved operating profit growth in the second quarter, but experienced continued softness in sales of moderate sportswear; sales of better and junior sportswear rose. Domestics and fashion shoe departments had exceptional performances. A substantial rise in profitability at Hit or Miss reflected strong comparable sales growth; average annualized new store sales rose 25% during the first half of fiscal 1989-90. Performance at Chadwick's of Boston fell somewhat below expectations but did not have a material impact on the company's profitability. During the second quarter of fiscal 1989-90, TJX opened eight T. J. Maxx stores and 12 Hit or Miss stores.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.67	13.03	11.15	10.23	11.71	7.42	5.89	5.01	4.62	4.24
Earnings[2]	0.98	2.10	1.55	1.62	1.50	1.20	0.81	0.58	0.49	0.47
Dividends	0.40	0.38	0.30	0.21⅞	0.13½	0.09½	0.06⅝	0.05½	0.03½	Nil
Payout Ratio	41%	17%	19%	13%	9%	8%	8%	9%	7%	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	27⅛	37	43⅞	33⅛	18½	17⅞	12⅛	4½	3⅜	2⅛
Low	14¼	13½	20¾	16⅜	10⅞	9⅜	3⅜	2⅞	1½	1½
P/E Ratio—	28-15	18-6	28-13	20-10	12-7	15-8	15-4	8-5	7-3	4-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1986, 33½% May 1985, 10% May 1984, 100% Jun. 1983, 20% Jun. 1982. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -3.95 in 1989, bef. spec. item(s) of +0.34 in 1988, -0.06 in 1986. E-Estimated.

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2185G

Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	1,921	163	8.5	75	35.7	9.0	116	39.9%	55	2.9
1988	6,186	201	3.3	189	84.4	45.0	225	41.8%	123	2.0
1987	5,351	275	5.1	199	68.6	44.6	172	46.4%	92	1.7
[3]1986	4,036	262	6.5	174	52.3	30.8	[4]177	46.4%	95	2.3
1985	3,123	216	6.9	104	40.1	25.7	[4]151	46.7%	80	2.6
1984	2,614	175	6.7	77	33.8	27.3	[4]114	46.0%	61	2.4
1983	2,140	125	5.8	73	28.4	33.2	[4]64	44.9%	35	1.6
1982	1,797	94	5.2	56	24.3	32.6	[4]38	41.1%	22	1.2
1981	1,594	80	5.0	49	21.9	28.4	[4]30	39.7%	18	1.1
1980	1,550	76	4.9	48	19.8	25.7	[4]30	43.1%	17	1.1

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	123	935	453	2.1	1,462	3.0%	312	543	1,009	30.9	8.6%
1988	61	1,390	757	1.8	2,178	6.1%	473	731	1,421	33.3	18.0%
1987	35	1,188	652	1.8	1,879	5.4%	483	652	1,227	39.4	14.8%
1986	74	999	594	1.7	1,582	6.7%	314	606	988	31.8	16.8%
1985	70	698	381	1.8	1,109	8.0%	218	468	728	29.9	18.6%
1984	41	564	299	1.9	908	7.2%	193	395	609	31.8	17.3%
1983	49	449	194	2.3	748	4.5%	248	295	554	44.9	12.8%
1982	22	399	192	2.1	643	3.6%	245	196	451	54.3	11.7%
1981	37	348	145	2.4	561	3.3%	232	174	416	55.9	10.7%
1980	38	324	138	2.3	522	3.4%	222	156	384	57.8	11.4%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1989 and spec. item(s) in 1988, 1986. 2. Excl. disc. opers. 3. Reflects merger or acquisition. 4. Incl. equity in earns. of nonconsol. subs.

Business Summary

TJX Companies is comprised of T.J. Maxx, Hit or Miss and Chadwick's of Boston. In June, 1989 the company changed its name to The TJX Companies, Inc. from Zayre Corp. following the completion of a major restructuring which included the acquisition by Zayre of the minority interest in its 83%-owned TJX Companies unit. The restructuring consisted of the spin-off of the warehouse division and a payment of a $3.50 special dividend to shareholders.

The T.J. Maxx chain operated 308 stores in 39 states at year-end fiscal 1988-9. T.J.Maxx sells a broad range of brand name women's, men's, children's apparel, related accessories, women's shoes, domestics and giftware at prices generally 20% to 60% below department and specialty store prices. Units average approximately 25,000 sq. ft. Stores are located in suburban strip shopping centers.

The Hit or Miss off-price women's apparel chain operated 506 stores in 33 states at fiscal 1988-9 year-end. The stores average about 4,000 sq. ft. The largest portion of the merchandise sold is nationally advertised brand name merchandise at prices below original wholesale prices. Hit or Miss also sells private label merchandise.

Chadwick's of Boston, an off-price mail order company. During fiscal 1988-9, Chadwicks's mailed nine primary catalogs and one focus catalog, featuring some of the best selling items from the primary catalogs. During fiscal 1989-90, the company planned to increase catalog mailings by 25% from the preceding year to 49 million.

In October, 1988 the company (then called Zayre Corp.) completed the sale of the 388-unit Zayre discount department store division to Ames Department Stores for $438.3 million in cash, a $200 million note and convertible preferred stock of Ames valued at $140 million.

Dividend Data

Dividends were initiated in 1980.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Dec. 1	Feb. 3	Feb. 9	Mar. 2'89
0.10	Apr. 6	Apr. 25	May 1	Jun. 1'89
3.50 Spl.	May 10	Jun. 15	Jun. 1	Jun. 14'89
Stk.*	May 10	Jun. 15	Jun. 1	Jun. 14'89
0.10	Jun. 20	Aug. 4	Aug. 10	Aug. 31'89
0.10	Oct. 12	Nov. 3	Nov. 9	Nov. 30'89

*0.5 sh. of Waban Inc.

Capitalization

Long Term Debt: $299,100,000.

Common Stock: 69,823,741 shs. ($1 par).
The Feldberg family owns about 11%.
Institutions hold approximately 69%.
Shareholders of record: 7,900.

Office—770 Cochituate Rd., Framingham, Mass. 01701 **Tel**—(508) 390-1000 **Chrmn**—S L Feldberg **Pres & CEO**—B Cammarata **VP-Secy**—J. H. Meltzer. **VP-Fin & Treas**—S. Wishner. **Dirs**—B. Cammarata, S.H. Feldberg, S. L. Feldberg, J. W. Hennessey, Jr., R. Korda, A. L. Loewy, M. Segall, R. F. Shapiro, C. J. Simons, B. S. Stern. **Transfer Agent & Registrar**—State Street Bank2st & Trust Co., Boston **Incorporated** in Delaware in 1962 **Empl**—26,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Sack

TRW Inc.

2186K

NYSE Symbol TRW Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
49½	49⅞-41¼	12	1.72	3.5%	A	1.14

Summary

TRW provides high technology products and services to the space and defense, automotive and information systems markets. In 1989 TRW expanded its information services operations with the addition of Chilton Corp. and acquired Talley Industries' inflatable passive restraint business. Favorable earnings comparisons are expected in 1990 on strong growth in sales of inflatable passive restraints.

Current Outlook

Earnings for 1990 may rise to $4.25 a share from the $4.00 estimated for 1989.

The quarterly dividend should continue at $0.43.

Automotive sales should improve considerably in 1990, as demand for inflatable passive restraint systems and valves continues to grow. Profits at the automotive segment should rise, as production volumes increase and unit production costs decline. Although sales of the space and defense operations are not expected to rise substantially, moderate earnings gains are expected. Results at information systems should decline, reflecting costs related to the integration of Chilton. Earnings gains will be limited by higher interest expense and taxes.

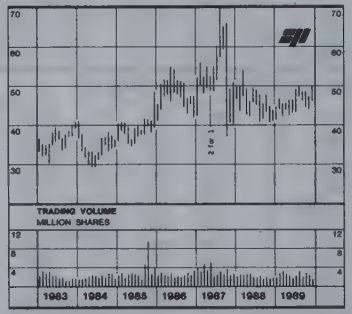
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,785	1,799	1,687	1,488
Jun.	1,844	1,817	1,693	1,565
Sep.	1,792	1,654	1,701	1,433
Dec.	---	1,712	1,740	1,550
	---	6,982	6,821	6,036

Sales for the nine months ended September 30, 1989 rose 2.9%, year to year, reflecting gains in automotive and information systems. Despite higher profits from information systems and space and defense, and $16 million of income from reversal of part of 1988's $43 million product recall charge, net income declined 2.9%, to $3.27 a share from $3.38.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.13	1.09	0.83	1.04
Jun.	1.14	1.17	1.04	1.18
Sep.	1.00	1.12	1.04	0.67
Dec.	E0.73	0.91	1.10	0.75
	E4.00	4.29	4.01	3.63



Important Developments

Oct. '89— In the third quarter of 1989 TRW recognized income of $16 million ($0.11 a share after taxes) from reversal of part of 1988's $43 million charge for recall of heavy-duty truck steering gears.

Apr. '89— TRW acquired Talley Industries' inflatable passive restraint business for $85 million in cash, $12.8 million for intercompany indebtedness, and royalties to be paid over 12 years.

Mar. '89— TRW acquired Chilton Corp. for $360 million. Chilton operates consumer credit reporting, accounts receivable management, and related businesses.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	20.71	17.97	14.82	13.44	20.74	18.64	17.65	17.07	15.29	12.59
Earnings[2]	4.29	4.01	3.63	1.90	3.57	2.77	2.75	3.30	3.20	3.04
Dividends	1.63	1.60	1.52½	1.50	1.42½	1.32½	1.27½	1.17½	1.07½	0.97½
Payout Ratio	38%	40%	42%	66%	40%	48%	47%	35%	34%	32%
Prices—High	54	70	55	48½	41	41	37	32⅞	30¾	20⅞
Low	40⅝	37	41⅛	34½	29¼	30⅜	22⅞	24½	17⅜	16⅝
P/E Ratio—	13-9	17-9	15-11	26-18	11-8	15-11	13-8	10-7	10-5	7-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1987. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -2.03 in 1985. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	6,982	831	11.9	417	349	136	420	37.9%	261	3.7
1987	6,821	817	12.0	452	306	131	415	41.4%	243	3.6
[3]1986	6,036	665	11.0	431	260	103	370	41.1%	[4]218	3.6
[5]1985	5,917	630	10.7	412	227	91	235	43.1%	134	2.3
[3]1984	6,062	697	11.5	426	215	73	459	41.8%	267	4.4
[3]1983	5,493	560	10.2	313	193	39	365	43.8%	205	3.7
[3]1982	5,132	497	9.7	304	169	64	340	42.3%	196	3.8
[3]1981	5,285	579	11.0	280	147	74	386	40.7%	[4]229	4.3
[3]1980	4,984	549	11.0	307	131	73	369	42.6%	212	4.3
1979	4,560	513	11.3	263	114	52	361	46.1%	195	4.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	127	2,105	1,396	1.5	4,442	5.9%	863	1,548	2,873	30.0	17.6%
1987	145	1,986	1,496	1.3	4,378	5.8%	870	1,397	2,762	31.5	18.6%
1986	85	1,749	1,352	1.3	3,909	5.7%	786	1,174	2,431	32.3	19.9%
1985	64	1,684	1,429	1.2	3,735	4.1%	698	986	2,229	31.3	11.2%
1984	81	1,694	1,086	1.6	3,481	7.8%	257	1,722	2,394	10.7	15.9%
1983	245	1,710	1,071	1.6	3,321	6.3%	256	1,573	2,250	11.4	13.1%
1982	105	1,606	889	1.8	3,125	6.1%	325	1,458	2,236	14.5	13.3%
1981	176	1,779	889	2.0	3,127	7.5%	350	1,322	2,238	15.6	17.5%
1980	41	1,605	822	2.0	2,855	7.5%	386	1,158	2,033	19.0	18.5%
1979	74	1,528	952	1.6	2,620	7.7%	430	928	1,668	25.8	20.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1985. 3. Reflects merger or acquisition. 4. Reflects accounting change. 5. Excl. disc. opers.

Business Summary

This diversified company is a leading supplier of space and defense systems, auto parts, and information systems. Segment contributions in 1988:

	Sales	Profits
Space & defense	46%	34%
Car & truck parts	44%	35%
Information systems	8%	4%
Other	2%	27%

Space & defense includes spacecraft; propulsion systems; electro-optical and instrument systems; spacecraft payloads; lasers; space and defense mission software and systems engineering support services; communications systems, avionics systems, and other electronic technologies for space and defense applications.

TRW designs, manufactures and sells four major automotive product lines for cars, trucks, buses, and off-highway vehicles: occupant restraint systems; steering and suspension systems; engine valves and valvetrain parts; and electrical and electronic products and controls. Parts are sold to the original and replacement markets.

Information systems includes consumer credit information, real estate information and services, electronic equipment maintenance, and information systems engineering. Other includes electronic components which are being divested.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available. A new "poison pill" preferred stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.43	Apr. 26	May 8	May 12	Jun. 15'89
0.43	Jul. 26	Aug. 7	Aug. 11	Sep. 15'89
0.43	Oct. 25	Nov. 8	Nov. 10	Dec. 15'89
0.43	Dec. 13	Feb. 5	Feb. 9	Mar. 15'90

Next dividend meeting: late Apr. '90.

Capitalization

Long Term Debt: $873,000,000.

Minority Interest: $18,000,000.

$4.40 Serial Pref. Stock II, Series 1: 125,459 shs. (no par); conv. into 4.4 com.

$4.50 Serial Pref. Stock II, Series 3: 252,105 shs. (no par); conv. into 3.724 com.

Common Stock: 60,552,096 shs. ($0.625 par). Institutions hold about 69%.
Shareholders of record: 38,163.

Office—1900 Richmond Rd., Cleveland, Ohio 44124 Tel—(216) 291-7000 Chrmn, Pres & CEO—J. T. Gorman VP-Secy—M. A. Coyle VP-Contr—E. J. Toth. Investor Contact—T. A. Myers. Dirs—R. W. Adam, C. T. Duncan, M. Feldstein, J. S. Foster, Jr., C. G. Garvin, Jr., W. H. K. George, J. T. Gorman, E. B. Jones, W. F. Kieschnick, W. S. Kiser, R. F. Mettler, J. S. Parker, P. R. Vagelos. Transfer Agents—Morgan Shareholder Services Trust Co., NYC, Company's office. Registrars—Morgan Shareholder Services Trust Co., NYC, National City Bank, Cleveland Incorporated in Ohio in 1916 Empl—73,211

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Joshua M. Hersh

Tambrands Inc.

NYSE Symbol TMB Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 10'89	1989					
64¾	76½-52⅝	19	2.16	3.3%	A	0.95

Summary

This company is the nation's leading producer of tampons, with its Tampax line accounting for about 60% of the domestic market. Tampon products are also sold abroad in some 135 countries. TMB also markets feminine protection external napkins under the Maxithins name. The company is considering the sale of its unprofitable lines of home diagnostic pregnancy and ovulation predictor test products and hypoallergenic cosmetics.

Current Outlook

Earnings for 1990 are projected at about $4.40 a share, up from 1989's estimated $3.40, which includes a onetime charge of $0.22.

Dividends were raised 5.9%, to $0.54 quarterly from $0.51, with the October, 1989 declaration.

Despite the probable sale of the diagnostics and hypoallergenic cosmetics businesses, sales should show further growth in 1990, aided by continued strong gains in the overseas tampon business and contributions from new tampon products. Margins should benefit from the better volume, the elimination of the unprofitable diagnostic and cosmetics operations and various other cost efficiencies.

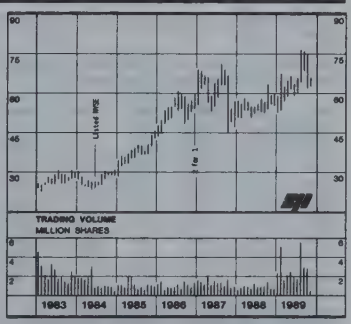
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	129.9	132.9	120.5	114.4
Jun.	166.1	149.9	142.9	127.5
Sep.	153.2	145.6	142.1	128.9
Dec.	---	134.9	133.4	115.7
	---	563.3	538.9	486.6

Sales for the nine months ended September 30, 1989 rose 4.9%, year to year. Profit comparisons, were hurt by losses in nonfeminine-protection lines and a net nonrecurring charge of $0.22 a share associated with the sale of a Spanish joint venture. Net income declined 14%, to $2.72 a share from $3.17.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.81	0.94	0.82	0.76
Jun.	1.17	1.10	0.99	0.88
Sep.	0.74	1.13	0.95	0.86
Dec.	E0.68	0.66	0.69	0.63
	E3.40	3.83	3.45	3.12



Important Developments

Sep. '89— The company said that it was considering the sale of its First Response home diagnostics and hypoallergenic cosmetics businesses. Operating losses from those units, which have aggregate annual sales of about $37 million, were indicated at about $0.36 a share for 1989. Earnings for the third quarter of 1989 included a charge of $0.22 a share associated with the sale of TMB's share of a joint venture in Spain. Tambrands now has full control of the Tampax tampon business in Spain and Portugal. New tampon products include the Tampax Compak tampon, an all-plastic compact applicator; a new douche product; and a deodorant flushable tampon, which was introduced in May, 1989. TMB projected that over the next five years, it expected to increase its share of the U.S. tampon market to 65% from the present 60%.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	12.79	11.06	10.55	9.02	8.67	7.79	7.43	7.19	6.60	6.58
Earnings[2]	3.83	3.45	3.12	2.81	2.56	2.30	1.92	1.87	1.61	1.85
Dividends	1.95	1.83	1.72½	1.62½	1.52½	1.42½	1.32½	1.30	1.27½	1.25
Payout Ratio	51%	53%	55%	58%	60%	62%	69%	70%	79%	68%
Prices—High	63¼	71⅛	60⅞	45⅞	30⅞	30⅞	26½	17⅞	18⅛	17½
Low	50½	44¾	43½	28⅜	23⅜	22½	15⅝	13⅞	12⅜	12⅞
P/E Ratio—	17-13	21-13	20-14	16-10	12-9	13-10	14-8	10-7	11-8	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Dec. 1986. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.20 in 1985, +0.11 in 1984. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	563	150	26.7	16.8	13.9	9.73	134	36.4%	85.3	15.1
1987	539	139	25.8	22.2	12.9	6.24	126	39.2%	76.6	14.2
1986	487	123	25.4	28.1	11.2	2.64	117	41.0%	[3]69.1	14.2
[4]1985	420	104	24.8	48.0	7.7	Nil	106	41.1%	62.2	14.8
1984	390	96	24.6	14.8	6.5	Nil	99	43.1%	56.5	14.5
1983	346	88	25.3	18.7	5.3	Nil	91	43.9%	51.1	14.7
1982	288	70	24.5	5.6	4.2	Nil	77	43.8%	[3]43.3	15.1
1981	233	76	32.8	7.4	4.0	Nil	79	46.7%	42.2	18.1
1980	203	59	29.3	10.6	3.5	Nil	67	44.5%	36.3	17.9
1979	195	71	36.3	3.6	3.1	Nil	77	43.4%	41.7	21.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	88	239	83.3	2.9	465	19.5%	Nil	353	382	Nil	25.5%
1987	57	189	61.7	3.1	408	19.8%	Nil	314	347	Nil	26.7%
1986	90	198	71.3	2.8	364	20.0%	Nil	260	292	Nil	28.4%
1985	72	177	80.0	2.2	328	20.8%	Nil	226	248	Nil	29.3%
1984	100	179	55.5	3.2	269	22.0%	Nil	198	214	Nil	30.0%
1983	93	163	59.2	2.8	245	22.8%	Nil	179	186	Nil	29.2%
1982	86	161	29.7	5.4	206	21.0%	Nil	174	177	Nil	25.3%
1981	87	158	36.9	4.3	206	21.6%	Nil	169	169	Nil	25.9%
1980	66	138	27.2	5.1	184	20.0%	Nil	157	157	Nil	23.8%
1979	78	148	26.2	5.6	180	24.7%	Nil	149	154	Nil	29.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. after 1982. 2. Bef. spec. items in 1985, 1984. 3. Reflects accounting change. 4. Reflects merger or acquisition.

Business Summary

Tambrands Inc. (formerly Tampax Inc.) manufactures and markets feminine hygiene products both in the U.S. and abroad.

Sales and allocable net earnings by geographic area in 1988 were derived as follows:

	Sales	Profits
U.S.	62%	75%
Europe	24%	19%
Other foreign	14%	6%

Tampax, a cotton tampon worn internally for menstrual protection, is the company's principal product. It is sold throughout the United States and in some 135 other countries. Tampax is believed to account for approximately 60% of the domestic tampon market. The company and a subsidiary also manufacture external pads and panty shields for menstrual protection which they sell in the United States, Puerto Rico and Canada under the Maxithins trademark.

Home diagnostic pregnancy tests and home diagnostic ovulation predictor tests are sold in the U.S. under the trademark First Response. A subsidiary also manufactures hypo-allergenic cosmetics which are marketed in the U.S. under the name Physicians Formula (TMB is considering the sale of these diagnostics and cosmetics units).

TMB's foreign subsidiaries and joint ventures operate in Brazil, Canada, England, Ireland, France, Spain, Mexico, Turkey, the U.S.S.R. and The People's Republic of China.

Dividend Data

Dividends have been paid since 1942. A new "poison pill" stock purchase right was adopted in 1989. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.51	Jan. 31	Mar. 1	Mar. 7	Mar. 15'89
0.51	Apr. 25	Jun. 1	Jun. 7	Jun. 15'89
0.51	Aug. 22	Aug. 31	Sep. 7	Sep. 15'89
0.54	Oct. 24	Dec. 1	Dec. 7	Dec. 15'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: None.

Common Stock: 22,138,206 shs. ($0.25 par).
Institutions hold about 62%.
Shareholders of record: 5,603.

Office—1 Marcus Ave., Lake Success, N.Y. 11042. **Tel**—(516) 358-8300. **Chrmn & CEO**—M. F. C. Emmett. **SVP, Secy & Investor Contact**—P. E. Konney. **SVP & CFO**—R. F. Wright. **Treas**—D. S. Hansen. **Dirs**—L. H. Affinito, P. S. Doherty, M. F. C. Emmett, R. P. Kiley, R. M. Manton, J. A. Meyers, J. O'Brien, L. D. Salvage, E. R. Sprague, H. L. Tower, H. B. Wentz, Jr., R. M. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1936. **Empl**—4,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B Sattles

Tandem Computers

2190M

NYSE Symbol TDM Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
21	26⅜-14¾	18	None	None	B+	1.70

Summary

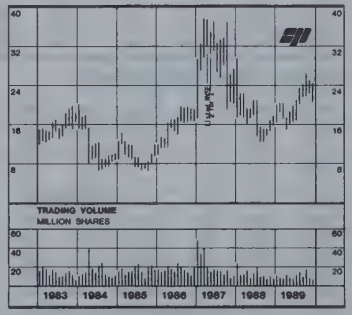
Tandem manufactures fault-tolerant computer systems and supplies networks for on-line transaction processing applications. Its Ungermann-Bass subsidiary, acquired in June, 1988, produces general purpose local area networks. Earnings for fiscal 1990 are expected to benefit from several new products, including a recently introduced high-end system and an expected UNIX-based product.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 are estimated at $1.50 a share, versus fiscal 1989's $1.17.

Cash dividends are not anticipated.

Revenues in fiscal 1990 are estimated to grow at about 22%, benefiting from the availability of the recently introduced high-end Cyclone system, continued strong demand for the low-end CLX, and the anticipated introduction of a UNIX-based fault-tolerant product. Gross margins could stay under pressure with the shift in mix to low-end CLX systems, as well as increased competition. R&D spending should remain high but could come down slightly as a percentage of revenues, and marketing, general and administrative expenses are expected to be tightly controled, resulting in improved operating margins. Although the underlying growth rate of the company is accelerating, earnings in the first quarter of fiscal 1990 will likely be lower, year to year. Subsequent to this transitional quarter, growth should accelerate throughout the year on the expected strong product momentum.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	---	392	282	238
Mar.	---	383	309	242
Jun.	---	421	339	264
Sep.	---	456	384	291
	---	1,633	1,315	1,035

Revenues for the fiscal year ended September 30, 1989 (preliminary) rose 24% from those of the preceding year. Product revenue was up 26%; service and other revenue advanced 18%. Product gross margins narrowed sharply, but service margins improved and other expenses were well controled. In the absence of a charge for settlement of litigation of $9.4 million, pretax earnings were up 28%. After taxes at 36.5%, versus 35.0%, net income rose 25%.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Dec.	E0.30	0.32	0.24	0.29
Mar.	E0.32	0.17	0.24	0.23
Jun.	E0.40	0.31	0.18	0.26
Sep.	E0.48	0.38	0.31	0.31
	E1.50	1.17	0.96	1.08

Important Developments

Oct. '89— TDM introduced a NonStop online mainframe system, named Cyclone, that provides IBM 3090 mainframe class performance at less than half the cost. The system runs under TDM's GUARDIAN operating system. General availability will be by the end of 1989. Prices range from $2 million to $10 million.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	1989	[1]1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	6.78	7.74	6.09	5.08	4.62	3.93	3.34	2.82	1.17
Earnings	1.17	0.96	1.08	0.72	0.41	0.52	0.38	0.38	0.36	0.18
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[2]	26⅜	29½	37⅝	19⅞	14⅜	20⅛	19⅞	16½	17⅜	12¾
Low[2]	14¾	12⅜	17⅛	9⅞	6½	6½	11⅞	7⅛	10¼	3⅛
P/E Ratio—	23-13	31-13	35-16	27-14	35-16	39-13	52-31	43-19	48-28	72-17

Data as orig. reptd. Adj. for stk. divs. of 100% Jun. 1987, 200% Jul. 1981, 100% Jul. 1980. 1. Reflects merger or acquisition. 2. Cal. yr. E-Estimated. NA-Not Available

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[1]1988	1,315	228	17.4	245	80.9	9.68	145	35.0%	94	7.2
1987	1,035	220	21.3	142	49.7	1.80	185	42.9%	106	10.2
1986	768	148	19.3	65	41.8	1.98	114	44.3%	64	8.3
1985	624	85	13.6	68	34.7	3.00	56	39.0%	34	5.5
1984	533	73	13.8	72	22.2	4.25	56	23.8%	43	8.1
1983	418	68	16.3	42	18.4	3.45	51	39.0%	31	7.4
1982	312	51	16.3	66	10.2	1.48	47	36.1%	30	9.6
1981	208	45	21.6	27	4.6	0.28	51	48.0%	27	12.7
1980	109	22	20.1	10	2.5	0.29	21	49.3%	11	9.8
1979	56	11	19.8	6	1.4	0.08	10	51.3%	5	8.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	125	644	365	1.8	1,318	8.2%	58.2	857	953	6.1	11.8%
1987	317	687	192	3.6	967	12.3%	9.0	721	775	1.2	16.4%
1986	240	519	134	3.9	705	9.9%	6.5	535	571	1.1	13.0%
1985	129	385	87	4.4	552	6.5%	12.4	420	466	2.7	8.6%
1984	107	353	89	4.0	502	9.2%	17.2	375	413	4.2	12.4%
1983	94	311	57	5.5	416	8.0%	24.0	311	359	6.7	10.7%
1982	25	242	47	5.1	337	9.9%	21.1	251	290	7.3	12.9%
1981	90	220	41	5.4	256	14.3%	2.1	205	215	1.0	18.3%
1980	16	82	20	4.0	96	14.2%	1.7	70	75	2.2	19.8%
1979	7	39	12	3.2	46	13.9%	1.1	32	34	3.4	20.0%

Data as orig. reptd. 1. Reflects merger or acquisition.

Business Summary

Tandem Computers designs and manufactures computer systems and networks for the on-line transaction processing (OLTP) marketplace. Tandem's systems are used in the banking, financial services, manufacturing, communications, wholesale and distribution, point-of-sale, transportation, medical services, printing and publishing, computer services and utilities industries. Foreign operations provided 41% of total revenues and 48% of pretax profits in fiscal 1988.

Tandem's NonStop systems are designed to provide continuous operation, distributed processing, data integrity, and modular expandability. They feature multiple independent processors and non-shared memory. The company's proprietary operating system software, GUARDIAN 90, is designed to keep applications running through any single failure. For example, if a processor fails, work is automatically redirected to other processors in the system.

The NonStop VLX is the company's top-of-the-line transaction processing mainframe intended for very high volume applications and the TXP is a mid-range system. The NonStop EXT10 and NonStop EXT 25 are departmental systems that can operate outside of a computer room either as stand-alone systems or part of a TDM network. The NonStop CLX is a low-cost departmental system which plugs into dedicated wall sockets, is user-serviceable and can be diagnosed remotely. The LXN system is TDM's UNIX-based departmental computer.

The V80 and XL80 storage products are designed specifically for OLTP applications and feature up to eight high-speed disk drives in a cabinet. The 653x and 652x terminals are also designed for transaction processing. TDM's PSX MS-DOS-based workstations function either as standalone units or terminals. TDM also resells Apple Computer's Macintosh computers.

Up to 255 geographically dispersed locations can be interconnected in a network using TDM's EXPAND software. In June, 1988 TDM acquired Ungermann-Bass (UB) for about $260 million. UB makes general-purpose local area networks for interconnecting heterogeneous information processing systems, and earned $6.6 million on revenues of $144 million in 1987.

Dividend Data

No dividends have ever been paid. A "poison pill" stock purchase right was adopted in 1985.

Capitalization

Long Term Debt: $106,643,000.

Common Stock: 97,978,000 shs. ($0.02½ par). Institutions hold approximately 78%. Shareholders of record: 9,536.

Options: To purchase over 17,000,000 shs.

Office—19333 Vallco Parkway, Cupertino, Calif 95014-2599. **Tel**—(408) 725-6000 **Chrmn**—T J Perkins **Pres & CEO**—J G Treybig **VP-Secy**—T J Kitgaard **Treas**—G. Stoecker. **Investor Contact**—Bobbi Blake. **Dirs**—J. F. Bennett, M. Collins, T. J. Davis Jr., F. P. Johnson Jr., A Knight, R C Marshall, T J Perkins, R G Stone Jr., J G Treybig, R K Ungermann, T I Unterberg, W. B. Wriston. **Transfer Agent & Registrar**—Bank of America, San Francisco **Incorporated** in California in 1974; reincorporated in Delaware in 1980. **Empl**—8,624.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Lawrence S Freitag, CFA

Tandy Corp.

NYSE Symbol TAN Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
40⅞	48¾-37	11	0.60	1.5%	B+	1.15

Summary

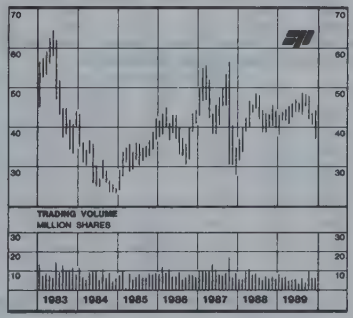
Tandy Corp. is a leading retailer of a broad range of consumer electronic products, with some 4,812 owned and 2,233 franchised Radio Shack and other outlets; it is also an important manufacturer of microcomputers. TAN is a member of a group of personal computer vendors supporting an alternative to IBM's Micro Channel architecture. Although Radio Shack's consumer electronics business is weak, share earnings for fiscal 1990 should benefit from a full year of shipments of personal computers to Digital Equipment and Panasonic, steady improvement in name brand operations, and a share repurchase program.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected at $3.85 a share, up from fiscal 1989's $3.64.

The dividend should remain at $0.15 quarterly.

Sales growth for fiscal 1990 is expected to be under 10%. Although demand for low-end personal computers is expected to remain weak, that market will be a substantially smaller portion of sales. High-end personal computer sales should be strong and sales to Digital Equipment and Panasonic, which began in the third quarter of fiscal 1989, will have a significant impact. Name-brand operations should continue to benefit from improved in-store merchandising and be profitable for the year. Although the product mix is shifting toward lower-margin OEM sales, selling and general expenses will continue to decline as a percent of revenues with the shift in mix to alternative selling channels. The tax rate is expected to remain essentially unchanged. A share repurchase program, initiated in January, 1989, will have a positive effect on per-share earnings.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	986	937	838	743
Dec.	---	1,403	1,303	1,196
Mar.	---	944	839	777
Jun.	---	897	813	737
	---	4,181	3,794	3,452

Revenues for the three months ended September 30, 1989 rose 5.2%, year to year, aided by strong growth in Tandy Marketing Companies and other outside sales. Gross margins narrowed, and although other expenses were well controlled and net interest income was higher, pretax income was down 3.0%. After taxes at 38.7%, versus 38.5%, net income decreased 3.3%; however, share earnings increased to $0.73 from $0.72, reflecting 4.1% fewer average shares outstanding.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	0.73	0.72	0.71	0.49
Dec.	E1.56	1.50	1.48	1.16
Mar.	E0.85	0.75	0.72	0.56
Jun.	E0.71	0.66	0.64	0.49
	E3.85	3.64	3.54	2.70

Important Developments

Dec. '89— TAN acquired from Datatronics AB of Stockholm, Sweden, its Victor microcomputer and Micronic hand-held computer subsidiaries in Europe. During 1988 sales of Victor and Micronic computer products exceeded $200 million. The transaction should strengthen TAN's presence in Europe in anticipation of a unified European market in 1992.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	19.16	17.17	14.43	13.59	12.00	10.64	10.71	7.83	5.56	3.21
Earnings	3.64	3.54	2.70	2.22	2.11	2.75	2.67	2.17	1.65	1.12
Dividends	0.60	0.57½	0.37½	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	16%	16%	14%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[1]—High	48¾	48⅝	56½	45	42½	43⅜	64½	60¾	39⅛	25⅝
Low	38⅛	31½	28	30½	24	23¼	33¼	22¾	20	7⅛
P/E Ratio—	13-10	14-9	21-10	20-14	20-11	16-8	24-12	28-10	24-12	23-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1981, 100% Jan. 1981. 1. Cal. yr. E-Estimated.

January 10, 1990

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	4,181	591	14.1	[3]122	75.4	47.8	[1]527	38.7%	324	7.7
1988	3,794	580	15.3	98	65.6	47.0	[1]515	38.5%	316	8.3
1987	3,452	543	15.7	98	59.4	33.4	[1]456	46.9%	242	7.0
1986	3,036	484	15.9	68	52.1	52.3	[1]384	48.5%	198	6.5
1985	2,841	445	15.7	80	49.3	60.0	[1]351	46.2%	189	6.7
1984	2,737	536	19.6	82	44.0	27.9	[1]535	47.3%	282	10.3
1983	2,475	536	21.7	75	37.9	24.0	[1]527	47.2%	279	11.3
1982	2,033	425	20.9	70	29.0	22.1	[1]423	47.1%	[2]224	11.0
1981	1,691	344	20.3	51	23.2	22.6	[1]321	47.1%	170	10.0
1980	1,385	243	17.6	34	19.0	27.4	211	46.7%	112	8.1

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	58	1,942	569	3.4	2,574	12.8%	141	1,783	1,985	7.1	19.3%
1988	188	1,986	649	3.1	2,530	14.2%	181	1,603	1,853	9.7	21.3%
1987	58	1,389	302	4.6	1,963	12.0%	195	1,380	1,633	11.9	18.0%
1986	274	1,419	512	2.8	2,078	9.8%	190	1,306	1,541	12.3	16.6%
1985	90	1,457	375	3.9	1,923	10.8%	444	1,063	1,530	29.0	18.8%
1984	155	1,229	275	4.5	1,652	18.4%	348	989	1,359	25.6	28.4%
1983	280	1,263	286	4.4	1,582	19.8%	138	1,121	1,277	10.8	28.7%
1982	168	949	233	4.1	1,228	20.6%	143	813	975	14.7	32.2%
1981	142	709	204	3.5	937	19.2%	126	572	710	17.8	37.6%
1980	56	531	169	3.1	710	17.5%	229	283	521	43.9	46.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects acctg. change. 3. Net of curr. yr. retirement and disposals.

Business Summary

Tandy Corp. is a leading consumer electronics retailer and manufacturer. The company sells through its Radio Shack stores and name-brand retail outlets (VideoConcepts and McDuff Electronics). Tandy also distributes its products through other distribution channels. Sales by distribution channel in recent years:

	1989	1988
Radio Shack-U.S.	72%	77%
Tandy Name Brand Retail	8%	9%
Tandy Marketing Companies	12%	8%
Other outside sales	8%	6%

The Radio Shack catalogue contains over 2,900 products, including audio and video equipment, cellular and conventional telephones, radios, scanning receivers, marine and citizens band equipment, security devices, electronic kits and games, clocks, antennas and parts. Radio Shack Computer Centers market the full line of Tandy computer products with selected computer products also being offered through the regular Radio Shack stores. In July, 1988 TAN acquired GRiD Systems, a portable computer manufacturer. About one-third of the products in the Radio Shack catalogs are manufactured by Tandy. Radio Shack stores exceed 7,000, with 4,812 company owned and some 2,233 operating as dealer/franchise outlets.

The name-brand operations consist of 292 company-owned VideoConcepts and McDuff Electronics stores selling major name-brand audio/video products. The larger McDuff Electronics and Appliance Supercenters also carry a full line of leading appliances.

Dividend Data

Directors reinstituted cash dividends in November, 1986 after omission since 1959. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Mar. 3	Mar. 27	Apr. 1	Apr. 21'89
0.15	May 15	Jun. 26	Jul. 1	Jul. 21'89
0.15	Sep. 6	Sep. 25	Oct. 1	Oct. 20'89
0.15	Nov. 28	Dec. 22	Jan. 1	Jan. 23'90

Capitalization

Long Term Debt: $141,100,000.

Common Stock: 81,714,145 shs. ($1 par).
Institutions hold about 68%.
Shareholders of record: 38,171.

Office—1800 One Tandy Center, Fort Worth, Texas 76102. **Tel**—(817) 390-3700 **Chrmn & Pres**—J. V. Roach. **VP-Secy**—H. C. Winn. **Investor Contact**—Philip M. Bradtmiller. **Dirs**—D. L. Bryant, J. I. Cash, Jr., W. C. Conner, C. R. Hunt, L. F. Kornfeld, Jr., R. R. Lowdon, W. G. Morton, Jr., T. G. Plaskett, J. V. Roach, W. T. Smith, A. J. Stein, W. E. Tucker, J. L. Upchurch, J. A. Wilson. **Transfer Agents**—First National Bank of Boston, Texas American Bridge Bank, Fort Worth. **Registrars**—First National Bank of Boston; NCNB Texas National Bank. **Incorporated** in New Jersey in 1899; reincorporated in Delaware in 1967

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Lawrence S. Freitag, CFA

TECO Energy

NYSE Symbol TE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
26⅞	27½-22	12	1.52	5.7%	A	0.27

Summary

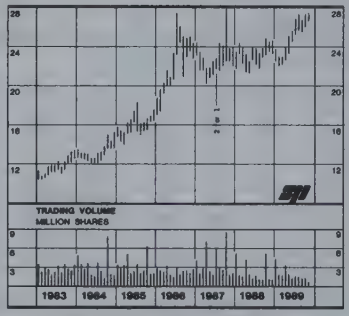
This diversified electric utility holding company serves the rapidly growing Tampa Bay region of Florida. Near-term earnings prospects are benefiting from the strength of the local economy and a greater contribution from TE's nonregulated bulk commodity transportation subsidiary and coal mining unit. The longer-term outlook is enhanced by excellent cash flow, constructive regulation, and the growing Tampa economy.

Current Outlook

Share earnings for 1990 are projected at $2.40, up from the $2.33 estimated for 1989.

An increase in the $0.38 quarterly dividend is likely in the first half of 1990.

Share earnings for 1990 will benefit from higher kwh sales and continued gains in the transport unit and coal mining business. Longer-term prospects are enhanced by excellent cash flow, supportive regulation and the strength of the local economy.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	249	248	220	206
Jun.	265	253	235	216
Sep.	290	284	277	257
Dec.	---	249	238	223
	---	1,034	970	902

Revenues for the nine months ended September 30, 1989 rose 1.4%, year to year, as increased revenues from the nonutility businesses more than offset lower electric sales. After a fractional (0.6%) decline in production costs, operating income was up 7.6%. Other income increased 94%, and pretax net gained 11%. Following taxes at 34.4%, against 33.6%, net income advanced 10%. Share earnings were $1.91, compared with $1.74.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.49	0.51	0.41	0.40
Jun.	0.62	0.58	0.53	0.39
Sep.	0.80	0.67	0.71	0.55
Dec.	E0.42	0.39	0.30	0.40
	E2.33	2.13	1.95	1.73

Important Developments

Oct. '89— TE reported that electric sales in 1989's third quarter were down 2.8%, year to year, owing primarily to sharply reduced sales for resale. While electric sales to phosphate customers declined 10%, residential sales were up 6.8% and commercial sales rose 5.4%.

Jul. '89— TE's TECO Power Services entered into contracts with Seminole Electric Cooperative and Tampa Electric to provide generating capacity over a 20-year period starting in 1993. Pursuant to the agreement, TECO Power Services will construct 295 mw of combined cycle and combustion turbine capacity by late 1992 for an estimated $195 million. Sharing these facilities with Seminole allows Tampa Electric to defer adding capacity until the mid to late 1990s.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.59	13.98	13.34	12.86	12.13	11.26	10.68	10.46	9.83	9.04
Earnings[1]	2.13	1.95	1.73	1.79	1.86	1.57	1.25	1.50	1.56	1.06
Dividends	1.40	1.32	1.24	1.16	1.08	1.00	0.92	0.84	0.76½	0.70½
Payout Ratio	66%	68%	72%	66%	60%	66%	82%	58%	49%	67%
Prices—High	24⅞	27⅛	27½	18⅜	15¼	13½	10⅞	11⅜	9⅛	9⅝
Low	21¼	20⅛	17	13⅞	12	10⅜	8⅞	8¼	6⅝	7⅞
P/E Ratio—	12-10	14-10	16-10	10-8	8-6	9-7	9-7	8-6	6-4	9-7

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1987. 1. Bef. spec. item(s) of -0.11 in 1988, +0.13 in 1982. E-Estimated.

November 14, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.[1]	% Net Inc. of Revs.
1988	1,034	340	32.9	133	106	63.1	186	32.2%	126	12.2
1987	970	352	36.3	132	101	60.5	195	39.8%	117	12.1
1986	902	327	36.3	158	93	55.2	187	44.4%	104	11.5
1985	886	323	36.5	141	82	59.4	192	45.2%	105	11.9
1984	717	249	34.8	260	56	54.0	176	40.8%	104	14.5
1983	677	216	32.0	272	51	47.4	139	41.8%	81	11.9
1982	600	165	27.5	287	48	42.7	89	42.1%	52	8.6
1981	645	166	25.8	169	42	43.5	93	45.2%	51	7.9
1980	509	142	27.9	72	34	27.7	91	43.4%	51	10.1
1979	445	112	25.2	50	32	26.3	62	41.8%	36	8.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	86.5	334	211	1.6	2,315	5.5%	684	828	2,064	33.1	14.9%
1987	77.7	319	235	1.4	2,270	5.3%	660	792	2,011	32.8	14.3%
1986	44.6	268	136	2.0	2,113	5.0%	685	755	1,953	35.1	13.2%
1985	21.1	241	133	1.8	2,039	5.2%	644	725	1,883	35.3	14.0%
1984	58.8	276	177	1.6	1,921	5.6%	648	655	1,730	37.4	15.5%
1983	33.8	204	167	1.2	1,649	4.9%	542	548	1,468	36.9	13.9%
1982	21.2	196	140	1.4	1,432	3.5%	478	457	1,259	37.9	10.6%
1981	8.4	179	165	1.1	1,180	4.6%	417	344	1,013	41.2	14.3%
1980	7.5	138	130	1.1	982	5.4%	330	302	851	38.7	16.5%
1979	6.7	120	106	1.1	917	4.0%	330	276	810	40.7	11.9%

Data as reptd. 1. Bef. results of disc. opers. and spec. item(s) in 1988, 1982.

Business Summary

TECO Energy is the holding company for Tampa Electric, which serves a population of some one million in Tampa, Fla. and adjacent communities. TE has diversified extensively into nonregulated businesses, including transport services, coal mining, and most recently real estate, alternative energy production and investment management. The transport subsidiary transports, stores and transfers coal and other bulk commodities. TE's coal unit operates surface and underground mines in Kentucky and Tennessee. Revenues and operating income (as reported on a nonconsolidated basis) in 1988 were derived as follows:

	Revs.	Profits
Electric	77%	89%
Transport, coal mining & other	23%	11%

Nearly all of TE's power requirements were derived from coal. The company may have some vulnerability to severe acid rain legislation. Peak retail demand in 1988 was 2,620 mw and capability totaled 3,082 mw for a capacity margin of 15%.

The diversified Tampa economy is becoming a commercial center in finance, law and tourism. The region's economic diversification is aiding the company's commercial and residential kwh sales. TE's dependence on industrial kwh sales and specifically the phosphate industry is lessening due to the emergence of the service businesses. TE has reported that the general economic conditons in the phosphate industry have been improving due to reduced inventories and the drought in 1988.

Dividend Data

Dividends have been paid since 1900. The dividend reinvestment plan was discontinued in 1985.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35½	Jan. 17	Jan. 26	Feb. 1	Feb. 15'89
0.38	Apr. 11	Apr. 25	May 1	May 15'89
0.38	Jul. 18	Jul. 26	Aug. 1	Aug. 15'89
0.38	Oct. 17	Oct. 26	Nov. 1	Nov. 15'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $676,698,000.

Subsidiary Preferred Stock (Tampa Electric Co.): $60,956,000.

Common Stock: 56,786,647 shs. ($1 par).
Institutions hold about 45%.
Shareholders of record: 30,366.

Office—702 N. Franklin St., Tampa, Fla. 33602. **Tel**—(813) 228-4111. **Chmn & CEO**—H. L. Culbreath. **Pres**—T. L. Guzzie. **SVP-Fin & Treas**—A. D. Oak. **Investor Contact**—Linda Miller. **Dirs**—S. L. Baldwin, G. Bostick, R. M. Clewis, Jr., H. L. Culbreath, H. F. Culverhouse, J. L. Ferman, Jr., E. L. Flom, H. R. Guild, Jr., T. L. Guzzie, C. Mendez, Jr., C. H. Ross, Jr., J. T. Touchton, J. O. Welch, Jr. **Transfer Agent & Registrar**—First National Bank of Boston, Boston, Mass. **Incorporated** in Florida in 1899; reincorporated in 1949. **Empl**—4,462.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Helene K. Phillips

Tektronix, Inc.

NYSE Symbol TEK Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 23'89	1989					
18⅝	24¼-16¾	NM	0.60	3.2%	B	0.93

Summary

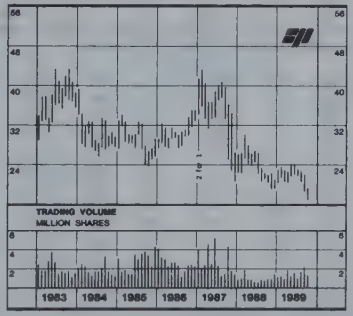
Tektronix, a major factor in the electronic test and measurement instruments industry, is the world's leading producer of oscilloscopes. It also has a position in computer graphics and communications products. Following a loss in fiscal 1987-8, only limited profitability was restored in fiscal 1988-9, reflecting modest sales growth and the absence of nonrecurring charges. Earnings growth is likely in fiscal 1989-90, aided by successful new product introductions and well controlled costs.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 should reach $0.90 a share, up from the $0.66 of fiscal 1988-9.

Dividends should continue at $0.15 quarterly.

Sales for fiscal 1989-90 are expected to rise moderately, reflecting the impact of new product introductions, the ramping up of production of products successfully introduced in fiscal 1988-9, and a continuing rebound in technology-related capital spending. While a possible slowing of the economy will restrain this growth, its impact should be relatively limited. Margins should benefit from the higher volume, increased manufacturing efficiencies, and recent cost reductions, although start-up costs will be restraining. Long-term prospects are enhanced by TEK's renewed emphasis on more fully exploiting its technological base through new product introductions and its high operating leverage.



Net Sales (Million $)

Period:	1989-90	1988-9	1987-8	1986-7
12 Wks. Aug. ...	294	301	300	305
12 Wks. Nov. ...	---	336	319	320
16 Wks. Mar. ...	---	434	433	415
12 Wks. May	---	362	361	355
	---	1,433	1,412	1,396

Sales for the 12 weeks ended Aug. 19, 1989 declined 2.3%, year to year. Primarily due to the lower volume, start-up costs on new products and a stronger dollar, margins narrowed significantly. A pretax loss of $3.7 million was incurred, versus pretax income of $15.7 million. After tax items, the net loss was $1.9 million ($0.06 a share), versus net income of $7.4 million ($0.26).

Common Share Earnings ($)

Period:	1989-9	1988-9	1987-8	1986-7
12 Wks. Aug. ...	d0.06	0.26	0.05	0.38
12 Wks. Nov. ...	E0.22	0.26	0.15	0.45
16 Wks. Mar. ...	E0.32	0.22	d0.19	0.48
12 Wks. May	E0.42	d0.08	d0.56	0.02
	E0.90	0.66	d0.55	1.33

Important Developments

Sep. '89— TEK said that the first quarter decline in sales reflected the fact that it entered the quarter with its lowest backlog since the first quarter of 1979, and because many important new products were only beginning to be shipped to customers.

Next earnings report expected in early December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	16.77	17.13	22.47	21.55	20.47	19.78	17.19	16.54	14.74	13.09
Earnings	0.66	d0.55	1.33	0.99	2.21	3.08	1.29	2.13	2.17	2.33
Dividends	0.60	0.80	0.55	0.50	0.50	0.50	0.50	0.49	0.45	0.39½
Payout Ratio	92%	NM	40%	49%	23%	16%	39%	23%	21%	17%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	30⅛	43¼	35⅛	34⅛	39½	43½	30⅞	31⅝	35⅛	32
Low	19	20½	27⅛	23¾	25⅝	28⅞	17	22⅝	20⅞	23½
P/E Ratio—	46-29	NM	26-20	35-24	18-12	14-9	24-13	15-11	16-10	14-10

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan. 1987 1. Reflects merger or acquisition. NM-Not Meaningful. d-Deficit E-Estimated.

October 31, 1989

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2195 Tektronix, Inc.

Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,433	144	10.0	85	75.4	23.2	57	67.0%	19	1.3
1988	1,412	117	8.3	72	81.7	15.9	16	206.9%	d17	NM
1987	1,396	185	13.3	67	83.8	10.5	104	50.3%	[2]51	3.7
1986	1,352	153	11.3	85	84.1	15.6	42	7.1%	39	2.9
[3]1985	1,438	207	14.4	79	79.2	19.3	120	25.1%	90	6.3
1984	1,331	211	15.9	95	74.5	25.5	112	NM	118	8.9
1983	1,191	181	15.2	105	66.7	25.8	63	22.8%	[2]49	4.1
1982	1,196	203	17.0	102	56.5	29.5	126	37.1%	80	6.6
1981	1,062	180	17.0	117	42.2	25.3	132	39.4%	80	7.5
1980	971	179	18.4	116	30.7	16.0	137	37.9%	85	8.8

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	71	549	357	1.5	1,023	1.8%	114	497	642	17.7	3.7%
1988	49	544	250	2.2	1,024	NM	219	497	754	29.1	NM
1987	243	697	249	2.8	1,159	4.4%	51	838	902	5.6	6.2%
1986	258	727	319	2.3	1,197	3.4%	11	837	870	1.3	4.8%
1985	233	766	228	3.4	1,224	7.2%	92	855	972	9.5	10.7%
1984	164	738	217	3.4	1,207	10.2%	170	771	962	17.6	16.4%
1983	97	640	197	3.2	1,087	4.5%	152	662	858	17.8	7.5%
1982	73	622	233	2.7	1,042	7.9%	132	630	804	16.4	13.3%
1981	48	574	215	2.7	954	8.9%	146	558	734	19.9	15.3%
1980	57	541	194	2.8	842	11.4%	136	483	644	21.2	19.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects acctg. change. 3. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Tektronix is a major producer of test and measurement instruments, and the world's leading manufacturer of oscilloscopes. Sales by product line in the past two fiscal years:

	1988-9	1987-8
Test and measurement	60%	63%
Information display	19%	20%
Communications	21%	17%

Foreign business accounted for 28% of revenues and 44% of operating income in fiscal 1988-9.

Instrument sales include oscilloscopes, and plug-in units for them. Other products include probes, attenuators and specially equipped cameras.

The design automation and information display group produces graphic computing systems, color graphic computer terminals, display monitors, logic analyzers, microcomputer development products, semiconductor test systems, hard copy units, ink jet printers and plotters.

Communications products include television waveform and picture monitors used to analyze video-signal transmission quality, and special effects systems used for TV. Spectrum and data comm analyzers, and electrical and optical cable testers are also produced.

In March, 1988 TEK agreed to sell certain computer-aided engineering technologies and its computer-aided software engineering division to Mentor Graphics for $5 million in cash. They also formed an electronic design and test alliance.

Dividend Data

Dividends have been paid since 1972.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Nov. 30	Jan. 13	Jan. 20	Feb. 6'89
0.15	Mar. 22	Apr. 10	Apr. 14	May 1'89
0.15	Jun. 22	Jul. 10	Jul. 14	Jul. 31'89
0.15	Sep. 25	Oct. 2	Oct. 6	Oct. 30'89

Next dividend meeting: Nov. 29'89.

Capitalization

Long Term Debt: $113,825,000.

Common Stock: 28,947,000 shs. (no par).
Institutions hold about 79%.
Shareholders of record: 5,052.

Office—14150 S.W. Karl Braun Drive, (P.O. Box 500), Beaverton, Ore. 97077. **Tel**—(503) 627-7111. **Chrmn**—R. W. Lundeen. **Pres & CEO**—D. P. Friedley. **VP-Secy**—R. A. Leedy, Jr. **Treas**—T. Clifford. **Investor Contact**—Fletcher Chamberlin (503) 627-7147. **Dirs**—P. E. Bragdon, F. P. Carlson, L. J. Chamberlain, D. P. Friedley, A. M. Gleason, J. D. Gray, R. W. Lundeen, D. O. Pederson, Jean Vollum, W. D. Walker. **Transfer Agent & Registrar**—First Chicago Trust Company of New York, NYC. **Incorporated** in Oregon in 1946. **Empl**—15,708.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Tele-Communications

5374

NASDAQ Symbol TCOMA (Incl. in Nat'l Market) Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
18⅝	21⅝-12⅝	NM	None	None	B	1.30

Summary

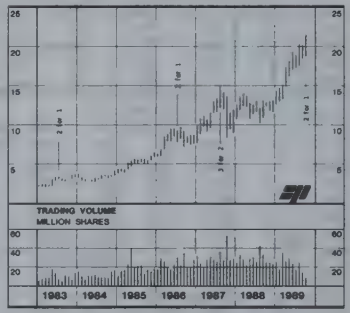
TCI is the largest operator of cable television systems in the U.S. Its subscriber levels and cash flow are continuing their rapid growth, largely through acquisitions. In May 1989, 41%-owned United Cable Television and 65%-owned United Artists Communications completed a reorganization and merger into a new company, 56%-owned United Artists Entertainment. The shares were recently split two for one.

Current Outlook

The loss anticipated for 1990 is expected to widen to $0.80 a share, from the $0.65 deficit estimated for 1989.

No cash dividend has been paid, and none is likely within the next several years. The shares were recently split two for one.

Revenues and cash flow for 1990 will benefit from acquisitions, growth in subscription levels and higher monthly rates for cable service. Although the company is actively reducing its average cost of borrowing (largely through overseas refinancings), a heavier debt load associated with acquisition funding and higher depreciation and amortization charges will lead to wider losses. Due to the capital-intensive nature of the cable industry, cash flow is a more important determinant of profitability than net earnings.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	655	494	376	151
Jun.	726	551	395	162
Sep.	---	634	474	163
Dec.	---	603	464	171
	---	2,282	1,709	646

Revenues for 1989's first half advanced 32%, year to year. Cash flow (depreciation and amortization charges added back to operating income) rose 22%. After other items, including a $118 million increase in interest expense and $43 million higher other costs, the net loss widened to $115.0 million ($0.33 a share, as adjusted), from $29.2 million ($0.09).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	d0.15	d0.02	0.04	0.01
Jun	d0.18	d0.07	0.07	0.16
Sep	Ed0.22	0.17	d0.02	0.01
Dec.	Ed0.10	0.08	d0.09	0.06
	Ed0.65	0.16	0.02	0.24

Important Developments

Sep. '89— TCI agreed to acquire the 25% of WestMarc Communications that it does not already own for a sweetened $238.7 million. WestMarc owns cable systems serving nearly 550,000 subscribers.

Jul. '89— TCI planned to acquire about 200,000 cable subscribers as part of a consortium that agreed to acquire the cable assets of Cooke Cablevision and 1st Cablevision Inc. for $1.6 billion. The assets include about 660,000 subscribers in 20 states.

May '89— United Cable Television (UCTV) and United Artists Communications (UAC) completed a reorganization and merger whereby UCTV became a wholly owned subsidiary of United Artists Entertainment (UAE) and UAC was liquidated by merger into UAE. TCI, which owned about 65% of UAC and 41% of UCTV just prior to the merger, now owns roughly 56% of UAE.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[2]1987	[2]1986	[3]1985	[1]1984	[1]1983	[1]1982	[1]1981	1980	[3]1979
Tangible Bk. Val.	d5.49	d5.255	d2.46	d0.595	d1.02	d0.38	0.04	0.28	0.28	0.01
Earnings[4]	0.16	0.02	0.24	0.04	0.07	0.06	0.04	0.04	0.03	0.08
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	14	15⅛	9¾	6½	4¼	3¾	2½	2¾	2½	1¼
Low	10⅜	7⅝	5⅞	3⅝	2⅝	2	1⅛	1½	⅝	⅜
P/E Ratio—	90-66	NM	40-24	NM	65-41	62-33	61-27	66-35	88-22	15-4

Data as orig reptd. Adj. for stk. divs. of 100% Oct. 1989, 50% Aug. 1987, 100% Jul. 1986, 100% Jul. 1983, 100% Jul. 1980, 100% Aug. 1979. 1. Refl. merger or acq. 2. Refl. merger or acq. & acctg. change. 3. Refl. acctg. change. 4. Bef. results of disc. ops. of +0.02 in 1983 & spec. item of +0.03 in 1979. NM-Not Meaningful. d-Deficit. E-Estimated.

October 20, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,282	872	38.2	1,061	382	574	99	44.0%	56.0	2.5
[4]1987	1,709	643	37.6	872	285	357	58	75.4%	5.6	0.3
[4]1986	646	278	43.0	1,198	123	161	118	39.5%	72.3	11.2
[4]1985	577	233	40.4	191	111	135	d2	NM	10.1	1.8
[3]1984	449	188	41.9	363	81	114	25	40.2%	17.0	3.8
[5]1983	347	147	42.4	231	63	83	18	9.7%	16.0	4.6
[3]1982	283	121	42.8	141	54	66	11	3.9%	10.4	3.7
[3]1981	181	71	39.3	228	36	35	20	34.1%	12.8	7.1
1980	124	50	40.3	79	25	23	11	23.0%	8.3	6.6
[6]1979	92	38	41.7	71	18	16	37	40.1%	21.8	23.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	20.4	NA	1,151	NA	8,574	0.7	5,440	1,206	7,279	74.7	5.3
1987	78.7	NA	617	NA	6,296	0.1	4,642	787	5,589	83.1	0.7
1986	20.2	NA	305	NA	4,008	2.5	2,773	716	3,619	76.6	13.2
1985	2.0	NA	172	NA	1,751	0.8	1,187	374	1,559	74.9	3.2
1984	5.9	NA	207	NA	1,587	1.2	1,092	233	1,357	80.5	7.2
1983	7.1	NA	158	NA	1,222	1.5	778	242	1,049	74.2	6.9
1982	85.6	NA	128	NA	917	1.4	545	216	774	70.4	5.2
1981	5.1	NA	86	NA	608	2.9	317	186	516	61.4	8.6
1980	40.3	NA	21	NA	349	2.5	174	142	323	53.9	7.8
1979	15.9	36.4	26	1.4	259	10.1	160	56	229	69.8	48.6

Data as orig. reptd. 1. Inc. equity in earns. of nonconsol. subs. 2. Bef. spec. item in 1979. 3. Refl. merger or acq. 4. Refl. merger or acq. & acctg. change. 5. Excl. disc. ops. & refl. merger or acq. 6. Refl. acctg. change. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Tele-Communications, Inc. (TCI) and its subsidiaries and affiliates operate cable television systems in 47 states. The company has significant investments in a number of cable TV programming services. TCI also participates in the acquisition, operation and development of cable systems through more than 25 affiliate relationships. Through its 56% interest in United Artists Entertainment, TCI operated 686 theaters with an aggregate of 2,677 screens as of year-end 1988. Cable accounted for 75% of consolidated revenues and 90% of operating income in 1988, while theaters represented 25% and 10%, respectively.

The company is the largest cable system operator in the U.S. At the end of December 1988, TCI and its consolidated subsidiaries and affiliates owned systems serving 6,160,000 basic and 4,564,000 pay cable subscribers. The company's minority-owned firms owned systems serving 2,984,000 basic and 2,700,000 pay subscribers at December 31, 1988. TCI grew rapidly through acquisitions in the three years through 1988, having added more than 3.35 million subscribers during that period.

Dividend Data

No cash dividends have been paid. The shares (both classes) were split two for one in October 1989, three for two in August 1987 and two for one in July 1986.

Finances

As of December 31, 1988, net operating loss carryforwards of about $494 million were available to offset future tax liabilities; at the same date, TCI had remaining available investment tax credits of about $74.4 million.

At year-end 1988, there were 64,214,314 (adjusted) Class A and 2,400,000 Class B shares of TCI common stock reserved for issuance under exercise privileges related to options, warrants and convertible debt.

In November 1988, directors authorized an increase in the stock repurchase program to 40 million (adjusted) shares of either class of common stock, from the 20 million initially approved in October 1987.

Capitalization

Total Debt: $8,190,900,000 (6/89).

Class A Common Stock: 304,807,742 shs. ($1 par); 1 vote per sh.
Institutions hold some 78%.
Shareholders: 4,751.

Class B Common Stock: 48,092,288 shs. ($1 par); 10 votes per sh.; some 58% closely held.
Shareholders: 899.

Office—Terminal Annex, P.O. Box 5630, Denver, Colo. 80217. **Tel**—(303) 721-5500. **Chrmn**—B. Magness. **Pres & CEO**—J. C. Malone. **SVP-Treas**—D. F. Fisher. **Secy**—P. J. O'Brien. **VP-Fin & Investor Contact**—Bernie Schotters. **Dirs**—D. F. Fisher, J. W. Gallivan, B. Magness, K. Magness, J. C. Malone, R. A. Naify, P. J. O'Brien. **Transfer Agents & Registrars**—First Security Bank of Utah, Salt Lake City; Bank of New York, NYC. **Incorporated** in Delaware in 1968.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Teledyne

2197

NYSE Symbol TDY Options on CBOE & Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 20'89	1989					
353¾	380¾-331⅝	13	4.00	1.1%	B+	0.90

Summary

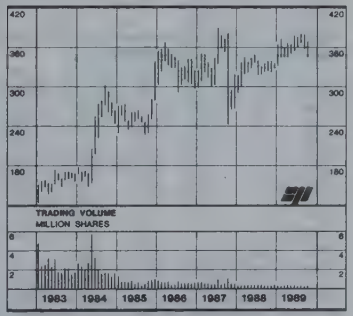
Teledyne is a diversified producer of industrial and aviation engines, machine tools, aviation and electronics equipment, specialty metals and consumer products, and owns life, liability and health and casualty insurance companies. It also holds stakes in publicly traded Curtiss-Wright (45%) and Litton Industries (28%). Share earnings are usually affected by significant gains from sales of investments. TDY is considering the spin-off of its insurance and finance subsidiaries in late 1989.

Current Outlook

Earnings (for TDY as now constituted) for 1989 are projected at $25.00 a share, versus 1988's $34.03, which includes a gain of $10.55 on sale of investments. For 1990 share earnings are estimated at $29.00.

Cash dividends should continue at $1.00 quarterly. TDY is considering a spin-off of its insurance and finance subsidiaries in the form of a stock dividend.

Revenues in 1989 for the company as presently constituted should advance moderately, largely reflecting gains for specialty metals. Margins, however, have narrowed because of declines for electronics and aviation and underwriting losses for the insurance segment. Profits from investment sales are likely to be smaller. For 1990 improved earnings should reflect likely gains for the insurance group.



Total Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,135	1,114	822	806
Jun.	1,178	1,129	781	834
Sep.	1,147	1,108	806	787
Dec.	---	1,247	808	835
	---	4,598	3,217	3,241

Total revenues for the first nine months of 1989 rose 3.3%, year to year. Operating margins narrowed due to a decline in aviation and electronics segment profits and insurance underwriting losses. With gains on sale of investments substantially smaller, pretax income was down 38.5%. After taxes at 34.0%, against 34.5%, and larger equity in investments, net income declined 33.2%, to $17.64 a share from $25 36.

Common Share Earnings[2] ($)

Quarter:	1989	1988	1987	1986
Mar.	6.32	12.79	6.06	5.45
Jun.	4.23	5.80	4.95	4.98
Sep.	7.10	6.74	7.66	5.91
Dec.	E7.35	8.68	13.60	4.01
	E25.00	34.03	32.25	20.35

Important Developments

Jun. '89— TDY reported that it was considering a spin-off of its insurance and finance subsidiaries to shareholders. These units accounted for about one-fourth of total company revenues in 1988. If approved, the spin-off would be consummated in the fourth quarter of 1989 and TDY shareholders would receive shares in the new company.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[3]1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	168.75	163.06	130.42	124.86	96.64	128.23	94.50	75.83	60.75	48.25
Earnings	34.03	32.25	20.35	46.66	37.69	14.87	12.62	19.96	15.24	14.71
Dividends	4.00	4.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	11%	12%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	348½	390	367¾	338	302⅜	173½	143¾	174¾	153	82½
Low	290¼	242	291	227	147¼	123	69½	118	60¾	47⅜
P/E Ratio—	10-9	12-8	18-14	7-5	8-4	12-8	11-6	9-6	10-4	6-3

Data as orig. reptd. Adj. for stk. div(s). of 50% Mar. 1981, 25% Apr. 1980, 6 1/2% Mar. 1979. 1. Net sales prior to 1988 2. Incl. gains on sale of investments: 10.55 in 1988, 8.69 in 1987, 1.45 in 1986, 23.43 in 1985; 17.13 in 1984; other years not available 3. Reflects accounting change E-Estimated.

October 30, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	4,523	567	12.5	98	102	67.1	578	32.2%	392	8.7
1987	3,217	407	12.7	82	97	16.2	506	25.4%	[2]377	11.7
1986	3,241	351	10.8	101	108	20.5	340	29.8%	238	7.4
1985	3,256	401	12.3	116	112	26.0	679	19.6%	546	16.8
1984	3,494	407	11.7	85	107	40.1	663	13.4%	574	16.4
1983	2,979	387	13.0	76	102	29.7	443	31.2%	[2]305	10.2
1982	2,864	442	15.4	133	100	31.6	418	37.6%	261	9.1
1981	3,238	578	17.9	133	91	26.3	653	36.9%	412	12.7
1980	2,926	481	16.4	99	79	21.5	538	36.1%	344	11.7
1979	2,706	458	16.9	93	67	12.5	566	34.3%	372	13.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	51	NA	NA	NA	5,125	9.6%	560	2,138	2,774	20.2	19.4%
1987	245	951	448	2.1	3,135	12.9%	548	1,976	2,614	21.0	20.9%
1986	117	750	417	1.8	2,744	8.6%	573	1,637	2,288	25.0	14.8%
1985	67	674	407	1.7	2,766	19.7%	669	1,577	2,326	28.8	39.9%
1984	198	773	362	2.1	2,791	22.9%	1,071	1,159	2,386	44.9	42.9%
1983	808	1,355	394	3.4	3,852	8.6%	570	2,641	3,418	16.7	13.0%
1982	723	1,188	393	3.0	3,242	8.5%	571	2,086	2,815	20.3	13.8%
1981	448	1,005	387	2.6	2,868	15.2%	596	1,707	2,459	24.2	26.5%
1980	237	774	400	1.9	2,552	16.3%	620	1,401	2,131	29.1	28.1%
1979	256	748	408	1.8	2,027	21.0%	244	1,275	1,609	15.1	35.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. NA-Not Available.

Business Summary

Teledyne is a conglomerate with widely diversified interests. Business segment contributions in 1988:

	Sales	Profits
Aviation and electronics	34%	28%
Industrial	17%	17%
Specialty metals	19%	22%
Consumer	7%	7%
Insurance	21%	22%
Other	2%	4%

Aviation and electronics products include aircraft engines (TDY makes half of the general aviation piston engines in the U.S.), airframe structures, remotely-piloted vehicles, drone systems, spacecraft, and avionics. Other products include semiconductors, relays, aircraft-monitoring and control systems and military electronic equipment.

The major product of the industrial segment is internal combustion engines, including the manufacture of air and water cooled, gasoline and diesel fueled engines. Other industrial products include machine tools, dies and consumable tooling, various automated production equipment, and a variety of analytical instruments.

Specialty metals include zirconium, high-speed and alloy steels, tungsten and molybdenum.

Consumer products include shower massages, water filters and high fidelity speakers

Insurance subsidiaries primarily offer casualty insurance and life, accident and health insurance. Investments (and approximate voting percentage) accounted for by the equity method include Curtiss Wright (45%) and Litton Industries (28%).

Dividend Data

Cash dividends were initiated in early 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
1.00	Oct. 27	Nov. 1	Nov. 7	Nov. 18'88
1.00	Jan. 26	Feb. 2	Feb. 8	Feb. 24'89
1.00	Apr. 26	May 2	May 8	May 24'89
1.00	Jul. 27	Aug. 2	Aug. 8	Aug. 22'89

Next dividend meeting: late Oct.'89.

Capitalization

Long Term Debt: $561,500,000.

Common Stock: 11,082,569 shs. ($1 par).
Officers and directors as a group own about 29%.
Institutions hold about 37%.
Shareholders of record: 16,000.

Office—1901 Avenue of the Stars, Los Angeles, Calif 90067 **Tel**—(213) 277-3311 **Chrmn**—H. E. Singleton **Pres & CEO**—G. A. Roberts **Secy**—J. R. Nelson **Treas**—G. J. Bean **Investor Contact**—B. Baker. **Dirs**—G. Kozmetsky, G. A. Roberts, A. Rock, F. Sarofim, H. E. Singleton. **Transfer Agent & Registrar**—Bank of America, San Francisco & NYC. **Incorporated** in Delaware in 1960.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T. Canning, CFA

Telerate, Inc.

NYSE Symbol TLR Options on NYSE (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 14'89	1989					
20⅞	21⅛-13¼	23	¹---	¹---	B+	1.53

Summary

On November 8, 1989 Dow Jones & Co., owner of about 67% of TLR's common shares outstanding, amended its cash tender offer for all remaining shares to $21 a share from $18 after a special committee of TLR's independent directors determined that the original offer was inadequate. The revised offer, which has been approved by TLR's independent directors and is not contingent upon any minimum number of shares being tendered, expires on November 22, 1989, unless extended.

Business Summary

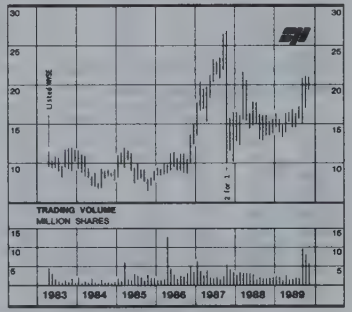
Telerate provides financial market data through its worldwide computerized information system, the Telerate Financial Information Network. Operations are conducted through three major operating subsidiaries: Telerate Systems Inc. (which operates the business in the U.S.); CMQ Communications Inc. (Canada); and Telerate International Co. (outside of North America).

Financial market data are provided to securities firms, banks, corporations, and other financial institutions through video display screens located at subscribers' premises throughout the world. Input for the network is provided from more than 1,900 banks and other financial institutions, including leading brokers and dealers in the relevant markets, as well as financial news services.

The network provides over 60,000 video pages of prices, rates, market data and news covering major financial markets, including U.S. Treasury and Federal agency securities, money market instruments, foreign exchange, U.S. mortgage backed securities, precious metals, financial futures and energy, quotes for publicly traded equity securities, as well as financial news services, market commentary and analysis. The system also offers services provided by third parties, including quotes for publicly traded securities from Quotron, Standard & Poor's Municipal Bond Service, the Dow Jones and Bond Buyer newswires, and money market commentary from independent analysts and services.

The network provides data through over 75,700 video display screens, of which over 50,000 are owned by the company. As of December 31, 1988 about 60% of the display screens were located in North America, and the balance throughout the rest of the world.

Business outside North America, conducted through Telerate International Co. (formerly AP-Dow Jones/Telerate Co.) accounted for 46% of revenues and 52% of operating income in 1988, compared with 44% of revenues and 38% of operating income in 1987.



Cash Tender Offer

Nov. '89— Dow Jones & Co., holder of some 63,609,170 TLR common shares (about 67% of those outstanding) amended its cash tender offer for all remaining TLR shares to $21 a share, from the $18 offered on September 26, after a committee of TLR's independent directors determined that the original offer was inadequate. The revised offer, which has been approved by TLR's independent directors and is not contingent upon any minimum number of shares being tendered, would expire at midnight November 22, unless extended. The merger is expected to be completed by January 2, 1990.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31[2]	1988	1987	1986	1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	1.86	1.15	1.85	1.61	1.40	1.19	0.14	0.17	0.09	0.04
Earnings	0.96	0.79	0.44	0.38	0.33	0.24	0.14	0.08	0.05	0.03
Dividends	0.32	0.26	0.20	0.16	0.07½	Nil	[4]0.14	Nil	Nil	Nil
Payout Ratio	33%	33%	46%	43%	23%	Nil	100%	Nil	Nil	Nil
Prices—High[5]	21⅛	26⅞	14⅞	12	11⅝	12	NA	NA	NA	NA
Low[5]	12¼	10	8½	6½	6⅞	8⅛	NA	NA	NA	NA
P/E Ratio—	23-13	34-13	34-19	32-17	36-21	50-34	NA	NA	NA	NA

Data as orig. reptd., prior to 1983 data as reptd. in prospectus dated 4-27-83. Adj. for stk. div(s). of 100% Oct. 1987. **1.** See Cash Tender Offer **2.** Yrs. ended Sep. 30 prior to 1987 & Aug. 31 prior to 1980. **3.** Reflects acctg. change. **4.** Paid prior to public offering **5.** Cal. yr. NA-Not Available

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2197M Telerate, Inc.

Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	440	208	47.3	99.0	51.9	NA	[2]154	40.7%	91.2	20.7
1987	336	174	51.8	49.9	39.6	NA	[2]139	45.8%	75.2	22.4
1986	210	106	50.5	44.2	25.5	Nil	87	48.8%	38.8	18.4
1985	148	81	54.5	43.1	18.2	Nil	69	46.8%	33.4	22.5
[3]1984	106	62	58.7	37.9	11.4	Nil	[2]59	47.1%	28.7	27.0
1983	64	40	61.9	24.5	6.1	0.29	[2]36	44.9%	20.0	31.3
1982	42	25	60.6	11.6	3.7	Nil	22	48.4%	11.1	26.8
1981	28	16	56.1	6.5	2.4	Nil	13	48.5%	6.8	24.5
1980	17	9	51.3	3.5	1.8	Nil	7	48.6%	3.6	21.0
1979	12	NA	NA	NA	NA	NA	4	48.7%	2.1	18.0

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	43	98	117	0.8	543	18.0%	58.5	356	426	13.7	28.1%
1987	46	85	111	0.8	471	20.6%	58.5	292	360	16.3	32.2%
1986	106	130	54	2.4	246	17.8%	Nil	185	192	Nil	25.1%
1985	74	97	30	3.2	190	19.2%	Nil	143	159	Nil	25.0%
1984	77	91	23	3.9	158	20.8%	Nil	123	134	Nil	25.1%
1983	71	75	11	7.2	119	27.6%	Nil	106	109	Nil	33.8%
1982	1	3	10	0.3	24	51.6%	Nil	11	13	Nil	89.0%
1981	4	8	5	1.8	20	42.0%	Nil	14	15	Nil	64.8%
1980	NA	NA	NA	NA	13	31.8%	Nil	7	7	Nil	69.1%
1979	NA	NA	NA	NA	10	28.5%	0.4	3	4	9.6	82.4%

Data as orig. reptd.; prior to 1983 data as reptd. in prospectus dated 4-27-83. **1.** Yrs. ended Sep. 30 prior to 1987 and Aug. 31 prior to 1980. **2.** Incl. equity in earns. of nonconsol. subs. **3.** Reflects acctg. change. NA-Not Available.

Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	122.7	104.6	72.8	50.1
Jun.	126.7	109.4	79.8	54.3
Sep.	127.8	112.3	86.0	61.0
Dec.		114.0	97.2	66.9
		440.4	335.8	232.3

Revenues for the nine months ended September 30, 1989 rose 16%, year to year, reflecting continued subscription growth to the company's services. Margins narrowed, reflecting higher operating expenses and increased general and administration costs associated with international expansion. Following higher equity in the losses of associated companies, pretax profits was off 10.5%. After taxes at 40.9%, versus 40.7%, net income declined 10.8%, to $0.66 a share from $0.75.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.23	0.25	0.17	0.11
Jun.	0.23	0.25	0.19	0.12
Sep.	0.21	0.25	0.20	0.13
Dec.		0.22	0.25	0.15
		0.96	0.79	0.49

1. Reflects 1987 change in fiscal yr -end to Dec. 31 from Sep. 30.

Dividend Data

Dividends were initiated in 1984.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.08	Nov. 22	Nov. 28	Dec. 2	Dec. 30'88
0.08	Feb. 10	Feb. 27	Mar. 3	Mar. 31'89
0.08	May 9	May 26	Jun. 2	Jun. 30'89
0.08	Aug. 18	Aug. 28	Sep. 1	Sep. 29'89

Finances

In November, 1988 Dow Jones & Co. purchased 8,873,702 common shares of Telerate from a subsidiary of Oklahoma Publishing Co. in exchange for 4,436,851 newly-issued Dow Jones shares. As a result of the transaction, Dow's holdings of Telerate common increased to about 67% from 57%.

Capitalization

Long Term Debt: $58,500,000.

Common Stock: 95,260,819 shs. ($0.01 par).
Dow Jones & Co. owns about 67%.
Institutions hold approximately 16%.
Shareholders of record: 2,230.

Office—One World Trade Center, NYC 10048 **Tel**—(212) 938-5200 **Pres & CEO**—N. S. Hirsch **Treas & CFO**—A. L. Zimmerman **Secy**—S. N. Rappaport **Investor Contact**—William Rose **Dirs**—K. L. Burenga, W. R. Clabby, W. L. Dunn, F. Frank, N. S. Hirsch, J. D. Jessop, W. H. Phillips, S. N. Rappaport, R. Shaw, P. G. Skinner, J. P. Tarranova, C. M. Valenti. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1980. **Empl**—1,900.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Temple-Inland

NYSE Symbol TIN Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
54⅝	68¼-46¾	9	1.16	1.8%	NR	1.14

Summary

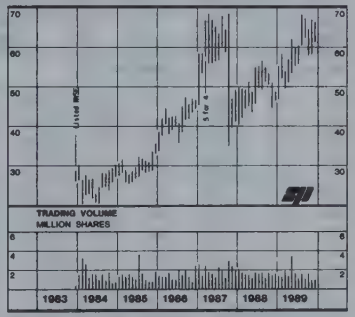
This forest products company is a major factor in corrugated containers and containerboard, and also produces market pulp, paperboard and building products. TIN has large holdings of timberlands in Texas, Louisiana and Georgia. Through acquisitions, TIN has expanded into various financial services operations. Sales and earnings are sensitive to cyclical economic fluctuations. The outlook for 1990 is excellent.

Current Outlook

Earnings for 1990 are projected at $8.50 a share, compared with the $7.85 estimated for 1989.

The $0.29 quarterly dividend will likely be raised early in 1990.

Sales for 1990 should continue strong, based on good demand and firm prices for pulp, containerboard and paperboard. Building products sales should benefit from strong lumber prices. Further earnings gains are likely as long as the general economy holds strong.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	463	426	391
Jun.	---	477	449	395
Sep.	---	480	455	419
Dec.	---	---	445	398
	---	---	1,774	1,603

Sales for the nine months ended September 30, 1989 rose 6.8%, year to year, reflecting higher shipments and prices in the paper groups. Margins widened on the higher pulp and paper prices, and pretax earnings increased 7.8%. After taxes at 34.0%, versus 33.8%, net income was up 7.4%. Share earnings were $5.89, compared with $5.44.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E2.05	1.96	1.63	1.09
Jun.	E2.10	1.92	1.91	1.17
Sep.	E2.15	2.01	1.90	1.24
Dec.	E2.20	E1.96	1.71	1.19
	E8.50	E7.85	7.15	4.69

Important Developments

Nov. '89— The company announced $200 million of capital projects for its Inland Container subsidiary. Included were $160 million for a new recycled containerboard mill, $25 million for a new linerboard product line at the Orange, Texas mill, and $15 million to build a new corrugated box plant near Richmond, Va.

Jul. '89— Second quarter earnings were adversely affected by a $0.13 a share write-off resulting from the sale of National Fidelity Life Insurance Co., which was deemed too small to achieve a low cost mode of operation.

Feb. '89— The company adopted a preferred stock purchase rights plan as an anti-takeover move.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	1985	1984	1983
Tangible Bk. Val.	38.78	33.52	30.81	28.58	26.29	23.30
Earnings	7.15	4.69	2.64	2.80	3.39	1.59
Dividends	0.84	0.68⅜	0.57⅝	0.51¼	0.40	Nil
Payout Ratio	12%	13%	22%	18%	12%	Nil
Prices—High	56⅝	68½	47⅜	35⅝	30¼	28⅞
Low	40¼	35	33⅝	25½	20¼	26
P/E Ratio—	8-6	15-7	18-13	13-9	9-6	18-16

Data as orig. reptd. Adj. for stk. div(s). of 25% Apr. 1987. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Excl. Financial Services. E-Estimated.

January 4, 1990

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2198M

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,099	434	20.7	224	115.0	48.1	302	34.0%	199	9.5
1987	1,603	323	20.2	138	94.1	27.8	220	35.8%	141	8.8
[4]1986	1,296	145	11.2	103	79.3	23.0	113	28.7%	[5]81	6.2
1985	1,243	130	10.5	184	66.3	19.6	128	33.3%	85	6.8
1984	1,263	189	15.0	130	63.2	21.0	166	38.0%	103	8.1
1983	1,176	90	7.7	53	64.4	10.5	79	38.8%	48	4.1
1982	1,187	111	9.4	77	59.1	[5]23.6	51	18.9%	41	3.5
[6]1981	1,209	161	13.3	94	53.7	7.0	126	22.3%	98	8.1
[6]1980	1,070	132	12.3	102	48.0	6.7	98	20.8%	78	7.2
[6]1979	964	NA	NA	NA	NA	NA	107	26.2%	79	8.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	35.2	NA	428	NA	3,370	7.7%	435	1,096	1,804	24.1	19.7%
1987	19.1	383	217	1.7	1,798	8.4%	416	927	1,569	26.5	15.9%
1986	51.0	331	200	1.7	1,701	5.1%	366	929	1,481	24.7	9.0%
1985	82.5	329	165	2.0	1,469	6.0%	248	864	1,285	19.3	10.3%
1984	82.1	340	166	2.1	1,364	8.0%	251	793	1,185	21.2	13.7%
1983	64.0	291	155	1.9	1,209	4.1%	209	701	1,037	20.1	6.3%
[6]1982	2.1	235	140	1.7	1,162	3.7%	80	852	1,010	7.9	5.1%
[6]1981	4.3	247	113	2.2	1,127	9.1%	82	811	960	8.6	12.7%
[6]1980	NA	NA	NA	NA	1,034	7.8%	71	738	809	8.8	11.0%
[6]1979	NA	NA	NA	NA	956	8.7%	79	684	763	10.4	12.4%

Data as orig. reptd.; prior to 1983 pro forma data as reptd. in Form S-1 dated 12-2-83. Reflects spin off from Time Inc. 1. Incl. equity in earns. of nonconsol. subs. after 1982. 2. Excl. spec. item(s) in 1978. 3. Reflects acctg. change. 4. Reflects merger or acquisition. 5. Net of interest capitalized. 6. Historical. NA-Not Available.

Business Summary

Temple-Inland is a forest resource company with major interests in paper, packaging, building products, mortgage banking and insurance. The company was spun-off by Time, Inc. in 1984. Business segment contributions in 1988 (profits in million $):

	Sales	Profits
Container and containerboard	52%	$221
Pulp and paperboard	16%	83
Building products	15%	25
Other activities	2%	1
Financial services	16%	-6

Temple-Inland produced 1,836,000 tons of containerboard and 599,000 tons of bleached paperboard at its seven mills in 1988. Most of the containerboard is converted into corrugated shipping containers at 32 TIN box plants.

Building products include lumber, plywood, particleboard, gypsum wallboard, rigid foam insulation, hardboard siding, fiberboard insulation sheathing, and oriented strandboard.

Financial services operations are involved primarily in mortgage banking, real estate development, insurance, and savings and loan activities.

Temple-Inland owns nearly 1.8 million acres of timberland, principally in East Texas, Louisiana and Georgia.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.29	Feb. 3	Feb. 23	Mar. 1	Mar. 15'89
0.29	May 8	May 25	Jun. 1	Jun. 15'89
0.29	Aug. 4	Aug. 28	Sep. 1	Sep. 15'89
0.29	Nov. 3	Nov. 27	Dec. 1	Dec. 15'89

Next dividend meeting: early Feb.'90.

Finances

In September, 1988 TIN acquired three savings and loan associations from the FSLIC for an initial capital contribution of $75 million. TIN is obligated to make additional capital contributions of $25 million each in 1990 and 1991.

Capitalization

Long Term Debt: $447,000,000.

Common Stock: 27,370,009 shs. ($1 par).
Officers and directors own some 4.2%.
Institutions hold approximately 69%.
Shareholders of record: 10,676.

Office—303 S Temple Dr, Diboll, Texas 75941 Tel—(409) 829-1313 Chrmn—A Temple Pres & CEO—C J Grum Secy—H D Ericson Treas & Investor Contact—M. R. Warner. Dirs—J. F. Bere, R. Cizik, H. C. Goodrich, C. J. Grum, B. R. Inman, W. W McDonald, W. P Stern, A Temple, A Temple III Transfer Agent & Registrar—NCNB Texas National Bank, Dallas Incorporated in Delaware in 1983. Empl—11,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrick

Tenneco Inc.

NYSE Symbol TGT Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
60½	64¼-46⅞	38	3.04	5.0%	B	0.73

Summary

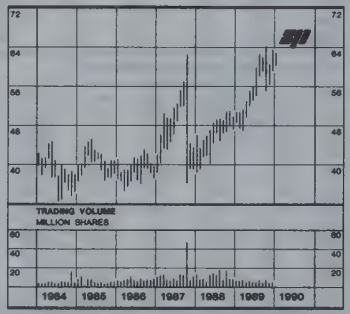
This holding company is involved in natural gas pipeline operations, construction, farm equipment, shipbuilding, agriculture and land development, automotive components, and packaging. In June, 1989 TGT began to restructure its automotive parts unit and redeploy funds into areas that have greater potential. Earnings have recovered in 1989, reflecting higher gas pipeline profits and a stronger agricultural market. Further gains are expected in 1990.

Current Outlook

Share earnings for 1990 are projected at $5.00, up from an estimated $4.40 for 1989.

Dividends should continue at $0.76 quarterly.

Pipeline profits for 1990 should increase slightly on higher throughput. Farm and equipment profits are expected to make a small advance, reflecting continued improvement in the agricultural market. Automotive parts and packaging profits should benefit from wider margins, but shipbuilding profits should decline on lower margins. Long-term prospects are strongly enhanced by pipeline operations serving markets which should show strong demand growth for gas for environmental reasons.



Operating Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	3.32	3.29	3.63	3.94
Jun.	3.67	3.32	3.73	3.72
Sep.	3.21	3.03	3.46	3.24
Dec.	---	3.60	3.97	3.62
	---	13.23	14.79	14.53

Revenues for the nine months ended September 30, 1989 rose 5.8%, year to year. Benefiting from higher pipeline profits, a stronger agricultural market, and cost reduction efforts at farm and construction equipment operations, net income advanced to $379 million ($2.88 a share, on 14% fewer shares) from $176 million ($1.06), which excludes income from discontinued operations of $48 million ($0.33).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.82	0.02	0.10	0.25
Jun.	1.38	0.75	0.29	0.25
Sep.	0.68	0.30	d0.35	d0.10
Dec.	E1.52	d1.30	d1.26	0.10
	E4.40	d0.18	d1.22	0.50

Important Developments

Dec. '89— TGT acquired the assets of C.M. Brake, a Canadian manufacturer of heavy duty friction brakes. Separately, TGT said that Union Pacific Resources Co. signed an agreement to transport 50 million cubic feet per day of natural gas. In November TGT entered into a joint venture with Noise Cancellation Technologies, Inc. to produce and market electronic mufflers for the automotive industry. In October TGT said that it planned to spend up to $300 million over the next 15 months for repurchase of its common shares.

Sep. '89— TGT completed the divestiture of its retail automotive business by selling its 723 muffler shops to a group of Canadian investors; proceeds were used to acquire a ride-control company in the United Kingdom and a brake manufacturing plant.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[1]1987	[2]1986	[2]1985	1984	1983	1982	[2]1981	[2]1980
Tangible Bk. Val.	NA	21.86	22.93	27.75	37.83	41.24	41.27	39.62	38.45	34.74
Earnings[3]	NA	d0.18	d1.22	0.50	2.52	4.01	4.75	5.90	6.01	5.95
Dividends	3.04	3.04	3.04	3.04	2.95	2.83	2.74	2.63	2.60	2.45
Payout Ratio	NA	NM	NM	608%	117%	71%	58%	46%	45%	43%
Prices—High	64¼	51	62½	43⅛	45¼	44¾	42⅜	36½	51⅞	58⅜
Low	46⅞	38¼	36⅛	34½	36½	32¾	31⅞	22⅞	29⅞	31¼
P/E Ratio—	NA	NM	NM	86-69	18-14	11-8	9-7	6-4	9-5	10-5

Data as orig. reptd. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +5.66 in 1988, -0.59 in 1987, -0.90 in 1986, -1.77 in 1985, -0.16 in 1982; bef. spec. item(s) of -0.32 in 1986. E-Estimated. d-Deficit. NA-Not Available. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	13,234	1,236	9.3	688	519	903	84	101.2%	d1	NM
[3,4]1987	14,790	1,552	10.5	1,275	1,074	947	d157	NM	d132	NM
[3,5]1986	14,529	1,995	13.7	955	972	978	234	40.6%	[4]139	1.0
[3,5]1985	15,270	2,472	16.2	1,719	1,154	919	719	40.1%	431	2.8
1984	14,890	2,560	17.2	1,748	1,133	915	912	30.8%	631	4.2
1983	14,449	2,326	16.1	1,609	980	856	1,041	31.2%	716	5.0
[3]1982	14,979	2,568	17.1	2,103	1,035	939	1,202	30.1%	840	5.6
[5]1981	15,462	2,504	16.2	2,359	865	896	1,271	36.0%	813	5.3
[5]1980	13,226	1,967	14.9	1,825	633	[4]617	1,121	35.2%	726	5.5
[5]1979	11,209	1,794	16.0	1,477	564	492	898	36.2%	[4]571	5.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	328	7,454	6,442	1.2	17,376	NM	5,612	3,161	10,329	54.3	NM
1987	100	4,620	6,034	0.8	18,503	NM	6,167	3,773	11,924	51.7	NM
1986	111	4,491	4,642	1.0	18,021	0.7%	6,072	4,410	12,933	46.9	1.4%
1985	81	4,383	4,317	1.0	20,437	2.2%	6,407	5,900	15,650	40.9	6.1%
1984	73	3,383	3,365	1.0	18,205	3.4%	5,069	6,150	14,498	35.0	9.3%
1983	167	4,016	3,822	1.1	17,994	4.0%	5,137	5,819	13,872	37.0	11.5%
1982	45	4,192	3,982	1.1	17,378	4.8%	5,032	5,471	13,069	38.5	14.4%
1981	76	4,494	4,146	1.1	16,808	5.1%	5,089	5,042	12,303	41.4	15.6%
1980	74	3,991	3,532	1.1	13,853	5.4%	4,161	4,160	9,919	41.9	17.1%
1979	117	3,945	3,662	1.1	11,631	5.1%	3,173	3,341	7,675	41.3	16.2%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1982, and spec. item(s) in 1986 3. Excludes discontinued operations. 4. Reflects accounting change. 5. Reflects merger or acquisition d-Deficit. NM-Not Meaningful.

Business Summary

Contributions to revenues (before elimination of intergroup sales) and operating income of this diversified energy company in 1988:

	Revs.	Profits
Pipelines	23%	12%
Farm & construction equip.	32%	-6%
Automotive	13%	21%
Shipbuilding	13%	18%
Packaging	10%	22%
Chemicals & minerals	9%	6%
Other	Nil	27%

Tennessee Gas Inc. transports and sells gas through a 18,000-mile interstate pipeline system, primarily to or for other gas transmission or distribution companies for resale in the Mid-Atlantic, New England and upper Midwest regions of the U.S. Gas sales and transportation volumes in 1988 were 2,180 Bcf, versus 2,008 Bcf a year earlier.

The farm and construction equipment operation, conducted primarily through J.I. Case Co., manufactures and sells worldwide a full line of farm equipment and light and medium-sized construction equipment

Walker Manufacturing Co. and Monroe Auto Equipment Co. conduct automotive parts operations.

Newport News Shipbuilding and Dry Dock Co. constructs, repairs and reconditions vessels, primarily for the Navy. Other subsidiaries include Packaging Corp. of America, Albright & Wilson Ltd., Tenneco Minerals, and Tenneco Credit Corp.

Dividend Data

Dividends have been paid since 1948. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.76	Jan. 10	Feb. 6	Feb. 10	Mar. 14'89
0.76	May 9	May 22	May 26	Jun. 13'89
0.76	Jul. 11	Aug. 7	Aug. 11	Sep. 12'89
0.76	Oct. 11	Nov. 6	Nov. 10	Dec. 12'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $5,097,000,000.

Cum. Red. Preferred Stock: $209,000,000.

Common Stock: 148,880,885 shs. ($5 par).
Institutions hold about 54%.
Shareholders of record: 160,917.

Office—Tenneco Building, (P.O. Box 2511), Houston, Texas 77252. **Tel**—(713) 757-2131. **Chrmn & CEO**—J. L. Ketelsen. **SVP & CFO**—R. T. Blakely **Secy**—K. A. Stewart. **Treas**—R. A. Robinson. **Investor Contact**—Mike Ronca. **Dirs**—M. Andrews, W. M. Blumenthal, M. K. Eickhoff, P. T. Flawn, H. U. Harris, Jr., B. K. Johnson, J. L. Ketelsen, B. J. Mackin, A. S. Plastow, K. W. Reese, J. J. Sisco. **Transfer Agent & Registrar**—Republic Bank Houston. **Incorporated** in Delaware in 1947. **Empl**—97,500.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Teradyne, Inc.

NYSE Symbol TER Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 7'89	1989					
11½	14¾-10¾	NM	None	None	C	1.70

Summary

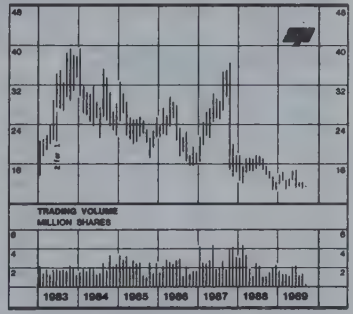
Teradyne is a leading manufacturer of automatic test equipment for the semiconductor, printed circuit board and telecommunications industries, and makes backplane connectors. Following two years of losses, the probable absence of nonrecurring charges and savings from a restructuring should lead to meaningful earnings in 1989 despite a substantial slowing of growth in the electronics industry. Further progress is likely in 1990 even though only modest growth is projected for the electronics industry.

Current Outlook

Earnings for 1990 should reach $0.80 a share, up from the $0.60 projected for 1989.

Cash dividends have never been paid.

Revenues for 1990 are projected to increase more than 10% due to new product introductions and well maintained capital spending by the electronics industry. Despite a continuation of the slowing growth that the industry experienced in 1989, capital spending by electronics companies is likely to be relatively strong due to cautious ordering during the industry's rebound over the past several years and continuing technological advances. Generally healthy finances at electronics companies should further facilitate equipment purchases. Profitability should benefit from the higher volume, limited increases in spending, and cost savings. Long term prospects appear bright due to a likely period of increased capital spending by the electronics industry.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	121.2	108.3	91.4	75.2
Jun.	128.3	108.5	94.6	74.3
Sep.	---	119.0	95.6	83.0
Dec.	---	126.6	96.1	73.6
	---	462.3	377.7	306.1

Sales for the six months ended July 1, 1989 increased 15%, year to year, despite a substantial slowing of growth in the electronics industry. The higher volume and well controlled costs, including savings from the 1988 restructuring, allowed margins to widened significantly, and pretax income more than tripled. After taxes at 31.5%, versus 34.0%, net income advanced to $0.32 a share from $0.08.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.15	0.04	d0.16	Nil
Jun.	0.17	0.04	d0.12	Nil
Sep.	E0.08	0.13	d0.08	Nil
Dec.	E0.22	d0.32	d0.40	Nil
	E0.60	d0.11	d0.76	0.01

Important Developments

Jul. '89— TER said that the sales increase for the first half reflected greater demand from the semiconductor and computer industries. It noted that the wider margins primarily resulted from only a slight increase in engineering and development and selling and administrative expenses.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.68	9.63	11.20	11.14	10.17	8.13	5.89	5.45	5.15	4.36
Earnings[2]	d0.11	d0.76	0.01	0.87	1.87	1.08	0.25	0.25	0.69	0.59
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High	17¾	36½	29⅝	32⅝	39⅜	39⅜	17⅞	12⅞	15	9⅜
Low	10⅝	13⅜	15⅜	17⅛	21¼	13⅝	6⅛	7⅜	7⅞	3¾
P/E Ratio—	NM	NM	NM	38-20	21-11	38-13	72-25	51-29	22-11	16-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1983, 100% Oct. 1982. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.01 in 1987. NM-Not Meaningful. d-Deficit. E-Estimated.

September 15, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	462	53.3	11.5	19.8	33.5	7.09	0.1	560.0%	d3.3	NM
[2]1987	378	11.4	3.0	40.9	32.5	3.80	d33.2	NM	d21.5	NM
1986	306	19.8	6.5	18.0	26.3	NA	[3]d2.7	NM	[4]0.2	0.1
1985	336	45.1	13.4	19.7	25.9	1.72	[3]27.5	26.7%	20.2	6.0
1984	389	91.3	23.5	36.9	19.3	5.32	[3]66.8	35.4%	43.2	11.1
1983	251	51.3	20.4	20.6	14.6	6.51	[3]30.5	30.0%	21.4	8.5
1982	176	20.5	11.8	29.7	11.1	8.78	3.9	NM	4.3	2.4
1981	160	18.4	11.5	23.3	8.7	6.13	5.1	15.9%	4.3	2.7
1980	165	29.2	17.7	19.2	6.6	[4]4.64	19.0	40.0%	11.4	6.9
1979	122	23.1	18.9	16.1	4.5	4.37	14.2	44.0%	8.0	6.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	10.9	220	79.9	2.8	434	NM	66.0	278	350	18.9	NM
1987	11.1	180	66.8	2.7	398	NM	43.4	279	327	13.3	NM
1986	33.1	157	40.9	3.8	335	0.1%	12.3	264	294	4.2	0.1%
1985	24.8	156	42.5	3.7	327	5.9%	12.6	254	284	4.4	8.3%
1984	0.8	190	53.4	3.6	350	14.2%	63.9	227	305	20.9	21.2%
1983	0.1	126	36.8	3.4	253	8.3%	28.3	176	218	13.1	14.3%
1982	1.8	96	22.6	4.3	208	2.3%	79.7	98	185	43.1	4.5%
1981	0.5	82	21.0	3.9	166	2.7%	48.9	91	145	32.4	4.8%
1980	1.1	84	28.1	3.0	146	8.8%	29.8	83	118	25.2	14.8%
1979	0.8	65	19.9	3.3	109	8.0%	17.7	68	89	19.9	13.7%

Data as orig. reptd. 1. Bef. spec. item(s) in 1987. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful. NA-Not Available.

Business Summary

Teradyne, Inc. is a manufacturer of electronic systems and software and backplane connection systems used in the electronics and telecommunications industries. Contributions (profits in million $) by industry segment in 1988 were:

	Sales	Profits
Electronic systems and software	85%	-$0.3
Backplane connection systems	15%	7.9

Exports contributed 46% of total sales in 1988, compared with 39% in 1987.

The company designs, manufactures, markets, and services electronic systems and software used by component manufacturers in the design and testing of their products and by electronic manufacturers for the incoming inspection of components and for the design and testing of circuit boards and other assemblies. The compoany's electronic systems and software are also used by telephone operating companies for maintenance of their subscriber telephone lines and related equipment.

Electronic systems and software produced by the company include: test systems for a wide variety of semiconductors, including digital and analog integrated circuits, test systems for circuit boards and other assemblies, test systems for telephone lines and networks, and computer-aided engineering software used in the design of electronic components and assemblies. Systems are computer-controlled and require extensive software support by both the customer and Teradyne. Prices range from less than $100,000 to over $2 million, while software prices typically range from $10,000 to $500,000.

Teradyne also makes backplane connection systems, principally for the military/aerospace, telecommunications, and computer industries.

Engineering and development expenditures amounted to 13.3% of sales in 1988, compared with 16.3% the year before.

Dividend Data

No cash dividends have ever been paid.

Capitalization

Long Term Debt: $57,883,000, incl. $14.2 million of debs. conv. into com. stk. at $23.50 a sh.

Common Stock: 29,167,790 shs. ($0.125 par). Institutions hold approximately 82%. Shareholders of record: 5,002.

Office—321 Harrison Ave., Boston, Mass. 02118. Tel—(617) 482-2700. Chrmn & Pres—A. V. d'Arbeloff. Clerk—R. J. Testa. Treas—S. M. Oestin. VP-Investor Contact—F. T. Van Veen. Dirs—A. V. d'Arbeloff, E. L. Artzt, D. S. Gregory, D. H. Hibbard, F. P. Johnson, Jr., J. H. McArthur, J. P. Mulroney, R. J. Testa, H. M. Watts, Jr. Transfer Agent & Registrar—Bank of Boston. Incorporated in Massachusetts in 1960. Empl—4,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Tesoro Petroleum

NYSE Symbol TSO Options on Phila (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
10	14 1/8-8 3/4	NM	None	None	C	1.02

Summary

This small energy company engages primarily in crude oil refining, marketing and transportation. TSO also has minor exposure in exploration and production as well as oil field services. Since 1985 results have been impaired by reduced volumes and an unfavorable pricing environment. Common dividends were omitted in 1986, and in May, 1989 directors deferred payment of preferred dividends. In August, 1989 Harken Energy Corp. proposed to acquire TSO for $11.75 in cash for each TSO common share.

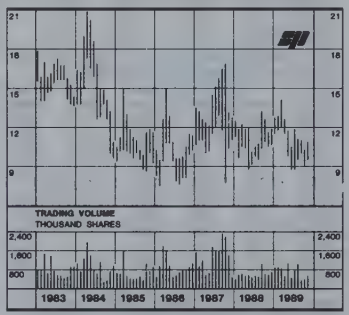
Business Summary

Tesoro Petroleum is a natural resource company engaged primarily in the refining, marketing, and transportation of crude oil products. Other activities include oil field services and exploration for crude oil and natural gas. In fiscal 1988, TSO sold substantially all of its domestic onshore and offshore oil and gas producing properties as well as its crude oil gathering and transportation assets, except those relating to its Alaskan operations. The transactions resulted in a pretax gain of $39.2 million. Offsetting these gains were a $20.6 million charge related to the Internal Revenue Service and a $27.0 million settlement related to Federal petroleum price and allocation regulations. Contributions to profits by industry segments in recent years (in million $):

	1988	1987
Ref., mkting & crude supply	$65.9	$31.1
Exploration & production	18.0	8.1
Oilfield services	-7.1	-10.0

The company's Kenai, Alaska Refinery, has a crude oil processing capacity of 72,000 b/d; throughput in fiscal 1988 averaged 71,784 bbls. a day, or 99.7% of capacity. The refinery is designed to run 100% Alaskan North Slope crude and produces a full range of petroleum products. Wholesale refined products are sold in the bulk market and through 21 terminals, primarily on the West Coast. In fiscal 1988, these marketing operations sold about 40,000 b/d. Oil field services consisted of equipment rentals and the supply of lubricants, fuels and specialty petroleum products. Unprofitable contract drilling operations were discontinued in fiscal 1988.

Net production in fiscal 1988 was 4,266 bbls. per day of crude (60% from Indonesia) and 12,421 Mcf a day of natural gas (from the U.S.). Net proved reserves at the fiscal 1988 year-end were 4,000 barrels of oil (3,748,000 in fiscal 1987) and 208 million cf of natural gas (52.6 Bcf), reflecting TSO's fiscal 1988 sale of substantially all of its domestic oil and gas producing properties.



Important Developments

Oct. '89— Harken Energy Corp. (HEC: NYSE) received an extension of its financing commitment for the planned acquisition of TSO. Harken said Bankers Trust Co., from which HEC had obtained a commitment to provide the necessary financing, had extended until December 15, 1989 its financing commitment. In August, 1989 Harken submitted a proposal to acquire TSO through an exchange of $11.75 in cash for each TSO common share. TSO had about 14.1 million common shares outstanding and preferred shares convertible into 2.3 million common. The offer was valued at about $190.0 million. Harken said if TSO had not entered into a merger agreement by December 15, HEC's offer would be withdrawn.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	[1]1986	1985	[2]1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	NA	8.97	11.04	11.89	22.04	29.41	29.20	25.20	24.09	20.03
Earnings	d2.83	d2.04	d0.80	d9.76	d7.01	0.59	3.05	2.90	4.84	7.15
Dividends	Nil	Nil	Nil	0.40	0.40	0.40	0.40	0.40	0.30	0.22 1/2
Payout Ratio	Nil	Nil	Nil	NM	NM	68%	13%	12%	6%	3%
Prices—High[3]	14 1/8	13 1/4	16 7/8	15	15	20 7/8	17 7/8	24 1/2	23	32 1/4
Low[3]	8 3/4	8 3/4	7 3/4	7 1/2	8 5/8	9 5/8	13 5/8	14 5/8	13 1/2	14
P/E Ratio—	NM	NM	NM	NM	NM	35-16	6-4	8-5	5-3	5-2

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects acctg. change. 3. Cal. yr. NM-Not Meaningful. NA-Not Available. d-Deficit.

December 4, 1989

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,124	35	3.1	6	28.4	28.5	d5	NM	d19	NM
1987	1,314	28	2.2	18	29.7	18.7	1	420.0%	[1]d2	NM
[2]1986	1,473	d33	NM	35	94.7	19.5	d187	NM	d125	NM
1985	2,293	d18	NM	114	42.4	20.7	[3]d86	NM	d87	NM
[1]1984	3,099	70	2.2	111	47.0	15.6	[3]36	52.2%	17	0.6
1983	2,814	132	4.7	94	[1]53.5	15.6	[3]79	38.4%	[1]48	1.7
1982	2,440	153	6.3	88	42.1	2.9	[3]110	54.3%	50	2.1
[2]1981	3,035	147	4.9	107	38.0	6.1	[3]87	7.7%	80	2.6
1980	3,528	166	4.7	86	26.4	15.4	[3]182	42.9%	104	2.9
1979	2,370	118	5.0	36	33.8	23.0	[3]104	43.1%	59	2.5

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	97	229	118	1.9	490	NM	110	126	341	32.1	NM
1987	32	249	182	1.4	578	NM	133	152	389	34.2	NM
1986	22	216	154	1.4	567	NM	144	163	409	35.2	NM
1985	42	347	262	1.3	898	NM	177	303	623	28.5	NM
1984	36	430	397	1.1	1,106	1.6%	126	405	700	18.0	2.0%
1983	101	412	317	1.3	1,004	5.2%	107	401	675	15.9	11.2%
1982	29	338	311	1.1	840	6.6%	88	344	520	17.0	13.2%
1981	18	288	258	1.1	760	10.5%	15	369	497	2.9	21.7%
1980	32	274	278	1.0	708	14.7%	16	283	419	3.9	40.3%
1979	57	243	185	1.3	618	9.9%	142	164	432	32.7	35.8%

Data as orig. reptd. 1. Reflects acctg. change. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Gross Oper. Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	143	336	297	500
Mar.	178	328	338	366
Jun.	223	280	313	330
Sep.	219	180	366	277
	763	1,124	1,314	1,473

Revenues for the fiscal year ended September 30, 1989 (preliminary) fell 32%, year to year, owing mostly to the sale of of TSO's oil and gas properties in fiscal 1988. As a result of lower margins in the refining business, and nonrecurring charges of $30.7 million versus $8.4 million, there was a net loss of $30.5 million, compared with a loss of $19.4 million a year earlier. After the accrual of preferred dividends, the per share loss in fiscal 1989 was $2.83, compared with $2.04 a year before.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.06	d0.65	d0.61	d0.86
Mar.	d0.89	d0.37	d0.19	d4.11
Jun.	d0.82	0.62	d0.13	d0.14
Sep.	d1.16	d1.64	0.12	d4.66
	d2.83	d2.04	d0.80	d9.76

d-Deficit.

Dividend Data

Common dividends were omitted in September, 1986 after being resumed in 1980. In May, 1989 TSO deferred dividends on the outstanding cumulative preferred stocks. As of June 30, 1989 preferred arrearages amounted to approximately $2,294,000. A "poison pill" stock purchase right was adopted in 1985.

Finances

In their report on TSO's fiscal 1988 financial statements auditors noted the existence of uncertainties with contracts with the State of Alaska for the purchase of State royalty crude oil for the company's refining operations. TSO is unable to predict the outcome of its contractual dispute with the State.

Capitalization

Long Term Debt: $109,279,000.

Red. Conv. Preferred Stock: $57,352,000 (privately held).

$2.16 Cum. Conv. Preferred Stock: 1,320,000 shs. ($25 liquid. pref.); conv. into 1.7241 com.

Common Stock: 14,061,009 shs. ($0.16 2/3 par). Metropolitan Insurance Co. owns about 25% of TSO through com. and pfd. holdings. Shareholders of record: 5,800.

Office—8700 Tesoro Drive, San Antonio, Texas 78286. **Tel**—(512) 828-8484. **Chrmn**—R. V. West, Jr **Pres & CEO**—D. F. Juren. **VP-Secy**—C. L. Magee. **VP-Treas & Investor Contact**—J. R. Hyslop. **Dirs**—Z. D. Bonner, P. M. Detwiler, G. R. Ford, T. C. Frost, Jr., L. R. Fullem, P. S. Hadley, D. F. Juren, C.F. Luce, R. K. Mason, J. J. McKetta, Jr., R. V. West, Jr., C. Wohlstetter. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Delaware in 1968. **Empl**—1,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Edward G. Graves

Texaco Inc.

NYSE Symbol TX Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 27'89	1989					
51¾	56⅝-48½	5	[1]3.00	[1]5.8%	C	0.49

Summary

This international petroleum and chemical concern has been engaged in an extensive restructuring program. The restructuring was designed to strengthen TX's financial position and to enhance its market competitiveness following the company's $3.0 billion settlement payment to Pennzoil Co. and emergence from bankruptcy in early 1988. The restructuring enabled the company to pay two special dividends valued at $4 each in 1989. The restructured Texaco is positioned to expand its exploration and production activities and to exploit refining and marketing opportunities worldwide.

Current Outlook

Share earnings for 1990 are projected at $4.95, versus 1989's estimated $9.60, which includes a net nonrecurring gain of $4.87.

The $0.75 quarterly dividend, reinstated with the June, 1988 payment, is the minimum expectation.

Revenues for 1990 are projected to show some modest improvement, reflecting higher gas prices and increased gas production. Worldwide upstream operations will be limited by volatile crude prices. Downstream margins are projected to benefit from greater demand and possibly increased market share. Profit comparisons will be limited by absence of 1988's nonrecurring gain.

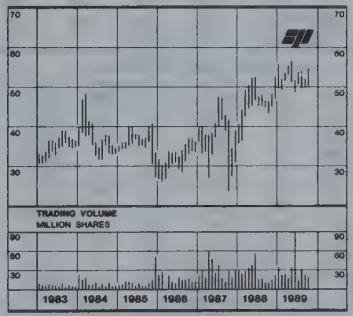
Gross Oper. Income (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	7.23	8.42	8.27	9.31
Jun.	8.15	8.69	8.27	7.60
Sep.	8.07	8.37	8.73	7.10
Dec.	---	8.07	9.10	7.61
	---	33.54	34.37	31.61

Revenues for the nine months ended September 30, 1989 fell 8.0%, year to year, excluding the operations of Texaco Canada, Deutsche Texaco, and the Star Enterprise joint venture. Owing mostly to a $1.2 billion net gain primarily on the sale of the Canadian unit, net income was $2.1 billion ($8.19 a share on 4.8% more shares), versus $1.0 billion ($4.14).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	5.91	1.11	0.49	1.37
Jun.	1.39	1.91	0.53	0.77
Sep.	1.10	1.12	0.44	0.67
Dec.	E1.20	1.21	d19.61	0.21
	E9.60	5.35	d18.15	3.01



Important Developments

Oct. '89— TX entered into an agreement to acquire oil and gas assets from Tana Production Corp. for $476.5 million, consisting of $95.1 million in cash and $381.4 million in shares of a new, nonvoting variable rate preferred stock. The properties are located in south Texas and contain recoverable reserves of 435 Bcf of natural gas and approximately 4 million barrels of oil. The acquisition is expected to be closed by year-end 1989. The purchase is part of TX's broader strategy to increase its reserve base through aggressive exploration and acquisitions. The purchase strengthens the company's position as a producer and distributor of natural gas. Through September 30, 1989 TX had expensed some $1.4 billion in capital and exploratory expenditures, compared with $1.9 billion in 1988.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[2]1986	1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	31.13	37.76	56.71	57.04	55.15	56.86	55.11	53.11	46.64	39.22
Earnings[4]	5.35	d18.15	3.01	5.11	1.03	4.80	4.92	8.75	8.31	6.48
Dividends	2.25	0.75	3.00	3.00	3.00	3.00	3.00	2.80	2.45	2.12
Payout Ratio	42%	NM	100%	59%	291%	63%	61%	32%	29%	33%
Prices—High	52½	47½	37⅛	40⅞	48⅜	39⅛	34⅞	49⅛	54⅜	32⅛
Low	35⅝	23½	26	27¼	31½	30½	26	31½	27½	23⅝
P/E Ratio—	10-7	NM	12-9	8-5	47-31	8-6	7-5	6-4	7-3	5-4

Data as orig. reptd. 1. Excl. special divds. of 7.00 in cash and 0.02 sh. Series C pfd. stk. (1.00 stated val.) in 1989. 2. Reflects acctg change. 3. Reflects merger or acquisition. 4. Bef spec item(s) of +1.48 in 1980. E-Estimated d-Deficit NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	33,544	4,064	12.1	1,757	2,094	1,068	2,474	43.9%	[3]1,304	3.9
1987	34,372	4,064	11.8	1,713	2,552	1,033	d4,262	NM	d4,407	NM
[3]1986	31,613	4,614	14.6	1,836	2,732	1,003	1,898	57.7%	725	2.3
1985	46,297	7,034	15.2	2,052	3,043	1,198	4,067	67.8%	1,233	2.7
[4]1984	47,334	5,789	12.2	3,079	2,823	1,307	2,513	85.9%	306	0.6
1983	40,068	3,254	8.1	2,922	1,741	330	2,411	47.4%	1,233	3.1
1982	46,986	3,151	6.7	2,952	1,296	283	2,672	50.7%	[3]1,281	2.7
1981	57,628	4,084	7.1	2,499	1,260	308	4,195	44.2%	2,310	4.0
1980	51,196	4,195	8.2	2,178	1,264	[3]276	4,157	45.2%	2,240	4.4
1979	38,350	4,179	10.9	1,322	1,241	341	3,497	48.8%	1,759	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,485	6,770	6,174	1.1	26,337	4.3%	6,655	7,605	16,411	40.6	15.5%
1987	4,112	11,386	6,117	1.1	33,962	NM	1,029	9,171	12,429	8.3	NM
1986	3,000	9,809	7,741	1.3	34,940	2.0%	7,560	13,739	24,422	31.0	5.3%
1985	1,777	10,934	10,791	1.0	37,703	3.3%	7,657	13,628	24,229	31.6	9.0%
1984	1,401	9,546	8,074	1.2	37,744	0.8%	11,215	13,107	27,325	41.0	2.3%
1983	2,100	8,387	5,748	1.5	27,199	4.5%	2,789	14,726	19,794	14.1	8.5%
1982	2,304	9,343	6,243	1.5	27,114	4.7%	2,427	14,226	19,026	12.8	9.2%
1981	2,840	11,947	7,025	1.7	27,489	8.4%	2,860	13,752	18,924	15.1	17.9%
1980	3,020	12,520	7,493	1.7	26,430	9.1%	3,175	12,526	17,644	18.0	19.4%
1979	2,025	10,388	6,864	1.5	22,992	8.1%	3,456	10,646	15,849	21.8	17.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1980. 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Texaco is a major integrated international oil company. TX has been engaged in an extensive restructuring program following its Chapter 11 bankruptcy filing (April 12, 1987 to April 7, 1988) and the 1988 $3.0 billion settlement with Pennzoil Co. In December, 1988 TX formed a joint venture with the Saudi Arabian Oil Co. (Star Enterprise) entailing the sale of a 50% stake in its refining and marketing operations in 23 East and Gulf Coast states. In June, 1988 TX sold its German unit and in February, 1989 the company sold its Canadian subsidiary. As part of the restructuring, TX concluded an agreement with financier Carl Icahn who sold his 17.3% interest in TX in June, 1989.

Oper. Profits	1988	1987
Refining & marketing	52%	11%
Exploration & production	35%	84%
Petrochemical	12%	6%
Marine transportation	1%	-3%

In 1988 net production of crude oil and natural gas liquids (including interests in non-subsidiary companies) averaged 990,000 barrels a day (1,056,000 b/d in 1987), natural gas sales 3.3 billion cubic feet a day (2.8 Bcf), refinery input 1,877,000 (1,892,000 b/d), and petroleum product sales 2,787,000 b/d (2,734,000 b/d).

Net proved reserves at the end of 1988 were 2,992 million barrels of crude oil and natural gas liquids (3,089 million bbls. in 1987) and 7,238 billion cubic feet of natural gas (7,847 Bcf).

Dividend Data

The $0.75 quarterly dividend, suspended when TX entered bankruptcy in April, 1987, was reinstated in mid-1988. A revised "poison pill" stock purchase right was adopted in 1989. Payments in the past six months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Jan. 27	Feb. 1	Feb. 7	Mar. 10'89
0.10 *	Mar. 20	Mar. 28	Apr. 3	Apr. 7'89
0.75	Apr. 21	May 3	May 9	Jun. 9'89
4.00 Spl.	May 9	May 30	Jun. 5	Jun. 19'89
0.75	Jul. 28	Aug. 2	Aug. 8	Sep. 8'89
3.00 Spl.	May 9	Aug. 29	Sep. 5	Sep. 18'89
Stk. Spl.†	May 9	Aug. 29	Sep. 5	Sep. 18'89
0.75	Oct. 26	Nov. 2	Nov. 8	Dec. 8'89

*Red. of stk. purchase right.
†1.00 stated val. (0.02 sh.) Series C pfd. stk.

Capitalization

Long Term Debt: $4,489,000,000

Minority Interest: $41,000,000.

Ser. C Var. Rate Cum. Pfd. Stk.: 5,320,000 shs. ($50 liquid. value).

Common Stock: 266,210,000 shs.($6.25 par). Institutions hold about 56%.
Shareholders of record: 187,391.

Office—2000 Westchester Ave., White Plains, N.Y. 10650. Tel—(914) 253-4000. Chrmn—A. C. DeCrane, Jr. Pres & CEO—J. W. Kinnear. SVP-CFO—A. J. Krowe. VP-Secy—C. B. Davidson. Investor Contact—Elizabeth Smith. Dirs—R. A. Beck, J. Brademas, W. C. Butcher, F. T. Cary, A. C. DeCrane, Jr., The Earl of Granard, J. W. Kinnear, J. K. McKinley, T. S. Murphy, G. Parker, Jr., C.H. Price, R. V. Roosa, T. A. Vanderslice, L. S. Williams, W. Wrigley. Transfer Agent—Company's office. Incorporated in Delaware in 1926 (original co. in 1902). Empl—36,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Graves

Texas Instruments

NYSE Symbol TXN Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 31'89	1989					
31⅞	46¾-30⅜	8	0.72	2.3%	B+	1.42

Summary

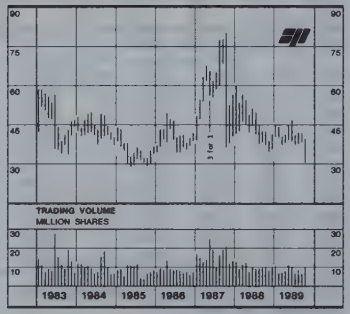
Texas Instruments is one of the world's largest producers of semiconductors. It also derives over half of its revenues from defense electronics, computers, terminals and calculators. A 40% interest is held in a seismic services company. Following several years of sharply higher profits, lower earnings are anticipated for 1989 due to slowing growth in the semiconductor industry, pressure on defense electronics profits, and continuing losses in the digital segment. A partial recovery appears likely in 1990.

Current Outlook

Earnings for 1990 should approximate $3.80 a share, up from the $3.50 a share projected for 1989.

Continuation of the $0.18 quarterly dividend is expected.

Sales for 1990 are expected to increase approximately 5%. The gain is likely to be restricted by only minimal growth in the semiconductor industry and continuing pressure on prices. Defense electronic operations are also projected to experience only limited sales growth as well due to continuing pressures on the defense budget. The digital products segment is likely to grow more rapidly after several years of declining sales. Despite recent employment reductions and other efforts to reduce costs, margins are likely to widen. The company's strong commitment to maintaining its technological lead augurs well for the longer term.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,561	1,467	1,272	1,145
Jun.	1,564	1,558	1,372	1,244
Sep.	1,539	1,577	1,416	1,249
Dec.	---	1,692	1,535	1,336
	---	6,295	5,595	4,974

Sales for the nine months ended September 30, 1989 increased 1.3%, year to year. Due primarily to lower prices for semiconductor memory devices, reduced royalty income on semiconductors and higher depreciation in semiconductors, margins narrowed. Pretax income declined 13%. After taxes at 22.0%, versus 28.5%, net income was 5.6% lower. Following preferred stock dividends, share earnings were $2.70, versus $3.01.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.90	0.95	0.92	d0.18
Jun.	1.14	1.02	0.56	0.12
Sep.	0.67	1.03	0.63	0.14
Dec.	E0.79	1.05	0.85	0.30
	E3.50	4.05	2.96	0.38

Important Developments

Oct. '89— TXN said that the lower third quarter earnings primarily reflected continued slowing of the worldwide semiconductor growth rate. Cost increases on fixed-priced development programs and a $10 million nonrecurring charge caused defense electronics earnings to decline, while digital products continued to operate at a loss.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	21.36	21.95	18.60	18.91	20.86	16.69	19.18	17.81	16.69	13.92
Earnings	4.05	2.96	0.38	d1.59	4.35	d2.03	2.03	1.54	3.07	2.53
Dividends	0.72	0.70⅛	0.66⅔	0.66⅔	0.66⅔	0.66⅔	0.66⅔	0.66⅔	0.66⅔	0.66⅔
Payout Ratio	17%	23%	180%	NM	16%	NM	33%	43%	22%	26%
Prices—High	60	80¼	49½	43⅞	49⅞	58¾	50⅞	42⅛	50¼	33⅛
Low	34½	36¼	34¼	28¾	37¼	33¾	23½	25	26¼	26
P/E Ratio—	15-9	27-12	NM	NM	11-9	NM	25-12	27-16	16-9	13-10

Data as orig. reptd. Adj. for stk. div(s). of 200% Jun. 1987 **1.** Bef. spec. item(s) of +0.63 in 1987, -0.14 in 1986. d-Deficit. E-Estimated. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	6,295	758	12.0	[2]628	390	48.3	516	29.1%	[3]366	5.8
1987	5,594	597	10.7	468	380	33.4	415	38.1%	257	4.6
1986	4,974	528	10.6	447	426	38.2	99	59.6%	40	0.8
1985	4,924	488	9.9	515	516	55.0	d115	NM	d119	NM
1984	5,742	948	16.5	722	423	48.9	487	35.0%	316	5.5
1983	4,580	63	1.4	479	351	36.0	d323	NM	d145	NM
1982	4,327	574	13.3	342	339	33.1	213	32.4%	144	3.3
1981	4,206	586	13.9	350	333	41.3	175	38.0%	109	2.6
1980	4,075	676	16.6	548	257	44.3	379	44.0%	212	5.2
1979	3,224	507	15.7	435	187	19.5	309	44.0%	173	5.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	780	2,549	1,199	2.1	4,427	8.3%	624	1,723	2,867	21.8	19.2%
1987	663	2,563	1,247	2.1	4,256	6.7%	487	1,726	2,733	17.8	14.8%
1986	214	1,781	1,113	1.6	3,337	1.2%	191	1,427	1,919	10.0	2.0%
1985	159	1,531	1,129	1.4	3,076	NM	382	1,428	1,810	21.1	NM
1984	274	1,858	1,412	1.3	3,423	10.2%	381	1,541	1,921	19.8	22.8%
1983	185	1,452	1,231	1.2	2,713	NM	225	1,203	1,428	15.8	NM
1982	420	1,527	959	1.6	2,631	5.8%	214	1,361	1,575	13.6	11.0%
1981	150	1,197	765	1.6	2,311	4.6%	212	1,260	1,472	14.4	8.9%
1980	140	1,299	971	1.3	2,414	9.7%	212	1,165	1,376	15.4	19.9%
1979	117	1,083	882	1.2	1,908	10.1%	18	953	970	1.8	19.2%

Data as orig. reptd. **1.** Bef. spec. item(s) in 1987, 1986. **2.** Net of curr. yr. retirement and disposals. **3.** Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Texas Instruments produces a variety of electrical and electronics products for industrial, consumer and government markets. Contributions (profits in million $) by industry segment in 1988:

	Sales	Profits
Components	48%	$424
Defense electronics	34%	217
Digital products	15%	-53
Metallurgical materials	3%	8

Foreign sales were 32% of revenues and 18% of operating income in 1988. Sales to the U.S. Government (primarily defense electronics) were 24% of the total.

Components include semiconductor integrated circuits, semiconductor discrete devices, assembled modules, and electrical and electronic control devices.

Defense electronics products include radar infrared surveillance systems and missile guidance and control systems.

Digital products include minicomputers, electronic data terminals and peripherals, geophysical and scientific equipment, electronic calculators, learning aids and other products.

Metallurgical materials primarily involve clad metals which are used in variety of applications.

Petroleum-exploration related services are performed by a 40%-owned subsidiary.

Dividend Data

Dividends have been paid since 1962. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Nov. 18	Dec. 22	Dec. 29	Jan. 23'89
0.18	Mar. 17	Mar. 22	Mar. 29	Apr. 24'89
0.18	Jun. 16	Jun. 26	Jun. 30	Jul. 24'89
0.18	Sep. 15	Sep. 20	Sep. 26	Oct. 23'89

Next dividend meeting: mid-Nov.'89.

Capitalization

Long Term Debt: $645,300,000.

Market Auction Pref. Stk.: 3,000 shs.

Conv. Money Market Cum. Pfd. Stk.: 2,208 shs. in 3 series.

Common Stock: 80,975,440 shs. ($1 par).
Institutions hold approximately 84%.
Shareholders of record: 35,344.

Office—13500 North Central Expressway, Dallas, Texas 75265 **Tel**—(214) 995-3773 **Chrmn, Pres & CEO**—J. R. Junkins **Treas & CFO**—W. A. Aylesworth. **VP-Secy**—R. J. Agnich. **Investor Contact**—M. Post. **Dirs**—J. R. Adames, B. M. Fauber, G. W. Fronterhouse, D. C. Garrett, Jr., J. R. Junkins, R. A. Hanson, D. M. Roderick, M. Shepherd, Jr., J. C. Toomay, W. P. Weber **Transfer Agents & Registrars**—NCNB Texas National Bank, Dallas **Incorporated** in Delaware in 1938. **Empl**—75,685.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Texas Utilities

NYSE Symbol TXU Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
34⅞	37½-27¾	9	2.92	8.4%	A	0.53

Summary

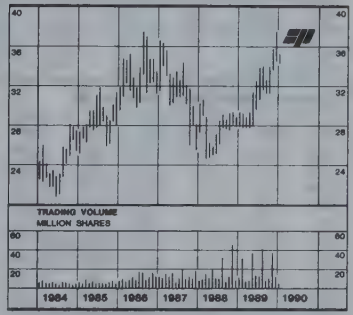
This Dallas-based utility holding company owns the two-unit Comanche Peak nuclear project. Unit 1 is scheduled for commercial operation in 1990's second quarter and Unit 2 is planned for commercial service in early 1992. The plant's prudency audit and initial estimate of a disallowance may be completed in 1990. Rate proceedings for Comanche Peak could result in a substantial write-off of disallowed costs.

Current Outlook

Share earnings for 1990 are projected at $4.65, up from the $4.37 estimated for 1989.

The $0.73 quarterly dividend may be increased 1% with the February, 1990 declaration. However, regulatory uncertainties concerning the Comanche Peak nuclear project may preclude an increase in the dividend for the next few years.

Share earnings for 1990 should benefit from higher sales and increased AFUDC associated with Unit 2 of the Comanche Peak station. The longer-term outlook may be limited by substantial disallowances as the company seeks recovery of its investment in rates.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	983	943	871	830
Jun.	1,006	944	1,011	942
Sep.	1,295	1,312	1,270	1,248
Dec.	---	954	932	911
	---	4,154	4,083	3,932

Revenues for the 12 months ended September 30, 1989 rose 2.6%, year to year, owing to higher sales and pass through items. Due primarily to lower taxes, operating income was up 7.0%. Higher AFUDC partly offset increased intereat charges, and following a 13% increase in subsidiary preferred dividends, net income advanced 3.2%. Share earnings were $4.05 on 9.8% more shares, versus $4.31.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.77	1.01	0.90	0.86
Jun.	1.04	0.79	1.07	0.88
Sep.	1.63	1.60	1.71	1.76
Dec.	E0.93	0.60	0.87	0.95
	E4.37	4.00	4.55	4.45

Important Developments

Jan. '90— The company reported that construction and preoperational testing of Unit 1 of the Comanche Peak nuclear plant are complete. TXU has notified the Nuclear Regulatory Commission that Unit 1 is ready for a low-power license. Unit 1 is scheduled to load fuel by March, 1990, and commercial operation is expected prior to 1990's summer peak. TXU plans to file for an increase of about 10% in electric revenues in late January, 1990. The company last received a rate increase from the Texas PUC in early 1984 and since then has reduced rates twice due to declining fuel costs. Separately, in September, 1989 TXU resumed accrual of AFUDC on Comanche Unit 2, which is scheduled for commercial operation in 1992. At about the time Unit 2 loads fuel, TXU is planning to file a second 10% rate request. TXU's current rates are among the lowest in the nation. The prudency audit for the project is expected to be part of the rate cases.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	33.07	32.15	30.50	28.97	27.54	25.92	24.26	22.68	21.45
Earnings	NA	4.00	4.55	4.45	4.35	4.15	3.90	3.85	3.51	3.18
Dividends	2.92	2.88	2.80	2.68	2.52	2.36	2.20	2.04	1.88	1.76
Payout Ratio	NA	72%	62%	60%	58%	57%	56%	53%	54%	55%
Prices—High	37½	30⅝	36⅝	37½	31⅞	28⅛	27⅜	25¾	22⅛	19⅜
Low	27¾	24⅝	25½	29½	25⅛	20¾	22¼	19⅛	16¼	14⅞
P/E Ratio—	NA	8-6	8-6	8-7	7-6	7-5	7-6	7-5	6-5	6-5

Data as orig. reptd. E-Estimated. NA-Not Available.

January 19, 1990

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	[2]Net Inc.	% Return On Revs.	% Return On [3]Invest. Capital	% Return On [4]Com. Equity
1988	4,154	242	295	77.0%	2.35	387	14.6%	738	17.8	8.7	12.0
1987	4,083	234	300	79.2%	2.88	387	20.2%	769	18.8	9.3	14.3
1986	3,932	220	319	79.4%	3.12	304	27.0%	705	17.9	9.8	14.7
1985	4,170	208	300	80.8%	3.25	230	29.6%	654	15.7	10.3	15.4
1984	3,932	203	270	80.7%	3.22	172	32.3%	587	14.9	10.5	15.5
1983	3,488	200	231	80.9%	3.10	159	30.4%	513	14.7	10.2	15.3
1982	3,238	188	225	80.4%	---	136	32.2%	475	14.7	10.7	16.4
1981	2,738	180	194	79.4%	---	94	36.8%	406	14.8	10.3	15.9
1980	2,175	162	157	77.5%	---	78	37.3%	341	15.7	10.0	15.2
1979	1,756	150	130	78.4%	---	60	37.1%	251	14.3	8.8	12.2

Balance Sheet Data (Million $)

Dec. 31	[5]Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	17,391	1,583	14,460	7.1	14,985	6,343	48.0	1,238	9.4	5,641	42.6
1987	15,173	1,688	12,455	7.2	13,083	5,141	45.4	1,143	10.1	5,032	44.5
1986	13,566	1,520	11,044	7.8	11,433	4,284	43.7	1,044	10.7	4,461	45.6
1985	12,145	1,109	9,813	8.6	9,989	3,616	42.4	846	9.9	4,007	47.7
1984	11,032	951	8,888	9.0	8,905	3,323	43.4	763	10.0	3,573	46.6
1983	9,968	907	8,010	8.7	8,103	3,103	44.3	664	9.5	3,235	46.2
1982	9,051	892	7,293	9.1	7,331	2,973	46.6	600	9.4	2,810	44.0
1981	8,195	792	6,634	8.9	6,529	2,714	47.3	600	10.5	2,422	42.2
1980	7,439	807	6,060	8.5	5,892	2,526	48.4	600	11.5	2,091	40.1
1979	6,632	873	5,418	7.4	5,274	2,369	50.0	536	11.3	1,832	38.7

Data as orig. reptd. 1. Times int. exp. & pfd. divs. covered (pretax basis). 2. Bef. pfd. divs. of subs. 3. Based on income before interest charges. 4. As reptd. by co. 5. Utility plant.

Business Summary

Texas Utilities is a holding company whose main subsidiary is Texas Utilities Electric Co. TXU provides electric service to the north central, eastern and western parts of the state with a population of about 5.2 million. The company serves the cities of Dallas, Fort Worth and Midland. Electric revenues in recent years:

	1988	1987	1986	1985
Residential	41%	39%	39%	40%
Commercial	30%	29%	29%	29%
Industrial	20%	20%	21%	22%
Other	9%	12%	11%	9%

Sources of power in 1988 were lignite coal 44%, gas 41%, and purchased power and other 15%. Peak demand in 1988 was 17,620 mw and capability totaled 20,115 mw for a capacity margin of 12%. TXU is adding to its capacity nuclear capability through its two unit 2,300 mw Comanche Peak facility. The two unit plant is projected to cost about $9.9 billion ($4,300 per kw). The project's prudency audit may be released by mid-1990. Construction financing will include new equity offerings of approximately 12 million shares in 1989 and possibly 5 to 10 million shares in 1990.

TXU's service territory is a regional center in banking and insurance and also has interests in electronics, aerospace and petrochemicals. The oil and gas industry represents about 5.0% of TXU's total revenues. The depressed conditions in financial services, real estate and the oil and gas industry have not materially impacted sales.

Dividend Data

Dividends have been paid since 1917. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.73	Feb. 17	Feb. 28	Mar. 6	Apr. 3'89
0.73	May 19	May 30	Jun. 5	Jul. 3'89
0.73	Aug. 11	Aug. 29	Sep. 5	Oct. 2'89
0.73	Nov. 20	Nov. 28	Dec. 4	Jan. 2'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $6,455,552,000.

Subsidiary Preferred Stock: $1,336,682,000.

Common Stock: 183,185,000 shs. (no par).
Institutions hold about 57%.
Shareholders of record: 106,183.

Office—2001 Bryan Tower, Dallas, Tex 75201. Tel—(214) 812-4600. Chrmn & CEO—J. Farrington. Pres—E. Nye. Secy—P. B. Tinkham. Treas—W. H. Goodenough. Investor Contact—D. R. Raburn. Dirs—J. K. Dobey, J. W. Evans, J. Farrington, W. M. Griffin, B. B. Hulsey, Jr., M. N. Mexey, J. A. Middleton, E. Nye, C. R. Perry, C. N. Prothro, W. H. Seay. Transfer Agents & Registrars—First Chicago Trust Co. of New York, NYC; MTrust Corp., Dallas. Incorporated in Texas in 1945. Empl—15,869.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Helene K. Phillips

Textron Inc.

NYSE Symbol TXT Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
24½	29⅜-23¼	8	1.00	4.1%	A-	1.16

Summary

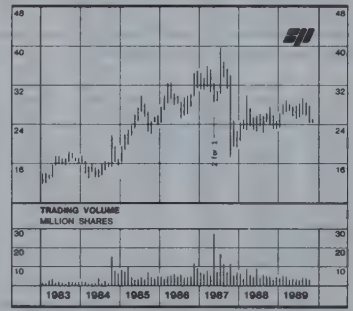
Textron is a diversified aerospace/technology manufacturer which also produces commercial products and provides financial services. Following several years of limited earnings increases, profits are likely to decline slightly in 1989 due to higher interest expense caused by the early 1989 acquisition of a business that a preliminary injunction by the Federal Trade Commission prohibits Textron from controlling or consolidating its earnings. The anticipated resolution of that issue and well controlled costs should allow earnings to rise in 1990 despite continuing pressure on the defense budget.

Current Outlook

Earnings for 1990 should approximate $3.15 a share, up from the $2.95 projected for 1989.

The dividend should continue at $0.25 quarterly.

Revenues are projected to grow modestly in 1990, led by the financial services segment that should benefit from aggressive marketing. Only a limited increase in the commercial products segment is likely due to lower shipments to the automotive industry. Aerospace technology sales should increase only modestly. Margins should widen due to the higher volume and aggressive efforts to control costs. However, if TXT is not able to reassume control over its Avdel unit, earnings will be flat due to unabsorbed interest expense connected with the acquisition.



Revenues[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	1,793	1,368	1,015
Jun.	[5]3,672	1,785	1,353	1,128
Sep.	1,735	1,717	1,286	1,339
Dec.	---	1,984	1,383	1,541
	---	7,279	5,388	5,023

Revenues for the nine months ended September 30, 1989 rose 2.1%, year to year, as higher commercial products and financial and other services revenues more than offset lower aerospace/technology sales. Despite a 1.4% increase in operating income and a 2.4% decline in corporate and other expenses, a 26% increase in net interest expense caused pretax income to be 9.4% lower. After taxes at 34.5%, versus 38.0%, net income decreased 4.2%, to $2.17 a share from $2.27, before a special charge of $0.11, versus $0.34.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.73	0.76	0.74	0.61
Jun.	0.78	0.78	1.01	0.74
Sep.	0.66	0.72	0.63	0.79
Dec.	E0.78	0.83	0.60	0.80
	E2.95	3.10	2.97	2.93

Important Developments

Oct. '89— TXT said that earnings for the first nine months of 1989 included interest expense of $16.4 million related to its Avdel unit, a fastener manufacturer based in England that was acquired in early 1989. However, Avdel's earnings were not included in first half results because of an injunction by the Federal Trade Commission.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	[3]1986	[3]1985	[3]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	14.56	17.18	12.92	17.82	16.74	16.17	15.90	15.78	14.41	13.95
Earnings[4]	3.10	2.97	2.93	2.42	1.56	1.20	1.15	1.95	2.26	2.26
Dividends	1.00	0.97½	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Payout Ratio	31%	34%	31%	40%	56%	74%	78%	44%	37%	37%
Prices—High	30	39¾	35	29⅞	21⅞	18½	14⅛	19⅜	16¼	14⅞
Low	20⅝	17¼	24⅜	16¼	12⅞	11⅞	8⅝	12⅜	10⅜	11½
P/E Ratio—	10-7	13-6	12-8	12-7	14-8	15-10	12-8	10-6	7-5	7-5

Data as orig. reptd. Adj. for stk. div(s) of 100% May 1987. 1. Sales prior to 1988. 2. Reflects acctg. change. 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of +0.32 in 1987, +0.05 in 1986, +0.58 in 1985, +0.08 in 1981, -1.11 in 1980, bef. spec. item(s) of -0.43 in 1988, 0.37 in 1987, 0.08 in 1986, +0.38 in 1985. 5. Six months. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	7,279	1,234	16.9	218	205	602	433	37.2%	272	3.7
[4]1987	5,388	557	10.3	218	160	206	453	42.3%	[3]261	4.8
[5]1986	5,023	520	10.3	181	119	192	445	45.7%	242	4.8
[6]1985	4,039	390	9.7	172	99	216	301	40.1%	180	4.5
[6]1984	3,221	262	8.1	119	69	36	198	42.6%	114	3.5
1983	2,980	211	7.1	56	65	35	149	40.3%	89	3.0
1982	2,936	202	6.9	78	62	45	130	35.3%	84	2.9
[4]1981	3,328	342	10.3	104	65	43	247	40.9%	146	4.4
[4]1980	3,377	393	11.6	131	65	[3]41	296	42.8%	169	5.0
1979	3,393	383	11.3	118	65	37	303	43.9%	170	5.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	16	NA	NA	NA	12,554	3.1%	5,462	2,353	7,847	69.6	12.0%
1987	11	2,174	1,288	1.7	5,344	4.5%	1,486	2,270	3,793	39.2	12.1%
1986	52	2,281	1,285	1.8	5,557	4.8%	2,182	1,791	4,029	54.1	14.1%
1985	48	2,116	1,059	2.0	4,337	5.2%	1,503	1,567	3,136	47.9	12.1%
1984	43	1,515	645	2.3	2,210	5.3%	200	1,175	1,454	13.8	9.5%
1983	166	1,471	560	2.6	2,105	4.3%	232	1,152	1,476	15.7	7.4%
1982	86	1,375	513	2.7	2,038	4.0%	246	1,126	1,473	16.7	7.1%
1981	18	1,530	652	2.3	2,196	6.6%	287	1,116	1,532	18.7	13.1%
1980	21	1,584	696	2.3	2,187	7.8%	302	1,021	1,474	20.5	16.4%
1979	30	1,474	707	2.1	2,079	8.2%	223	960	1,359	16.4	17.7%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. prior to 1988. 2. Bef. results of disc. opers. in 1987, 1986, 1985, 1981, 1980, and spec. item(s) in 1988, 1987, 1986, 1985. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Excl. discontinued operations & reflects merger or acquisition. 6. Reflects merger or acquisition. NA-Not Available.

Business Summary

Textron is a diversified company with operations in three business categories. Contributions in 1988:

	Revs.	Profits
Aerospace/technology	50%	43%
Commercial products	24%	25%
Financial and other services	26%	32%

The company is one of the U.S. Government's largest defense contractors. Products produced by the aerospace/technology segment include helicopters, gas turbine engines, combat vehicles, air cushion landing craft, missile reentry systems, aircraft wing structures, and aerospace materials, controls and electronics. Major programs are the Navy's V-22 TiltRoter aircraft, the Army's LHX helicopter, and a family of "smart" munitions for the Army and Air Force.

Commercial products are primarily comprised of automotive parts, outdoor products and specialty fasteners. Automotive products include functional components and decorative metal and plastic trims. Other divisions are leading manufacturers of lawn and garden equipment, golf carts, turf maintenance equipment, watch attachments, fasteners and fastening systems.

The Financial and other services segment includes Avco Financial Services, Textron Financial Corporation, Avco Insurance Services/Balboa Life and Casualty, and Paul Revere Insurance Group.

Dividend Data

Dividends have been paid since 1942. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Feb. 22	Mar. 6	Mar. 10	Apr. 1'89
0.25	Apr. 26	Jun. 5	Jun. 9	Jul. 1'89
0.25	Jul. 26	Sep. 11	Sep. 15	Oct. 1'89
0.25	Oct. 25	Dec. 11	Dec. 15	Jan. 1'90

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $6,288,88,000.

Cum. Conv. Preferred Stock: $22,900,000.

Common Stock: 84,956,000 shs. ($0.12½ par).
Employee Savings Plan holds about 19%.
Institutions hold approximately 53%.
Shareholders of record: 36,000.

Office—40 Westminster St., Providence, R.I. 02903. **Tel**—(401) 421-2800. **Chrmn & Pres**—B. F. Dolan. **VP-Secy**—E. O. Handy, Jr. **VP-Treas**—B. T. Downing. **Exec VP-Investor Contact**—Dennis G. Little. **Dirs**—W. A. Anders, J. R. Carter, R. S. Dickson, B. F. Dolan, W. M. Ellinghaus, D. K. Farrar, W. C. Hayes III, A. A. Jordan, Jr., J. R. Martin, B. S. Preiskel, J. J. Schmidt, S. F. Segner, J. H. Sisco, J. P. Sticht, R. P. Straetz, H. R. Swearer, M. D. Walker. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in R. I. in 1928; reincorporated in Del. in 1967. **Empl**—60,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine CFA

Thomas & Betts

NYSE Symbol TNB In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Aug. 25'89	1989					
54 3/4	55 3/4-46	16	2.00	3.7%	A-	1.23

Summary

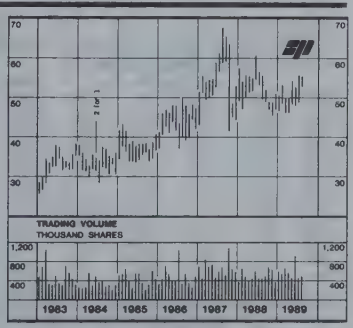
This company designs, manufacturers and markets electrical and electronic components and systems. It primarily serves OEM manufacturers, the commercial and industrial construction market, and the maintenance and repair market. Despite a slowdown in the electronics industry, a stronger dollar, start-up expenses, cost increases and pressure on pricing, higher sales and a lower tax rate should allow for a modest earnings increase in 1989. A more substantial gain is likely in 1990. The dividend was recently increased 8.7%.

Current Outlook

Earnings for 1990 should approximate $3.75 a share, up from the $3.50 estimated for 1989.

The quarterly dividend was raised 8.7%, to $0.50 from $0.46, with the July, 1989 payment.

Sales are expected to grow somewhat more than 5% in 1990, aided by higher capital spending and new product introductions. The gain is likely to be restrained by slow growth in the economy generally and the electronics industry in particular. In addition, it is likely that shipments to the automotive industry will be lower. However, margins should widen due to cost controls, a softening of commodity cost increases and the absence of start-up costs, as well as less pressure on prices. Long-term prospects appear bright due to strong secular growth in capital spending and the electronics industry and the company's strong management and finances.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	137.4	127.0	104.0	87.2
Jun.	136.2	131.6	110.9	89.9
Sep.	---	126.1	109.0	86.9
Dec.	---	129.9	112.6	83.5
	---	514.6	436.5	347.4

Sales for the six months ended June 30, 1989 increased 5.8%, year to year. Due to a strong dollar, commodity cost increases, new plant start-up costs, and competitive pricing pressures in the domestic electronics market, margins narrowed, and pretax income declined 8.0%. After taxes at 31.5%, versus 33.9%, net income declined 4.6%. Share earnings were $1.74, compared with $1.83.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.91	0.88	0.67	0.62
Jun.	0.83	0.95	0.75	0.67
Sep.	E0.85	0.82	0.75	0.61
Dec.	E0.91	0.81	0.71	0.54
	E3.50	3.46	2.88	2.44

Important Developments

Aug. '89— The company said that it had recently experienced a limited upturn in orders from its domestic electrical customers following sluggish demand in the first half of the year. However, it added that orders for electronics products had weakened, especially from the automotive industry.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	'1987	1986	1985	1984	1983	1982	'1981	1980	1979
Tangible Bk. Val.	17.25	17.07	15.64	14.49	13.66	12.50	11.86	11.47	10.36	9.10
Earnings	3.46	2.88	2.44	2.15	2.51	1.74	1.52	2.16	2.11	1.96
Dividends	1.80	1.64	1.48	1.33	1.20½	1.08	1.06	0.96	0.86	0.76
Payout Ratio	52%	57%	61%	62%	48%	62%	70%	45%	41%	39%
Prices—High	60¾	67¾	49¾	43¼	38	38⅜	29½	32½	27⅛	23½
Low	45⅜	41½	37	33½	28¼	25½	19⅛	23⅛	17⅞	19⅜
P/E Ratio—	18-13	24-14	20-15	20-16	15-11	22-15	19-13	15-11	13-8	12-10

Data as orig reptd. Adj for stk. div(s). of 100% Jul. 1984. 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	515	120	23.3	53.9	26.8	7.65	87.4	32.9%	58.7	11.4
'1987	436	96	22.1	43.1	21.6	4.36	75.4	35.7%	48.5	11.1
1986	347	76	21.9	23.8	14.3	2.59	63.3	40.0%	[2]38.0	10.9
1985	318	63	20.1	29.6	13.0	2.49	53.0	37.0%	33.4	10.5
1984	322	75	23.3	16.5	12.9	1.85	64.1	39.2%	39.0	12.1
1983	278	56	20.1	11.0	11.0	2.33	45.8	40.9%	27.1	9.7
1982	255	49	19.5	15.2	9.5	3.18	38.9	39.5%	23.6	9.2
'1981	269	64	24.1	14.7	8.1	2.52	57.8	42.3%	[2]33.4	12.4
1980	254	65	25.6	19.3	7.0	1.55	58.4	44.3%	32.5	12.8
1979	226	59	26.4	13.5	5.9	1.09	54.8	45.2%	30.0	13.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	49.5	264	124.0	2.1	493	13.0%	40.6	315	366	11.1	19.4%
1987	52.2	238	88.6	2.7	410	12.6%	19.4	289	319	6.1	17.5%
1986	58.0	207	71.2	2.9	332	12.1%	9.1	244	260	3.5	16.1%
1985	47.1	185	57.9	3.2	295	11.6%	7.3	225	236	3.1	15.3%
1984	53.0	190	60.1	3.2	281	14.7%	7.2	212	220	3.3	19.2%
1983	46.9	174	50.8	3.4	251	11.0%	2.0	195	200	1.0	14.3%
1982	34.0	158	43.1	3.7	239	10.1%	8.2	184	196	4.2	13.0%
1981	33.2	158	43.4	3.6	228	15.2%	3.0	178	184	1.6	19.7%
1980	33.2	145	43.1	3.4	210	16.7%	2.6	160	167	1.5	21.7%
1979	21.5	127	33.9	3.7	179	18.0%	1.6	140	145	1.1	23.0%

Data as orig reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change.

Business Summary

Thomas & Betts is a leading manufacturer of electrical and electronic components and systems for connecting, fastening, protecting, insulating and identifying wires, components and conduits. Products include connectors, terminals, fittings, application tools, cable ties, flat cable, wire markers, and other accessories. Products are sold to many submarkets including construction, maintenance and repair, electronic and electrical equipment, electric utility, transportation and telecommunications.

Electrical and electronic original equipment manufacturing (OEM) markets account for about 60% of sales, construction and industrial for 20%, and electrical maintenance and repair markets 20%.

Electronics products account for about 40% of total sales. Major markets are computers, communications equipment, automotive, and aerospace, with applications spreading to consumer electronics products and other areas.

Foreign operations accounted for 42% of sales and 59% of pretax profits in 1988, compared with 42% and 54%, respectively, in 1987.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.46	Nov. 2	Dec. 12	Dec. 16	Jan. 3'89
0.46	Feb. 1	Feb. 28	Mar. 6	Apr. 3'89
0.50	May 3	Jun. 12	Jun. 16	Jul. 3'89
0.50	Aug. 2	Sep. 11	Sep. 15	Oct. 2'89

Next dividend meeting: early Nov. '89.

Finances

In its 1988 Annual Report the company said that it expected capital spending in 1989 to be $40 million, down from $54 million in 1988.

Capitalization

Long Term Debt: $35,375,000.

Common Stock: 16,955,000 shs. ($0.50 par). Institutions hold approximately 64%. Shareholders of record: 5,243.

Office—1001 Frontier Rd., Bridgewater, N J 08807-0993 **Tel**—(201) 685-1600 **Pres & CEO**—T K Dunnigan **Secy**—J H Way **Treas**—J W K Hibbard **Investor Contact**—Robert V Berry **Dirs**—J D Parkinson (Chrmn), Jr., H Betts, R B Carey, Jr., P Cartmell, J W Crain, T K Dunnigan, W R Hartman, W C Hittinger, R H McCaffrey, N M Loeser, I M Ross, W H Waltrip **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co **Incorporated** in New Jersey in 1917 **Empl**—4,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Tidewater Inc.

NYSE Symbol TDW

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
11½	11⅞-7¼	NM	None	None	C	1.16

Summary

This company owns and operates one of the largest fleets of vessels supporting the international offshore oil and gas industry, and provides engineered products and technical services for natural gas compression. In May, 1989 TDW received a letter from a group led by Irwin L. Jacobs that stated that the group, which holds a 21% interest in TDW, was no longer interested in acquiring TDW and was withdrawing its $11 per share cash merger offer. The Jacobs group subsequently said it would sell its interest, and TDW filed a registration statement in September for a public offering of the shares.

Business Summary

Tidewater is an international energy service company which provides various support services, engineered products and technical services to the oil and gas industry. The company owns and operates one of the largest fleets of vessels supporting offshore drilling. In September, 1987 TDW sold for $29 million substantially all of its oil and gas operations. Business segment contributions in fiscal 1988-9:

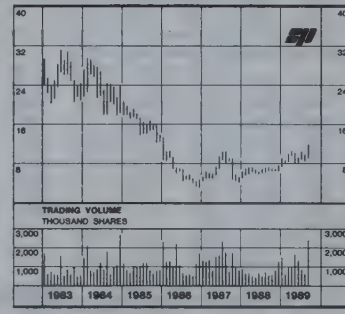
	Revs.	Profits
Marine services	74%	11%
Compression services	26%	89%

Marine service and support functions include towing mobile drilling equipment, positioning and handling anchors, transporting supplies, and supporting construction and production-related activities. At June 30, 1989 TDW's fleet, including joint-venture holdings, consisted of 255 vessels, down from 256 fiscal 1988-9 year-end.

The company rents and services compressors used in boosting pressure levels in natural gas wells, feeding gas production into pipelines and processing facilities, and for secondary and tertiary oil recovery projects.

In September, 1987 TDW sold substantially all of its oil and gas operations, which consisted of interests in two production-sharing offshore contracts in Northwest Java and Southeast Sumatra, Indonesia. TDW maintains modest interests in land-based domestic properties.

Other TDW operations include Tidewater Realty, a wholly-owned subsidiary which manages all domestic fee and leasehold real estate used in TDW's operations, and Pental Insurance Co., a subsidiary which participates in various reinsurance treaties that reinsure aviation, marine, property and casualty risks for other insurance companies and Lloyds of London underwriters.



Important Developments

Sep. '89— TDW announced that it had filed a registration statement with the SEC in connection with a proposed public offering of 4,631,400 (21%) of its common shares held by a group led by Irwin L. Jacobs. In May the group informed TDW that it was no longer interested in acquiring the company and was withdrawing its previously announced $11 per share cash merger offer. At that time, however, the Jacobs group added that it was interested in the purchase of TDW's compression business. Subsequently, TDW and the Jacobs' Group mutually decided not to pursue such a transaction.

Next earnings report expected in early November.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	6.88	7.43	8.86	12.56	14.88	18.95	19.88	17.94	14.94	12.43
Earnings[2]	d0.58	d2.13	d2.62	d2.01	d3.13	0.08	3.07	4.12	3.15	2.01
Dividends	Nil	Nil	Nil	0.72½	0.90	0.90	0.90	0.82½	0.72⅝	0.61¾
Payout Ratio	Nil	Nil	Nil	NM	NM	NM	29%	20%	22%	30%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	7⅝	10½	13⅜	20⅝	29½	31¼	42⅝	53	54⅜	23¾
Low	4⅞	4	3	12⅛	17¾	20¼	15½	31½	19⅛	13⅜
P/E Ratio—	NM	NM	NM	NM	NM	NM	14-5	13-8	17-6	12-7

Data as orig. reptd. Adj. for stk. div(s). of 50% Oct. 1980. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +0.66 in 1986, and spec. item(s) of +0.76 in 1986. NM-Not Meaningful. d-Deficit.

October 6, 1989

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	183	40	22.1	23	46.2	19.3	d17	NM	d12.5	NM
[3]1988	151	16	10.5	8	46.6	[4]18.6	d45	NM	d46.8	NM
1987	166	12	7.3	5	47.9	[4]19.8	d53	NM	d56.7	NM
1986	238	35	14.7	48	47.0	[4]19.2	d50	NM	[5]d32.0	NM
1985	303	78	25.9	79	61.1	23.6	d71	NM	d47.4	NM
1984	321	85	26.5	97	58.1	25.8	d3	NM	1.6	0.5
1983	414	136	32.9	135	56.8	23.1	75	31.1%	51.5	12.4
[6]1982	466	162	34.8	145	47.0	17.7	117	38.8%	71.5	15.3
1981	341	129	37.9	123	40.3	14.5	88	39.9%	52.8	15.5
[6]1980	258	88	34.2	79	33.4	[6]12.0	51	35.2%	[6]33.1	12.8

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	44.7	123	64.8	1.9	397	NM	167	154	330	50.5	NM
1988	29.3	101	46.7	2.2	405	NM	177	166	356	49.6	NM
1987	20.8	92	46.6	2.0	447	NM	184	197	394	46.7	NM
1986	12.3	107	70.5	1.5	530	NM	178	245	455	39.0	NM
1985	30.8	153	89.8	1.7	628	NM	201	249	523	38.5	NM
1984	36.7	184	76.0	2.4	722	0.2%	202	316	632	32.0	0.4%
1983	36.9	202	97.4	2.1	722	7.6%	210	239	623	33.7	16.4%
1982	34.4	214	84.9	2.5	654	11.9%	186	303	568	32.7	25.7%
1981	42.2	187	77.3	2.4	528	11.3%	154	243	449	43.3	23.7%
1980	22.1	129	60.9	2.1	407	8.5%	108	201	346	31.3	16.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, and spec. item(s) in 1986. 3. Excl. disc. operations. 4. Net of interest income. 5. Reflects accounting change. 6. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

[1]Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	44.8	44.3	34.4	45.3
Sep.		48.1	35.3	43.9
Dec.		47.7	41.5	40.2
Mar.		42.6	44.6	43.7
		182.7	155.9	173.1

Revenues for the three months ended June 30, 1989 rose 1.3%, year to year, as increases in the compression segment outweighed lower marine services revenues. Margins narrowed in the compression segment, reflecting a less favorable product mix, and with total costs exceeding revenues in both periods, the net loss widened to $5.1 million ($0.24 a share) from $4.4 million ($0.20).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	d0.24	d0.20	d0.49	d0.68
Sep.		d0.19	d0.59	d0.57
Dec.		d0.07	d0.48	d0.80
Mar.		d0.12	d0.57	d0.57
		d0.58	d2.13	d2.62

Dividend Data

Common dividends were omitted in mid-1986 after having been paid since 1962. Dividends on the adjustable rate preferred, deferred in 1986, were reinstated in December, 1987. At Nonember 1, 1989 arrearages on the preferred were $8.2625 a share.

Finances

In June, 1989 TDW completed debt restructuring agreements with its major lenders covering approximately $102 million of debt. Under terms of the agreements, principal payments of $4.8 million were made at the time of closing of the agreements, with additional principal payment requirements of $12.9 million in fiscal 1989-90, $14.9 million in 1990-1, $16.9 million in 1991-2, $20.7 million in 1992-3, $18.6 million in 1993-4, and $13.2 million in fiscal 1994-5. Interest rates on the debt, which average about 10%, remain unchanged.

Capitalization

Long Term Debt: $162,414,000.

Adjust. Rate Pfd. Stk.: 84,400 shs. (no par); conv. into $100 value of com., to maximum of 8 shs.

Common Stock: 22,478,990 shs. ($0.50 par).
Officers and directors hold some 14%.
Irwin L. Jacobs and associates control 21%.
Industrial Equity (Pacific) Ltd. holds about 12%.
Institutions hold approximately 24%.
Shareholders of record: 3,800.

1. Total revs. (incl. interest inc.) prior to 1988-9. d-Deficit

Office—1440 Canal St., New Orleans, La. 70112. Tel—(504) 568-1010. Chrmn & Pres—J. P. Laborde. VP-Secy—V. I. Koock. VP-CFO & Investor Contact—Ken C. Tamblyn. Dirs—R. H. Boh, A. R. Carlson, J. P. Laborde, P. W. Murrill, J. H. Roff, Jr., G. A. Schwalbach, K. J. Severinson. Transfer Agents & Registrars—Whitney National Bank, New Orleans; Manufacturers Hanover Trust Co., NYC. Incorporated in Delaware in 1956. Empl—2,800.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Adam J Penn

Time Warner

NYSE Symbol TWX Options on Phila (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
124	182¾-103⅛	NM	1.00	0.8%	B+	0.98

Summary

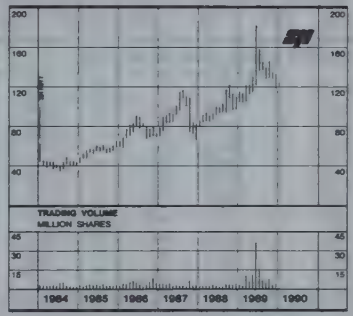
In July, 1989 Time Warner (formerly Time Inc.) completed a tender offer for 100 million shares of Warner Communications (WCI) for $7 billion, raising its stake in WCI to 59.3%. TL will acquire the remainder of WCI's stock for two kinds of new preferred stock with a book value of $5.5 billion plus shares in the BHC television subsidiary of Chris Craft Industries. While debt service costs will impair near-term profitability, and deficits are expected through 1992, longer-term prospects are extremely favorable.

Current Outlook

A deficit of roughly $5.70 a share is projected for 1990, versus a deficit of $3.60 estimated for 1989.

The $0.25 quarterly dividend is expected to be maintained.

The outlook for revenues and operating profits of each of the major operations is favorable for 1990, but the heavy debt service costs related to the acquisition of Warner Communications will impair profitability. Including preferred dividend requirements, the company will report net losses through 1992. Although highly leveraged, the longer term outlook is excellent for the company.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,136	1,065	939	874
Jun.	1,218	1,102	1,042	945
Sep.	2,194	1,133	1,074	914
Dec.	---	1,207	1,138	1,029
	---	4,507	4,193	3,762

Revenues for the nine months ended September 30, 1989d advanced 38%, year to year, reflecting the purchase of Warner Communications. Operating income gained 37%, but after other items, including a nearly 8-fold increase in interest expense, there was a net loss of $33 million ($0.56 a share), versus net income of $231 million ($4.00).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.87	1.13	0.76	0.78
Jun.	1.61	1.45	1.30	0.98
Sep.	d2.88	1.42	1.24	3.98
Dec.	Ed3.04	1.01	0.88	0.20
	Ed3.60	5.01	4.18	5.95

Important Developments

Dec. '89— TL completed the sale of Scott, Foresman and Company to a unit of Harper & Row for about $455 million, including assumption of $48 million in debt. Separately, TL said that it plans to acquire the remaining 41% of Warner Communications in early January for a package of securities that the company valued at about $70 a share. The package will consist of two kinds of new TL convertible preferred stock with a book value of about $5.5 billion, and common shares of the BHC television subsidiary of Chris Craft Industries which represents WCI's 40% interest in that property. By avoiding additional debt in the purchase of the remainder of WCI, TL sharply reduces the short-term impact on earnings that the acquisition would have caused. In July TL completed the first step of the WCI acquisition by acquiring 100 million WCI common shares for $7 billion.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	6.58	4.34	4.63	9.56	13.62	10.85	20.11	16.91	15.92
Earnings[2]	NA	5.01	4.18	5.95	3.15	3.37	2.25	2.50	3.02	2.51
Dividends	1.00	1.00	1.00	1.00	1.00	0.82	1.00	1.00	0.95	0.88⅛
Payout Ratio	NA	20%	23%	17%	32%	24%	43%	41%	29%	32%
Prices—High	182¾	122½	116⅞	91⅜	65¼	62¾	78⅜	52⅜	41⅜	31⅝
Low	103⅝	78¾	65¾	57½	42½	33⅜	44½	25½	26⅝	19
P/E Ratio—	NA	24-16	28-16	15-10	21-13	19-10	35-20	21-10	14-9	13-8

Data as orig reptd. Temple-Inland Inc. spun off in Jan. 1984. Adj. for stk. div(s) of 100% Oct. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of --0.40 in 1983, -0.05 in 1982, -0.59 in 1981. E-Estimated. d-Deficit.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[3]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	4,507	897	19.9	355	224	[5]95.1	529	45.4%	289	6.4
1987	4,193	787	18.8	260	205	99.0	517	51.6%	250	6.0
[4]1986	3,762	355	9.4	203	160	73.0	626	39.9%	[5]376	10.0
[4]1985	3,404	519	15.2	224	131	50.7	387	48.4%	200	5.9
1984	3,067	504	16.4	311	111	49.0	421	48.6%	216	7.1
[6]1983	2,717	365	13.4	305	90	42.5	280	48.8%	143	5.3
[6]1982	3,564	432	12.1	319	136	58.2	243	35.7%	156	4.4
[6]1981	3,296	428	13.0	353	110	51.2	297	37.9%	185	5.6
1980	2,882	303	10.5	259	89	52.1	223	36.6%	141	4.9
1979	2,504	307	12.3	203	70	36.2	231	37.7%	144	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	121	1,321	905	1.5	4,913	6.2%	1,485	1,359	3,402	43.7	22.4%
1987	237	1,372	945	1.5	4,424	5.9%	1,118	1,248	2,872	38.9	20.0%
1986	417	1,431	1,032	1.4	4,230	10.5%	928	1,302	2,621	35.4	30.5%
1985	172	1,042	769	1.4	3,072	6.9%	485	1,211	1,923	24.2	17.5%
1984	480	1,119	691	1.6	2,615	8.8%	383	1,032	1,596	24.0	22.1%
1983	330	974	542	1.8	2,273	5.4%	399	881	1,443	27.7	12.0%
1982	39	871	547	1.6	2,896	5.2%	462	1,363	2,104	21.9	10.7%
1981	57	952	506	1.9	2,755	7.0%	489	1,079	2,018	24.2	15.8%
1980	34	865	431	2.0	2,371	6.2%	476	931	1,719	27.7	14.8%
1979	75	794	396	2.0	2,104	7.4%	420	809	1,527	27.5	17.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1983, 1982, 1981. 3. Net of interest income. 4. Reflects merger or acquisition. 5. Reflects accounting change. 6. Excl. disc. opers.

Business Summary

Time Warner (formerly Time Inc.) is one of the world's largest media/entertainment/publishing companies following the July 1989 acquisition of a controlling interest in Warner Communications.

TL has one of the world's largest music recording and publishing businesses. Recorded music labels include Warner Bros., Elektra, Geffen, Asylum, Nonesuch, Atlantic, WEA and Reprise.

Filmed entertainment operations include Warner Bros. and Lorimar-Telepictures (acquired in January 1989) which produce and distribute theatrical films, television programming and home video.

Magazines include Time, Sports Illustrated, Life, People, Fortune, Money, Asiaweek, DC Comics, Mad Magazine, Yazhou Zhoukan, Southern Living, Progressive Farmer, Southern Accents, Cooking Light, McCall's, Working Woman, Working Mother, Parenting, President, Travel South, Hippocrates, Student Life, Baby, and SI for Kids.

The book company includes Little, Brown & Co., Oxmoor House, Warner Books, Book-of-the-Month Club and Time-Life Books.

Video operations consist of 82%-owned American Television and Communications Corp. (ATC), Warner Cable Communications (WCC) and Home Box Office, Inc. (HBO). ATC is the second largest multiple system cable TV operator, with 4.0 million basic subscribers owned or managed at year-end 1988. WCC is the fifth largest operator, with 1.6 million basic subscribers. HBO programs and markets two satellite-transmitted pay TV networks, the HBO service and the Cinemax service, which combined had about 23 million subscriptions at year-end 1988.

Dividend Data

Dividends paid since 1930. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 19	Feb 21	Feb 27	Mar. 10'89
0.25	Apr. 20	May 22	May 26	Jun. 9'89
0.25	Jul. 20	Aug. 22	Aug. 28	Sep. 11'89
0.25	Nov 16	Nov 20	Nov 27	Dec. 8'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $10,802,000,000 (9/30/89).

Common Stock: 64,130,580 shs ($1 par).
Shareholders of record: 14,799.

Office—Time & Life Bldg., Rockefeller Center, NYC 10020. Tel—(212) 522-1212. Co-Chrmn & CEOs—J. R. Munro and S. J. Ross. Pres—N. J. Nicholas, Jr. VP-Secy—W. M. Gumming. VP-Treas—G. A. Britt. VP-Investor Contact—A. M. Barr 212 522-3565. Dirs—J. F. Bere, L. B. Buttenwieser, H. F. Culverhouse, M. D. Dingman, A. B. Ecker, E. S. Finkelstein, B. S. Greenough, B. D. Holloway, M. S. Horner, D. F. Johnson, D. T. Kearns, G. M. Levin, H. Luce III, J. McManus, J. R. Munro, N. J. Nicholas, Jr., J. R. Opel, M. D. Payson, D. S. Perkins, S. J. Ross, R. S. Trough, W. J. vanden Heuvel, B. W. Wasserman. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in New York in 1922; reincorporated in Delaware in 1983.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Times Mirror

2237

NYSE Symbol TMC Options on NYSE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
35¼	45-32⅜	14	1.00	2.8%	A-	1.46

Summary

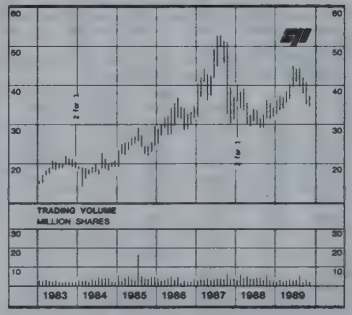
This major media and information company is primarily a publisher of newspapers, including the Los Angeles Times, Newsday and New York Newsday, the Baltimore Sun newspapers, and The Hartford Courant. The company is also involved in book publishing, information services, cable and broadcast television, and magazine publishing. Growth in revenues and operating profits in the periods ahead should continue to be restricted by sluggishness in advertising demand.

Current Outlook

Earnings for 1990 are projected at $2.50 a share, versus the $2.35 estimated for 1989.

The $0.25 quarterly dividend is likely to be raised moderately in the first quarter of 1990.

Revenues for 1990 will be significantly restricted by continuing softness in newspaper and broadcasting advertising. The negative impact of sluggish advertising on profitability should be largely offset by lower newsprint prices and other cost controls, but broadcasting will continue to be affected by high programming expenses. Strong profit growth from cable operations is expected. Other publishing gains will be tempered by weakness in trade magazine advertising.



Total Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	847	775	716
Jun.	---	861	818	793
Sep.	---	874	815	782
Dec.	---	---	925	863
	---	---	3,333	3,155

Revenues for the nine months ended October 1, 1989 rose 7.3%, year to year. Operating profit increased 5.8%. After other items, including capital gains of $0.11 per share down from $0.30, and taxes at 40.3% versus 38.5%, net income declined 4.7%, to $1.73 a share from $1.82.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.58	0.53	0.58	0.45
Jun	E0.64	0.66	0.62	0.64
Sep.	E0.61	0.54	0.62	0.55
Dec.	E0.67	E0.62	0.76	0.42
	E2.50	E2.35	2.58	2.06

Important Developments

Jul. '89— TMC acquired a 7% interest in McClatchy Newspapers Inc. The company said that the purchase was for investment purposes only. Separately, TMC acquired Kaset, Inc., a firm specializing in customer relations training and related services. TMC also acquired a 29,000-subscriber cable system in Ohio.

Mar. '89— TMC discontinued publication of its 15-month old magazine, Sports inc. The Sports Business Weekly, due to lack of advertising support. TMC said, however, that its action did not lessen its commitment to the magazine field.

Jan. '89— TMC acquired Zenger-Miller, a California firm that provides training programs and consulting services. Earlier, the company acquired certain assets of PSG Publishing Co., a publisher of health science books and periodicals.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	4.17	2.92	2.75	3.34	5.95	5.35	4.70	4.12	3.42	3.67
Earnings	2.58	2.06	3.16	1.75	1.69	1.45	1.03	1.10	1.02	1.08
Dividends	0.92	0.82	0.75	0.68	0.60	0.50	0.50	0.43	0.36	0.30
Payout Ratio	36%	40%	24%	37%	35%	34%	49%	39%	35%	28%
Prices—High	40¼	52⅞	38⅞	29½	22⅞	22	17¼	14¾	11½	9½
Low	29	30⅛	25⅛	19	14⅛	14⅞	8⅞	10	7¼	7
P/E Ratio—	16-11	26-15	12-8	17-11	13-8	15-10	17-9	13-9	11-7	9-6

Data as orig. reptd Adj. for stk. div(s). of 100% Jan. 1988 (series C stk.), 100% Feb. 1984. 1. Reflects merger or acquisition E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	3,259	665	20.4	302	198	69.2	542	38.8%	332	10.2
[2]1987	3,080	680	22.1	251	185	59.5	495	46.2%	266	8.7
[2]1986	2,920	640	21.9	304	150	65.0	680	40.0%	[3]408	14.0
1985	2,947	639	21.7	252	173	62.7	461	48.6%	237	8.0
1984	2,771	539	19.4	263	151	57.2	398	41.5%	233	8.4
1983	2,479	468	18.9	248	108	56.7	360	44.6%	200	8.1
1982	2,200	345	15.7	230	79	60.5	250	43.9%	[3]140	6.4
1981	2,131	361	16.9	217	80	55.3	257	41.5%	150	7.1
1980	1,857	314	16.9	242	71	[3]35.5	230	39.4%	139	7.5
1979	1,639	315	19.2	268	55	14.5	254	42.3%	146	8.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37	771	472	1.6	3,476	10.1%	877	1,687	2,802	31.3	21.1%
1987	20	683	389	1.8	3,122	8.8%	878	1,454	2,536	34.6	19.4%
1986	32	659	459	1.4	2,929	14.5%	836	1,300	2,288	36.5	35.9%
1985	27	645	638	1.0	2,701	9.3%	721	974	1,903	37.9	21.9%
1984	33	628	515	1.2	2,555	9.4%	446	1,272	1,889	23.6	19.4%
1983	35	590	476	1.2	2,385	8.8%	513	1,120	1,781	28.8	18.9%
1982	24	572	363	1.6	2,136	6.9%	541	988	1,642	33.0	14.7%
1981	34	556	329	1.7	1,917	8.2%	478	915	1,479	32.3	17.3%
1980	30	514	304	1.7	1,735	9.0%	447	823	1,330	33.6	17.9%
1979	27	444	276	1.6	1,350	12.4%	223	732	995	22.4	21.6%

Data as orig. reptd 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects merger or acquisition. 3. Reflects accounting change

Business Summary

Contributions to revenues and operating earnings by business segment in 1988:

	Revs.	Profits
Newspaper publishing	60%	58%
Book, magazine & other publishing	26%	24%
Broadcast television	3%	8%
Cable television	8%	8%
Other operations	3%	2%

Newspaper publishing includes The Los Angeles Times, The Baltimore Sun, Newsday and New York Newsday, The Hartford (Conn.) Courant, and the Call-Chronicle Newspapers of Allentown Pa., and two community newspapers in Connecticut. Combined average circulation in 1988 was 2,615,224 daily and 3,131,449 Sunday.

Through Mathew Bender, Richard D. Irwin, Mosby-Year Book Inc., Harry N. Abrams and several other subsidiaries, the company publishes a variety of books, including medical, business, economics, art and law books. TMC also publishes consumer and trade magazines, flight information, road maps, telephone directories and recording charts. TMC is also a leading provider of courseware for industrial training.

Four network-affiliated TV stations are operated in Dallas, Austin, St. Louis, and Birmingham, Ala. Cable television systems serve some 997,000 basic, and 702,000 pay subscribers in 14 states.

Dividend Data

Dividends have been paid since 1892.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Dec. 7	Feb. 17	Feb. 24	Mar. 10'89
0.25	Mar. 1	May 22	May 26	Jun. 10'89
0.25	Jun. 8	Aug. 21	Aug. 25	Sep. 10'89
0.25	Aug. 31	Nov. 17	Nov. 24	Dec. 10'89

Next dividend meeting: Dec. 6'89.

Capitalization

Long Term Debt: $978,206,000.

Series A Common Stock: 89,647,040 shs. (no par).

Series C Common Stock: 39,524,335 shs. (no par); 10 votes per sh.; limited transferability; conv. sh. for sh. into Series A.

The Chandler family group owns about 23.9% of the Series A common and 50.5% of the Series C, or 45.9% of the voting stock.

Institutions hold about 56% of the Series A. Shareholders of record: 5,461.

Office—Times Mirror Square, Los Angeles, Calif. 90053. Tel—(213) 237-3700. Chrmn & CEO—R. F. Erburu. Pres—D. A. Laventhol. Secy—O. J. Williams. Treas—J. M. Fields. Investor Contact—Jean M. Jarvis. Dirs—G. G. Babcock, P. S. Bing, B. Chandler, O. Chandler, R. F. Erburu, F. D. Frost, C. W. Frye, Jr., W. B. Gerken, E. S. Jacobs, W. T. Johnson, Jr., D. A. Laventhol, A. E. Osborne, Jr., H. M. Williams, P. L. Williams, W. B. Williamson, E. Zapanta. Transfer Agent & Registrar—First Interstate Bank of California, Los Angeles. Incorporated in California in 1884, reincorporated in Delaware in 1986. Empl—27,963.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

William H. Donald

Timken Co.

NYSE Symbol TKR In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
30	39¼-25½	9	0.92	3.1%	B-	1.09

Summary

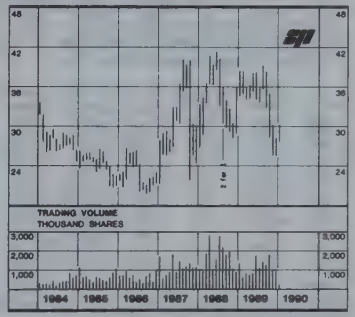
This company is the world's largest producer of tapered roller bearings, with operations highly integrated and efficient. Earnings for the first nine months of 1989 benefited from sales gains, margin expansion, decreased interest costs and a lower tax rate. A projected decline in sales along with pressure on margins will probably result in lower earnings in 1990. In November, 1989 directors authorized the repurchase of up to one million shares of common stock.

Current Outlook

Earnings for 1990 are estimated at $2.30 a share, versus earnings of $2.65 estimated for 1989.

Dividends should remain at $0.23 quarterly.

Sales for 1990 are expected to decline, reflecting the impact of lower capital goods production and decreased automotive output on volume in both the bearings and steel units. Weakness in demand for steel together with general oversupply will probably lead to lower steel prices. Possible gains in market share and the impact of anti-dumping duties should keep bearings prices stable, but a probable decline in capacity utilization from projected volume declines will cause margin contraction and lead to lower earnings in 1990.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	435	381	289	288
Jun.	414	390	303	288
Sep.	358	374	305	245
Dec.	---	409	334	237
	---	1,554	1,230	1,058

Sales for the nine months ended September 30, 1989 rose 5.4%, year to year, reflecting increased volume in the bearings unit and stronger pricing in both the bearings and steel units. Margins widened, and pretax income advanced 45%. After taxes at 37.0%, versus 42.6%, net income rose 59%, to $2.24 a share from $1.46.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.98	0.52	d0.20	0.10
Jun.	1.06	0.63	0.26	d0.02
Sep.	0.24	0.31	0.03	d0.76
Dec.	E0.41	0.88	0.30	d2.67
	E2.65	2.34	0.39	d3.35

Important Developments

Nov. '89— TKR said that directors authorized the repurchase of up to 1,000,000 common shares. Earlier, TKR reported earnings of $0.24 a share on a 4.1% decline in sales for 1989's third quarter, versus earnings of $0.31 a year earlier. TKR attributed the decline in sales to lower demand in both the bearings and steel units in the U. S. and said that lower plant utilization from a work stoppage resulted in lower earnings. TKR added that the impact of the work stoppage on sales and net income would persist into the early part of 1990.

Jun. '89— TKR's Tenax Co. subsidiary called for payment on July 3 all $60 million of its 8.375%debentures of 2010. Virtually the entire issue was converted into 1,993,337 TKR common shares at $30 a share as of June 30.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	34.31	32.89	32.02	32.42	33.40	33.12	34.93	36.63	34.00
Earnings[1]	NA	2.34	0.39	d3.35	d0.29	1.96	0.03	d0.14	4.51	4.13
Dividends	0.92	0.70	0.50	0.50	0.90	1.00	0.90	1.50	1.70	1.62½
Payout Ratio	NA	30%	136%	NM	NM	51%	NM	NM	38%	39%
Prices—High	39¼	41⅜	40⅛	26¾	26½	33⅝	34⅛	32½	39	34⅜
Low	25½	26¾	21⅜	19⅞	20¾	24⅝	24⅛	20¼	28⅝	22½
P/E Ratio—	NA	18-11	NM	NM	NM	17-13	NM	NM	9-6	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Sep. 1988. 1. Bef. spec. item(s) of +3.46 in 1986, +0.13 in 1985. d-Deficit. E-Estimated. NM-Not Meaningful. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,554	229	14.7	79	88.8	20.9	112	41.1%	66	4.2
1987	1,230	133	10.8	53	84.6	25.0	23	54.8%	10	0.8
1986	1,058	51	4.8	57	87.6	25.1	d144	NM	[2]d83	NM
1985	1,091	52	4.7	195	77.7	21.0	[3]d35	NM	d7	NM
1984	1,150	132	11.5	242	76.8	16.0	[3]52	10.8%	46	4.0
1983	937	73	7.8	158	71.2	5.5	[3]1	30.2%	[2]1	0.1
1982	1,014	62	6.1	133	71.9	2.4	[3]d21	NM	d3	NM
1981	1,427	271	19.0	122	70.8	3.6	[3]184	45.0%	[2]101	7.1
1980	1,338	238	17.8	94	65.3	4.9	[3]170	45.7%	93	6.9
1979	1,282	239	18.7	120	60.2	3.4	[3]178	42.5%	102	8.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	35	619	271	2.3	1,593	4.3%	158	974	1,213	13.1	6.9%
1987	17	485	229	2.1	1,467	0.7%	159	923	1,130	14.1	1.1%
1986	8	406	305	1.3	1,404	NM	159	807	1,009	15.8	NM
1985	11	416	282	1.5	1,375	NM	160	789	1,001	15.9	NM
1984	9	433	320	1.4	1,279	3.8%	90	790	959	9.4	5.9%
1983	18	400	220	1.8	1,108	Nil	50	777	888	5.6	0.1%
1982	53	393	147	2.7	1,015	NM	25	789	868	2.9	NM
1981	110	537	210	2.6	1,101	9.5%	26	823	891	3.0	12.8%
1980	71	513	200	2.6	1,028	9.4%	28	763	829	3.4	12.6%
1979	30	455	177	2.6	943	11.2%	29	706	766	3.8	15.2%

Data as orig. reptd. 1. Bef. spec. item(s) in 1986, 1985. 2. Reflects acctg. change. 3. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Business Summary

The company is the world's largest producer of tapered roller bearings, with about 130 tapered bearing types in some 26,000 combinations. Sales and operating profits (million $) in 1988:

	Sales	Profits
Bearings	64%	67%
Steel	36%	33%

Foreign operations in 1988 accounted for 24% of sales to customers and 14% of operating profits, versus 27% of sales and 26% of operating income in 1987.

Timken's tapered roller bearing markets are diversified, serving hundreds of industries. Over the years, profitability has benefited from developing and broadening the customer base to include the construction, automotive, general industrial, mining, railroad, steel, farm, and service replacement market.

Steel operations are totally integrated, producing alloy steel in bars, billets, and seamless tubing. Steel tubing is supplied to Timken's bearing operations. In 1986, 70% of steel output was sold in the open market. Latrobe Steel, acquired in 1975, is a tool steel industry leader, producing more than 200 varieties of steel and vacuum melted alloys. Scrap steels and alloys are the basic ingredients of the company's steel products.

Costs incurred for research and development totaled $36 million in 1988, $32.0 million in 1987, $34.0 million in 1986, and $24.1 million in 1985.

Dividend Data

Dividends have been paid since 1921. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Feb. 3	Feb. 13	Feb. 17	Mar. 10'89
0.23	May 5	May 15	May 19	Jun. 9'89
0.23	Aug. 4	Aug. 15	Aug. 21	Sep. 11'89
0.23	Nov. 3	Nov. 14	Nov. 20	Dec. 11'89

Next dividend meeting: Feb. 2'90.

Capitalization

Long Term Debt: $81,171,000.

Common Stock: 30,592,855 shs. (no par).
Officers and directors as a group own about 16.3%.
Institutions hold approximately 66%.
Shareholders of record: 21,184.

Office— 1835 Dueber Ave., S.W., Canton, Ohio 44706. Tel— (216) 438-3000. Pres— J. F. Toot, Jr. Secy-Treas, V-P Fin— J. K. Ramsey. Investor Contact— R. Johns. Dirs— W. R. Timken, Jr. (Chrmn), R. Anderson, P. J. Ashton, S. C. Gault, R. A. Gulling, J. W. Pitz, J. M. Timken, Jr., W. J. Timken, J. F. Toot, Jr., C. H. West, A. W. Whitehouse. Transfer Agents—Morgan Shareholder Services Trust Co., NYC. Company s office. Registrars— Morgan Shareholder Services Trust Co., NYC; United National Bank & Trust Co., Canton, Ohio. Incorporated in Ohio in 1904. Empl— 18,050.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Larkin

Tokio Marine & Fire

5430B

NASDAQ Symbol TKIOY (Incl. in Nat'l Market; marginable)

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 2'89	1989					
75	95½–66	32	[1]0.233757	0.3%	NR	NA

Summary

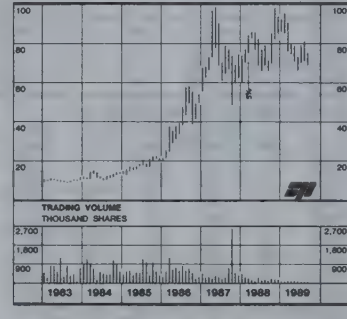
A member of the Mitsubishi Group, this firm is the oldest and largest non-life insurance company in Japan. Principal lines of insurance written by Tokio Marine are automobile, fire, cargo, hull and personal accident.

Business Summary

Tokio Marine & Fire Insurance Co. Ltd., a member of the Mitsubishi Group, is the largest non-life insurance company in Japan.

Net premiums written in recent fiscal years were divided as follows:

	1988-9	1987-8
Automobile	40.7%	40.6%
Fire & allied lines	13.9%	13.9%
Cargo & transit	6.0%	6.2%
Compulsory auto. liability	11.6%	12.0%
Hull	2.9%	3.4%
Personal accident	14.3%	13.1%
Other	10.6%	10.8%



Traditionally, the major portion of Tokio Marine's insurance has been written for industrial and commercial firms, which usually require hull, ocean cargo or standard fire coverages. The company has begun to place increased emphasis on the development and marketing of individual insurance policies, which combine long-term insurance with a savings feature.

The average loss ratio for all lines of insurance (excluding compulsory automobile liability) was 50.1% in 1988-9 (51.0% the year before). Individual product line ratios were: automobile 54.0% (56.5%), fire and allied lines 28.3% (37.6%), cargo and transit 58.9% (54.3%), hull 77.2% (65.1%), personal accident 35.6% (39.6%) and other 65.2% (51.1%). The combined loss and expense ratio amounted to 88.9% (90.1%).

Compulsory auto liability insurance in Japan is reinsured with a pool of non-life companies, which assumes 40% of the risk, the government assuming 60%. Some portion of the risks assumed by the pool is ceded back to Tokio Marine. By law, compulsory auto coverage lines may not be profitable, and balances in any year are accumulated as a tax-free reserve against possible future underwriting losses (see Finances).

The company writes nearly all non-life insurance for the Mitsubishi Group and also accepts reinsurance from and cedes reinsurance to others.

Tokio sells insurance through a domestic network of 47 branches and 434 sub-branches. The company also maintains an international presence in nearly 40 countries, which includes a branch in the U.S., as well as 39 representative and liaison offices, 20 underwriting agents and 24 subsidiaries and affiliates.

Important Developments

Sep. '89— Castle Harlan Inc. announced that Tokio Marine had agreed to purchase a 10% interest in Castle's Delaware Management Holdings Inc., a money-management concern, for $42 million. Under the agreement, Tokio Marine would receive new Delaware Management stock and the two companies would develop a joint plan to market Delaware Management's U.S. investment advisory services to U.S. clients. The closing was expected to occur in October 1989, after final approval by the U.S. Justice Department.

Per ADR Data[2] ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Book Value	70.93	62.84	46.07	28.03	16.87	16.89	12.78	11.24	17.03	12.60
Earnings[3]	2.36	1.85	1.12	0.85	0.50	0.55	0.48	0.59	1.10	0.80
Dividends[4]	0.23⅜	0.21¼	0.17⅞	0.15⅞	0.10	0.10	0.09¼	0.08⅞	0.08⅞	0.09
Payout Ratio	10%	13%	16%	19%	20%	18%	19%	15%	8%	11%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	98	98½	58⅛	22⅝	14⅞	11½	11¼	16½	14½	13½
Low	60¼	48⅜	20	12¾	9⅞	8⅞	7⅛	9⅛	9¼	9⅜
P/E Ratio—	42-26	60-29	52-18	26-15	29-20	21-16	24-15	29-16	13-8	17-12

Data as orig. reptd. in U.S. $. Adj. for 10-for-1 stk. split in 1987 & stk. divs. of 5% Mar. 1988, 8% Aug. 1981. 1. Amt. paid in past 12 mos., net 2. One ADR = five shs. 3. Aft. gains/losses on security trans. 4. Declared; net after 15% Japanese tax. NA-Not Available

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Tokio Marine & Fire Insurance Co. Ltd.

Income Data (Million $)

Year Ended Mar. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	Net Oper. Inc.	[2]Net Inc.	—% Return On— Revs.	Equity
1989	5,937	708	6,646	54.6	34.7	89.5	1,199	624	704	9.4	3.3
1988	5,557	660	6,217	56.5	34.6	91.1	974	510	479	8.2	3.2
1987	4,487	578	5,065	59.5	33.9	93.4	737	373	327	7.4	3.5
1986	3,630	413	4,042	60.0	35.1	95.1	523	273	243	6.8	4.3
1985	2,442	269	2,711	64.9	33.3	98.2	278	148	145	5.4	3.2
1984	2,599	270	2,869	63.8	34.7	98.5	289	157	157	5.5	3.6
1983	2,281	239	2,520	65.1	34.1	99.2	234	136	135	5.4	3.9
1982	2,108	214	2,322	64.8	31.4	96.2	278	155	165	6.7	5.0
1981	2,284	257	2,541	60.9	30.8	91.7	413	231	226	9.1	7.1
1980	1,714	182	1,897	65.1	25.8	90.9	288	166	163	8.8	6.8

Balance Sheet Data (Million $)

Mar. 31	Cash & Equiv.	Premiums Due	Investment Assets [3]Bonds	Stocks	[4]Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1989	2,202	1,541	8,668	34,574	7,427	51,233	1.5	975	58,148	436	20,820
1988	1,151	1,123	8,125	29,473	6,252	44,562	1.7	997	49,928	156	18,284
1987	993	690	6,179	20,917	4,232	31,788	2.3	757	36,050	204	13,160
1986	680	614	3,432	11,634	2,697	18,031	2.9	524	21,293	167	8,006
1985	457	404	2,063	6,557	1,551	10,373	2.8	347	12,601	Nil	4,818
1984	449	413	1,925	6,337	1,642	10,132	3.0	368	12,490	Nil	4,823
1983	381	357	1,384	4,339	1,376	7,265	3.5	332	9,408	Nil	3,651
1982	379	304	1,158	3,672	1,168	6,160	3.6	308	8,129	Nil	3,209
1981	331	312	1,220	4,193	1,279	6,851	4.0	334	8,854	Nil	3,487
1980	291	265	897	2,997	993	5,017	3.8	258	6,543	Nil	2,580

Data as orig. reptd. in U.S. $. 1. As reptd. by co. 2. Aft. gains/losses on security trans. 3. Incl. short-term invest. 4. Incl. other long-term investments.

Review of Operations

For the fiscal year ended March 31, 1989, premiums earned were up 13% from those of 1987-8. With net investment income up by the same percentage, total operating income increased in kind. Profitability was aided by a more favorable loss ratio, and pretax income advanced 30%. After taxes at 48.0%, against 47.6%, net operating income was ahead 29%, to $623,826,000, from $482,750,000. Results exclude realized gains on investments of $80,553,000 and losses of $29,258,000 in the respective years. Translations were made at the rate of ¥132=U.S. $1.

Dividend Data

Cash has been paid in every year since 1951. The company assumes the dividend distribution fee.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.233757	—	Mar. 23	Mar. 30	Jul. 18'89

Finances

In August 1989, the company announced that it would issue $500 million in 3.5% four-year U.S. dollar bonds with equity warrants at ¥ 2,163 ($15). The pay date was September 21, 1989.

In February 1989, the company acquired a 40% interest in Continental Corporation's First Insurance Co. of Hawaii, a property/casualty insurer with more than $100 million of direct written premiums in 1988, for about $29 million.

Tokio Marine is a member of the Mitsubishi Group and, although the firms have the same fundamental competitiveness of non-associated companies, there is a tendency for the members to conduct business with one another. Through a cross-holding of shares, Tokio Marine holds a stake in most companies of the Mitsubishi Group.

Japanese insurance accounting standards prohibit distribution to shareholders of any information regarding profits or losses from compulsory auto insurance underwriting. However, statements distributed to ADR holders, prepared in accordance with generally accepted accounting principles, indicate net losses of $15,500,000 in 1988-9 and $5,760,000 in 1987-8. Accumulated compulsory auto insurance losses from April 1, 1966, through March 31, 198, totaled $217,871,000.

Capitalization

Long Term Debt: $435,561,000 (3/89).

Common Stock: 1,468,832,420 shs. (¥50 par). Each ADR equals five shs.

Approximately one-fourth is held by various members of the Mitsubishi Group (see Finances).

Office—2-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo **U.S. Manager**—Tokio Marine Management, Inc., 55 Water St., New York 10041 Tel—(212) 297 6600 **Pres**—H. Takeda **Dirs**—Y. Amemiya, S. Aoki, N. Araki, N. Fukuda, Y. Hamaguchi, Yukihisa Hamaguchi, S. Horichi, T. Igarashi, T. Kagawa, M. Kinoshita, K. Kusano, S. Kono, H. Kubota, K. Matsushita, S. Morohashi, M. Murai, H. Murase, M. Nakanishi, T. Nozaki, A. Ogata, H. Ohashi, K. Sakata, K. Shibue, H. Shimoyama, H. Takeda, H. Takeuchi, S. Tojo, N. Tokunaga, Y. Umeda, T. Yaki, H. Yamada. **Depositary for ADRs**—Citibank, NYC. **Incorporated** in Japan in 1879.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Shayna J. Mishek

Tonka Corp.

NYSE Symbol TKA In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
16½	22⅞-8½	12	None	None	B-	1.72

Summary

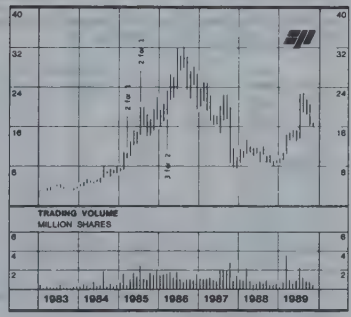
This company sell toys and games under the Tonka, Kenner and Parker Brothers brandnames. Following two years of losses caused by high interest and goodwill charges related to 1987 acquisition of Kenner Parker Toys, meaningful profitability should be restored in 1989 due to strong Real Ghostbusters demand and an aggressive new product introduction program. A further substantial gain is likely in 1990. TKA recently registered to sell 6.5 million common shares, which would nearly double the number of shares outstanding. Proceeds are to be used to reduce debt.

Current Outlook

Earnings for 1990 should approximate $2.50 a share, up from the $1.60 projected for 1989.

Early reinstatement of dividends, omitted in October, 1987, is unlikely.

Sales in 1990 should increase approximately 10%, as stronger demand for traditional toys offsets the absence of $50 million in revenues from the sale of Sega video games. Aiding the increase should be a projected decline in industrywide video games and the company's aggressive new product introduction program. Margins should benefit from the higher volume and a shift in the product mix toward higher margined traditional toys. Interest expense is also likely to be lower as proceeds from a planned sale of common stock reduces borrowings. The number of shares outstanding will, accordingly, be sharply higher.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	162.2	168.4	48.3	53.2
Jun.	189.4	198.4	49.6	72.2
Sep.	274.2	267.5	76.2	96.3
Dec.	---	273.4	208.5	71.7
	---	907.7	382.6	293.4

Sales for the nine months ended September 30, 1989 declined 1.3%, year to year, reflecting lower sales of Sega video games and board games. Primarily due to a 5.5 percentage point increase in the gross profit margin, there was a substantial improvement in profitability, and pretax income totaled $14.3 million, in contrast to a loss of $12.4 million. After taxes in each period, net income totaled $4.4 million ($0.56 a share), versus a net loss of $13.2 million ($1.70).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.78	d1.35	0.21	0.57
Jun.	0.02	d0.97	0.20	0.87
Sep.	1.19	0.62	0.20	1.12
Dec.	E1.17	0.95	d1.58	0.45
	E1.60	d0.75	d0.97	3.04

Important Developments

Oct. '89— TKA announced that it planned to sell 6.5 million common shares, with 5.2 million to be offered in the United States and 1.3 million internationally. Proceeds are to be used to reduce debt incurred in the 1987 acquisition of Kenner Parker Toys.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	d43.89	d43.73	12.51	5.21	2.47	4.33	5.03	5.70	5.18	3.21
Earnings[2]	d0.75	d0.97	3.04	2.99	0.78	d1.07	d0.41	0.67	0.40	0.35
Dividends	Nil	0.06	0.06¾	0.06⅝	0.06¾	0.06¾	0.06¾	0.13⅛	Nil	Nil
Payout Ratio	NM	NM	2%	3%	17%	NM	NM	20%	Nil	Nil
Prices—High	13⅜	25	32¼	22	8⅛	4⅜	5⅜	5⅞	4½	2½
Low	8	7⅜	15⅞	6⅞	3⅞	2⅞	2⅛	3	1⅜	1⅜
P/E Ratio—	NM	NM	11-5	7-2	10-5	NM	NM	9-4	11-3	7-4

Data as orig. reptd. Adj. for stk. div(s). of 50% Apr. 1986, 100% Jul. 1985, 100% Mar. 1985, 5% May 1980. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +1.61 in 1980, and spec. item(s) of -0.27 in 1987, +0.48 in 1983. NM-Not Meaningful d-Deficit E-Estimated

November 9, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

2242D

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	908	121	13.3	13.6	20.5	90.7	3.4	270.6%	d5.8	NM
[2]1987	383	9	2.3	9.0	11.7	17.7	d9.6	NM	d7.5	NM
1986	293	52	17.6	9.9	6.4	4.3	40.3	44.7%	22.3	7.6
1985	244	47	19.2	4.7	4.5	4.3	36.2	46.1%	19.5	8.0
1984	139	16	11.5	3.0	3.9	5.7	8.3	39.8%	5.0	3.6
1983	88	d1	NM	5.5	3.4	4.2	d10.1	NM	d6.9	NM
1982	81	3	4.1	11.7	3.3	2.5	d5.2	NM	[3]d2.7	NM
1981	105	15	14.1	5.1	3.7	1.4	12.0	44.0%	6.7	6.4
[4]1980	101	17	16.4	5.9	5.7	5.2	6.2	36.8%	3.9	3.9
1979	129	15	11.9	4.8	[5]5.8	5.4	4.3	20.7%	3.4	2.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	17.2	395	312	1.3	910	NM	504	87.6	592	85.2	NM
1987	19.3	324	235	1.4	865	NM	526	95.8	622	84.6	NM
1986	44.8	135	54	2.5	159	14.7%	8	96.3	105	7.8	32.7%
1985	22.9	103	62	1.7	123	19.8%	8	51.3	59	13.6	51.6%
1984	0.5	52	29	1.8	72	7.8%	8	31.9	43	19.2	11.4%
1983	2.0	29	18	1.6	56	NM	8	27.8	38	21.2	NM
1982	6.8	39	20	1.9	64	NM	11	32.4	44	23.9	NM
1981	28.3	56	15	3.7	74	8.5%	1	57.2	59	1.6	12.3%
1980	36.5	67	30	2.2	84	4.8%	1	51.7	54	2.4	9.3%
1979	3.3	51	21	2.4	77	4.6%	23	31.7	56	41.5	11.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1980, and spec. item(s) in 1987, 1983. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Excl. disc. opers. d-Deficit. NM-Not Meaningful.

Business Summary

Tonka Corporation designs, manufactures and markets worldwide a broad line of toys. In October, 1987 Kenner Parker Toys was acquired.

Staple product lines include Tonka's well known line of metal trucks and the Parker Brothers subsidiary's line of board and other games and its Nerf product line. Play-Doh and the Easy Bake Oven are also sold.

Major continuing lines for 1989 include Real Ghostbusters, the Sega video game system, Dress 'n Dazzle fashion play accessories and Starting Lineup baseball figures.

The company has the industry's most extensive new product introduction program for 1989, including proprietary toys and those based upon licences. This reflects management's belief that financial difficulties of certain competitors and the decision of Mattel and Hasbro to focus on staple product lines has created a major opporunity to introduce new promotional/fashion toys.

Foreign operations accounted for 34% of sales and $32.7 million in pretax income in 1988.

Dividend Data

Directors omitted the dividend in October, 1987. Payments had been resumed in 1981 after omission in early 1979. The most recent payment was $0.02 on September 24, 1987. A "poison pill" stock purchase right was adopted in 1986.

Finances

TKA has a revolving credit agreement for up to $350 million through 1993 to finance seasonal borrowing needs.

In October, 1987 the company acquired Kenner Parker Toys. The total cost of $548.8 million plus related acquisition costs of $125.9 million was financed through a $275 million term loan facility from a group of banks, $200 million of 16¼ Series A subordinated debentures, and $80 million of 17.25% Series B subordinated debentures with 560,000 common share warrants.

Capitalization

Long Term Debt: $506,000,000.

Common Stock: 7,902,296 shs. ($0.66⅔ par).
Bramah Ltd. owns about 20%.
Institutions hold approximately 36%.
Shareholders of record: About 3,058.

Warrants: To buy 560,000 shs. at $13 ea.

Office—6000 Clearwater Drive, Minnetonka, Minn. 55343 **Tel**—(612) 936-3300 **Chrmn & CEO**—S. G. Shank **VP-CFO**—J. D. Miller **Investor Contact**—Robert R. Meek **Dirs**—G. L. Bramah, J. S. Corson, C. M. Denny, Jr., S. A. Greyser, R. Headrick, V. H. Heath, R. L. Schall, S. G. Shank **Transfer Agent & Registrar**—The First National Bank of Boston, Boston, Mass. **Incorporated** in Minnesota in 1946 **Empl**—4,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Paul H. Valentine, CFA

Torchmark Corp.

2242T

NYSE Symbol TMK Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21'89	1989					
52¾	58¾-30	14	1.40	2.7%	A+	1.14

Summary

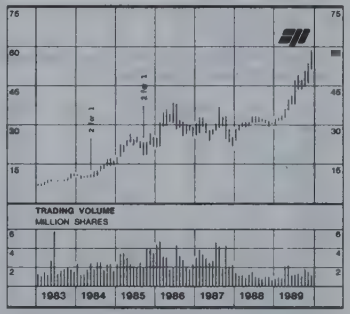
Torchmark Corp., an insurance and diversified financial services holding company, derives the largest portion of its earnings from life and health insurance operations. Through other subsidiaries, TMK offers home fire insurance, property-casualty reinsurance, individual money management and financial planning, including the sale of annuities and mutual funds and investment management for pensions and other institutions.

Current Outlook

Earnings for 1990 (excluding net realized capital gains or losses) are expected to rise to $4.10 a share, up from the $3.75 a share anticipated for 1989.

The $0.35 a share quarterly dividend is the minimum expectation.

Earnings in coming periods are expected to benefit from increased demand for medicare supplemental insurance following Congress's repeal of the Medicare Catastrophic Coverage Act. Individual life insurance premiums will continue to grow, but possible at a slower rate because lower interest rates expected in 1990 may cause a shift to more investment-oriented life products. The financial services unit should also experience revenue and profit growth, assuming no major market downturn. Share repurchases (funded by increased borrowings and internal cash flow) will benefit per-share earnings.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose 5.7%, year to year, (1988 restated), as total premiums increased 1.9%, while financial service revenue was up 6.5% and investment income and realized investment gains both rose 17%. Total benefits and expenses were up 4.0%, and pretax income advanced 13%. After taxes at 32.5% versus, 33.4%, and minority interests, net income was up 12%. Share earnings were $2.94 ($2.86 in operating income) on 6.0% fewer shares, versus $2.45 ($2.38).

Common Share Earns.[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.93	0.83	0.69	0.61
Jun.	0.98	0.73	0.70	0.71
Sep.	1.02	0.80	0.87	0.68
Dec.		0.85	0.72	0.72
		3.20	2.98	2.72

Important Developments

Nov. '89— TMK noted that results for the first nine months of 1989 benefited from growth in life insurance premiums and financial services revenues, together with well controlled expenses. The growth in financial services revenue was primarily attributable to increased sales of investment products, as individual investors have ventured back into the mutual funds market. TMK also said its share repurchase program was ongoing, and that 1.6 million common shares had been reacquired during 1989's first nine months.

Aug. '89— TMK sold publicly $100 million of 8.25% senior debentures, due 2009. Proceeds were to be invested in a short-term instrument and upon maturity to be used to repay $100 million of debt due in July, 1990.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	13.73	13.86	13.01	11.31	9.24	8.28	7.55	7.44	7.30	6.73
Oper. Earnings	3.20	2.98	2.72	2.17	2.10	1.28	1.01	0.93	0.87	0.80
Earnings[2]	3.11	2.86	2.73	2.20	1.62	1.32	1.06	0.94	0.85	0.80
Dividends	1.10	1.00	0.80	0.52½	0.45	0.40	0.37½	0.35	0.30	0.26⅜
Payout Ratio	35%	35%	29%	24%	28%	30%	35%	38%	35%	33%
Prices—High	33½	36¾	38½	26¾	17⅛	11⅜	7½	7	5½	7⅛
Low	23¾	21⅜	21¼	14⅝	9¼	6½	5½	5	4⅛	5¼
P/E Ratio—	10-7	12-4	14-8	12-7	8-4	9-5	7-5	8-5	6-5	9-6

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep. 1985, 100% May 1984. 1. Oper. earns. prior to 1989. 2. Aft. gains/losses on security trans.

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income	Net Invest. Inc.	Total Revs.	Net Bef. Taxes	Net Oper. Inc.	Net Inc.	% Return On Revs.	% Return On Assets	% Return On [1]Equity
1988	52,901	1,281	266	1,670	282	185	180	11.1	4.3	20.5
1987	51,915	1,197	247	1,590	312	200	193	12.1	4.8	21.0
1986	48,496	1,194	235	1,555	232	205	206	13.2	5.2	21.0
1985	45,815	1,056	207	1,362	225	165	167	12.1	4.7	17.5
1984	41,782	862	182	1,127	180	168	132	14.9	5.3	19.3
1983	34,666	714	156	1,134	132	98	101	8.6	3.1	13.2
1982	29,653	618	157	948	98	75	79	8.0	2.6	12.2
1981	25,539	441	136	585	101	70	70	11.9	2.8	12.2
1980	16,129	351	119	475	93	66	64	13.8	3.2	12.3
[2]1979	10,837	295	112	407	88	61	60	14.9	3.2	12.3

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Rec.	Investment Assets [3]Bonds	Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	[4]Debt	Common Equity
1988	54.6	77	2,771	22	204	3,712	8.6	772	4,428	497	807
1987	62.5	80	2,632	34	221	3,008	8.4	720	4,241	300	923
1986	66.4	94	2,487	48	243	2,868	8.9	656	4,123	151	915
1985	89.8	79	2,032	35	276	2,418	9.1	635	3,740	164	966
1984	64.5	68	1,461	109	461	2,143	8.8	558	3,297	165	811
1983	54.6	141	1,336	91	519	1,981	8.0	478	3,217	93	817
1982	40.7	87	1,241	92	553	1,912	8.6	426	3,037	172	646
1981	36.2	26	1,119	54	561	1,758	8.0	365	2,683	155	590
1980	26.0	14	960	88	564	1,635	7.5	329	2,214	4	552
[2]1979	20.9	10	915	73	553	1,542	NA	315	1,947	Nil	512

Data as orig. reptd. 1. Common. 2. Restated to reflect 1980 reorganizations. 3. Incl. short-term invest. 4. Long-term. NA-Not Available

Business Summary

Torchmark Corp. is an insurance and diversified financial services holding company whose principal subsidiaries are Liberty National Life Insurance Co., Globe Life and Accident Insurance Co., United American Insurance Co., and United Investors Management Co. Segment contributions in 1988:

	Revs.	Profits
Individual life insurance	35%	44%
Individual health insurance	44%	38%
Other insurance	10%	2%
Financial services	7%	18%
Corporate & eliminations	4%	Nil

Through subsidiaries, TMK offers a full line of non-participating ordinary individual life products and health insurance. The subsidiaries are licensed to sell insurance in all 50 states, the District of Columbia, Puerto Rico and Canada. Distribution is effected through home service agents, independent contractors, general agents and direct solicitation. Other products offered include credit life and health insurance, and annuities. Life insurance in force at year-end 1988 totaled $52.9 billion, of which individual insurance accounted for 98%, and group and credit 2%. Liberty National Fire Insurance Co., offers fire, property and casualty and automobile coverage, and domestic and international reinsurance.

United Investors Management Co. (85%-owned) provides personal financial planning, life insurance, investment products to individuals and investment management to institutional investors. Waddell & Reed Inc. provides personal financial planning services, serves as manager of the 16 mutual funds comprising the United Group of Mutual Funds, and distributes interests in leasing and real estate limited partnerships. Torch Energy Corp. manages oil and gas investments.

Dividend Data

Cash has been paid each year since 1933.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Feb. 23	Apr. 5	Apr. 11	May 1'89
0.30	Apr. 27	Jul. 5	Jul. 11	Aug. 1'89
0.35	Aug. 21	Oct. 4	Oct. 11	Nov. 1'89
0.35	Oct. 25	Jan. 4	Jan. 10	Feb. 1'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $497,151,000.

Minority Interest: $51,269,000.

Series A Adj. Rate Cum. Pfd. Stk.: 1,000,000 shs.

Common Stock: 52,162,354 shs. ($1 par).
Institutions hold about 44%.
Shareholders of record: 8,988.

Office—2001 Third Ave. South, Birmingham, Ala. 35233. **Tel**—(205) 325-4200. **Chrmn & CEO**—R. K. Richey. **Pres**—J. W. Rotenstreich. **VP-Secy**—S. E. Upchurch, Jr. **VP-Contr**—T. G. White. **Investor Contact**—M. Klyce. **Dirs**—R. P. Davison, J. M. Farley, L. T. Hagopian, C. B. Hudson, J. L. Lanier, Jr., J. W. Morris, R. K. Richey, J. W. Rotenstreich, Y. G. Samford, Jr., K. A. Tucker, D. K. Wilson. **Transfer Agent & Registrar**—First National Bank of Chicago. **Incorporated** in Alabama in 1929, reincorporated in Delaware in 1979. **Empl**—5,976.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A. Seifert

Toronto-Dominion Bank

5433P

Toronto S.E. Symbol TD Options on Toronto (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
21⅜	23⅛-17	9	[1]0.76	3.6%	A	NA

Summary

The fifth largest Canadian chartered bank, Toronto-Dominion conducts a general banking business across Canada and around the world through its offices and correspondents. Overall quality of the loan portfolio continued to improve in fiscal 1988 and, aided by the resolution of the Dome Petroleum loans, earnings improved substantially. A 2-for-1 stock split was effected in July 1989.

Business Summary

Toronto-Dominion Bank, formed in 1955 through the amalgamation of Bank of Toronto and Dominion Bank, is Canada's fifth largest chartered bank, based on assets of $59.3 billion at October 31, 1988. Total income for fiscal 1988 was derived as follows:

Interest on loans & lease financing...	79%
Noninterest income.....	11%
Interest on securities	8%
Interest on deposits with banks.....	2%

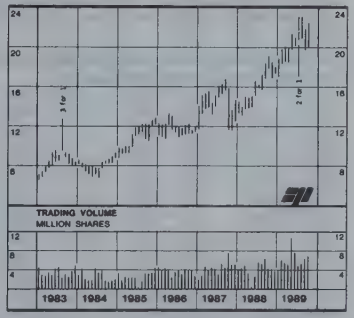
Operations are conducted through nearly 1,000 branches and offices across Canada and abroad.

In addition to the usual personal checking, savings and loan operations, the bank participates in venture capital and mergers and acquisitions markets through TD Capital Group. It also engages in leasing through Toronto Dominion Leasing Ltd. and has interests in a variety of real estate projects. Green Line Investor Service provides stock trading and discount brokerage services to customers in Ontario. In 1988, the bank also incorporated two insurance subsidiaries in Barbados.

International banking is a significant part of Toronto-Dominion's operations. Branches, regional and representative offices are maintained in about 30 cities around the world. A merchant banking subsidiary is located in Australia.

Of the $46.4 billion in total deposits at October 31, 1988, 8% were payable on demand, 37% after notice and 55% on a fixed date. Consolidated total assets were $59.3 billion, of which 3% were cash resources, 10% securities, 73% loans and 14% other assets

On a taxable-equivalent basis, the total net interest margin rose to 4.00% in fiscal 1988 from



3.82% the year before. The domestic interest margin in fiscal 1988 was 4.57%, versus 4.81% in fiscal 1987, while the international interest margin was 2.63% in fiscal 1988, against 1.68% in fiscal 1987.

Important Developments

Aug. '89— Management estimated credit losses for the fiscal year ended October 31, 1989, at $250 million. Losses of $188 million were charged to income in the nine months ended July 31, 1989. Nonaccrual loans continued at low levels—$325 million at July 31, 1989, compared with $414 million at October 31, 1988. It expected that this would be the last year that any material losses are suffered on the portfolio of loans to the 42 countries designated by the Office of the Superindendent of Financial Institutions.

Next earnings report due in late November.

Per Share Data (Can. $)

Yr. End Oct. 31	[2]1988	1987	1986	1985	1984	1983	1982	[2]1981	1980	1979
Book Value[3]	11.33	10.25	10.08	9.21	8.09	7.35	6.74	6.10	5.00	4.20
Earnings[4]	2.15	1.69	1.37	1.47	1.32	1.34	1.26	1.18	0.80	0.71
Dividends	0.51	0.43	0.42	0.39½	0.38	0.34¾	0.32½	0.27¼	0.23	0.19⅛
Payout Ratio	24%	26%	31%	27%	29%	26%	26%	23%	29%	28%
Prices[5]—High	19⅛	16⅞	13⅜	12⅞	9⅜	9⅜	6¾	6	6⅜	4½
Low	13⅛	11⅝	10¾	8¾	6¾	6½	3⅝	4⅜	3⅞	3½
P/E Ratio—	9-6	10-7	10-8	9-6	7-5	7-5	5-3	5-4	8-5	6-5

Data as orig. reptd. Adj. for 2-for-1 split in Jul. 1989, 3-for-1 split in Jul. 1983. 1. In Canadian funds, subj. to 15% withholding tax on non-residents, deductible from U.S. taxes 2. Refl. acctg. change; prior-period figures not restated. 3. As reptd. by co 4. Bef. spec. item of -1.61 in 1987. 5. Cal. yr. NA-Not Available.

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Income Data (Million Can. $)

Year Ended Oct. 31	Net Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	Net Int. Margin	% Return On Revs.	% Return On [2]Assets	% Return On [2]Com. Equity
[3]1988	1,898	195	81.3	1,098	39.2%	668	3.4	11.4	1.2	20.0
1987	1,688	287	83.0	875	39.7%	528	3.6	10.3	1.0	16.0
1986	1,485	342	88.5	601	33.0%	403	3.4	7.5	0.8	14.1
1985	1,368	262	88.5	616	32.5%	416	3.4	7.8	0.9	17.0
1984	1,217	199	90.0	518	31.3%	356	3.3	6.9	0.8	16.9
1983	1,146	146	89.9	482	32.6%	325	3.2	6.8	0.7	18.7
1982	983	108	94.4	367	16.1%	308	2.8	4.7	0.7	19.4
[3,4]1981	881	74	94.2	352	19.0%	285	2.9	4.7	0.7	20.9
1980	674	52	93.8	235	11.5%	208	3.0	5.5	0.7	19.0
1979	590	49	92.6	204	15.6%	172	3.1	6.2	0.7	18.7

Balance Sheet Data (Million Can. $)

Oct. 31	Total Assets	Principal Assets: Cash	Gov't Secs.	Prov.& Munic.	Loans	Total Deposits	[5,2]Depos./ Capital Ratio	Long Term Debt	Common Equity	% Equity To [4,5,2]Assets	% Equity To [4,5]Loans
1988	59,285	1,679	2,454	143	43,546	46,399	11.2	387	3,410	5.8	8.6
1987	53,750	1,860	2,632	170	40,311	44,900	12.4	148	3,047	6.4	8.6
1986	51,447	2,775	1,868	124	38,065	42,692	11.9	304	2,873	6.3	8.7
1985	50,218	4,441	1,840	561	36,304	43,490	14.4	304	2,514	5.4	7.5
1984	46,597	4,551	1,934	477	33,568	40,670	15.2	301	2,179	5.1	7.1
1983	42,488	4,008	1,972	264	30,815	37,061	16.3	369	1,707	4.5	6.2
1982	45,038	5,114	1,743	39	32,530	39,576	18.6	370	1,549	3.9	5.4
1981	43,249	4,546	1,363	54	32,633	38,742	20.0	335	1,390	3.7	4.9
1980	32,056	4,486	1,107	68	22,578	28,781	19.2	280	1,160	3.8	5.4
1979	27,230	3,963	1,201	86	18,824	24,911	18.7	282	983	3.8	5.6

Data as orig. reptd. 1. Bef. spec. item in 1987. 2. As reptd. by co. 3. Reflects acctg. change; prior figures not restated. 4. Total. 5. Based on yr.-end amounts.

Review of Operations

Net interest income for the nine months ended July 31, 1989, advanced 6.6%, year to year. Following a 7.3% increase in the provision for loan losses, 16% higher other operating expense and an 18% rise in noninterest income, the gain in pretax income was limited to 2.5%. After taxes at 31.9%, versus 38.3%, net income was ahead 13%, to $527,408,000 ($1.68 a share, after preferred dividends), from $466,734,000 ($1.50, adjusted).

Dividend Data

Bank of Toronto paid dividends in every year beginning with 1857; Dominion Bank made payments in each year from 1872. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.33	Nov. 25	Dec. 21	Dec. 29	Jan. 23'89
0.33	Feb. 23	Mar. 17	Mar. 23	Apr. 24'89
0.38	May 25	Jul. 14	Jul. 10	Jul. 31'89
2-for-1	May 25	Jul. 4	Jul. 10	Jul. 31'89
0.19	Aug. 24	Sep. 15	Sep. 21	Oct. 31'89

Finances

The bank is exposed to a group of 38 less developed countries which have found it necessary to reschedule foreign debt owed to banks and against which Toronto-Dominion is required to carry mandatory loan loss provisions. The bank increased its reserve on loans to the LDCs to 45% at October 31, 1988. At that date the bank's net LDC exposure amounted to $602 million (which includes the Mexican risk portion of bonds received in swaps), down substantially from the $1.5 billion at year-end 1987 and $2.7 billion at the end of the preceding year.

Capitalization

Debentures: $610,000,000 (7/89).

$1.835 Cum Red. Cl. A 1st Pfd.: 1,866,025 shs. ($25 par).

Class A 1st Pfd. Ser. D: 6,000,000 shs. ($25 par).

Cum. Red. Cl. B 1st Pfd.: 1,500,000 shs; floating rate.

Capital Stock: 301,089,886 shs. (no par).
Institutions hold about 11%.
Shareholders: 32,748 of record.

Office—P O Box 1, Toronto-Dominion Centre, Toronto, Ontario M5K 1A2 **Tel**—(416) 982-8222 **Chrmn & CEO**—R M Thomson **Vice Chrmn**—F G McDowell **Pres**—R. W. Korthals. **Exec VP & Treas**—A. C. Baillie. **Sr VP & Secy**—R. G. Bumstead **Dirs**—J. D. Allan, M. N Anderson, P. de Gaspe Beaubien, G. M. Black III, D. G. Campbell, M. L. Campbell, J. Chretien, A. J. deGrandpre, R. R. B. Dickson, F. S. Eaton, W. M Elliott, C. S. Fienniken, A. G Frame, G. C. Gray, W. Norman Kissick, E. L. Kolber, R. W. Korthals, H. G. MacNeill, F. G McDowell, A. R. Nielsen, G. P. Osler, J. A. Pattison, D. J. Phillips, R. J. Richardson, W. L. Sauder, D. R. Sobey, J. L. Stoik, R Stollery, A. Sweatman, J. M. Thomson, K. R Thomson, R. M. Thomson, W. M. Young, A. H. Zimmerman. **Transfer Agent & Registrar**—Royal Trust Co., Toronto, Montreal, Vancouver, Winnipeg, Halifax, Regina, Calgary, London (UK); in NYC, bank's office (sub-agent). **Incorporated** in Canada in 1955 **Empl**—22,853

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed
D Baker

Toys "R" Us

2243J

NYSE Symbol TOY Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 22'89	1989					
34⅜	36¼-24	25	None	None	B+	1.40

Summary

Toys "R" Us, the nation's largest toy retailer, has entered the children's retail clothing business with the opening of its Kids "R" Us chain and has expanded its toy franchise outside the U.S. TOY's aggressive pricing practices, facilitated by its efficient and strong merchandising skills, coupled with an aggressive expansion program should extend the company's market share gains in the three segments in which it operates. Having converted all of its debentures, Petrie Stores now owns about 14% of TOY common stock. The stock was split 3-for-2 in May, 1989.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 are projected at $1.65 a share, up from fiscal 1988-9's $1.36 (adjusted). Earnings for fiscal 1990-1 could approximate $2.00 a share.

The initiation of cash dividends is not expected.

Revenue growth in fiscal 1989-90 should be fueled by aggressive expansion of domestic and international toy operations, as well as the clothing division. Longer term, TOY's strong merchandising skills, superior systems and aggressive expansion, particularly overseas, should enlarge its share of the growing toy and childrenswear markets.

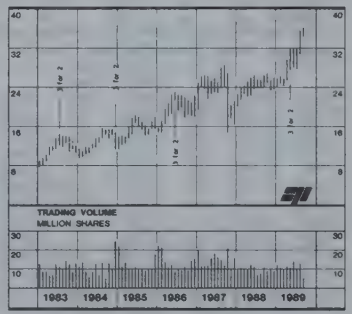
Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	767	647	474	368
Jul.	775	687	517	426
Oct.	---	776	600	472
Jan.	---	1,889	1,546	1,179
	---	4,000	3,137	2,445

Sales for the six months ended July 30, 1989 rose 16%, year to year. Margins narrowed, and pretax income increased 11%. After taxes at 37.5% in each period, net income was also up 11%, to $0.26 a share (on slightly fewer shares) from $0.23.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.14	0.11	0.07	0.05
Jul.	0.12	0.12	0.09	0.07
Oct.	E0.16	0.13	0.09	0.07
Jan.	E1.23	1.00	0.79	0.59
	E1.65	1.36	1.04	0.78



Important Developments

Aug. '89— Management said that it was pleased with sales and earnings for the second quarter of fiscal 1989-90 since comparisons were against a very strong quarter a year earlier. One new toy store opened in fiscal 1989-90 and 66 additional stores, including 22 internationally, are planned to open in the next three months. Also, 25 Kids "R" Us clothing stores have been opened this year. Capital requirements for 1989-90 are estimated at $350 million. At August 16 TOY operated 359 toy stores in the U.S., 52 international toy stores and 137 Kids "R" Us children's clothing stores. Separately, as of March 15 TOY repurchased 2,966,250 shares (adjusted) under a 4.5 million share buyback program.

Next earnings report expected mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	7.41	5.91	4.83	3.87	3.16	2.57	1.81	1.31	1.00	0.81
Earnings	1.36	1.04	0.78	0.62	0.58	0.48	0.35	0.28	0.17	0.16
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices[1]—High	27	28½	23	18⅜	15⅝	14½	11	4⅜	3⅛	1⅞
Low	20	14⅝	14⅝	11¼	9⅜	7⅝	3⅞	2⅛	1¼	¾
P/E Ratio—	20-15	27-14	29-19	30-18	27-16	30-16	32-11	16-7	18-7	11-4

Data as orig reptd. Adj. for stk. div(s). of 50% May, 1989, 50% Jun. 1986, 50% Jan. 1985, 50% Jul. 1983, 50% Jul. 1982, 50% Jul. 1981, 50% Jul. 1980. 1. Cal. yrs. E-Estimated

October 2, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	4,000	497	12.4	339	54.6	32.9	429	37.5%	268	6.7
1988	3,137	395	12.6	[2]315	43.7	22.0	348	41.0%	204	6.5
1987	2,445	318	13.0	[2]259	33.3	14.0	284	46.4%	152	6.2
1986	1,976	245	12.4	222	26.1	11.1	220	45.5%	120	6.1
1985	1,702	219	12.8	166	18.4	6.8	206	46.0%	111	6.5
1984	1,320	184	13.9	97	13.4	3.9	178	48.2%	92	7.0
1983	1,042	130	12.5	68	11.1	5.9	124	48.4%	64	6.2
1982	783	94	11.9	69	8.9	5.8	[3]94	48.0%	49	6.2
1981	597	56	9.4	39	7.1	[4]3.6	[3]53	44.9%	29	4.8
1980	480	59	12.3	19	5.5	4.5	54	49.7%	27	5.6

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	123	1,133	878	1.3	2,555	11.7%	174	1,424	1,677	10.4	20.9%
1988	46	886	661	1.3	2,027	11.4%	177	1,135	1,366	13.0	19.8%
1987	84	654	499	1.3	1,523	11.0%	83	901	1,024	8.1	18.7%
1986	136	579	398	1.5	1,226	10.3%	85	717	828	10.2	18.4%
1985	215	639	417	1.5	1,099	11.5%	86	579	682	12.6	21.2%
1984	236	519	299	1.7	820	13.4%	53	460	521	10.1	23.6%
1983	135	345	187	1.8	559	12.1%	40	323	372	10.7	23.0%
1982	123	283	145	1.9	442	12.8%	86	206	297	28.9	27.0%
1981	76	209	118	1.8	312	10.6%	39	151	194	20.1	21.1%
1980	45	155	78	2.0	232	13.1%	33	121	154	21.2	26.6%

Data as orig reptd. 1. Incl. sales of leased depts. before 1984. 2. Net of curr. yr. retirement and disposal. 3. Incl. equity in earns. of nonconsol subs. 4. Reflects accounting change

Business Summary

Toys "R" Us operates the world's largest chain of toy specialty retail stores. As of January 29, 1989 TOY operated 358 Toys "R" Us toy stores in 39 states, 23 Canada, 18 in the United Kingdom, two in Singapore and one each in Hong Kong and Malaysia. TOY also operated 112 Kids "R" Us clothing stores.

TOYS's merchandising strategy stresses the development of strong consumer recognition through the use of mass media advertising. Items sold include children's and adult toys, games, bicycle and wheel goods, sporting goods, electronic video games and home computers, and infant and juvenile clothing and furniture. The stores feature name brand merchandise at everyday low prices and offer extensive selections.

Kids "R" Us clothing store operations began in July, 1983 with the opening of two outlets and has expanded rapidly to 112 locations by the end of fiscal 1988-9. The stores, which range from 15,000 to 25,000 sq. ft., apply merchandising policies similar to those in the Toys "R" Us stores; namely, everyday low pricing on name brands, full assortments and liberal refund policies.

The company employs a computer inventory system which allows management to constantly monitor the current activity and inventory in each region and each store. This permits management to allocate the proper amount of merchandise to each store to keep each store adequately stocked at all times.

The company utilizes 21 warehouse/distribution centers and a large fleet of tractors and trailers, which it owns and maintains, to service its 358 domestic stores.

Business is highly seasonal with about 47% of sales taking place in the fourth quarter.

Dividend Data

No cash dividends have ever been paid.

Finances

In March, 1988 substantially all of the 7½% debentures held by Petrie Stores were converted into 9.3 million shares (adjusted) of TOY common stock. Petrie also redeemed its 8% exchangeable debentures in July, reducing its common stock investment in TOY to about 14%.

Capitalization

Long Term Debt: $173,969,000.

Common Stock: 190,743,677 shs. ($0.10 par).
Petrie Stores owns about 14%.
Institutions hold approximately 70%.
Shareholders of record: 11,000.

Office—461 From Road, Paramus, N.J. 07652. Tel—(201) 262-7800. Chrmn & CEO—C. Lazarus. Vice-Chrmn & Chief Fin & Admin Officer—M. Goldstein. VP-Treas—L. Lipschitz. Secy—L. Yassky. Dirs—R. A. Bernhard, A. E. Christie, M. Goldstein, M. S. Gould, C. Lazarus, H. Moore, R. C. Nakasone, N. Ricken, N. M. Schneider, M. Shapiro, H. M. Wit. Transfer Agent & Registrar—American Stock Transfer & Trust Co., NYC. Incorporated in Delaware in 1928. Empl—33,700.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Transamerica Corp.

NYSE Symbol TA Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 28'89	1989					
43	48-32¾	10	1.92	4.5%	B	1.00

Summary

Transamerica is a diversified financial service organization engaged in two primary businesses: finance and insurance. TA's Finance Group, the third largest in the U.S., is engaged in commercial and consumer lending, leasing, and real estate services. Insurance operations consists of life, property-casualty, and insurance brokerage. In June, 1989 TA acquired, for approximately $95 million, Criterion Group Inc., an investment management firm with about $10 billion of assets under management.

Current Outlook

Operating earnings for 1990, excluding "fresh start" tax benefits and capital gains or losses, are estimated at $4.20 a share. This compares with the $3.50 a share expected for 1989 (which also excludes such benefits).

The quarterly dividend was raised 2.1%, to $0.48 from $0.47, in October, 1989.

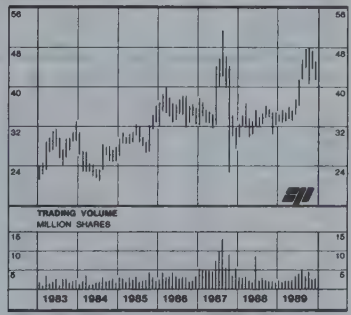
Earnings for 1990 will benefit from continued growth in all life insurance lines. The resulting cash flow from those operations will also aid investment income. Pricing on standard p-c lines will likely remain weak through mid-year and underwriting losses will expand. However, a shift to more specialty (and less price sensitive) lines and expanded reinsurance operations bodes well in the long term. Brokerage profits will benefit from the expected upturn in p-c rates. Consumer lending growth may slow, and competitive pricing pressures in inventory financing operations will hurt commercial lending profits. Leasing should benefit from high utilization rates. A soft market will likely hurt real estate services.

Review of Operations

Total revenues for the nine months ended September 30, 1989 rose 10%, year to year (1988 restated). Total expenses were up 9.5%, and pretax income advanced 20%. After taxes at 30.2%, against 20.8%, net income (including $40.2 million in realized capital gains, versus $9.3 million) increased 6.2%. Share earnings were $3.23, versus $3.06, which excludes a special charge of $0.49.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.89	0.96	0.86	0.51
Jun.	1.15	1.12	1.05	0.69
Sep.	1.19	1.23	1.16	0.80
Dec.		0.96	0.95	0.55
		4.27	4.02	2.55



Important Developments

Nov. '89— TA said earnings for the first nine months of 1989, while in line with expectations, continued to be impaired by the downturn in the property-casualty cycle, which has exerted downward pressure on prices. Unfavorable workers' compensation claims experience in certain areas and higher storm-related catastrophe losses exacerbated this situation. Separately, TA filed a shelf registration with the SEC, enabling it to sell publicly up to $500 million of debt securities.

Jun. '89— The company paid $94.9 million in cash to acquire Criterion Group, Inc., a Texas-based asset manager with approximately $10 billion of assets under management.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	27.71	24.94	26.94	27.25	21.68	21.78	20.56	23.02	20.71	18.71
Oper. Earnings	4.27	4.02	2.55	1.31	2.32	2.77	2.86	3.43	3.67	3.64
Earnings[2]	4.42	4.47	2.97	1.62	2.64	3.12	2.95	3.45	3.75	3.66
Dividends	1.86	1.80	1.72	1.66	1.60	1.53	1.45	1.34	1.20	1.06
Payout Ratio	42%	40%	58%	102%	61%	49%	49%	39%	32%	29%
Prices—High	36¾	51½	40⅛	36¼	30¾	33	24⅜	26¼	20⅛	20⅜
Low	29¾	22⅛	31¾	26	20⅞	21⅛	16½	17½	14⅝	15⅝
P/E Ratio—	9-7	13-6	16-12	28-20	13-9	12-8	9-6	8-5	5-4	6-4

Data as orig. reptd. 1. Oper. earns. prior to 1989. 2. Aft. gains/losses on security trans.; excl. results of disc. opers. of +1.00 in 1987, +0.60 in 1986, +0.53 in 1985, +1.88 in 1981.

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. In Force	Premium Income: [1]Life A & H	Premium Income: Cas./ Prop.	Premium Income: Net Inv. Income	Premium Income: Total Revs.	[2]Comb. Loss-Exp. Ratio	Net Bef. Taxes	Net Oper. Inc.	[3]Net Inc.	% Return On: Revs.	% Return On: [2,4]Equity
1988	236,000	3,104	1,661	1,216	7,879	105.9	380	336	346	4.3	13.3
1987	201,767	3,260	1,448	1,008	7,175	104.1	429	317	351	4.4	15.3
1986	181,230	3,013	1,080	854	6,076	112.1	248	194	224	3.2	12.1
1985	151,700	2,769	949	690	5,590	131.9	65	91	111	1.6	7.5
1984	138,637	1,946	789	538	5,399	130.1	150	151	172	2.8	9.3
1983	118,200	1,697	651	462	4,681	116.1	204	176	198	3.8	11.3
1982	107,985	1,682	702	412	4,326	113.9	186	181	186	4.2	11.4
1981	84,799	1,503	699	375	4,156	105.5	298	222	223	5.3	14.5
1980	72,914	1,500	698	333	4,384	100.2	304	240	245	5.5	17.4
1979	67,542	1,417	675	285	4,045	97.0	363	239	240	5.9	19.2

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	Invest. Yield	Deferred Policy Costs	Total Assets	[5]Debt	Common Equity
1988	235	424	12,292	294	1,409	13,995	9.4	1,255	26,759	5,842	2,604
1987	285	445	10,313	204	1,457	11,974	9.4	1,086	23,319	5,250	2,400
1986	360	385	7,308	257	1,468	9,256	10.3	944	16,182	2,526	2,079
1985	121	344	5,228	236	1,674	7,385	10.5	768	13,751	2,560	1,920
1984	303	325	3,854	148	1,795	5,796	9.8	623	12,502	2,742	1,864
1983	227	276	3,136	159	1,898	5,194	9.2	524	10,952	2,163	1,814
1982	341	258	2,762	141	1,911	4,814	8.9	493	10,423	2,185	1,682
1981	165	283	2,497	129	1,787	4,413	8.6	460	9,042	1,753	1,598
1980	176	281	2,490	128	1,718	4,337	7.9	419	8,887	1,787	1,485
1979	145	278	2,390	126	1,547	4,063	7.4	380	7,984	1,529	1,325

Data as orig. reptd. 1. Incl. other insur. inc. 2. As reptd. by co., before policyholders' divds. 3. Incl. results of disc. opers. in 1986, 1985, 1981. 4. Common. 5. Long term.

Business Summary

Transamerica is a major financial service company primarily engaged in finance and insurance. The finance operation consists of lending, leasing and real estate services. Insurance operations include life, property casualty insurance, and insurance brokerage. Revenues, and earnings before corporate expenses and taxes in 1988 were derived:

	Revs.	Profits
Life insurance	52%	22%
Property insurance	23%	8%
Insurance brokerage	1%	10%
Real estate serv.	4%	11%
Lending	14%	37%
Leasing	6%	14%
Other	Nil	-2%

The Transamerica Life Companies market life, and accident and health insurance, reinsurance and pension and investment products. At year-end 1988 insurance in force amounted to $236.0 billion. In 1987, TA sold most of its group life and health operations. Transamerica Insurance Group provides personal, commercial and specialty property-casualty insurance. TA also holds a 39% equity interest in Sedgwick Group, a London-based insurance broker. In 1988, TA acquired TIFCO Inc., the second largest insurance premium financing company in the U.S.

Transamerica Finance Group, the third largest independent finance company in the U.S., conducts commercial and consumer lending, leasing and real estate services. In 1987, TA acquired BWAC Inc., a commercial finance company. Transamerica's real estate services include real estate tax, title and other services. Transamerica Leasing is a major lessor of intermodal transportation equipment.

In 1986 TA sold its car rental operations, completed the disposition of its airline assets, and spun-off its Delaval unit to shareholders.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.47	Mar. 16	Mar. 30	Apr. 5	Apr. 28'89
0.47	Jun. 15	Jun. 28	Jul. 5	Jul. 31'89
0.48	Sep. 21	Sep. 29	Oct. 5	Oct. 31'89
0.48	Dec. 14	Dec. 22	Dec. 29	Jan. 31'90

Capitalization

Long Term Debt: $6,989,721,000.

Preferred Stock: $225,000,000.

Common Stock: 75,765,907 shs. ($1 par).
Institutions hold about 53%.
Shareholders of record: 86,800.

Office—600 Montgomery St., San Francisco, Calif. 94111. **Tel**—(415) 983-4000. **Chrmn & CEO**—J. R. Harvey. **Pres**—F. C. Herringer. **VP-Secy**—K. Stevenson. **VP-Treas**—R. R. Lindberg. **Investor Contact**—G. G. Wilox. **Dirs**—J. R. Beckett, G. A. Cramer, M. DuBain, W. H. Fisher, S. L. Ginn, J. R. Harvey, F. C. Herringer, H. J. Korth, M. E. Lanigar, E. L. McNeely, G. E. Moore, R. F. O'Brien, C. R. Schwab, F. N. Shumway, P. V. Ueberroth, A. E. Van Leuven. **Transfer Agent & Registrar**—First Interstate Bank of California, Los Angeles. **Incorporated** in Delaware in 1928. **Empl**—17,400.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

TransCanada PipeLines

2246H

NYSE Symbol TRP Options on Vancouver (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 19'89	1989					
14$^{3}/_{4}$	14$^{7}/_{8}$-11$^{3}/_{4}$	[1]18	[2]0.68	[1]3.9%	B	0.38

Summary

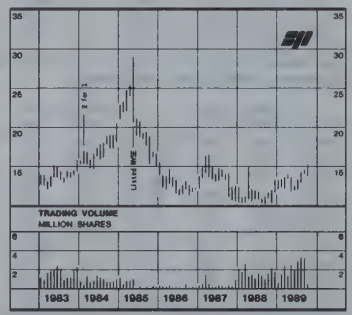
This company operates a natural gas pipeline system extending from Alberta to eastern Canada, and has equity interests in several other major pipelines and pipeline projects in Canada and the U.S. Long-term prospects are enhanced by an active expansion of TRP's pipeline network. In May, 1989 TRP spun off to shareholders its oil and gas exploration and production business.

Current Outlook

Share earnings for 1990 are estimated at C$1.05, up from the C$0.90 estimated for 1989.

Dividends are expected to continue at C$0.17 quarterly.

Profits from gas sales and transmission operations in 1990 should benefit from an expected increase in the allowed rate of return on equity and growth in the rate base. Growth in the rate base reflects a continuing expansion of the company's pipeline system to meet strong increase in demand for gas in Canada and the U. S. Share earnings progress is expected to be restricted by an expected offering of equity to help finance pipeline construction.



Operating Revenues (Million Can. $)

Quarter:	1989	1988	1987	1986
Mar.	920	930	924	1,288
Jun.	678	774	775	994
Sep.	---	683	734	865
Dec.	---	883	923	999
	---	3,270	3,355	4,145

Revenues from continuing operations for the six months ended June 30, 1989 declined 6.2%, year to year. Benefiting from higher nonoperating income and lower interest charges, pretax income rose 11%. After taxes at 24.8%, verusus 45.6%, net income advanced 54%, to C$0.49 a share from C$0.29, before losses from discontinued operations of C$0.09 versus C$0.03.

Common Share Earnings (Can. $)

Quarter:	1989	1988	1987	1986
Mar.	0.22	0.13	0.23	0.41
Jun.	0.27	0.13	0.23	0.31
Sep.	E0.13	0.14	0.24	0.26
Dec.	E0.28	0.33	0.26	0.22
	E0.90	0.73	0.96	1.20

Important Developments

Aug. '89— TRP filed a prospectus for an offering of C$130 million of long-term debt. TRP placed privately $125 million in long-term debt in July and in June the company redeemed its $100 million of cumulative redeemable convertible first preferred stock. Separately, TRP applied for an expansion in 1991 and 1992 of its pipeline system, which would cost about $1.2 billion and allow TRP to ship an additional 345 Bcf of gas annually.

May '89— On May 2 TRP spun off to shareholders Encor Energy Corp. (ECR), which would own and operate TRP's oil and gas exploration and production business. One common share of ECR was distributed for each TRP common share held. TRP management decided to make the spin-off to enhance shareholders' value and improve the financial flexibility of TRP.

Next earnings report expected in early November.

Per Share Data (U.S. $)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.84	9.99	9.77	9.93	10.37	9.56	8.33	7.60	6.84	6.37
Earnings[3]	0.61	0.74	0.87	1.72	1.83	1.72	1.47	1.20	0.92	0.93
Dividends	0.57	0.85$^{1}/_{8}$	0.80$^{7}/_{8}$	0.81$^{1}/_{2}$	0.76$^{3}/_{8}$	0.60$^{3}/_{4}$	0.47$^{7}/_{8}$	0.48$^{1}/_{2}$	0.49$^{3}/_{8}$	0.49$^{7}/_{8}$
Payout Ratio	93%	117%	104%	48%	43%	36%	33%	41%	55%	54%
Prices—High	15	16$^{1}/_{2}$	15$^{1}/_{2}$	29	21$^{7}/_{8}$	15$^{3}/_{4}$	14$^{1}/_{4}$	13$^{3}/_{4}$	13$^{3}/_{4}$	14
Low	10$^{1}/_{8}$	10$^{1}/_{2}$	11$^{1}/_{4}$	15	14$^{1}/_{2}$	12	8$^{1}/_{4}$	9	10$^{1}/_{4}$	8$^{5}/_{8}$
P/E Ratio—	25-17	22-14	18-13	17-9	12-8	9-7	10-6	11-8	15-11	15-9

Data as orig. reptd.; translated from Can. $ at yr.-end exchange rates. Adj. for stk. div(s). of 100% Feb. 1984. 1. Based on current rate of exchange. 2. In Canadian funds, bef. 15% Canadian withholding tax on nonresidents. 3. Bef. results of disc. opers. and spec. item(s) of -0.88 in 1988, -0.75 in 1986, -0.85 in 1985, -0.11 in 1984 E-Estimated

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Income Data (Million U.S. $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,741	484	17.7	123	92	240	205	40.9%	121	4.4
1987	2,581	576	22.3	851	162	241	228	46.1%	123	4.8
1986	3,010	542	18.0	134	143	264	210	39.4%	127	4.2
1985	3,348	591	17.7	156	129	277	310	35.8%	199	5.9
1984	3,203	382	11.9	44	NA	262	271	25.7%	201	6.3
1983	2,790	375	13.4	63	NA	236	252	27.3%	183	6.6
1982	2,819	398	14.1	644	NA	307	216	25.1%	162	5.7
1981	2,870	352	12.2	455	NA	250	216	39.9%	130	4.5
1980	2,631	255	9.7	307	51	62	155	44.5%	86	3.3
1979	2,209	245	11.1	48	46	60	150	46.5%	80	3.6

Balance Sheet Data (Million U.S. $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	266	656	520	1.3	4,211	2.4%	1,792	1,481	3,691	48.5	6.0%
1987	356	804	861	0.9	5,129	2.5%	2,356	1,291	4,218	55.9	7.3%
1986	448	832	905	0.9	4,334	2.6%	1,578	1,204	3,390	46.6	7.9%
1985	481	1,017	1,007	1.0	4,520	4.4%	1,868	982	3,494	53.5	16.6%
1984	531	1,062	1,007	1.1	4,390	4.7%	1,723	987	3,383	50.9	17.9%
1983	179	722	815	0.9	4,048	4.6%	1,783	869	3,233	55.2	19.0%
1982	81	663	816	0.8	3,835	4.2%	1,750	746	3,019	58.0	18.4%
1981	30	478	604	0.8	3,866	3.9%	2,073	674	3,262	63.5	16.5%
1980	4	406	489	0.8	2,845	3.3%	1,429	601	2,356	60.6	13.5%
1979	12	343	343	1.0	2,173	4.2%	1,185	517	1,831	64.8	15.1%

Data as orig. reptd.; translated from Can. $ at yr.-end exchange rates. 1. Bef. results of disc. opers. and spec. item(s) in 1988, 1985, 1984. NA-Not Available.

Business Summary

TransCanada PipeLines owns and operates Canada's main pipeline system for the transportation of natural gas from western Canada to eastern markets. It also holds interests in Trans Quebec & Maritimes Pipeline, Foothills Pipe Lines (Sask.) Ltd., Great Lakes Gas Transmission Co., and the Northern Border pipeline project. Oil and gas exploration and production operations were to be spun-off to TRP shareholders in May, 1989. Contributions to revenues in recent years:

	1988	1987
Gas sales		
Domestic	52%	49%
Export & other	20%	11%
Gas transmission	28%	40%

Gas sales volumes in 1988 amounted to 792.4 Bcf in Canada, versus 839.7 Bcf in 1987, and 280.1 Bcf of U.S. exports, against 150.5 Bcf. Gas transported for others in Canada in 1988 totaled 1,008 Bcf, compared with 954.1 Bcf in 1987, and 337.9 Bcf transported for export, versus 197.9 Bcf.

TRP is also involved in the construction of new pipelines to bring natural gas to the Alberta, Nova Scotia, and Northeastern U.S. areas.

Oil and gas exploration and production operations were spun-off to TRP shareholders in May, 1989.

Dividend Data

Common dividends were initiated in 1964. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17 *	Dec. 8	Dec. 23	Dec. 30	Jan. 31'89
0.17 *	Mar. 21	Mar. 27	Mar. 31	Apr. 28'89
Stk†	---	May 2	May 1	May 15'89
0.17 *	Jun. 2	Jun. 26	Jun. 30	Jul. 31'89
0.17 *	Aug. 3	Sep. 25	Sep. 29	Oct. 31'89

*In Canadian funds, bef. 15% tax to U.S. res.
†One com. sh. of Encor Inc.

Capitalization (Can. $)

Long Term Debt: $2,019,900,000.

Cum. Red. Preferred Stock: $343,700,000.

Common Stock: 151,685,232 shs. (no par). Bell Canada Enterprises Inc. owns some 49%. Shareholders of record: 22,636.

Executive Office—P.O. Box 54, Commerce Court West, Toronto, Canada M5L 1C2. Tel—(416) 869-2111. Chmn—J. V. R. Cyr Pres & CEO—G J Maier. Secy—R F Sim. VP & Treas—M T G Graye. Investor Contact—R G Lloyd. Dirs—J M Cameron, J H C Clarry, J V R Cyr, A J de Grandpré, R E Harrison, R H Jones, R H Knight, G. J Maier, G P Osler, H. C. Pinder, H G Schaefer, J C Spalding, N J Stewart, A. R. Taylor. Transfer Agents & Registrars—Bank of Montreal Trust Co., NYC; Montreal Trust Co., Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver. Incorporated in Canada in 1951. Empl—1,939

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Matti

Transco Energy

2247G

NYSE Symbol E Options on NYSE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
45½	50¼-33⅞	NM	1.36	3.0%	B	1.16

Summary

This holding company operates a natural gas pipeline serving the eastern U.S., including the New York-New Jersey-Philadelphia metropolitan area. It is also involved in coal production. In September, 1989 Transco Exploration Partners, Ltd. sold certain assets for $902 million; earnings for the first nine months of 1989 rose sharply on a large gain associated with the planned liquidation of the partnership and lower nonoperating charges.

Current Outlook

Share earnings for 1990 are projected at $2.50, down from the $3.00 (including nonrecurring gains of $1.93) estimated for 1989.

Dividends should continue at $0.34 quarterly.

Gas pipeline profits for 1990 should rise sharply, reflecting higher rates, a small increase in throughput, and the absence of nonrecurring charges, including costs associated with unrecoverable take-or-pay related costs; Texas Gas Transmission should be profitable after the September, 1989 retirement of debt associated with the acquisition of Texas Gas. Profits from hydrocarbon marketing should decline on less marketing opportunities. Consolidated earnings comparisons will be hurt by the absence of a large gain on the liquidation of Transco Exploration Partners.

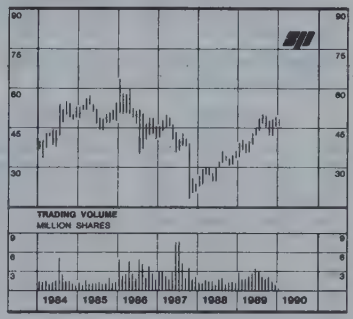
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	714	868	928	1,143
Jun.	737	682	642	842
Sep.	632	567	777	772
Dec.	---	657	895	933
	---	2,774	3,242	3,691

Revenues for the first nine months of 1989 declined 1.6%, year to year. Income from operations was down 19%, but following a $69.4 million ($2.42 a share) after-tax gain on the initial distribution associated with the liquidation of Transco Exploration Partners, Ltd. and lower nonoperating charges, net income rose to $88.3 million ($2.48 a share) from $14.5 million ($0.14).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.62	0.13	d2.76	0.80
Jun.	0.67	0.10	0.20	d2.62
Sep.	1.20	d0.09	d0.65	0.31
Dec.	E0.51	d3.35	d0.42	0.57
	E3.00	d3.18	d3.52	d0.92



Important Developments

Dec. '89— A Federal Energy Regulatory Commission Law Judge required the company to make about $85.5 million in refunds and forego recovery of an additional $26.5 million associated with gas costs; E planned to follow the appropriate procedures so that the commission reviews the judge's decision.

Sep. '89— Transco Exploration Partners, Ltd. sold substantially all of its producing and development properties to Amerada Hess Corp. for $902 million. The transaction was part of a planned liquidation of the partnership, which was not expected to be completed until after 1989 year-end. Separately, E recorded a $22 million ($14 million after-tax, $0.49 a share) charge in the 1989 third quarter relating to estimated producer settlement costs that E will not be able to recover from its customers.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	1987	[2]1986	[2]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.39	21.19	24.43	28.98	35.38	34.48	31.05	27.35	23.05
Earnings[3]	NA	d3.18	d3.52	d0.92	4.34	5.27	5.10	5.26	5.41	4.72
Dividends[4]	1.36	1.36	2.04	2.48	2.16	2.04	1.92	1.80	1.60	1.39
Payout Ratio	NA	NM	NM	NM	48%	38%	38%	33%	29%	29%
Prices—High	50¼	36¼	50	63½	57¼	55⅛	43	46¼	58¼	64¼
Low	33⅞	22⅝	18	35	44	33½	23⅛	24	37¼	33¼
P/E Ratio—	NA	NM	NM	NM	13-10	10-6	8-5	9-5	11-7	14-7

Data as orig reptd. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of +0.77 in 1987, -3.43 in 1985. Plus 0.10 units of Transco Exploration Partners in 1988, 0.225 units in 1985, 0.125 units in 1984. NM-Not Meaningful. d-Deficit. E-Estimated. N-Not Meaningful.

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	2,774	348	12.5	182	160	127	d110	NM	d77	NM
1987	3,242	532	16.4	290	298	159	d70	NM	d82	NM
[4]1986	3,691	620	16.8	183	318	150	43	75.3%	d4	NM
[4]1985	3,733	674	18.1	805	309	161	217	38.4%	118	3.2
1984	3,644	725	19.9	457	329	157	252	45.3%	138	3.8
1983	3,845	739	19.2	459	348	170	219	39.4%	133	3.5
[3]1982	3,869	717	18.5	622	352	175	227	32.8%	137	3.5
1981	3,525	721	20.4	610	375	122	267	42.8%	140	4.0
1980	2,628	586	22.3	435	240	135	230	41.8%	120	4.6
[3]1979	1,528	414	27.1	394	168	123	151	44.8%	69	4.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	17	668	1,176	0.6	3,527	NM	866	529	2,093	41.4	NM
1987	35	631	1,422	0.4	4,297	NM	1,063	645	2,544	41.8	NM
1986	40	777	1,216	0.6	4,257	NM	1,283	624	2,947	43.5	NM
1985	26	1,139	1,423	0.8	4,241	3.0%	1,026	713	2,753	37.3	13.9%
1984	30	792	1,022	0.8	3,677	3.7%	902	864	2,379	37.9	15.4%
1983	63	811	916	0.9	3,625	3.5%	1,113	818	2,473	45.0	16.1%
1982	25	965	1,214	0.8	3,866	3.8%	1,166	736	2,603	44.8	18.7%
1981	129	835	1,050	0.8	3,395	4.3%	1,075	647	2,313	46.5	22.2%
1980	32	728	765	1.0	3,049	4.1%	1,185	540	2,259	52.4	22.8%
1979	131	556	595	0.9	2,745	2.7%	1,214	442	2,136	56.8	15.7%

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1987, 1985. 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

This holding company's main subsidiary, Transco Gas, consists of: Transcontinental Gas Pipe Line (TGPL), which operates a natural gas pipeline system extending from Gulf Coast producing areas to southern and Atlantic seaboard states; Texas Gas Transmission Pipeline (acquired in 1989), which operates a pipeline system extending from Louisiana to Indiana; and Transco Energy Marketing Co., a natural gas and gas liquids marketing company. Oil and gas exploration and production are conducted through 74%-owned Transco Exploration Partners, Ltd. (EXP). Transco Coal mines coal in eastern Kentucky and Tennessee. Contributions by segment in 1988 (profits in million $):

	Revs.	Profits
Pipeline	43%	$59.7
Hydrocarbon marketing	48%	17.1
Coal	9%	8.6
Expl. & prod.	Nil	- 2.4

Gas pipeline sales in 1988 were 234 Bcf (397 Bcf in 1987). Gas transported for others was 1,246 Bcf (1,002 Bcf). At year-end 1988 proved gas reserves were estimated at 339.2 Bcf (399.1 Bcf).

Gas marketing sales in 1988 were 594 Bcf (521 Bcf in 1987). Liquid sales totaled 17.1 million bbls. in 1988 (19.1 million bbls.).

Coal shipments in 1988 totaled 8.1 million tons (10.7 million tons in 1987). Recoverable coal reserves totaled 187.5 million tons in 1988 (249.3 million in 1987).

Dividend Data

Dividends have been paid since 1952. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Jan. 11	Jan. 30	Feb. 3	Mar. 1'89
0.34	Mar. 23	May 1	May 5	Jun. 1'89
0.34	Jul. 14	Jul. 31	Aug. 4	Sep. 1'89
0.34	Nov. 1	Nov. 8	Nov. 14	Dec. 1'89

Next dividend meeting: mid-Jan. '90.

Capitalization

Long Term Debt: $1,055,526,000.

Subsid. Red. Pfd. Stock: $117,210,000.

$4.75 Cum. Con. Pfd. Stk.: 2,979,000 shs. ($50 stated value); conv. into 0.894 com. sh.

Common Stock: 30,470,159 shs. ($0.50 par). Institutions hold about 48%. Shareholders of record: 21,683.

Office—2800 South Post Oak Blvd., P.O. Box 1396, Houston, Texas 77251. **Tel**—(713) 439-2000. **Chrmn**—W. J. Bowen. **Pres & CEO**—G. S. Slocum. **SVP & Secy**—D. E. Varner. **SVP & CFO**—J. P. Wise. **Treas**—R. L. Gray. **Investor Contact**—Scott Amann. **Dirs**—G. F. Ahalt, B. F. Baiar, W. J. Bowen, H. L. Culbreath, R. W. Fri, E. D. Gaylord, H. Groppe, J. W. Hargrove, N. V. Kinsey, W. H. Luers, F. H. Schultz, G. S. Slocum. **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Company's office. **Incorporated** in Delaware in 1973; Transcontinental Gas Pipe Line Corp. incorporated in 1948.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Mark Mattke

Travelers Corp.

NYSE Symbol TIC Options on Pacific (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
37 3/8	45-34 1/2	7	2.40	6.4%	B+	1.02

Summary

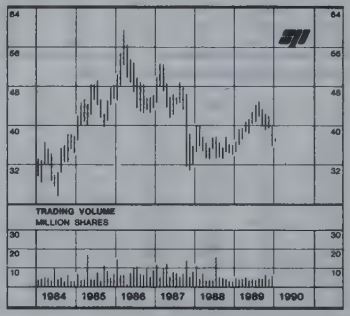
Travelers is one of the nation's largest stock insurance companies. TIC also provides financial and health care services. In an effort to concentrate on its core insurance and investment operations, TIC has sold several nonrelated businesses, including its Keystone Group Inc. mutual fund business. The sale of its mortgage unit was still being pursued as of late 1989. Earnings comparisons have rebounded on improved employee benefits pricing, and the absence of large investment losses.

Current Outlook

Excluding "fresh start" tax benefits and realized investment gains and losses in both years, earnings for 1990 are estimated at $4.25 a share, up from the $3.20 anticipated for 1989.

The $0.60 quarterly dividend is the minimum expected.

Excluding gains from asset sales, operating earnings for 1990 are expected to rise. The price hikes instituted in the group health area have returned that operation to profitability. Property-casualty rates should begin to firm by the middle of 1990 and while this will not affect earnings until 1991, it will at least stem the losses incurred in that area. Sustained improvements in the individual life, asset management and pension areas will also aid comparisons, barring further reserving action ($415 million in 1988). Margins will also benefit from an extensive cost cutting effort initiated in 1988.



Review of Operations

Revenues for the nine months ended September 30, 1989 rose fractionally, year to year (1988 restated), as the absence of sizable realized investment losses was offset by lower premiums and investment income. Total benefits and expenses were down 4.9%, and net income was $306 million ($2.54 a share of operating income, plus a $0.41 investment gain), versus a net loss of $195 million ($1.45 of operating income and a $3.48 investment loss).

[1]Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.96	0.85	1.05	0.82
Jun.	1.10	0.10	1.10	0.93
Sep.	0.89	0.85	1.02	1.11
Dec.		2.34	0.93	1.59
		4.14	4.10	4.45

Important Developments

Nov. '89— TIC said that earnings for 1989's first nine months were aided by the turnaround in the employee benefits area and improvements in non-insurance subsidiaries. The group area was aided by pricing actions taken in response to rising health care costs. Stronger investment banking results and reduced losses in the real estate development area also aided results. Earnings from p-c lines declined, reflecting the soft insurance market and increased storm-related losses. Later, in a move aimed at concentrating on its core insurance and investment operations, TIC sold its Keystone Group Inc. mutual fund operations to a management-led investor group for an undisclosed amout. As of late December, TIC was still seeking a buyer for its mortgage banking subsidiary.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	44.85	45.28	45.03	41.14	38.89	36.53	35.37	33.06	31.01
Oper. Earnings[2]	NA	4.14	4.10	4.45	4.00	4.11	4.08	3.67	4.23	4.32
Earnings[3,2]	NA	0.92	3.56	5.09	4.18	4.43	3.72	3.51	4.24	4.28
Dividends	2.40	2.40	2.28	2.16	2.04	1.92	1.80	1.64	1.44	1.24
Payout Ratio	NA	261%	64%	42%	49%	43%	48%	47%	34%	29%
Prices—High	45	40	52 5/8	59 1/2	49 1/4	38 1/4	34 1/4	28 7/8	27	22 1/2
Low	34 1/2	33	30 3/4	42 1/2	36 7/8	25 1/2	22 3/8	16 1/2	18 7/8	17 1/2
P/E Ratio—	NA	10-8	13-8	13-10	12-9	9-6	8-5	8-4	6-4	5-4

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun. 1982. 1. Oper. earns. prior to 1989. 2. Bef. spec item(s) of +0.43 in 1986. 3. Aft. gains/losses on securities trans NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. in Force	Premium Income: Life A & H	Premium Income: Cas./ Prop.	Premium Income: Net Inv. Income	Premium Income: Total Revs.	[1]Comb. Loss-Exp. Ratio	Net Bef. Taxes	[2]Net Oper. inc.	[2]Net Inc.	% Return On—Revs.	% Return On—[3]Equity
1988	179,574	9,012	5,177	3,907	18,986	106.8	519	430	103	2.3	9.2
1987	168,534	8,392	5,194	3,748	17,459	103.0	514	429	374	2.5	9.1
1986	158,841	7,015	5,214	3,699	16,047	108.1	540	444	505	2.8	10.7
1985	151,130	6,646	4,277	3,512	14,594	117.7	372	360	375	2.5	9.9
1984	142,740	6,719	3,612	2,971	13,477	121.0	250	346	373	2.3	10.9
1983	136,429	6,066	3,186	2,599	12,002	112.9	404	343	312	2.9	11.4
1982	141,015	5,745	3,326	2,158	11,381	111.2	318	310	296	2.7	10.7
1981	119,001	4,796	3,101	1,781	9,801	109.0	389	359	360	3.7	13.2
1980	106,585	4,321	2,922	1,480	8,790	108.2	452	366	363	4.2	14.6
1979	97,565	3,878	2,682	1,280	7,889	102.4	522	388	395	4.9	17.3

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: [4] Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	4,998	2,228	18,506	774	17,780	40,300	9.5	628	53,332	943	4,570
1987	3,410	2,221	19,137	583	17,111	38,273	10.1	725	50,165	252	4,594
1986	2,433	2,378	17,544	582	16,410	35,651	10.9	669	46,300	55	4,506
1985	2,127	2,491	15,960	517	14,695	31,973	11.8	607	41,642	57	3,752
1984	2,260	2,664	14,636	447	11,657	27,401	11.4	487	36,435	61	3,294
1983	2,010	2,284	14,487	565	9,134	24,857	11.2	449	32,876	61	3,058
1982	1,492	2,069	12,717	722	7,406	21,358	10.8	434	27,989	61	2,971
1981	992	1,818	10,546	769	7,080	18,767	9.9	399	23,982	64	2,813
1980	866	1,421	9,574	752	6,633	17,232	9.0	369	21,638	67	2,643
1979	707	1,196	8,887	457	6,032	15,574	8.7	348	19,160	68	2,354

Data as orig. reptd. 1. As reptd. in form 10 K casualty-property underwriting ratio. 2. Bef. spec. item(s) in 1986. 3. Common. 4. Incl. policy loans.

Business Summary

Travelers Corp. is one of the nation's largest stock insurance companies, providing a multiple line of insurance, financial and health-services products. Operating earnings (in million $) by product line:

	1988	1987
Indiv. life health & annuities	$53	$52
Employee benefits	-32	-54
Asset mgmt. & pension services	52	86
Property-cas. personal	30	72
Property-cas. commercial	337	336
Other	-10	-63

TIC provides group life, accident and health insurance to a wide range of businesses and organizations, and at year end 1988 had assets under management of $58 billion. Group insurance in force at year-end 1988 amounted to $154 billion.

TIC provides a full spectrum of insurance, annuities and investment products to individuals and small businesses. At 1988 year-end individual life insurance in force totaled $25.7 billion.

Travelers writes property-casualty insurance in the U.S. and Canada. Of $3.3 billion in commercial written premiums in 1988, workers' comp accounted for 34%, auto 16%, multiple peril 13%, property 14%, and other lines 23%. Of $1.8 billion in personal premiums, auto accounted for 75%, homeowners 21% and other 4%. Major non-insurance operations include, Dillon, Read & Co., an investment banking firm, mutual funds and asset management, mortagage banking (pending sale) and real estate investment. In 1988 TIC sold Keystone Provident Life Insurance Co., Travelers Canadian operations and certain other businesses.

Dividend Data

Dividends have been paid since 1864.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.60	Jan. 6	Jan. 25	Jan. 31	Mar. 10'89
0.60	Apr. 3	Apr. 24	Apr. 28	Jun. 10'89
0.60	Jun. 30	Jul. 25	Jul. 31	Sep. 9'89
0.60	Oct. 6	Oct. 25	Oct. 31	Dec. 9'89

Capitalization

Long Term Debt: $1,062,000,000.

$4.53 Ser. A Pref. Stock: 3,755,869 shs. ($50 par); conv. into com. sh. for sh.; held by ESOP.

Common Stock: 102,658,183 shs. ($1.25 par). Institutions hold about 73%.
Shareholders: 67,398.

Home Office—One Tower Square, Hartford, Conn. 06183. **Tel**—(203) 277-0111. **Chrmn, CEO & Pres**—E. H. Budd. **Secy**—G. J. Caspar **VP-Treas**—S. H. Pilch. **VP-Investor Contact**—D. C. King. **Dirs**—C. F. Barnes, E. H. Budd, J. S. Chamberlin, J. P. Cobb, R. F. Daniell, T. M. Ford, D. C. Garrett, Jr., J. G. Phillips, R. J. Shima, M. T. Stamper, T. O. Thorsen, J. L. Way II. **Transfer Agent & Registrar**—Connecticut Bank & Trus Co., Hartford. **Incorporated** in Connecticut in 1863 **Empl**—36,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Catherine A Seife

Tribune Co.

NYSE Symbol TRB Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 13'89	1989					
47¾	63⅛-36⅜	16	0.88	1.8%	B+	1.22

Summary

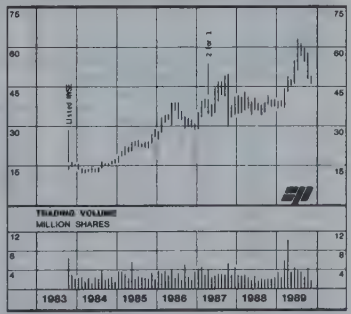
This diversified communications company is engaged in newspaper publishing, broadcasting and entertainment, and newsprint/forest products. In spite of a cyclical downturn in newsprint operations, double digit earnings gains are expected for the period ahead, aided by an ongoing cost-containment program and favorable revenue and profit gains from broadcasting and entertainment.

Current Outlook

Earnings for 1990 are expected to rise 16%, to $3.70 a share from the $3.20 estimated for 1989.

Dividends, increased 16% in early 1989, are likely to be raised again in 1990.

Revenues for 1990 should advance slightly as softness in newspaper advertising and newsprint largely offsets strong growth in broadcasting and entertainment. Aided by cost controls and lower newsprint costs, newspaper profits should improve, which when combined with continued strong profit growth from broadcasting and entertainment, should more than offset sharply lower newsprint profits.



Operating Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	553	522	480
Jun.	---	643	613	562
Sep.	---	591	575	535
Dec.	---	---	625	584
	---	---	2,335	2,160

Revenues for the nine months ended September 24, 1989 rose 4.5%, year to year. Operating income gained 7.5% in spite of a sharp drop in newsprint earnings. After other items, including sharply lower interest expenses and a lower effective tax rate, net income advanced 19%. After preferred dividends in 1989 only, share earnings were $2.21, up 14% from $1.94.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.57	0.49	0.42	0.21
Jun.	E1.09	0.95	0.84	0.61
Sep.	E0.88	0.77	0.69	0.42
Dec.	E1.16	E0.99	0.84	0.56
	E3.70	E3.20	2.78	1.80

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980	1979
Book Value[2]	7.28	6.17	5.85	4.20	8.68	8.28	7.19	7.33	NA	NA
Earnings	2.78	1.80	3.63	1.53	1.28	0.95	0.34	1.23	1.06	0.95
Dividends	0.76	0.69	0.52½	0.44	0.37½	[3]0.34⅛	[4]0.33½	[4]0.33⅞	[4]0.31⅞	[4]0.29¼
Payout Ratio	27%	38%	14%	29%	29%	36%	100%	28%	30%	31%
Prices—High	43	49¾	39	28⅞	17½	16½	NA	NA	NA	NA
Low	33¾	28⅝	24⅞	16	12	13½	NA	NA	NA	NA
P/E Ratio—	15-12	28-16	11-7	19-10	14-9	17-14	NA	NA	NA	NA

Data as orig. reptd.; prior to 1983 data as reptd. in preliminary prospectus dated 8-25-83. Adj. for stk. div(s). of 100% May 1987. 1. Reflects merger or acquisition. 2. Excl. intangibles. 3. Incl. 0.25⅛ (adj.) paid prior to public offering. 4. Prior to public offering. E-Estimated. NA-Not available.

Important Developments

Jul. '89— TRB sold radio station WICC-AM in Bridgeport, Conn. for an undisclosed sum. Separately, the company said that capital spending for 1989 would be about $240 million, up 12% from the 1988 total, with spending largely slated for completion of printing and distribution facilities at the Fort Lauderdale and Escondido newspapers, and modernization projects at the Baie Comeau mill.

Apr. '89— Directors authorized the repurchase of up to eight million additional common shares in the open market. Of the 18 million common shares authorized for repurchase since 1986, 9.1 million had been bought through April 1989.

Next earnings report expected in mid-January.

November 21, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	2,335	535	22.9	214	117	67.6	[3]378	44.4%	210	9.0
1987	2,160	410	19.0	192	107	56.6	[3]270	47.5%	142	6.6
[1]1986	2,030	400	19.7	148	97	60.0	[3]523	44.0%	[3]293	14.4
[1]1985	1,938	329	17.0	172	88	38.0	[3]231	46.5%	124	6.4
1984	1,794	274	15.3	122	86	37.2	[2]187	44.8%	103	5.7
1983	1,587	219	13.8	101	73	48.8	[2]113	38.6%	69	4.4
1982	1,431	158	11.0	128	60	55.4	38	37.8%	24	1.7
1981	1,406	180	12.8	287	41	30.7	143	37.5%	89	6.3
1980	1,233	173	14.0	197	36	9.8	153	49.1%	78	6.3
1979	1,105	172	15.6	59	32	5.8	133	47.4%	70	6.3

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	15	646	625	1.0	2,942	7.5%	650	1,188	2,045	31.8	18.6%
1987	35	609	645	0.9	2,758	5.4%	552	1,095	1,818	30.3	13.1%
1986	28	540	533	1.0	2,589	11.8%	523	1,101	1,788	29.2	29.5%
1985	35	507	396	1.3	2,446	5.9%	733	908	1,788	41.0	14.2%
1984	35	425	343	1.2	1,737	6.1%	245	828	1,219	20.1	12.9%
1983	30	413	322	1.3	1,635	4.3%	256	772	1,158	22.1	10.1%
1982	2	404	280	1.4	1,570	1.6%	416	606	1,156	36.0	3.9%
1981	7	363	226	1.6	1,364	7.5%	304	635	1,061	28.7	14.6%
1980	77	351	183	1.9	1,017	8.2%	118	582	708	16.7	14.0%
1979	138	391	153	2.6	881	8.5%	88	535	636	13.8	13.7%

Data as orig. reptd.; prior to 1983 data as reptd. in preliminary prospectus dated 8-25-83 and supplied by Co. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change.

Business Summary

Tribune Co. is engaged in newspaper publishing, broadcasting, entertainment, and newsprint/forest products operations. Business segment contributions in 1988:

	Revs.	Profits
Newspapers	62%	60%
Broadcasting & entertainment	20%	18%
Newsprint/forest products	18%	22%

Tribune publishes nine daily newspapers, making it the fourth largest newspaper publisher in the U.S. Dailies include the Chicago Tribune, New York Daily News, Fort Lauderdale News and Sun-Sentinel, The Orlando Sentinel, the Daily Press and The Times-Herald in Newport News, the Times-Advocate in Escondido, and the Times Tribune in Palo Alto. The group also includes 12 community publications and a subsidiary that provides syndicated news and features to print and electronic media. Circulation of TRB's newspapers for the six months ended March 31, 1989 averaged 2,707,147 daily and 3,595,987 Sunday.

TRB is the fifth largest television group broadcaster, with six independent TV stations in Chicago (WGN-TV); New York (WPIX-TV); Denver (KWGN-TV); New Orleans (WGNO-TV); Atlanta (WGNX-TV); and Los Angeles (KTLA-TV). Four radio stations owned are WGN-AM, Chicago; WPIX-FM, New York City; and KCTC-FM and KGNR-AM, Sacramento, Calif.

Entertainment and programming services are provided through Independent Network News, Tribune Entertainment Co., and the Chicago Cubs.

The newsprint/forest products group produces newsprint and chemical by-products.

Dividend Data

Payments on the publicly-held shares began in late 1983. A "poison pill" preferred stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Feb. 14	Feb. 17	Feb. 24	Mar. 9'89
0.22	Apr. 18	May 19	May 25	Jun. 8'89
0.22	Jul. 25	Aug. 25	Aug. 31	Sep. 14'89
0.22	Oct. 31	Nov. 24	Nov. 30	Dec. 14'89

Capitalization

Long Term Debt: $778,386,000.

$7.75 Conv. Preferred Stock: 1,590,909 shs. (no par); conv. into 4 com. Held by ESOP.

Common Stock: 72,455,114 shs. (no par).
Officers and directors control about 22%.
Institutions hold approximately 42%.
Shareholders of record: 3,200.

Office—435 North Michigan Ave., Chicago, Ill. 60611. Tel—(312) 222-9100. Chrmn & CEO—S. R. Cook. Pres—C. T. Brumback. VP-Secy—S. J. Gradowski Jr. Treas—D. J. Granat. VP-Investor Contact—J. A. Hays. Dirs—J. F. Bere, C. T. Brumback, F. W. Considine, S. R. Cook, J. P. Cowles, J. C. Dowdle, J. E. Houghton, R. E. LaBlanc, J. W. Madigan, W. E. Massey, A. J. McKenna, K. Miller, J. J. O'Connor, A. R. Weber. Transfer Agent & Registrar—First National Bank of Chicago. Incorporated in Illinois in 1861; reincorporated in Delaware in 1968. Empl—16,800

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

William H. Donald

Tri-Continental Corp.

NYSE Symbol TY Options on Phila (Mar-Jun-Sep-Dec)

NAV	Price	% Difference	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	Jan. 5'90					
27.39	23⅝	-13.7	[1]0.84	[1]3.6%	NR	NA

Summary

Tri-Continental is a publicly traded (closed-end) investment company. With the bulk of investments in a broadly diversified list of common stocks, it offers participation in a high-grade portfolio under professional management. Recent emphasis has been on consumer goods, industrial equipment, communications, energy, and drugs and health care.

Business Summary

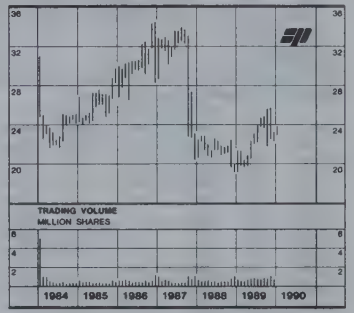
Tri-Continental Corp., a diversified publicly traded investment company, invests primarily for the longer term with the objective of producing future growth of both capital and income while providing reasonable current income. Funds are invested in established and better-known securities.

At September 30, 1989 investments aggregated $1.62 billion (at market). Net assets at September 30, 1989 and December 31, 1988 were divided as follows:

	9/89	12/88
Common stock		
Consumer goods	9.4%	11.6%
Industrial equipment	9.8%	10.8%
Communications	12.9%	8.3%
Energy	6.6%	6.3%
Computers & services	2.7%	5.8%
Chemicals	2.6%	5.3%
Drugs & health care	5.8%	5.3%
Printing & publishing	1.8%	4.7%
Wholesale/retail trade	4.9%	4.4%
Special holdings	2.9%	3.7%
Transportation	4.2%	3.7%
Other	24.5%	14.4%
Total common stock	88.1%	84.3%
U.S. Gov't securities	7.9%	12.1%
Short-term holdings	3.3%	2.7%
Cash & other (Net)	0.7%	0.9%

At September 30, 1989 the 10 largest holdings (representing 27.3% of common stock investments) were AT&T, General Electric, Capital Cities Communications/ABC, PepsiCo, Walt Disney, United Telecommunications, GTE, Sundstrand Corp., Schering-Plough Corp., and Deere & Co.

Management and administrative services are provided by J. & W. Seligman & Co. For its services Seligman receives 0.45% of the first $1.25 billion of the fee base ranging down to 0.225% of the fee base over $3.25 billion. The management fee was $4,505,682 in 1988, versus $5,005,130 in the prior year.



The company offers a dividend reinvestment plan whereby all or part of distributions may be reinvested in additional shares. TY reports audited statements of operations and changes in net investment income on a semi-annual basis only.

Important Developments

Oct. '89— During the 1989 third quarter TY made initial investments in Chubb Corp., Community Psychiatric Centers, and Sara Lee Corp., while additional investments were made in AMR Corp., Dow Chemical, Honeywell, and North Carolina National Bank Corp. Eliminated from the portfolio were Bank of Boston Corp., Time Warner, and Washington Post Co. Class B, while reductions were made in Deere & Co., E. I. duPont de Nemours & Co., Giant Food Inc. Class A, and McDonald's.

Next earnings report expected in early March.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Net Asset Value[2]	23.55	23.94	27.94	29.78	25.36	30.82	29.08	26.08	31.55	25.66
Yr. End Prices	19¼	20⅝	28⅝	29⅜	24⅞	29⅜	26⅞	20¾	23⅝	19⅞
% Difference	-18%	-14%	+2%	-1%	-2%	-5%	-8%	-20%	-25%	-23%
Dividends—										
Invest. Inc.	0.81	0.89	0.97	1.04	1.13	1.09	1.08	1.15	1.14	1.06
Capital Gains	1.25	3.73	4.34	2.62	2.40	4.46	1.48	2.72	1.64	1.08
Portfolio Turned	67%	79%	51%	61%	72%	44%	40%	36%	41%	23%

Data as orig. reptd. 1. Paid in the past 12 mos. from invest. inc.; excl. 2.55 from capital gains. 2. Bef. dilution from exercise of wts. NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Total Invest Inc.	Net Invest Income— Total	Net Invest Income— Per Share	Realized Cap. Gains Total	Realized Cap. Gains Per Sh.	% Net Inv. Inc./ Net Assets	% Expenses To— [1]Net Assets	% Expenses To— [1]Invest. Inc.	Price Range Com. Stk. HI	Price Range Com. Stk. LO
1988	50.8	43.3	0.80	61	1.13	3.3	0.6	14.7	22⅞	19⅛
1987	48.0	40.1	0.82	178	3.45	2.7	0.5	16.6	34	20½
1986	49.7	42.6	0.98	181	3.94	3.1	0.5	14.4	34½	26½
1985	48.4	42.7	1.05	102	2.62	4.6	0.6	11.9	29¾	24
1984	47.9	42.9	1.14	87	2.43	4.5	0.6	10.4	31	21⅝
1983	41.7	36.4	1.08	142	4.46	3.6	0.5	12.9	29¾	24⅜
1982	39.4	35.0	1.08	46	1.49	4.5	0.6	11.2	27⅝	17⅝
1981	38.3	33.9	1.15	75	2.69	4.7	0.5	11.5	24½	18½
1980	35.4	32.3	1.14	43	1.60	4.2	0.4	8.7	24	16⅞
1979	32.4	29.3	1.07	28	1.10	4.6	0.5	9.5	20¼	16⅝

Balance Sheet Data (Million $)

Dec. 31	Net Assets	% Change NAV	% Change [2]S&P 500	% Change Bonds AAA	Investments— Cost	Investments— Market	% Net Asset Distribution Net Cash	ST Oblig.	Bonds & Notes	Com. Stk.	Other Invest.
1988	1,301	+3.4	+12.4	-0.3	1,158	1,290	0.9	2.7	12.1	84.3	Nil
1987	1,275	-2.4	+2.0	-8.9	1,116	1,257	1.4	3.9	10.2	84.5	Nil
1986	1,317	+14.6	+14.6	+8.9	1,032	1,349	d2.4	4.6	9.8	88.0	Nil
1985	1,194	+26.2	+26.3	+19.1	980	1,271	d6.4	10.9	6.3	89.2	Nil
1984	949	-4.9	+1.4	+3.6	890	1,022	d7.8	11.7	13.6	82.5	Nil
1983	1,019	+10.9	+17.3	-10.2	769	1,013	0.6	7.5	12.5	79.4	Nil
1982	929	+21.1	+14.8	+34.0	694	974	d4.8	9.1	12.2	83.5	Nil
1981	767	-12.4	-9.7	-16.7	626	762	0.7	8.9	16.7	73.7	Nil
1980	876	+27.0	+25.8	-15.6	573	878	d0.2	6.0	2.0	92.2	Nil
1979	697	+18.2	+12.3	-13.8	552	710	d1.9	8.9	2.0	91.0	Nil

Data as orig reptd. 1. As reptd. by co. 2. Bef. reinvestment of dividends. d-Deficit.

Net Asset Value Per Com. Sh. ($)

As of:	1989	1988	1987	1986
Mar. 31	24.62	---	32.68	31.91
Jun. 30	26.90	25.30	33.69	34.26
Sep. 30	29.66	---	35.11	31.21
Dec. 31		23.55	23.94	27.94

In the nine months ended September 30, 1989 net asset value per share advanced 25.9%. In the same period the Standard & Poor's 500 Stock Index rose 25.7%.

Investment income for the six months ended June 30, 1989 rose 18%, year to year. Expenses were up 7.8%, and net investment income advanced 20%. After preferred dividends, per-share income was $0.43 on 3.7% more shares, versus $0.37. There were net realized and unrealized gains on investments of $3.32 and $1.36 a share in the respective periods.

Net Invest. Inc. Per Com. Sh. ($)

Quarter:	1989	1988	1987	1986
Mar. 31	---	0.18	0.22	0.23
Jun. 30	[1]0.43	0.19	0.21	0.23
Sep. 30	---	0.22	0.19	0.25
Dec. 31		0.21	0.20	0.27
		0.80	0.82	0.98

1. Six mos.

Dividend Data

Virtually all net investment income is paid out to shareholders. Realized capital gains are distributed each year before year-end. Dividends have been paid since 1945. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.19	Mar. 9	Mar. 14	Mar. 20	Apr. 1
0.20	Jun. 8	Jun. 15	Jun. 21	Jul. 1
0.22	Sep. 14	Sep. 19	Sep. 25	Oct. 1
*2.55	Nov. 22	Nov. 30	Dec. 6	Dec. 29
0.23	Dec. 14	Dec. 18	Dec. 22	Dec. 29

*Capital gains: 2.40 long-term; 0.15 short-term; i cash or stock.

Capitalization

Long Term Debt: None.

$2.50 Cum. Preferred Stock: 752,740 shs. ($50 par); red. at $55.

Common Stock: 53,493,305 shs. ($0.50 par). Institutions hold about 2.5%. Shareholders of record: 50,205.

Warrants: 25,436, ea. to purchase 8.14 com. sh at $2.76 a sh.

Office—130 Liberty St., New York, N.Y. 10006. Tel—(212) 432-4100 Chrmn & CEO—W. C. Morris. Pres—R. T. Schroeder Secy—C. J. White. Treas—K. J. Blanchfield. Investor Contact—Ellen de Domenico (212-488-0200). Dirs—F. E. Brown, S. R. Currie, L. A. Lapham, W. Marshall, B. S. Michel, W. C. Morris, J. C. Pitney, W. M. Rees, J. Q. Riordan, H. J. Schmidt. Transfer Agent—Union Data Service Center, Inc NYC. Registrar—Chase Manhattan Bank, NYC. Incorporated in Maryland in 1929

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Adam J. F

Trinova Corp.

NYSE Symbol TNV Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
41½	30⅜-21	22	0.68	2.8%	B+	1.36

Summary

Trivona is a worldwide industrial manufacturer of fluid power and plastics products for diverse original equipment and replacement markets. Earnings for the third quarter of 1989 were adversely affected by a charge for restructuring and write-downs totaling $1.28 a share. The probable absence of unusual charges and a lower tax rate should permit higher earnings in 1990.

Current Outlook

Earnings for 1990 are estimated at $2.30 a share, versus earnings $0.90 projected for 1989.

Dividends should remain at $0.17 quarterly.

Revenues for 1990 are expected to rise at a less rapid rate than in 1989, reflecting lower auto production and less buoyant industrial equipment markets in North America. Although restructuring will help longer-term profits, some decline in operating rates may occur in 1990 and place pressure on margins. But assuming a lower tax rate and the likely absence of unusual charges, TNV should report higher earnings in 1990.

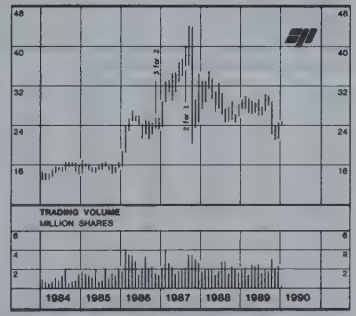
Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	484	453	388	350
Jun.	496	485	419	366
Sep.	456	455	413	362
Dec.	---	526	462	370
	---	1,919	1,682	1,447

Sales for the nine months ended September 30, 1989 rose 12%, year to year (1988 restated), reflecting gains in both segments. Hurt by lower margins in both units, the gain in gross profits was cut to 6.6%. Penalized further by a $53 million restructuring charge and an $8.0 million writedown, pretax income fell 71%. After taxes at 54.5%, versus 38.0%, net income from continuing operations declined 79%. Earnings were $0.38 on 3% fewer shares, versus $1.79 (restated).

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.57	0.55	0.50	0.33
Jun.	0.67	0.70	0.56	d0.11
Sep.	d0.87	0.57	0.52	0.44
Dec.	E0.53	0.72	0.62	0.28
	E0.90	2.54	2.20	0.94



Important Developments

Oct. '89— TNV attributed the loss in 1989's third quarter to a $53 million restructuring charge ($1.13 a share) to implement a program designed to improve asset utilization and profitability in several major areas. The provision included estimated costs for the reconfiguration, downsizing or closure of facilities, and costs for the reduction of personnel over a three-year period. TNV also recorded an $8.0 million charge ($0.15 a share) for the write-down of a flexible manufacturing system.

Oct. '89— TNV said that it would resume the purchase of up to 3,000,000 shares of its common stock in accordance with a stock purchase program announced in 1987. The shares would be purchased from time to time in the open market or through privately negotiated transactions.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	16.50	14.48	12.72	13.54	12.36	11.30	10.85	11.17	11.61
Earnings[2]	NA	2.54	2.20	0.94	1.91	1.94	1.06	0.34	0.21	0.73
Dividends	0.66	0.60	0.53	0.47½	0.44¾	0.41	0.40	0.40	0.40	0.56¾
Payout Ratio	NA	23%	24%	45%	27%	21%	38%	119%	190%	79%
Prices—High	30⅜	35	44¼	27⅛	17	16¾	14⅝	10¾	9⅞	8⅞
Low	21	24½	20¼	15½	14⅛	12⅞	9⅝	6⅝	7⅝	6⅝
P/E Ratio—	NA	14-10	20-9	29-17	9-7	9-7	14-9	32-19	47-36	12-9

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep. 1987, 50% Dec. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of $2.55 in 1988. d-Deficit. NA-Not Available. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,919	229	11.9	80	60.4	31.6	139	37.0%	[4]87.8	4.6
[3]1987	1,682	208	12.3	82	50.7	30.4	128	41.5%	[4]75.1	4.5
[5]1986	1,447	179	12.3	116	42.2	23.3	65	44.5%	36.2	2.5
[3]1985	1,922	221	11.5	164	55.9	30.0	128	41.8%	74.6	3.9
[3]1984	1,756	219	12.5	177	51.2	32.2	125	43.5%	70.6	4.0
1983	1,168	114	9.7	30	39.9	16.0	70	42.6%	40.4	3.5
1982	1,099	75	6.8	27	43.8	20.1	27	40.7%	16.0	1.5
1981	1,227	109	8.8	34	46.6	24.2	20	39.4%	[4]11.8	1.0
1980	1,160	99	8.5	59	42.6	[4]24.5	35	17.9%	28.8	2.5
1979	1,208	137	11.3	120	37.2	16.0	93	37.8%	58.1	4.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	37	760	384	2.0	1,432	6.4%	279	679	997	28.0	13.6%
1987	24	659	354	1.9	1,320	5.7%	244	631	931	26.2	12.9%
1986	18	653	385	1.7	1,167	3.4%	149	482	743	20.1	7.0%
1985	21	759	343	2.2	1,337	5.6%	224	617	970	23.1	12.2%
1984	17	654	294	2.2	1,071	7.4%	209	430	752	27.8	15.9%
1983	119	498	166	3.0	838	4.8%	141	392	662	21.4	9.2%
1982	73	477	175	2.7	830	1.9%	145	376	644	22.5	2.9%
1981	77	508	216	2.3	893	1.3%	156	389	660	23.7	1.8%
1980	39	495	181	2.7	904	3.3%	191	409	714	26.7	5.9%
1979	39	456	160	2.9	845	7.4%	165	406	679	24.3	13.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of discontinued opers. in 1986. 3. Reflects merger or acquisition 4. Reflects accounting change. 5. Excludes discontinued opers. and reflects merger or acquisition.

Business Summary

Trinova (formerly Libbey-Owens-Ford) makes fluid power and plastics products for many diverse original equipment and replacement markets. The glass business was sold in 1986 to Pilkington Brothers plc in exchange for 6,096,675 TNV common shares (adjusted) and the assumption of $70 million of debt. Contributions by business segment in 1988:

	Sales	Profits
Power & motion control	77%	85%
Plastic products	23%	15%

Foreign operations accounted for 35% of sales and 44% of earnings in 1988.

In the power and motion control business, Aeroquip Corp. is a leading worldwide manufacturer of hoses, fittings, couplings, and cylinders. Vickers, Inc., acquired January 1, 1984, is a worldwide leader in the production of electrohydraulic systems and components. In 1988 power and motion control sales by market were divided 58% industrial equipment, 28% aerospace/defense, 12% transportation, and 2% building and construction.

Sterling Engineered Products makes custom-engineered molded plastic products, specialty resins, and self-adhering trim moldings. Sales by market in 1988 were divided 60% transportation, 33% building and construction,and 7% industrial equipment.

Dividend Data

Dividends have been paid since 1933. A dividend reinvestment plan is available. A new "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Jan. 26	Feb. 14	Feb. 21	Mar. 15'89
0.01[11/16]*	Jan. 26	Jan. 31	Feb. 6	Feb. 8'89
0.16	Apr. 20	May 9	May 15	Jun. 15'89
0.17	Jul. 27	Aug. 9	Aug. 15	Sep. 15'89
0.17	Oct. 26	Nov. 9	Nov. 15	Dec. 15'89

*Redemption of stk. purchase right.

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $203,088,000, incl. $100 million of 6% debs due 2002, conv. into com. at $52.50 a sh.

Common Stock: 34,185,676 shs. ($5 par). Institutions hold approximately 64%. Shareholders of record: 16,508.

Office—1705 Indian Wood Circle, Maumee, Ohio 43537. Tel—(419) 891-2200. Chrmn—D. T. McKone. Pres & CEO—D. F. Allen. VP-Secy—J. M. Oathout. VP-Treas—R. C. DeCook. Investor Contact—W. N. Bimblick. Dirs—D. F. Allen, T. N. Duncan, A. F. Funkhouser, E. A. Graham, D. T. McKone, R. M. Schaeberle, R. H. Spilman, W. R. Timken, Jr. Transfer Agent & Registrar—National Bank of Detroit. Incorporated in Ohio in 1916. Empl—23,251.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Tyco Laboratories

2262F

NYSE Symbol TYC Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 26'89	1989					
46½	49¼-32¼	20	0.28	0.6%	A-	1.19

Summary

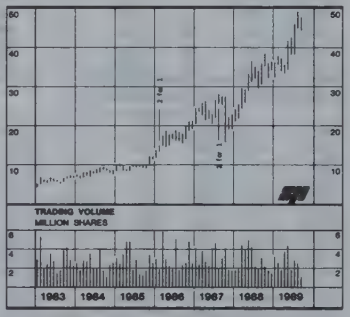
This company is a leading manufacturer of fire protection systems. It also makes flow control products, electrical and electronic components and packaging materials. Earnings increased rapidly in recent years, aided by growing demand for fire sprinkler systems and acquisitions. Further earnings progress is likely in fiscal 1989-90.

Current Outlook

Earnings for the fiscal year ending May 31, 1990 are expected to reach $3.00 a share, up from the $2.31 reported for fiscal 1988-9.

A modest increase in the $0.07 quarterly dividend is likely in late 1989.

Sales for fiscal 1989-90 are expected to increase significantly, led by internal growth of the fire protection and flow control products segment. In addition, part of the gain should also reflect the consolidation for the full year of Mueller Co., which was acquired in September, 1988. Underwater communications is also expected to experience strong growth. Other operations may grow at a more moderate pace. Margins should benefit from the higher volume, well controlled costs and better margins on packaging materials sales. Somewhat offsetting should be higher interest expense. Long-term prospects should benefit from an aggressive acquisition policy.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Aug.	433	305	259	151
Nov.	506	416	271	185
Feb.	494	403	253	195
May	538	451	279	285
	1,971	1,575	1,062	796

Sales for the fiscal year ended May 31, 1989 increased 25% from those of the previous year, reflecting gains in all segments. Primarily because of an 86% gain in pretax income at the fire protection and flow control products segment, margins widened. Pretax income was up 39%. After taxes at 37.6%, versus 36.9%, net income rose 37%, to $2.31 a share from $1.93.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Aug.	0.59	0.37	0.32	0.19
Nov.	0.57	0.45	0.31	0.21
Feb.	0.54	0.50	0.30	0.33
May	0.61	0.61	0.35	0.30
	2.31	1.93	1.27	1.02

Important Developments

Aug. '89— TYC said that operating profits of its fire protection and flow control products group increased in fiscal 1988-9, due to higher volume and margins related to sales of flow control products, the inclusion of Mueller for eight months, and inclusion of pipe products of Allied Pipe for the full year.

Next earnings report expected in early October.

Per Share Data ($)

Yr. End May 31	[1]1989	[1]1988	1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	2.99	5.60	6.09	5.53	4.80	4.31	4.10	3.52	3.38	2.91
Earnings[2]	[2]2.31	[3]1.93	[3]1.27	1.02	0.94	[3]0.81	[3]0.62	[3]0.64	[3]0.68	[3]0.86
Dividends	0.33	0.24	0.20	0.20	0.19½	0.17½	0.17½	0.16⅞	0.14½	0.12½
Payout Ratio	15%	12%	16%	21%	21%	22%	30%	25%	24%	17%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	38⅜	28⅛	21¼	12¼	9½	7½	4⅞	6⅛	8½	3¾
Low	21	15⅝	11⅝	8¼	6½	4⅜	2½	2¾	2⅞	2½
P/E Ratio—	17-9	15-8	17-9	12-8	10-7	9-5	8-4	10-4	9-4	4-2

Data as orig. reptd. Adj. for stk. div(s) of 100% Sep 1987, 100% Mar. 1986, 100% Mar. 1981, 100% Dec. 1981. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.50 in 1987; bef. spec. item(s) of +0.07 in 1986. 3. Ful. dil. 2.26 in 1989, 1.75 in 1988, 1.17 in 1987, 0.75 in 1984, 0.54 in 1983, 0.56 in 1982, 0.55 in 1981, 0.63 in 1980.

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Income Data (Million $)

Year Ended May 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1989	1,971	234	11.8	121	40.6	45.0	146	37.6%	[3]91.3	4.6
[2]1988	1,575	168	10.7	110	33.2	25.8	105	36.9%	[3]66.5	4.2
[4]1987	1,062	116	10.9	45	28.8	11.3	77	42.6%	44.1	4.2
[2]1986	796	84	10.5	92	21.3	7.4	63	44.2%	35.2	4.4
1985	674	77	11.4	15	17.8	2.8	61	42.1%	35.1	5.2
[2]1984	650	68	10.4	43	15.8	6.9	49	38.4%	30.1	4.6
[2]1983	574	51	8.9	14	15.9	14.9	[5]33	34.3%	21.5	3.7
[2]1982	552	50	9.1	112	11.9	18.9	[5]37	37.7%	[3]23.2	4.2
1981	361	46	12.7	9	6.4	2.7	[5]45	49.6%	22.5	6.2
[2]1980	320	41	12.7	30	5.0	4.8	[5]40	43.7%	22.6	7.1

Balance Sheet Data (Million $)

May 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	9.9	728	436	1.7	1,399	7.3%	445	491	963	46.2	21.9%
1988	7.4	605	302	2.0	941	8.7%	324	293	640	50.7	25.3%
1987	3.7	399	205	1.9	594	7.4%	138	235	390	35.5	19.8%
1986	1.2	388	167	2.3	592	7.7%	184	210	425	43.3	17.9%
1985	27.3	212	116	1.8	346	9.9%	16	193	230	6.9	19.2%
1984	25.1	229	130	1.8	387	7.3%	59	185	257	22.8	16.6%
1983	50.9	213	134	1.6	388	5.1%	84	157	253	33.1	14.4%
1982	79.1	254	122	2.1	444	6.6%	176	137	322	54.7	18.2%
1981	64.1	171	74	2.3	275	8.2%	69	126	201	34.3	19.2%
1980	50.6	156	76	2.1	223	10.2%	56	87	146	38.2	29.2%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, and spec. items in 1986. 2. Reflects merger or acquisition. 3. Reflects acctg. change. 4. Excludes discontinued operations. 5. Incl. equity in earns. of nonconsol. subs.

Business Summary

Tyco Laboratories manufactures fire protection and flow control products, electrical supplies and electronic components, and packaging materials. Industry segment contributions in fiscal 1988-9:

	Sales	Pretax Profits
Fire protection & flow control products	63%	61%
Electrical supplies and electronic components	20%	24%
Packaging materials	17%	15%

The company's Grinnell Corp. subsidiary is the largest designer, fabricator and installer of automatic sprinkler and fire suppression systems in North America. Alarms, detection and activating devices and central control monitors are also installed. Sales for new buildings account for approximately 50% of this segment's sales.

The company's electrical supplies and electronic componets include underwater communications cable and cable assemblies, printed circuit boards and assemblies backplanes, and electrical conduit, wire products and related components.

The packaging materials segment primarily produces laminated and coated paper, board and foil, as well as manufacturing of polyethylene film and packaging products.

Dividend Data

Dividends were initiated in 1975. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.07	Nov. 21	Dec. 1	Dec. 7	Jan. 3'[illegible]
0.07	Feb. 21	Mar. 1	Mar. 7	Apr. 3'[illegible]
0.07	May 22	May 31	Jun. 6	Jul. 5'[illegible]
0.07	Aug. 21	Aug. 29	Sep. 5	Oct. 2'

Next dividend meeting: late Nov. '89.

Finances

On September 30, 1988 the company completed the acquisition of Mueller Co., a manufacturer and distributor in the U.S. of flow control products for water and gas distribution systems. The total cost was $367 million, including the assumption of $1[illegible] million of face value debt.

Capitalization

Long Term Debt: $445,088,000.

Common Stock: 41,989,438 shs. ($0.50 par). Institutions hold about 62%.
Shareholders of record: 4,100.

Office—One Tyco Park, Exeter, N. H. 03833 **Tel**—(603) 778-9700 **Chrmn & Pres**—J. F. Fort **Secy**—J. M. Berman **Treas**—R. L. Dunn **& Investor Contact**—Irving Gutin. **Dirs**—J. M. Berman, J. F. Fort, S. W. Foss, P. M. Hampton, L. D. Kozlowski, R. A. G. Monks, R. B. Nichols, W. C. Westmoreland. **Transfer Agent & Registrar**—Mellon Bank, Pittsburgh, Pa. **Incorporated** in Massachusetts in 1962. **Empl**—14,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Paul H. Valentine.

Tyler Corp.

NYSE Symbol TYL

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
7/8	10 1/8-4 7/8	33	0.08	0.9%	B	1.08

Summary

Following the sale of the Hall-Mark Electronics subsidiary in August, 1988 and the Reliance Universal subsidiary in August, 1989, Tyler's remaining operations consisted of the manufacture of industrial explosives and pipe and fittings. In December, 1989 Tyler agreed to sell one of its two remaining units, Atlas Powder, to Imperial Chemical Industries for $193 million in stock and assumption of liabilities.

Business Summary

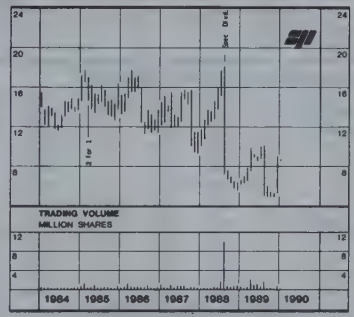
Tyler Corp. manufactures industrial explosives and pipe and fittings. The Reliance Universal subsidiary, which manufactured specialty industrial coatings, was sold in August, 1989. Industry segment contributions in 1988 (including Reliance Universal but excluding Hall-Mark Electronics which was sold in August, 1988) were:

	Revs.	Profits
Industrial explosives	30%	36%
Specialty coatings	44%	49%
Pipe and fittings	26%	15%

The Atlas Powder subsidiary manufactures a complete line of commercial and industrial explosives for various industries, including coal mining, quarrying, construction, metal mining and seismic exploration. Nitrated esters are also produced for use in propellants for the aerospace industry. Specific products include nitroglycerine-based explosives, emulsions, and electric and non-electric detonators. Atlas' products are sold by salesman and distributors nationwide. Atlas believes that it ranks first in sales of commercial and industrial explosives in the U.S.

Tyler Pipe Industries manufactures cast iron pipe, fittings and related building materials and cast iron water and sewage fittings. Pipe, fittings and related building materials, which are sold to wholesale plumbing and supply houses, are used primarily for drain, waste and vent applications in commercial, industrial, and residential construction. Water and sewage fittings, which are used by municipalities, are sold to waterworks jobbers and municipalities.

Fittings for use in water and sewage treatment systems are manufactured in both gray and ductile iron. Ductile iron is characterized by higher strength yet lighter weight.



Important Developments

Dec. '89— TYL said that it agreed to sell its Atlas Powder subsidiary, one of its two remaining units, to Imperial Chemical Industries (ICI) for $193 million in a tax-free exchange. The agreement called for TYL shareholders to receive about $128 million of ICI common stock convertible into ICI American Depositary Receipts (ADRs) traded on the NYSE. An additional $9.9 million in ICI common stock would remain unissued pending the satisfaction of certain indemnifications. For the balance of the consideration, TYL would be relieved of its bank debt estimated to be about $55 million at the closing. The transaction was subject to several conditions, including receipt of regulatory clearances and approval by TYL shareholders. A shareholders meeting was scheduled for late Spring 1990 with a closing to follow immediately if the sale is approved. The proposed transaction involves the spinoff of Tyler Pipe Industries into a new corporation to be owned by TYL shareholders followed by the exchange of TYL stock for ICI stock. The exchange ratio would be set just prior to the transaction's closing date.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980
Tangible Bk. Val.	NA	0.46	6.40	6.27	7.24	6.93	5.07	4.38	4.29	4.36
Earnings[2]	NA	0.77	0.96	0.66	0.82	1.51	0.94	0.54	1.48	1.23
Dividends	0.05	[3]10.23 1/2	0.41	0.40	0.39 3/8	0.35	0.31 3/8	0.30	0.27 1/2	0.25
Payout Ratio	NA	NM	42%	60%	47%	23%	33%	57%	19%	20%
Prices—High	10 1/8	18 1/8	15 3/4	17 3/4	17 3/4	15 1/2	15 7/8	11 7/8	14 3/4	8 7/8
Low	4 7/8	5 1/2	9 1/4	11 1/4	12 5/8	11 5/8	9 1/8	6 1/8	8 1/8	5 3/8
P-E Ratio—	NA	24-7	16-10	27-17	22-15	10-8	17-10	22-11	10-6	7-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1985. 1. Reflects merger or acquisition 2. Bef. results of disc. opers. of +0.34 in 1988, +0.45 in 1984, and spec. item(s) of -0.26 in 1987, +0.25 in 1981, -0.53 in 1980. 3. Incl. 10.00 spec. divd. in Aug. 1988 NM-Not Meaningful

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2262K

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	665	54.7	8.2	21.6	19.0	12.0	23.8	38.7%	14.6	2.2
1987	1,100	80.8	7.3	25.5	22.6	28.1	30.1	44.0%	16.8	1.5
1986	961	67.5	7.0	29.4	21.2	23.8	22.5	47.0%	11.9	1.2
1985	912	69.8	7.7	35.8	19.4	23.0	27.4	44.0%	15.4	1.7
[2]1984	929	96.2	10.4	35.3	20.0	24.4	51.8	44.0%	29.0	3.1
1983	961	84.2	8.8	27.0	24.2	26.4	33.5	45.0%	18.4	1.9
1982	871	71.1	8.2	24.1	24.4	29.0	17.6	42.0%	10.2	1.2
[3]1981	771	91.3	11.8	29.2	21.3	21.1	48.9	44.0%	27.4	3.5
1980	564	70.7	12.5	23.4	17.4	11.5	41.8	43.0%	23.8	4.2
[3]1979	519	68.7	13.2	23.9	15.2	11.6	42.3	44.6%	23.5	4.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3.4	171	93	1.8	348	2.9%	182	52	255	71.5	10.7%
1987	3.7	318	113	2.8	542	3.3%	222	179	429	51.9	9.5%
1986	3.4	280	106	2.7	502	2.5%	191	182	396	48.2	6.3%
1985	1.1	256	88	2.9	474	3.2%	166	200	386	43.0	7.8%
1984	4.7	274	94	2.9	481	6.0%	175	198	386	45.3	15.8%
1983	1.6	238	106	2.3	500	3.8%	203	175	395	51.6	10.9%
1982	6.2	196	93	2.1	462	2.2%	195	163	369	52.9	6.5%
1981	6.3	199	94	2.1	451	7.7%	206	143	357	57.8	20.8%
1980	8.5	107	59	1.8	265	9.0%	78	120	205	37.9	20.4%
1979	6.8	109	47	2.3	273	10.1%	104	116	225	46.2	21.7%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1984, and spec. item(s) in 1987, 1981, 1980. 2. Excl. disc. opers. 3. Reflects merger or acquisition

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	90	152	256	230
Jun.	110	172	278	248
Sep.	108	173	283	246
Dec.		168	283	237
		665	1,100	961

Sales from continuing operations for the first nine months of 1989 advanced 10%, year to year. However, cost increases and a less favorable product mix at Atlas Powder, combined with higher raw material costs and slow nonresidential construction markets at Tyler Pipe led to a 9.2% decline in operating profit. Following a 2.5% rise in interest charges, pretax income fell 14%. With taxes at 38.0%, versus 39.2%, net income was down 12%, to $0.22 a share (based on 18% more average shares) from $0.30. Results exclude a loss from discontinued operations of $0.07 a share, versus a profit of $0.81.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.09	0.16	0.06	0.20
Jun.	0.16	0.41	0.29	0.23
Sep.	0.15	0.20	0.32	0.22
Dec.		0.04	0.29	0.01
		0.77	0.96	0.66

d-Deficit

Finances

In August, 1989 Tyler sold its Reliance Universal unit to Akzo N.V., for Akzo stock valued at over $100 million and assumption of $165 million of liabilities. The Akzo stock went to TYL shareholders.

In August, 1988 Tyler sold its Hall-Mark Electronics unit for $211 million in cash (net).

Dividend Data

Dividends were initiated in 1973. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.01 1/2	Jan. 27	Feb. 1	Feb. 7	Feb. 21'89
0.01 1/2	Apr. 19	Apr. 26	May 2	May 15'89
Stk.*	---	Aug. 25	Aug. 24	Sep. 1'89
0.02	Oct. 27	Nov. 2	Nov. 8	Nov. 20'89

*1 sh. of Tyler Corp. (New).

Capitalization

Long Term Debt: $32,003,000.

Common Stock: 20,766,959 shs. ($0.10 par).
Tyler Employee Savings & Investment Plan owns about 41%. Officers & directors control about 9%. Shareholders of record: 5,200.

Office—3200 San Jacinto Tower, Dallas, Texas 75201. Tel—(214) 754-7800. Chrmn & Pres—J. F. McKinney Secy—S. D. Shepherd Treas—D. L. Smart Investor Contact—Lucy B. LeBeau. Dirs—H. J. Burchell, C. J. Fisher, C. J. Grayson, Jr., S. S. Greeley, T. W. Landry, P. J. Lewis, J. F. McKinney, F. R. Meyer, N. J. O'Brien, C. A. Rundell, Jr., F. R. Sullivan, J. A. Warner. Transfer Agent & Registrar—NCNB Texas National Bank, Dallas. Incorporated in Delaware in 1966. Empl—4,086.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N J. DeVita

Tyson Foods

NASDAQ Symbol TYSNA (Incl. in Nat'l Market; marginable) Options on Pacific

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
23⅜	26¼–14¾	15	0.04	0.2%	A	0.83

Summary

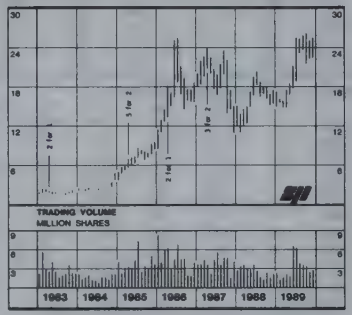
With the acquisitions of Valmac Industries in 1985 and Lane Processing in 1986, Tyson Foods became the leading poultry producer in the U.S. Expansion of higher-margin convenience products has also contributed to steady earnings gains. Following an extended bidding war with ConAgra, the company acquired Holly Farms Corp. (HFF) at $70 for each of HFF's 18.4 million common shares. Although somewhat dilutive near term, the Holly Farms acquisition should aid future results.

Current Outlook

Earnings for fiscal 1990 may decline modestly to $1.50 a share, from fiscal 1989's $1.55.

The dividend should remain at $0.01 a share quarterly.

Sales should advance sharply in fiscal 1990 on the Holly Farms acquisition, as well as on greater demand for value-added poultry products from fast-food restaurants. Average selling prices are not expected to be significantly higher, but an improving product mix, lower feed costs and considerable scale efficiencies from the higher volume and upgraded facilities should help widen operating margins. However, much higher interest costs are expected to dilute earnings gains until nonstrategic Holly Farms assets are divested.



Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Dec.	---	502	438	428
Mar.	---	535	463	418
Jun.	---	606	497	438
Sep.	---	895	538	[1]502
	---	2,538	1,936	1,786

Based on a preliminary report, sales for the fiscal year ended September 30, 1989, rose 31%, year to year. Margins benefited from lower feed costs and an improved product mix. Pretax income was up 57%. After taxes at 38.5%, versus 22.0%, net income was up 24%, to $1.55 a share, from $1.27.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Dec.	E0.25	0.31	0.28	0.25
Mar.	E0.27	0.34	0.28	0.25
Jun.	E0.43	0.43	0.33	0.27
Sep.	E0.55	0.47	0.38	[1]0.29
	E1.50	1.55	1.27	1.06

Important Developments

Oct. '89— The company announced that it and a leasing company had entered into an agreement to sell National By-Products to a group led by National's management. Annual sales of the Holly Farms subsidiary were about $200 million. Tyson agreed to sell its flour milling and bakery unit to Archer Daniels Midland Co. in September, and also its Globe Products division to Curtice Burns Foods, Inc. (net sales of $42 million). Proceeds from the divestitures of approximately $300 million were anticipated.

Jul. '89— The company acquired Holly Farms Corp. for approximately $1.3 billion. The acquisition, working capital needs and certain debt of both companies was funded in November, 1989 with a $1.4 billion senior secured bank credit facility, and $405 million in senior secured bank notes.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Sep. 30	1989	1988	1987	[2]1986	[2]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	5.27	4.12	3.10	2.34	1.38	1.13	0.95	0.79	0.77
Earnings	1.55	1.27	1.06	0.79	0.59	0.31	0.19	0.16	0.04	0.02
Dividends	0.04	0.04	0.03⅝	0.02⅝	0.01½	0.01⅛	0.01⅛	0.01⅛	0.01⅛	0.01⅛
Payout Ratio	3%	3%	4%	3%	3%	3%	6%	7%	29%	53%
Prices[3]—High	26¼	20⅜	24	25½	9½	4⅞	2⅜	1⅝	1¼	1⅛
Low	14¾	11	10⅞	8½	3¾	2	1½	⅞	¾	½
P/E Ratio—	17–10	16–9	23–10	32–11	16–6	15–6	12–7	10–5	32–20	56–24

Data as orig. reptd. Adj. for stk. divs. of 50% Apr. 1987, 100% Apr. 1986, 150% Apr. 1985, 100% Apr. 1983. 1. 14 wks. 2. Refl. merger or acq. 3. Cal yr E-Estimated NA-Not Available

December 27, 1989
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Income Data (Million $)

Year Ended Sep. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	1,936	195	10.1	86	70.3	20.7	104	22.0%	81.4	4.2
1987	1,786	207	11.6	133	60.2	24.5	123	45.0%	67.8	3.8
[1]1986	1,504	157	10.4	169	42.0	21.9	98	48.6%	50.3	3.3
[1]1985	1,136	117	10.3	128	27.7	20.3	70	50.4%	34.8	3.1
1984	750	58	7.7	36	14.3	11.8	33	44.4%	18.2	2.4
1983	604	41	6.8	20	11.5	9.8	21	45.9%	11.1	1.8
1982	559	38	6.8	25	10.5	13.8	18	48.4%	9.4	1.7
1981	502	23	4.5	25	9.5	[2]13.2	1	NM	2.1	0.4
1980	390	15	3.9	9	9.8	9.1	1	NM	1.2	0.3
1979	382	31	8.2	25	10.0	8.3	13	32.5%	8.9	2.3

Balance Sheet Data (Million $)

Sep. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	19	436	181	2.4	889	9.6	206	341	708	29.1	26.7
1987	22	379	308	1.2	807	8.6	211	269	499	42.4	28.6
1986	108	398	332	1.2	761	8.2	212	204	429	49.4	28.0
1985	5	235	191	1.2	471	8.7	119	155	280	42.3	28.3
1984	13	161	121	1.3	298	6.6	87	84	178	49.1	24.0
1983	1	133	103	1.3	255	4.5	81	67	152	53.6	18.0
1982	3	130	92	1.4	238	4.1	85	56	144	59.3	18.3
1981	5	127	110	1.1	219	1.0	62	47	108	57.0	4.6
1980	13	115	92	1.2	192	0.6	55	45	100	54.9	2.6
1979	2	96	74	1.3	182	5.5	63	44	108	58.8	22.0

Data as orig. reptd. 1. Refl. merger or acq. 2. Refl. acctg. change. NM-Not Meaningful.

Business Summary

Tyson Foods, the largest poultry processor in the U.S., produces fresh, frozen and precooked poultry, as well as pork and Mexican foods.

Contributions to sales in recent fiscal years were:

	1988	1987
Value-enhanced poultry	77%	75%
Basic poultry	14%	16%
Live pork & related revenue	4%	4%
Mexican food & other	5%	5%

Value-enhanced poultry includes chicken patties; pre-cooked chicken; further-processed, quick-frozen chicken; pre-packaged, pre-priced poultry; rock cornish game hens; and entrees and other enhanced poultry products.

Basic poultry includes fresh and frozen poultry products sold without value-added processes such as cutting, deboning, cooking, packaging or freezing.

Some 2.1 billion pounds of dressed products are processed annually and sold to the foodservice industry and to retail outlets.

Export sales, primarily to the Far East, equaled 6.3% of sales in fiscal 1988, compared with 5.7% the year before.

Dividend Data

Cash has been paid each year since 1976.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.01	Dec. 16	Feb. 23	Mar. 1	Mar. 15'89
0.01	Feb. 24	May 25	Jun. 1	Jun. 15'89
0.01	May 19	Aug. 28	Sep. 1	Sep. 15'89
0.01	Sep. 2	Nov. 27	Dec. 1	Dec. 15'89

Finances

On December 12, 1986, the company exchanged 34,332,907 shares (adjusted) of Class A common stock for a like amount of Class B common stock. The exchange had no effect on the calculation of share earnings.

Capitalization

Long Term Debt: $202,219,000 (7/1/89).

Class B Common Stock: 34,246,029 shs. ($0.10 par; 10 votes per share); 99.9% owned by the Tyson family.

Class A Common Stock: 29,679,080 shs. ($0.10 par).

Directors & officers control some 15%.

Institutions hold about 24%.

Shareholders of record: 16,956 (12/88).

Office—2210 W. Oaklawn Dr., P.O. Drawer E, Springdale, Ark. 72764 Tel—(501) 756-4000 Chrmn & CEO—D. Tyson Pres & COO—L. E. Tollett Exec VP-Fin—G. Johnston. VP-Secy, Treas & Investor Contact—Wayne Britt. Dirs—N. Cassady, S. Massey, P. R. Smith, J. F. Ster L. E. Tollett, B. Tyson, D. Tyson, J. H. Tyson, F. Vorsenger. Transfer Agent—Morgan Shareholder Services Trust Co., NYC. Incorporated in Arkansas in 1947; reincorporated in Delaware in 1986. Empl—26,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Co

UAL Corp.

NYSE Symbol UAL Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 13'89	1989					
168⅝	294-105¼	10	None	None	B-	1.07

Summary

In late 1989 management was reportedly attempting to restructure a buyout attempt that would give employees a majority control of the company. An earlier buyout plan at $300 a share collapsed in October because of inability to obtain sufficient debt financing. Restructuring or buyout attempts could come from outside sources, including Coniston Partners, which owns 12% of the stock. The company plans a major expansion of its Pacific area services in 1990.

Current Outlook

Earnings for 1990 (for UAL as a separate entity) are projected at $15.00 a share, versus the $16.00 estimated for 1989.

Common share dividends are prohibited under a March, 1988 credit agreement.

Revenues for 1990 should rise moderately. Traffic growth should be mostly confined to the Pacific markets at least during the early months, when soft economic conditions should restrain domestic expansion. Yield gains are likely to be modest in the first half. Margins could be affected by startup costs of new minihubs in Asia, although fuel cost increases should be smaller than in 1989.

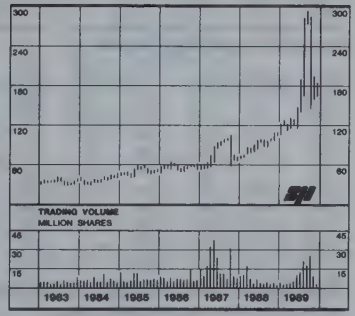
Operating Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.33	2.06	1.86	1.96
Jun.	2.52	2.28	2.07	2.36
Sep.	2.58	2.41	2.26	2.54
Dec.	---	2.22	2.10	2.34
	---	8.98	8.29	9.20

Revenues for the first nine months of 1989 advanced 9.9%, year to year. Operating costs rose 11.6%. Net income decreased 42.8%, to $14.66 a share (on 33% fewer shares) from $17.26, which includes a gain of $6.96 from sale of 50% of Covia Partnership.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	3.03	0.58	d1.07	d2.48
Jun.	6.52	5.77	0.93	0.41
Sep.	5.11	18.68	1.33	2.43
Dec.	E1.34	2.11	d1.41	d0.28
	E16.00	[1]20.20	d0.08	0.25



Important Developments

Dec. '89— UAL was reported to be continuing to attempt to revive a failed buyout plan that would place majority ownership in employee hands, with a possible minority ownership by the public. An earlier attempt to take over the company by management, the pilots union and British Airways for $300 a share collapsed in October when the group was unable to obtain $7.2 billion in bank financing. Coniston Partners, holders of 12% of the stock, has indicated it may seek to effect a restructuring.

Dec. '89— United Airlines announced that it planned to nearly double its operations in the Pacific market by August 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	[3]1985	1984	1983	1982	1981	1980	[2]1979
Tangible Bk. Val.	47.45	46.44	34.17	39.63	47.20	40.33	36.95	36.25	38.66	38.17
Earnings[4]	20.20	d0.08	0.25	d2.09	6.84	3.88	0.36	d2.40	0.70	d2.50
Dividends	Nil	0.75	1.00	1.00	0.50	Nil	Nil	Nil	0.25	1.00
Payout Ratio	Nil	NM	NM	NM	7%	Nil	Nil	Nil	36%	NM
Prices—High	110	105⅞	64¾	59½	46¾	41⅝	36½	31⅜	25⅜	34⅝
Low	68½	52¼	48¼	39¾	28	27⅛	15⅛	16½	13½	20⅛
P/E Ratio—	5-3	NM	NM	NM	7-4	11-7	NM	NM	36-19	NM

Data as orig. reptd. 1. Does not add because of changes in shs. outstanding. 2. Reflects accounting change. 3. Reflects merger or acquisition. Bef. results of disc. opers. of +7.67 in 1988, +6.10 in 1987, and spec. item(s) of +0.62 in 1984, +0.67 in 1982. d-Deficit. E-Estimated. NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	8,892	1,183	13.2	1,372	518	245	[3]989	39.3%	600	6.7
[4]1987	8,293	780	9.4	987	549	239	[3]d7	NM	d4	NM
1986	9,196	1,163	12.6	1,398	756	337	[3]90	87.2%	12	0.1
[5]1985	6,383	421	6.6	1,413	525	225	[3]d95	NM	[6]d49	NM
1984	6,968	1,081	15.5	404	438	154	482	45.8%	261	3.7
1983	6,022	622	10.3	862	406	195	248	42.6%	142	2.4
1982	5,320	356	6.7	834	366	210	d10	NM	11	0.2
1981	5,141	236	4.6	451	314	139	d148	NM	d71	NM
1980	5,041	321	6.4	441	303	123	4	NM	21	0.4
[6]1979	3,832	120	3.1	552	280	92	d186	NM	d73	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,087	2,171	2,869	0.8	6,701	12.2%	2,060	1,226	3,289	62.6	51.3%
1987	2,208	3,427	3,410	1.0	8,226	NM	1,427	2,922	4,370	32.7	NM
1986	218	3,149	3,761	0.8	8,716	0.1%	2,066	2,293	4,516	45.7	0.5%
1985	751	3,089	3,153	1.0	7,874	NM	2,642	1,556	4,661	56.7	NM
1984	442	1,426	1,952	0.7	5,159	5.1%	987	1,640	3,186	31.0	15.6%
1983	292	1,254	1,934	0.6	5,134	2.7%	1,311	1,391	3,169	41.4	9.3%
1982	309	1,074	1,467	0.7	4,579	0.3%	1,795	1,114	3,078	58.3	1.0%
1981	195	1,027	1,490	0.7	3,976	NM	1,181	1,093	2,460	48.0	NM
1980	319	1,213	1,430	0.8	4,041	0.5%	1,170	1,162	2,599	45.0	1.8%
1979	355	1,164	1,176	1.0	3,862	NM	1,230	1,148	2,676	46.0	NM

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1987, and spec. item(s) in 1984, 1982. 2. Excludes discontinued operations and reflects accounting change. 3. Incl. equity in earns. of nonconsol. subs. 4. Excludes discontinued operations. 5. Reflects merger or acquisition. 6. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

UAL Corp. (formerly Allegis Corp. and prior to that UAL, Inc.) is a holding company whose principal subsidiary is United Airlines. In late 1987 and early 1988 it sold its other major subsidiaries (Hertz Car Rental, Hilton International Hotels and Westin Hotels), which had combined annual revenues of about $2.7 billion.

United Airlines is one of the largest U.S. air carriers. In 1988 it boarded 58.1 million passengers. At the end of 1988 it served more than 150 cities in the United States, Canada, Mexico, the Bahamas, Australia, Hong Kong, Japan, New Zealand, China, the Philippines, Singapore, South Korea, Taiwan and Thailand. Principal domestic hubs are Chicago, Denver, San Francisco, Washington (Dulles) and Los Angeles. At the end of 1988 the fleet totaled 405 aircraft—31 747s, 55 DC-10s, 29 DC-8s, 19 767s, 148 727s, and 123 737s. On order were 61 737-300s (1989-90), 15 747-400s (1989-92) and 30 757-200s (1989-91). In April, 1989 a large order for additional 737s and 757s was made.

Covia Partnership (50.1% owned) operates the Apollo computer reservations systems for airlines and other companies.

Dividend Data

Under terms of the credit agreement completed in March, 1988 to finance in part the stock repurchase, the company is prohibited from paying dividends on the common shares. Payments had been suspended in November, 1987. A "poison pill" stock purchase right was adopted in 1986.

Finances

In March, 1988 UAL arranged a $1.235 billion term loan, a $600 million letter of credit and a $600 million revolving credit. The term loan was exercised to finance the repurchase of 35.5 million shares. The loan was repaid by the end of the third quarter of 1988, partially through sale of $500 million of notes.

Capitalization

Long Term Debt: $2,060,221,000, incl. $411 million of capital leases.

$5.50 Prior Pfd. Stock: 20,670 shs. ($100 par).

Common Stock: 21,814,956 shs. ($5 par).
Institutions hold about 71%.
Shareholders of record: 21,000.

Office—1200 Algonquin Road, Elk Grove Township, Ill. (P.O. Box 66919, Chicago, Ill 60666). **Tel**—(312) 956-2400 **Chrmn & Pres**—S. N. Wolf **EVP-CFO & Treas**—J. C. Pope. **VP-Secy**—J. T. Kane **Investor Contact**—A. Thoms. **Dirs**—N. A. Armstrong, A. F. Brimmer, R. P. Cooley, E. M. deWindt, W. M. Jenkins, J. M. Kreps, C. F. Luce, F. Matsuda, J. F. McGillicuddy, H. Mulliken, J. J. O'Connor, F. A. Olson, N. R. Petry, J. C. Pope, R. Strangis, S. N. Wolf. **Transfer Agents**—Morgan Shareholder Services Trust Co., NYC; Continental Illinois National Bank and Trust Co., Chicago. **Incorporated** in Delaware in 1934. **Empl**—65,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T M Canning, CFA

UGI Corp.

NYSE Symbol UGI

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 30'89	1989					
37 3/8	40 1/8-28 3/4	14	2.25	6.0%	B	0.54

Summary

This diversified energy company distributes natural gas and electricity in portions of eastern and central Pennsylvania (excluding Philadelphia) and markets compressed and liquefied gases. In the 1989 second half the company sold its air separation plant and certain natural carbon dioxide reserves and acquired certain propane businesses. Earnings for the first nine months of 1989 declined, reflecting warmer weather conditions.

Business Summary

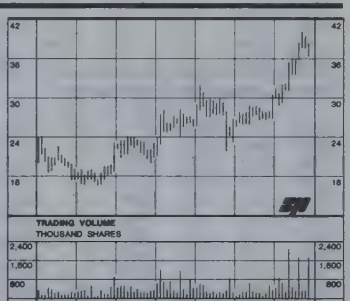
This diversified energy company distributes natural gas and electricity in portions of Pennsylvania, distributes propane in 35 states, produces and distributes industrial and specialty gases and related equipment and supplies throughout the U.S. Contributions to revenues and operating income in 1988:

	Revs.	Profits
Gas utility	56%	75%
Electric utility	13%	13%
Compressed gases	29%	6%
Other	2%	6%

Gas utility operations serve 13 eastern and southeastern counties in Pennsylvania. Customers at 1988 year-end were 214,453, up from 210,386 a year earlier. In 1988 gas throughput totaled 69,037 MMcf (65,224 MMcf in 1987) and was divided: 23% residential, 14% commercial, 9% industrial, 46% transportation, and 8% retail.

Electric utility operations provide service in two northeastern Pennsylvania counties. Customers at 1988 year-end were 57,383, up from 56,737 a year earlier, and 770,513,000 kwh. of electricity (726,463,000 kwh.) were sold. Kilowatt-hour sales in 1988 were divided: 55% residential, 33% commercial, and 12% industrial.

Through the Amerigas unit and Cal Gas Corp. (acquired 1987), UGI distributes liquid propane fuel, produces and sells compressed liquefied and specialty gases, sells related equipment and welding supplies, and engineers, designs and constructs industrial gas plants, throughout the U.S. Sales of LP-gas totaled 379.6 million gallons in 1988, compared with 229.5 million gallons in 1987, and customers served at 1988 year-end were 406,149, versus 406,817 a year earlier.



Important Developments

Oct. '89— UGI completed the sale of its air separation plant and related assets to AGA Gas Inc.; the sale was part of a planned divesture of Amerigas' industrial gas interests and reinvestment of proceeds to expand propane operations. Separately, UGI acquired Utility Propane Co. from KCS Group Inc. for $21.3 million plus working capital.

Sep. '89— UGI's Amerigas unit sold to Amerada Hess Corp. certain natural carbon dioxide reserves and certain related assets. Separately, Amerigas purchased for $31.0 million plus working capital the businesses of West Florida LP Gas Co. and Best L-P Gas Inc.; the two companies combined serve 37,000 customers and have annual revenues of about $17.3 million.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.16	19.00	17.84	17.49	22.80	22.85	25.32	26.44	25.06	23.87
Earnings[1]	3.06	2.55	2.79	d3.52	2.14	0.07	2.47	4.30	3.59	3.35
Dividends	2.11 1/2	2.04	2.04	2.04	2.04	2.04	2.04	1.88	1.76	1.62
Payout Ratio	70%	81%	74%	NM	95%	NM	85%	48%	56%	49%
Prices—High	30 1/2	32	28 1/4	24 1/8	23 1/8	24 1/8	26 1/2	35	36 1/4	28
Low	25 1/2	21 3/8	21 1/8	20	16 1/2	17 3/8	18	24	19	17
P/E Ratio—	10-8	13-9	10-8	NM	11-8	NM	11-7	8-6	10-5	8-5

Data as orig reptd. 1. Bef. results from disc. opers. of +0.29 in 1987, -0.82 in 1986, -0.05 in 1979, and spec. item(s) of +0.37 in 1988, +0.18 in 1983. d-Deficit. NM-Not Meaningful.

December 8, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	433	81.1	18.7	46.4	22.0	17.7	50.8	34.5%	33.3	7.7
1987	419	80.3	19.2	34.8	22.1	19.8	38.0	26.9%	27.8	6.6
1986	443	82.5	18.6	43.1	20.6	20.5	40.8	28.7%	29.1	6.6
1985	606	9.2	1.5	47.7	31.3	21.4	d42.9	NM	d27.2	NM
1984	670	97.6	14.6	41.4	32.1	24.2	43.7	47.6%	22.9	3.4
1983	667	68.2	10.2	27.4	31.5	29.5	11.8	58.0%	5.0	0.7
1982	688	75.1	10.9	75.5	27.8	25.3	26.8	14.5%	22.9	3.3
1981	657	87.7	13.4	96.0	25.4	21.6	47.3	33.9%	31.2	4.8
1980	421	61.9	14.7	72.3	18.5	13.6	32.3	37.9%	20.1	4.8
1979	316	52.6	16.6	56.6	13.6	10.7	30.6	43.1%	17.4	5.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1.5	113	157	0.7	619	5.4%	130	215	456	28.5	14.3%
1987	2.4	115	137	0.8	595	4.6%	144	200	451	31.8	12.4%
1986	1.1	100	141	0.7	584	4.7%	133	184	426	31.2	14.2%
1985	4.4	132	182	0.7	622	NM	135	175	423	31.9	NM
1984	7.3	133	143	0.9	652	3.5%	145	218	489	29.6	8.5%
1983	6.0	128	141	0.9	658	0.7%	171	214	501	34.2	0.3%
1982	4.4	157	143	1.1	699	3.2%	225	212	551	40.9	8.5%
1981	13.4	181	141	1.3	657	4.8%	206	194	507	40.7	13.8%
1980	22.9	110	80	1.4	497	4.1%	162	144	412	39.3	11.7%
1979	1.2	69	60	1.1	392	4.7%	128	113	327	39.1	12.6%

Data as orig reptd. 1. Bef. results of disc. opers. and spec. item(s) in 1987, 1986, 1983, 1979. d-Deficit. NM-Not Meaningful.

Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	144.2	143.5	158.4
Jun.	[1]171.1	87.3	83.7	90.0
Sep.	46.6	74.4	74.6	76.5
Dec.		127.5	117.8	118.2
		433.4	419.4	443.1

Revenues for the nine months ended September 30, 1989 rose 0.9%, year to year. Warmer weather conditions and higher operating expenses more than offset higher interest income, and pretax income declined 13%. After taxes at 36.0%, versus 37.0%, net income from continuing operations was off 11%, to $1.56 a share from $1.81. Results exclude income from discontinued operations of $0.42 a share, against $0.15.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	2.00	1.51	1.52
Jun.	[1]1.83	0.35	0.14	d0.03
Sep.	d0.27	d0.44	d0.20	0.31
Dec.		1.09	1.07	0.95
		3.06	2.55	2.79

1. Six mos. d-Deficit

Dividend Data

Dividends have been paid since 1885. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.53 1/2	Jan. 31	Feb. 22	Feb. 28	Apr. 1'
0.56 1/4	Apr. 25	May 24	May 31	Jul. 1'
0.56 1/4	Jul. 25	Aug. 25	Aug. 31	Oct. 1'
0.56 1/4	Oct. 31	Nov. 24	Nov. 30	Jan. 1'

Next dividend meeting: late Jan.'90.

Finances

UGI estimated capital expenditures for its gas utility unit during 1989 to be $31.0 million, which would be equal to gas utility capital expenditures made in 1988.

Capitalization

Long Term Debt: $178,643,000.

Red. Preferred Stock: $20,285,000.

Cum. Preferred Stock: $16,552,000.

Common Stock: 9,872,208 shs. ($4.50 par).
Institutions hold about 27%.
Shareholders of record: 17,809.

Office—460 N Gulph Rd (P O Box 858), Valley Forge, Pa 19482 **Tel**—(215) 337-1000 **Chrmn, Pres & CEO**—J A Sutton **Secy.**—D N Knipel **Treas**—W M Graft **Investor Contact**—R W Knick **Dirs**—R C Forney, M S Gelbach, Jr., T V Lefevre, H R Linden, J G McKinley, K Spalding, J W Stratton, J A Sutton, D I Wang **Transfer Agent & Registrar**—Mellon Bank East, Philadelphia **Incorporated** in Pennsylvania in 1925 **Empl**—5,176.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark M

USF&G Corp.

SE Symbol FG Options on Phila (Jan-Apr-Jul-Oct) In S&P 500

ce	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
t. 18'89	1989					
/8	34-28¼	14	2.80	9.3%	B-	0.78

ummary

is company is one of the country's leading property-casualty insurers and has a lesser interest in life surance and financial services. While the soft p-c market will depress 1989 earnings, a firming of p-c es in 1990 should lead to modest earnings growth.

urrent Outlook

t operating earnings for 1989 (excluding "fresh art" tax benefits and realized investment gains d losses) are estimated at $2.25 a share, versus 88's $3.57, which included $0.24 of such tax nefits. Earnings in 1990 could reach $2.50.

e $0.70 quarterly dividend is not expected to increased over the near term.

rnings will likely decline in 1989, reflecting the ft p-c market. Increased competition and FG's cision to reduce its writings in certain lines will ely result in lower premiums. Larger underwriting sses are expected, but moderately higher invest- nt income will provide a cushion. While strong es are expected from life operations, reduced rgins will hamper earnings growth. Profit contri- ions from financial services are not expected in 89. Modest earnings growth is expected in 90, reflecting a firming of p-c rates, increased mand for reinsurance, and contributions from life erations.

eview of Operations

venues for the six months ended June 30, 1989 se 2.6%, year to year (1988 restated), as a .% drop in premiums and greater realized invest- nt losses were offset by an 18% rise in invest- nt income. Benefits and expenses rose 6.2%, d pretax earnings fell 70%. After $1.2 million of credits, versus taxes at 10.6%, net income s down 66%, to $0.28 a share ($1.13 of operat- income), from $1.06 ($1.74), before a $0.06 ecial credit in 1988.

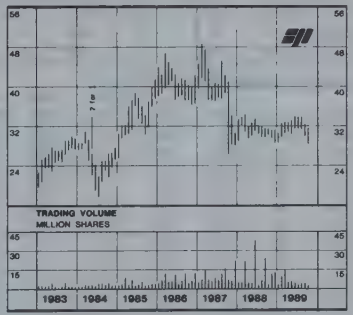
ommon Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
r.	0.33	0.86	1.32	0.78
).	d0.04	0.88	1.34	0.82
p.		0.92	1.20	1.04
c.		0.92	1.09	0.97
		3.57	4.92	3.61

r Share Data ($)

End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
ngible Bk. Val.	22.57	19.53	20.19	18.91	20.14	22.61	24.29	23.63	23.59	18.77
er. Earnings[2]	3.57	4.92	3.61	d4.33	1.72	3.02	1.99	3.00	4.09	4.14
rnings[2,3]	2.66	3.44	4.11	d1.81	0.08	4.86	1.81	2.97	4.00	4.14
idends	2.64	2.48	2.32	2.20	2.08	1.92	1.80	1.60	1.40	1.20
yout Ratio	99%	72%	56%	NM	NM	40%	99%	54%	35%	29%
ces—High	34⅜	48⅜	46¾	41½	30⅞	30	23⅜	26	23⅜	20⅝
Low	28½	26¼	36⅛	25½	17⅝	19¾	15⅝	18¾	16⅞	15¼
E Ratio—	10-8	10-5	13-10	NM	18-10	10-7	12-8	9-6	6-4	5-4

a as orig. reptd. Adj. for stk. div(s). of 100% Jun 1984. 1. Oper. earns. prior to 1989. 2. Bef. spec. item(s) of +0.19 in 1988, +0.19 in 1987, .32 in 1986. 3. Aft. gains/losses on security trans. d-Deficit. NM-Not Meaningful.



Important Developments

Aug. '89— The company attributed its sharply lower earnings for the first half of 1989 primarily to significantly higher realized capital losses on investments, and increased second quarter catastrophe losses. The investment losses were the result of losses on options utilized as part of a hedging strategy against a stock market decline. P-C operations were impaired not only by intense price competition, but by increased second quarter catastrophic losses of $29.9 million, versus $13.1 million a year ago. The combined ratio rose to 107.8 for 1989's first half, up from 104.7 in the year earlier interim. Life insurance operations benefited from a 12% rise in premium income. While financial services revenues grew 83%, costs associated with acquisitions led to a loss of $14.2 million, versus $7.6 million.

Next earnings report expected in early November.

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Income Data (Million $)

Year Ended Dec. 31	Premium Income	Net Invest. Inc.	Total Revs.	Property & Casualty Underwriting Ratios [1]Loss	[1]Expense	[1] Comb.	Net Bef. Taxes	[2]Net Oper. inc.	[2]Net Inc.	% Return On— Revs.	[3]Equity
1988	4,730	778	5,582	73.1	31.1	104.2	355	306	232	5.5	17.1
1987	4,103	677	4,826	73.2	30.1	103.3	433	373	265	7.7	24.6
1986	3,693	619	4,337	79.1	29.1	108.2	248	243	275	5.6	18.1
1985	3,143	392	3,556	90.7	30.0	120.7	d268	d258	d108	NM	NM
1984	2,351	479	2,839	90.5	31.4	121.9	d61	93	4	3.3	8.0
1983	1,990	393	2,387	83.1	32.2	115.3	48	172	276	7.2	13.1
1982	2,000	301	2,306	80.1	31.0	111.1	19	114	103	4.9	8.3
1981	2,053	279	2,337	74.9	29.9	104.8	156	169	167	7.2	12.7
1980	2,041	212	2,253	66.3	28.9	95.2	283	229	223	10.1	19.3
1979	1,963	174	2,136	65.5	27.8	93.3	290	229	229	10.7	24.5

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Rec.	Investment Assets [4]Bonds	Stocks	Loans	Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	207	901	6,873	1,972	281	9,869	8.7	448	12,361	271	1,854
1987	182	836	5,623	1,631	267	7,944	9.2	417	10,141	211	1,524
1986	253	1,055	4,761	1,611	453	6,825	9.9	372	8,936	120	1,376
1985	124	1,029	3,865	1,516	307	5,689	8.0	334	7,674	Nil	1,214
1984	147	1,210	2,811	1,133	249	4,192	11.9	302	6,158	Nil	1,103
1983	124	696	2,540	1,206	125	3,871	10.1	264	5,279	Nil	1,223
1982	124	452	2,675	1,184	82	3,942	7.8	232	5,079	Nil	1,399
1981	117	405	2,767	969	45	3,781	7.5	225	4,749	Nil	1,335
1980	97	324	2,340	984	7	3,330	6.9	178	4,247	Nil	1,324
1979	89	303	2,116	695	22	2,832	6.6	176	3,680	Nil	1,043

Data as orig. reptd. 1. As reptd. by co. 2. Bef. spec. item(s) in 1986. 3. Common. 4. Incl. short-term inv. aft. 1980. d-Deficit. NM-Not Meaningful.

Business Summary

USF&G Corp. (formerly U.S. Fidelity & Guaranty) derives the bulk of its earnings from property-casualty insurance operations. Products are sold primarily through a network of approximately 5,600 independent agents in the U.S. and Canada, who are supported by underwriting, marketing, administrative and claim services provided through 176 offices. Revenue sources:

	1988	1987	1986
Prop.-cas. prems.			
Commercial	41%	50%	53%
Fidelity-surety	2%	2%	2%
Personal	15%	18%	20%
Reinsurance	6%	8%	6%
Life ins. prems.	20%	7%	4%
Net invest. inc.	14%	14%	15%
Financial serv.	2%	1%	0%

At year-end 1988 the investment portfolio totaled $9.87 billion, of which bonds accounted for 63%, common stocks 19%, preferred stocks 1%, short-term investments 6%, real estate and mortgage loans 8%, and policy loans and other long-term investments 3%.

Through Thomas Jefferson Life Ins. Co. and Fidelity and Guaranty Life Ins. Co., life insurance products are sold in the U.S. and Canada by independent agents. Life insurance premiums totaled $1.11 billion in 1988, versus $356 million in 1987. Life insurance in force amounted to $15.6 billion, of which term insurance accounted for 42% individual permanent 32%, and group 26%. In 1988, FG acquired Citicorp Investment Management Inc., (renamed Chancellor Capital Management) which manages assets of over $18 billion for various clients.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.66	Nov. 2	Dec. 12	Dec. 16	Jan. 31'89
0.70	Mar. 1	Mar. 13	Mar. 17	Apr. 28'89
0.70	Jun. 7	Jun. 19	Jun. 23	Jul. 31'89
0.70	Sep. 6	Sep. 18	Sep. 22	Oct. 31'89

Capitalization

Long Term Debt: $340,021,000.

$4.10 Conv. Pref. Stock: 4,000,000 shs. ($50 par); conv. into 1.087 com. shs.

Common Stock: 83,231,159 shs. ($2.50 par). Institutions hold about 46%.
Shareholders of record: 45,083.

Office—100 Light St., Baltimore, Md. 21202. Tel—(301) 547-3000 Chrmn & Pres—J. Moseley VP-Treas—K. F. Wycoff Secy—W. F. Spliedt VP-Investor Contact—Paul W. Schlough Dirs—J. Allard, H. F. Baldwin, G. L. Bunting Jr., J. O. Cole, W. R. Deeley, R. M. Dorsey, J. A. Flick Jr., R. E. Gregory Jr., R. J. Hurst, J. Moseley, J. S. Peck, H. A. Rosenberg, Jr., P. J. Scheel, L. P. Scruggins, C. E. Walker, G. S. Wills Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC Incorporated in Maryland in 1896

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Catherine A. Seifert

USG Corp.

2269G

NYSE Symbol USG Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 10'90	1989-90					
4 3/4	7 3/8-2 7/8	13	None	None	NR	1.50

Summary

USG Corp. is the largest producer of gypsum wallboard and other gypsum products, and also manufactures a variety of products for the commercial and residential construction and remodeling markets. A recapitalization plan was instituted in July, 1988 in a successful effort to fend off a takeover attempt by Desert Partners L.P.

Current Outlook

Earnings from continuing operations for 1990 are projected at $0.30 a share, compared with the $0.40 estimated for 1989.

Payment of quarterly cash dividends is unlikely following the recapitalization.

Sales of gypsum wallboard and other gypsum products are expected to be down slightly in 1990, as a stagnant homebuilding market limits growth. Interior systems sales should continue to grow. Profits will continue to be hampered by high interest costs associated with the restructuring.

Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	538	558	693
Jun.	---	570	563	726
Sep.	---	560	587	753
Dec.	---	---	540	726
	---	---	2,248	2,898

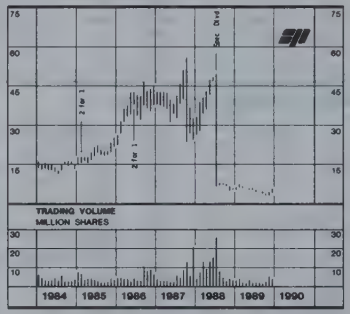
Sales for the nine months ended September 30, 1989 declined 2.4%, year to year, reflecting lower gypsum wallboard prices. Income from continuing operations fell 73%, to $0.35 a share from $1.36. Results exclude earnings from discontinued operations of $0.03 a share and $0.23 in the respective periods.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.05	0.02	0.65	1.65
Jun.	E0.10	0.17	0.62	1.13
Sep.	E0.10	0.16	0.10	0.85
Dec.	E0.05	E0.05	0.02	0.33
	E0.30	E0.40	1.38	3.96

Important Developments

Nov. '89— The company announced the sale of its lime plant in Genoa, Ohio to GenLime Group L. P.



The facility manufacturers a variety of building and industrial lime and limestone products. Terms of the sale were not disclosed. USG will continue to market many of the products produced at the plant.

Nov. '89— USG said that it would sell its headquarters building in Chicago to Manufacturers Life Insurance Co. of Toronto. Terms and price of the sale were not disclosed. USG will lease back the building until it moves to a new headquarters in 1992.

Jul. '89— Earnings for the second quarter of 1989 included an after-tax gain of approximately $7 million ($0.13 a share) from the sale of the construction metal business under USG's restructuring program.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	[1]1986	1985	[1]1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	d29.97	6.92	7.86	15.08	12.88	10.98	10.41	10.52	10.19
Earnings[2]	NA	1.38	3.96	4.01	3.36	2.82	1.20	0.66	1.13	1.45
Dividends	Nil	0.56	1.12	1.04	0.84	0.70	0.61 3/8	0.60	0.60	0.60
Payout Ratio	Nil	42%	28%	21%	25%	25%	51%	92%	54%	42%
Prices—High	7 3/8	49 1/2	55 7/8	46 1/2	25 3/8	16 3/8	15	13 1/2	9 3/4	9 1/2
Low	2 7/8	4 3/4	23 1/2	22 1/4	14 3/4	11 3/8	10	6 1/2	7 5/8	6 1/2
P/E Ratio—	NA	36-3	14-6	12-6	8-4	6-4	13-8	21-10	9-7	6-4

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun 1986, 100% Mar 1985. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +1.00 in 1988. d-Deficit. E-Estimated. NA-Not Available.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	2,248	405	18.0	84	83.0	178	121	39.9%	73	3.2
1987	2,898	535	18.4	180	95.4	70	368	44.5%	204	7.0
[3]1986	2,724	615	22.6	195	86.7	34	498	48.7%	[4]255	9.4
1985	2,526	518	20.5	165	79.4	28	423	47.1%	224	8.9
[5]1984	2,319	435	18.8	323	69.0	26	350	46.7%	187	8.0
1983	1,611	208	12.9	61	47.4	11	147	45.4%	80	5.0
1982	1,325	92	6.9	82	45.6	13	[6]56	21.9%	44	3.3
1981	1,491	146	9.8	138	44.5	17	[6]115	35.5%	[4]74	5.0
1980	1,474	200	13.6	124	42.3	12	[6]166	42.9%	94	6.4
1979	1,525	268	17.6	89	39.1	13	[6]227	45.6%	124	8.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	250	673	682	1.0	1,821	3.6%	2,384	d1,471	1,140	NM	NM
1987	45	609	488	1.2	2,095	10.0%	746	607	1,577	47.3	34.6%
1986	101	687	617	1.1	2,006	15.0%	571	580	1,372	41.6	37.2%
1985	99	585	351	1.7	1,732	13.5%	185	977	1,364	13.6	24.7%
1984	64	536	302	1.8	1,614	13.3%	272	851	1,296	21.0	23.6%
1983	98	439	175	2.5	1,194	6.9%	118	733	1,018	11.6	11.2%
1982	57	366	168	2.2	1,135	3.8%	119	692	967	12.3	6.2%
1981	86	394	200	2.0	1,145	6.5%	116	693	945	12.2	10.7%
1980	90	442	193	2.3	1,114	8.7%	134	660	921	14.5	14.8%
1979	108	458	195	2.3	1,048	12.2%	128	599	852	15.1	22.0%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1986. 2. Excludes discontinued operations. 3. Excludes discontinued opers. and reflects merger or acquisition. 4. Reflects accounting change. 5. Reflects merger or acquisition. 6. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful.

Business Summary

USG Corp. (formerly U.S. Gypsum) is the leading producer of gypsum products in the U.S., manufactures a variety of building products for use in residential and nonresidential construction, remodeling and repair, and makes products for the industrial processes market. Industry segment contributions in 1988:

	Revs.	Profits
Gypsum products	52%	71%
Interior systems	22%	22%
Bldg. products distribution	18%	3%
Other	7%	3%

In 1988 sales in the United States accounted for 85% of total sales, Canada 9%, and other countries 6%.

The Masonite Corp. subsidiary was sold to International Paper Co. for $400 million in November, 1988 as part of USG's recapitalization plan. Masonite accounted for $530 million (18%) of USG's sales in 1987.

Dividend Data

Common dividends were omitted in 1988 after having been paid since 1919. The most recent payment was $0.28 on June 15, 1988. A "poison pill" stock purchase right was adopted in 1988.

Finances

In July, 1988 shareholders approved a recapitalization plan developed to fend off a $42 a share unfriendly tender offer by Desert Partners, L.P., which was subsequently withdrawn. Under the recapitalization, shareholders received $37 in cash, $5 face amount of a 16% junior subordinated payment-in-kind debenture, and one new share of common stock for each USG share held. The debentures will pay semiannual interest in cash or in kind for five years. Thereafter, interest will be payable in cash until maturity in 2008. The debentures are redeemable at par after the second year at the option of the corporation.

Capitalization

Long Term Debt: $2,354,418,000.

Minority Interest: $23,147,000.

Common Stock: 54,166,586 shs. ($0.10 par).
Institutions hold about 20%.
Employees own 26%.
Shareholders of record: 14,713.

Office—101 South Wacker Dr., Chicago, Ill. 60606 **Tel**—(312) 606-4000 **Chrmn**—R. J. Day **Pres & CEO**—E. B. Connolly **Secy**—E. L. Wade **VP-Treas**—W. R. Hogan **Investor Contact**—T. H. Sleeter **Dirs**—W. H. Clark, E. B. Connolly, J. C. Cotting, J. W. Cozad, R. J. Day, A. J. Falvo, D. W. Fox, P. C. Jackson, Jr., R. C. Joynes, E. Miller, J. B. Schwemm, J. D. Sparks, A. G. Turner, W. L. Weiss **Transfer Agent & Registrar**—Company's office **Incorporated** in Illinois in 1920, reincorporated in Delaware in 1966 and 1984 **Empl**—15,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N. Tetrault

UST Inc.

NYSE Symbol UST Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
27⅞	30¾–19½	18	0.92	3.3%	A+	0.81

Summary

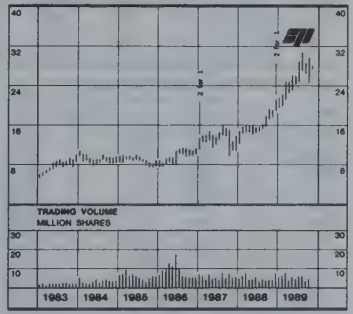
This company is a leading producer of smokeless tobacco marketed under such brand names as Copenhagen, Skoal, Skoal Long Cut, and Skoal Bandits. Substantial pricing flexibility combined with volume gains and controlled costs should allow above-average earnings growth to continue in the future. The company has introduced a smokeless snuff targeted at cigarette smokers.

Current Outlook

Earnings for 1990 could increase 14%, to $2.00 a share from the $1.75 estimated for 1989.

The quarterly dividend may be increased from $0.23.

For 1990 moist smokeless tobacco products are expected to experience good unit volume growth, given success in new product introductions, particularly with Select, a cigarette substitute. Unit sales growth may be slightly below 1989's estimated 3.4%, but higher prices, a better product mix and improving productivity should keep earnings in a good uptrend. Share repurchases at a rate of 3%-4% annually would benefit per-share earnings comparisons.



Sales[1] (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	157.6	145.1	131.8
Jun.	---	173.1	159.4	143.3
Sep.	---	173.7	157.9	147.2
Dec.	---	---	156.2	153.7
	---	---	618.5	576.1

For the nine months ended September 30, 1989, sales increased 9.0%, year to year, reflecting higher moist smokeless tobacco sales. Costs were well contained, and with interest income sharply higher, pretax income advanced 15%. After taxes at 36.8% versus 38.3%, net earnings rose 19%, to $1.25 a share (on 1.6% more shares) from $1.07.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.45	0.38	0.32	0.25
Jun.	E0.48	0.43	0.36	0.29
Sep.	E0.50	0.44	0.38	0.30
Dec.	E0.57	E0.50	0.34	0.30
	E2.00	E1.75	1.41	1.13

Next earnings report expected in late January.

Important Developments

Oct. '89— Domestic unit volume for moist smokeless tobacco for the 1989 nine months rose 3.1%, to 388.7 million cans. In the third quarter volume was up 4.1%. UST began test marketing a new smokeless product for cigarette smokers during the period.

Mar. '89— UST bought back 1.1 million common shares in 1989 through March 31 for $24.2 million. Repurchases under a 1984 program to buy back 20 million shares aggregated 15.5 million shares at a total cost of $198.9 million.

Jan. '89— A 1986 order dismissing the $148 million smokeless tobacco product liability lawsuit against UST was affirmed by the Tenth Circuit Court of Appeals.

Dec. '88— The company raised prices for all moist smokeless tobacco products 7%.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[2]1986	1985	1984	1983	1982	1981	[3]1980	1979
Tangible Bk. Val.	4.09	3.57	3.26	2.90	2.53	2.30	1.96	1.67	1.44	1.25
Earnings[4]	1.41	1.13	0.92	0.82	0.72	0.61	0.51	0.42	0.35	0.30
Dividends	0.74	0.60	0.49	0.43	0.36	0.29	0.23⅜	0.20	0.17⅜	0.15⅝
Payout Ratio	50%	51%	54%	51%	48%	48%	47%	48%	50%	51%
Prices—High	21¼	18⅛	11⅜	10	10⅜	10⅛	6¼	4¼	3⅝	3⅛
Low	12⅛	9¾	7½	7½	7⅞	5¼	3⅝	3	2¼	2⅝
P/E Ratio—	15–9	14–9	12–8	12–9	15–11	17–9	12–7	10–7	10–6	10–8

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1989, 100% Jan. 1987, 200% Jan. 1983. 1. Incl. excise taxes. 2. Reflects merger or acquisition and acctg. change. 3. Reflects merger or acquisition. 4. Bef. results of disc. opers. of -0.03 in 1981. E-Estimated.

November 9, 1989
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	607	282	46.5	22.2	17.7	4.40	261	37.9%	162	26.7
1987	564	257	45.6	33.0	17.0	5.26	235	44.2%	131	23.2
[3]1986	512	217	42.4	17.6	16.5	8.46	195	46.6%	[4]104	20.3
1985	478	192	40.2	31.9	14.9	6.80	171	45.4%	94	19.6
1984	441	178	40.4	38.5	13.4	6.27	160	47.6%	84	19.0
1983	380	152	40.0	42.9	10.6	5.87	137	48.3%	71	18.6
1982	318	119	37.3	45.5	8.5	8.58	104	46.6%	55	17.4
[5]1981	278	100	36.0	35.0	7.9	6.92	89	48.5%	46	16.4
[6]1980	266	88	33.0	17.9	7.1	7.60	76	50.1%	38	14.2
1979	231	72	30.8	13.0	4.2	[7]7.69	61	47.2%	32	13.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	72.7	291	69.9	4.2	598	28.3%	21.8	453	528	4.1	38.0%
1987	50.4	261	63.2	4.1	549	24.6%	37.1	401	486	7.6	34.1%
1986	31.4	250	60.9	4.1	524	20.9%	47.1	372	463	10.2	29.8%
1985	24.1	222	55.7	4.0	468	21.3%	57.0	323	412	13.8	30.9%
1984	5.2	184	65.1	2.8	408	21.6%	36.0	281	343	10.5	31.2%
1983	2.7	176	53.1	3.3	373	19.9%	39.5	260	320	12.4	29.3%
1982	3.1	151	57.8	2.6	333	17.9%	41.4	219	275	15.0	27.2%
1981	2.5	144	50.4	2.9	281	16.7%	36.1	186	230	15.7	26.2%
1980	3.1	135	55.5	2.4	263	14.8%	38.0	162	208	18.3	24.6%
1979	3.2	130	54.5	2.4	242	13.9%	39.9	142	187	21.3	24.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1981. 3. Reflects merger or acquisition. 4. Reflects acctg. change. 5. Excl. disc. opers. 6. Reflects merger or acquisition. 7. Reflects accounting change.

Business Summary

UST Inc. (formerly U.S. Tobacco) is one of the largest producers of smokeless tobacco, and it also manufactures pipes and pipe tobacco, cigars, writing instruments and premium wines. Segment contributions (profits in $ million) in 1988:

	Sales	Profits
Tobacco		$278.3
Smokeless products	80%	
Other tobacco products	4%	
Wine	7%	1.2
Other	9%	-2.0

Smokeless tobacco products include Copenhagen and Skoal, the two largest selling brands of moist smokeless tobacco in the world. Chewing tobacco is sold under the WB Cut names. Other products include imported smoking tobaccos (Borkrum Riff, Amphora and Alsbo) and premium cigars, including Don Tomas, La Regenta (imported) and various private brands.

Wines are comprised of premium varietal and blended wines dominated by Washington state-produced Chateau Ste. Michelle and Columbia Crest and two premium-quality California wines, Conn Creek and Villa Mt. Eden.

Other includes smokers' accessories (Dr. Grabow and Mastercraft pipes, Zig-Zag cigarette papers, and Dill's pipe cleaners); pens, markers and pencils; international operations and UST Enterprises.

Dividend Data

Dividends have been paid since 1912. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2-for-1	Dec. 15	Jan. 30	Dec. 30	Jan. 27'89
0.23	Dec. 15	Feb. 27	Mar. 3	Mar. 15'89
0.23	May 2	May 30	Jun. 5	Jun. 15'89
0.23	Jul. 27	Aug. 29	Sep. 5	Sep. 15'89
0.23	Oct. 26	Nov. 29	Dec. 5	Dec. 15'89

Next dividend meeting: mid-Dec.'89.

Capitalization

Long Term Debt: $13,008,000.

Common Stock: 109,700,000 shs. ($0.50 par). Institutions hold about 52%.
Shareholders of record: 9,993.

Office—100 West Putnam Ave., Greenwich, Conn 06830 Tel—(203) 661-1100 Chrmn & CEO—L. F. Bantle Pres—N. A. Buoniconti VP-Secy—J. P. Nelson Treas—J. D. Harris Dirs—J. Alrick, L. F. Bantle, R. E. Barrett, N. A. Buoniconti, V. A. Gierer, Jr., A. H. Leader, T. B. O'Grady, R. L. Rossi, S. R. Stuart Transfer Agent & Registrar—First National Bank of Boston Incorporated in New Jersey in 1911; reincorporated in Delaware in 1986. Empl—3,284

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

USX Corp.

2269X

NYSE Symbol X Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 13'89	1989					
33	39½-28⅞	10	1.40	4.2%	B-	0.72

Summary

The nation's largest steelmaker changed its name in 1986 to USX Corp. from U.S. Steel to reflect its move into the energy business, which has accounted for more than 50% of revenues since the 1982 acquisition of Marathon Oil Co. In October, 1989 USX announced that it planned to sell the oil and gas reserves of its Texas Oil and Gas unit and apply the proceeds to debt reduction and share repurchases. An SEC filing later disclosed that Carl Icahn had increased his stake in USX to 13.06% from 11.4%.

Current Outlook

Earnings for 1990 are projected at $2.90 a share, versus the $3.10 estimated for 1989.

The $0.35 quarterly dividend may be increased in 1990.

Sales for 1990 are expected to record a small decline, reflecting weakness in steel and lesser growth in oil. Natural gas sales should improve. A projected decline in steel profits should be mitigated by a recovery in demand for oil country tubular goods. Overall margins are expected to narrow. Profits will be aided by lower interest expense, share repurchases, and the contemplated sale of TXO's reserves, but the absence of a large gain from a litigation award should lead to a small earnings decline in 1990.

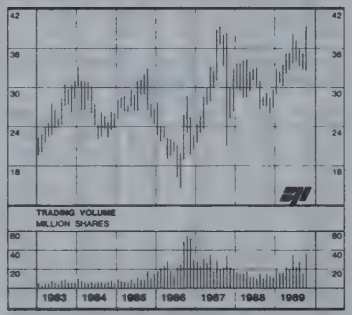
Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	4.46	4.02	2.79	4.65
Jun.	4.96	4.29	3.95	4.17
Sep.	---	4.17	3.86	3.34
Dec.	---	4.41	4.23	2.77
	---	16.88	14.84	14.94

Sales for the six months ended June 30, 1989 rose 13%, year to year, primarily reflecting a large gain in the energy unit. Aided by sharply higher operating profits at Marathon Oil, gains from asset sales and a favorable litigation settlement, pretax income advanced 61%. After taxes at 35.6%, versus 29.8%, net income rose 48%. Share earnings were $2.00 on 2.1% more shares, versus $1.26.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.09	0.52	d0.41	d1.09
Jun.	0.91	0.74	0.56	d0.03
Sep.	E0.70	0.80	0.46	d0.80
Dec.	E0.40	0.55	d0.13	d4.59
	E3.10	2.82	0.49	d6.53



Important Developments

Oct. '89— USX announced that it planned to sell the oil and gas reserves of its Texas Oil and Gas Corp. (TXO) unit and apply the proceeds to debt reduction and the repurchase of common shares. As of December 31, 1988 the reserves were estimated at 1.2 billion MCF of gas and 28 million bbls. of oil. After the sale, USX would retain TXO's gas gathering and contract drilling businesses. Subsequently, an SEC filing revealed that Carl Icahn had raised his stake in USX Corp. to 13.06% from 11.4%. In the filing Mr. Icahn stated that he would not accept any buy-out that would give him a higher price than would be available to other USX shareholders. He also said he was studying the feasibility of a buy-out or combination for USX and would speak with management about the possibility of a meaningful restructuring that would substantially enhance shareholder value.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	[2]1986	[1]1985	[1]1984	1983	[2]1982	1981	1980	[2]1979
Tangible Bk. Val.	18.91	17.77	18.26	[3]43.80	45.36	43.67	58.11	69.11	59.98	56.42
Earnings[4]	2.62	0.49	d6.53	1.71	2.78	d12.07	d3.99	12.07	5.25	d4.46
Dividends	1.25	1.20	1.20	1.10	1.00	1.00	1.75	2.00	1.60	1.60
Payout Ratio	47%	248%	NM	71%	36%	NM	NM	17%	31%	NM
Prices—High	34⅞	39⅞	28⅛	33	33¼	31	30⅛	35¼	25⅞	26⅛
Low	26	21	14½	24⅜	22	19⅝	16	23⅜	16¼	16¾
P/E Ratio—	13-10	80-43	NM	19-14	12-8	NM	NM	3-2	5-3	NM

Data as orig reptd 1. Reflects accounting change 2. Reflects merger or acquisition 3. Not restated for TXO merger 4. Bef spec item(s) of +0.06 in 1987, -0.93 in 1986, +0.85 in 1985, +0.74 in 1984, +0.52 in 1980 & +1.05 in 1979 d-Deficit E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	15,792	2,779	17.6	1,282	1,369	955	992	23.8%	756	4.8
1987	13,898	2,182	15.7	1,032	1,332	851	267	22.8%	206	1.5
[4]1986	14,000	1,522	10.9	962	1,559	925	d2,200	NM	d1,593	NM
[3]1985	18,429	2,641	14.3	1,184	1,294	878	805	60.1%	313	1.7
[3]1984	18,274	2,807	15.4	1,548	1,241	1,031	988	57.3%	414	2.3
1983	16,869	1,533	9.1	1,827	1,104	1,032	d1,208	NM	d1,161	NM
[4]1982	18,375	1,434	7.8	1,936	1,031	1,118	113	361.1%	d361	NM
1981	13,941	1,275	9.1	843	571	192	1,794	37.1%	1,077	7.7
1980	12,492	1,001	8.0	743	524	183	649	22.8%	459	3.7
[4]1979	12,929	793	6.1	979	532	[3]173	d644	NM	d383	NM

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	2,057	5,186	4,360	1.2	19,474	3.9%	6,977	4,898	13,797	50.6	14.4%
1987	1,411	4,378	3,464	1.3	19,557	1.0%	7,769	4,704	14,329	54.2	2.7%
1986	3,915	6,233	6,215	1.0	21,823	NM	6,686	4,734	13,355	50.1	NM
1985	289	3,961	3,581	1.1	18,446	1.6%	5,739	5,405	13,015	44.1	3.5%
1984	355	4,189	3,648	1.1	18,989	2.1%	6,261	4,862	12,795	48.9	6.2%
1983	541	4,298	3,509	1.2	19,314	NM	7,164	4,570	13,150	54.5	NM
1982	536	4,247	3,537	1.2	19,432	NM	6,843	5,933	14,403	47.5	NM
1981	2,363	5,412	2,823	1.9	13,316	8.5%	2,340	6,260	9,832	23.8	18.4%
1980	926	3,899	2,569	1.5	11,748	4.0%	2,401	5,288	8,404	28.6	8.9%
1979	607	3,457	2,411	1.4	11,030	NM	2,308	4,895	7,865	29.3	NM

Data as orig reptd 1. Incl. equity in earns. of nonconsol. subs 2. Bef. spec. item(s) in 1987, 1986, 1985, 1984, 1980, 1979 3. Reflects accounting change. 4. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Business Summary

USX Corp. (formerly U.S. Steel) operates primarily in the oil and gas and steel industries. In February, 1986 it merged with Texas Oil & Gas. Industry segment contributions in 1988:

	Sales	Profits
Oil & gas	59%	36%
Steel	34%	39%
Diversified businesses	7%	25%

Oil and gas includes operations of Marathon Oil and Texas Oil and Gas. In 1988 sales consisted of refined products (50%), crude oil and condensate (10%), natural gas (8%), gas gathering (5%), transportation, excise taxes and other items (27%). Production of crude oil and natural gas liquids averaged 224,000 barrels per day and of natural gas 1,187 million cubic feet per day. Estimated net proved reserves at 1988 year end were 794 million barrels of liquid hydrocarbons and 4,487 billion cubic feet of natural gas.

Steel shipments were 12.2 million tons in 1988 (8.6 million in 1987), production totaled 15.5 million tons (11.5 million in 1987), and capacity utilization was 81.4% versus 60.0% in 1987.

Steel mill products include sheet, strip and tin mill products (82% of 1988 shipments); plates, structural and piling (17%); pipe and tubing (10%); semi-finished (6%); and bars and rods (5%).

Diversified businesses include engineering, consulting and construction services, real estate, and the management of mineral resources.

Dividend Data

Dividends have been paid since 1940. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Oct. 25	Oct. 31	Nov. 4	Dec. 10'8
0.35	Jan. 31	Feb. 8	Feb. 10	Mar. 10'8
0.35	Apr. 25	May 1	May 5	Jun. 10'8
0.35	Jul. 25	Jul. 31	Aug. 4	Sep. 9'8

Next dividend meeting: Oct 31 '89.

Capitalization

Long Term Debt: $5,851,000,000.

Preferred Stock: $775,000,000.

Common Stock: 257,323,915 shs. ($1 par).
Institutions hold some 48%.
Shareholders of record: 150,909.

Office—600 Grant St., Pittsburgh, Pa. 15230 **Tel**—(412) 433 1121 **Chrmn & CEO**—D M Roderick **Pres**—C A Corry **Secy**—R M Hay **SVP-Fin & Treas**—W. E. Lewellen **Investor Contact**—Charles D Williams **Dirs**—N A Armstrong, C A Corry, J H Filer, D C Garrett Jr, J A D Geier, T. C. Graham, D C Jones, P E Lego, J F McGillicuddy, J. M. Richman, D. M. Roderick, M. Shepherd, Jr., W. E. Swales, W B Thomas, T. A. Wilson. **Transfer Agent**—Company's offices. **Registrars**—Morgan Guaranty Trust Co., NYC; Mellon Bank, Pittsburgh. **Incorporated** in New Jersey in 1901, reincorporated in Delaware in 1965 **Empl**—58,778.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Le

Ultimate Corp.

2270L

NYSE Symbol ULT

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 27'89	1989					
8⅞	12¼-7⅛	12	None	None	B	1.14

Summary

Ultimate Corp. integrates its own operating system software with minicomputer hardware made by other vendors and sells the systems for a range of business applications. ULT restructured operations in the second quarter of fiscal 1988-9 and incurred a $22 million charge. ULT returned to profitability in the second half of fiscal 1988-9, but results in the fiscal 1989-90 second quarter were impaired by a $3.1 million provision related to the discontinuance of Tandem-based products.

Business Summary

Ultimate Corp. designs and integrates minicomputer systems, consisting of computer hardware made by other vendors and its own operating system software, for use in a variety of business applications. ULT also provides complete technical support and service. Contributions to revenues in recent fiscal years:

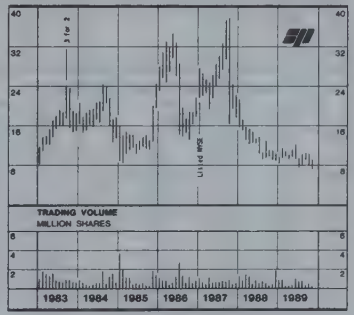
	1988-9	1987-8	1986-7
Product	67%	75%	75%
Service	33%	25%	25%

Foreign operations, primarily in Europe and Australia, contributed 30% of revenues in fiscal 1988-9.

ULT minicomputer systems include its own operating system software, the Ultimate Operating System; computer hardware manufactured by Bull HN Information Systems (formerly Honeywell-Bull), IBM, Hewlett-Packard and Sequoia; ULT's own coprocessor to enhance performance; and applications software provided by ULT's network of independent and wholly-owned dealers which target specific vertical industries. At year-end fiscal 1988-9 ULT had an installed base of over 8,000 systems.

The Ultimate Operating System is based on the Pick operating system, designed for business data management. It is optimized for flexibility and efficiency in classifying, sorting and retrieving data. The operating system operates as a relational database, which allows users to access data without knowing where the data is stored, with English-like (fourth generation) language. It also offers communication capabilities, office automation, and various productivity tools such as word processing, business graphics and spreadsheet software.

Total research and development expenditures approximated $6.7 million and $5.5 million in fiscal 1988-9 and fiscal 1987-8, respectively.



Important Developments

Oct. '89— The company discontinued the sale of Tandem-based systems in favor of Pick-based systems supplied by Sequoia Systems; ULT incurred a one-time $3.1 million provision related to the discontinuance of the Tandem-based product. Separately, in September, 1989 ULT announced that the company and certain of its current and past officers and directors were served with a class action complaint alleging that Ultimate's former chairman, T. M. Sabarese, personally and on behalf of the company guaranteed loans for the purchase of certain aircraft and provided use commitments to the lender, which resulted in a lawsuit against Ultimate, and that Mr. Sabarese declared personal bankruptcy as a result of his involvement. Ultimate believes that the class action complaint misstates, distorts and misinterprets facts already in the public record and that the claims are immaterial to Ultimate's financial condition.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Apr. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	9.10	10.50	9.10	5.48	3.34	2.92	1.86	1.00	0.63	0.06
Earnings[1]	d1.52	1.32	1.43	1.70	1.30	1.04	0.50	0.33	0.13	0.05
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	21⅜	37⅞	34¾	24½	24⅜	24⅛	10¾	8½	NA	NA
Low	8⅞	16¼	13⅛	8⅜	12⅝	8⅛	4½	4	NA	NA
P/E Ratio—	NM	29-12	24-9	14-5	19-10	23-8	22-9	26-12	NA	NA

Data as orig. reptd. Adj. for stk. div. of 50% in Sep 1983. 1. Bef. spec. item(s) of +0.20 in 1989. NM-Not Meaningful. NA-Not Available. d-Deficit

December 5, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Apr. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	200	3.9	2.0	9.37	5.04	2.57	[1]d22.2	NM	d15.0	NM
1988	209	26.6	12.7	8.81	4.94	1.85	[1]21.3	38.8%	13.0	6.2
1987	170	28.4	16.6	7.90	2.99	1.15	26.0	47.0%	13.8	8.1
1986	135	30.1	21.8	5.57	1.94	2.63	27.3	47.0%	14.5	10.7
1985	102	19.2	18.9	8.93	1.54	0.66	22.8	46.0%	12.3	12.1
1984	65	14.5	22.4	2.29	0.76	NA	18.8	46.0%	10.2	15.7
1983	35	4.8	13.8	0.91	0.52	NA	8.3	44.6%	4.6	13.2
1982	29	4.3	14.9	1.56	0.35	[3]0.01	4.9	41.1%	2.9	10.1
1981	15	1.8	11.6	0.65	0.12	[3]0.01	1.8	45.2%	1.0	6.3
1980	7	0.8	12.5	0.13	0.06	NM	0.8	44.7%	0.4	6.4

Balance Sheet Data (Million $)

Apr. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	20.0	109	64.9	1.7	169	NM	5.6	89	104	5.4	NM
1988	25.1	162	90.9	1.8	215	6.6%	6.4	103	125	5.2	13.5%
1987	23.7	134	64.9	2.1	178	8.6%	5.1	89	113	4.5	19.3%
1986	16.9	88	43.1	2.0	127	12.8%	19.2	48	84	22.8	37.3%
1985	14.3	65	37.1	1.7	91	17.2%	26.3	27	54	49.0	47.8%
1984	22.8	58	28.1	2.1	64	20.0%	5.4	30	36	15.0	40.7%
1983	13.8	33	17.9	1.9	38	15.8%	Nil	20	20	Nil	31.2%
1982	5.3	16	9.7	1.7	19	19.3%	Nil	9	9	Nil	40.2%
1981	4.9	10	5.6	1.8	11	12.9%	Nil	6	6	Nil	39.3%
1980	NM	3	3.2	1.0	4	20.1%	Nil	1	1	Nil	NM

Data as orig reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1989. 3. Net of int. inc. NA-Not Available. NM-Not Meaningful. d-Deficit

Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	49.1	46.2	45.9	36.3
Oct.	51.6	46.7	52.4	42.5
Jan.		51.7	51.7	41.7
Apr.		55.1	59.2	50.7
		199.9	209.2	171.1

Revenues for the six months ended October 31, 1989 advanced 8.3%, year to year. Gross margins narrowed, reflecting increased sales of lower margin systems, but selling, general and administrative expenses were down 26% due to the restructuring of operations and budgetary controls. There was a $3.1 million provision for the discontinuance of the Tandem-based product, but in the absence of a $22.1 million restructuring charge, pretax income was $550,000, in contrast to a loss of $33.1 million. After taxes at 35.1%, versus tax benefits of $11 million, net income was $357,000 ($0.04 a share), against a net loss of $22.1 million ($2.24, excluding a special credit of $0.20).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jul.	0.10	d0.10	0.40	0.25
Oct.	d0.07	d2.15	0.50	0.31
Jan.		0.36	0.43	0.42
Apr		0.37	Nil	0.45
		d1.52	1.32	1.43

Dividend Data

No cash dividends have ever been paid.

Finances

ULT restructured its operations during the second quarter of fiscal 1988-9, which resulted in a one-time charge of $22.1 million. The company provided reserves for the closing of several smaller lines of business and the de-emphasis of certain products, including its Digital Equipment VAX products. Inventory adjustments were also made and the provision for uncollectable debts increased. Certain operations were closed, including subsidiaries in Hong Kong and Spain, some direct sales programs, and a supplies "catalogue" business. ULT also announced it would repurchase some of its common stock in the open market from time to time. At July 31, 1989 the company had $24.0 million in cash and $87.5 million in equity.

Capitalization

Long Term Debt: $11,174,000.

Common Stock: 9,604,123 shs. (no par).
About 21% held by officers and directors.
Institutions hold approximately 42%.
Shareholders of record: 1,304.

Office—717 Ridgedale Ave., East Hanover, N.J. 07936 **Tel**—(201) 887-9222 **Pres**—M. J. O'Donnell **VP-Treas & Investor Contact**—John E. Eyre **VP-Secy**—J. J. Sturm **Dirs**—J. D. Horn, M. J. O'Donnell, T. Perry, T. C. Sabarese, B. L. Swenson, W. W. Weller Jr. **Transfer Agent & Registrar**—American Stock Transfer Co., NYC **Incorporated** in New Jersey in 1978 **Empl**—655.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Unilever N.V.

2271K

NYSE Symbol UN Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 15'89	1989					
81⅜	82¾-56¾	14	[1]2.09	[1]2.6%	B+	0.76

Summary

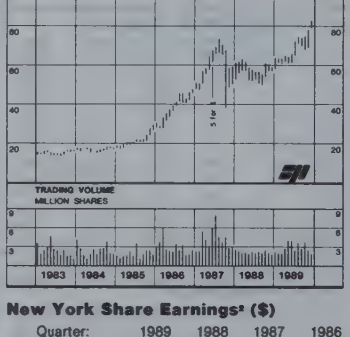
This company and Unilever PLC constitute a vast international organization that is a world leader in brand name consumer goods, mainly foods, detergents and toiletries. Other important interests include specialty chemicals and agribusiness. Currency fluctuations significantly influence reported earnings. In recent years the company has divested a number of commodity-based businesses and sharpened its focus on consumer product markets via acquisitions, including Cheseborough-Ponds for $3.1 billion in 1987 and Faberge and Elizabeth Arden for $1.55 billion in 1989.

Current Outlook

Earnings for 1990 should advance to $6.10 a New York share from the $5.75 estimated for 1989.

Dividends from 1989 earnings should at least match the approximately $2.06 per New York share (before 15% Netherlands tax) declared from 1988 earning.

Profits should continue in an uptrend in 1990, reflecting the Faberge and Elizabeth Arden acquisitions, increased emphasis on branded products, and aggressive marketing of foods and detergents worldwide. Comparatively stable materials costs and exchange rates will be important to expected earnings gains, along with successful new product introductions, cost savings programs, and continuing divestiture of underperforming assets. Cash flows should allow additional strategic acquisitions. A declining dollar versus the guilder would increase dollar-denominated earnings.



Sales[2] (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	7.85	7.69	7.56	5.47
Jun.	8.74	8.25	7.84	5.93
Sep.	9.15	8.40	7.84	5.67
Dec.	---	8.60	7.71	6.64
	---	30.98	30.95	25.37

Group sales for the 1989 nine months rose 13%, year to year (at constant exchange rates), reflecting acquisitions and increased volume in traditional products. Operations in Europe and North America improved and, despite higher interest costs, net income advanced 16%. At the September 30, 1989 rate of exchange ($1 = Fl.2.12), earnings per New York share rose 9%, to $4.23 from $3.89.

New York Share Earnings[2] ($)

Quarter:	1989	1988	1987	1986
Mar.	1.18	1.21	1.17	0.65
Jun.	1.52	1.32	1.31	0.84
Sep.	1.52	1.34	1.32	0.94
Dec.	E1.54	1.50	1.24	0.98
	E5.75	5.39	5.05	3.50

Important Developments

Nov. '89— In 1989, UN made 49 acquisitions for $3.3 billion, including Faberge and Elizabeth Arden (toiletries, cosmetics and fragrances) for $1.55 billion, and made 13 disposals for $145 million.

Next earnings report expected in mid-February.

Per N.Y. Share Data ($)

Yr. End Dec. 31	[3]1988	[3]1987	[3]1986	[3]1985	[3]1984	[3]1983	[3]1982	[3]1981	[3]1980	1979
Tangible Bk. Val.	NA	NA	NA	17.24	13.95	16.11	16.75	17.61	18.45	17.09
Earnings[4]	5.39	5.05	3.50	2.67	2.08	1.99	2.16	2.68	2.39	2.51
Dividends[5]	2.05⅞	1.90⅝	1.47½	1.13¾	0.82⅝	0.85½	0.86¾	0.95¼	0.95½	0.98¼
Payout Ratio	38%	38%	42%	43%	40%	43%	40%	36%	40%	39%
Prices—High	63¼	73½	47⅝	29½	18½	16¾	15½	12¾	12⅞	13½
Low	49¾	38	27½	17	15	13⅜	10⅜	9¾	9⅝	11⅜
P/E Ratio—	12-9	15-8	14-8	11-6	9-7	8-7	7-5	5-4	5-4	5-5

Data as orig. reptd. Adj. for stk. div(s) of 400% Jul 1987. 1. Decl. in past 12 mos (approx.); bef. 15% Netherlands tax to U.S. res. 2. As orig reptd., based on varying exchange rates, quarters will not add up to year end totals. 3. Reflects merger or acquisition. 4. Bef. spec. item(s) of 0.26 in 1987, 0.13 in 1984. 5. Pd. from yr.'s earns (bef. 15% Netherlands tax); incl. div. decl. after year-end. E-Estimated. NA-Not Available.

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Group Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	30,980	3,356	10.8	1,506	612	424	2,631	39.8%	1,510	4.9
[3]1987	31,036	3,193	10.3	1,335	[4]633	381	2,481	40.2%	1,413	4.6
[3]1986	25,428	2,354	9.3	1,028	588	323	1,692	38.7%	982	3.9
[3]1985	24,257	1,934	8.0	961	502	274	1,385	41.7%	748	3.1
[3]1984	18,795	1,540	8.2	692	392	207	1,073	42.0%	583	3.1
[3]1983	19,470	1,587	8.2	712	431	203	1,117	45.9%	559	2.9
[3]1982	21,383	1,644	7.7	778	441	243	1,174	44.1%	610	2.9
1981	22,707	1,790	7.9	850	445	269	1,355	41.3%	754	3.3
1980	24,161	1,845	7.6	1,033	477	284	1,381	47.3%	674	2.8
1979	22,753	1,802	7.9	828	451	231	1,344	44.3%	707	3.1

Group Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	2,560	11,951	8,381	1.4	19,909	7.8%	1,655	5,676	8,841	18.7	26.8%
1987	1,908	11,060	7,142	1.5	18,699	7.2%	1,654	5,538	8,891	18.6	25.5%
1986	4,795	11,914	10,799	1.1	20,413	5.8%	1,227	5,487	7,677	16.0	19.0%
1985	2,135	8,661	5,381	1.6	13,521	6.0%	938	4,802	6,658	14.1	17.1%
1984	1,294	7,152	4,484	1.6	11,236	5.2%	920	3,883	5,542	16.6	13.8%
1983	1,355	7,112	3,851	1.8	11,221	4.9%	896	4,496	6,318	14.2	12.1%
1982	1,230	7,211	4,105	1.8	11,750	5.0%	1,082	4,694	6,878	15.7	12.6%
1981	1,323	7,864	4,507	1.7	12,520	5.9%	1,211	4,907	7,303	16.6	14.9%
1980	1,295	8,221	4,781	1.7	13,188	5.3%	1,289	5,140	7,702	16.7	13.5%
1979	1,147	7,758	4,468	1.7	12,367	6.0%	1,325	4,761	7,276	18.2	16.1%

Data as orig. reptd.; Unilever N.V. and Unilever PLC combined. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1987, 1984. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Business Summary

Unilever NV and PLC constitute a diversified international group of businesses operating as a single entity with identical boards of directors and linked by a series of agreements which equalize dividends payable and other shareholder rights. The group primarily makes branded and packaged consumer goods, but also has specialty chemicals, agribusiness, packaging and medical products operations. Contributions to sales and pretax profits in 1988:

	Sales	Profits
Margarine, edible fats and oils	20.0%	20.0%
Frozen foods and ice cream	12.4%	10.1%
Other food and drinks	17.4%	20.4%
Detergents	21.8%	16.1%
Personal products	9.5%	10.9%
Specialty chemicals	8.5%	13.4%
Agribusiness	2.9%	2.4%
UAC & other	7.5%	6.7%

Products and services are provided in some 75 countries. The geographic distribution of Group sales (and operating profits) in 1988 were: Europe 60% (58%), North America 20% (19%), and other regions 20% (23%).

Cheseborough-Pond's, the diversified consumer products firm, was acquired in December, 1986 for $3.1 billion.

Dividend Data

The company normally pays an interim dividend from a year's earnings around December of that year and a final dividend around the next May.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
*1.4356	---	May 5	May 11	May 31'89
*0.6557	---	Nov. 14	Nov. 20	Dec. 21'89

*Bef. 15% Netherlands tax.

Capitalization (Group) (12/31/88)

Long Term Debt: $1,655,000,000.

Preferential Share Capital: $282,000,000.

Minority Interest: $648,000,000.

Ordinary Stock: Fl. 1,114,385,080 equivalent to 278,248,170 par Fl. 4 New York shares. The outstanding ordinary capital of Unilever N.V. is equivalent to 160,041,250 New York shares. Shareholders: 4,699.

Office—Burgemeester's Jacobplein 1 3015 CA Rotterdam, The Netherlands. U. S. Investor Contact—Mary Hernandez, Unilever United States, 390 Park Ave., NYC 10022. Tel—(212) 906-4695. Dirs—F. A. Maljers (Chrmn), M. R. Angus (Vice-Chrmn), Sir Geoffrey Allen, M. R. Angus, J. I. W. Anderson, R. W. Archer, M. Dowdall, P. V. M. Egan, H. Eggerstedt, N. W. A. Fitzgerald, W. K. Grubman, M. G. Heron, J. A. Houtzager, C. M. Jemmett, A. Kemner, O. Mueller, J. Peelen, M. S. Perry, C. M. Smith, M. Tabaksblat. Secys—D. C. Buijs, S. G. Williams. Transfer Agent—New York Shares-Morgan Guaranty Trust Co., NYC. Registrar—Citibank, NYC. Incorporated in the Netherlands in 1927. Empl—291,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Jane Colter

Union Camp

NYSE Symbol UCC Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21'89	1989					
36⅞	41⅜-33½	8	1.48	4.0%	A-	1.13

Summary

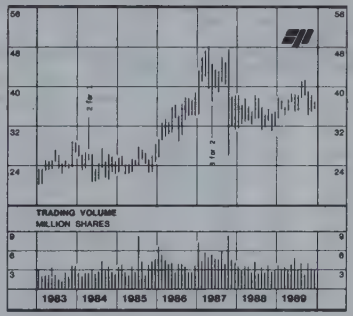
This leading producer of paper and paperboard has successfully diversified into such areas as chemicals, building materials and land development, thus lessening the effect of paper industry cyclicality. An excellent management team, sound financial condition, and increased ability to meet fiber requirements from its own lands should enable the company to remain one of the premier firms in the industry.

Current Outlook

Earnings for 1990 are projected at $4.30 a share, compared with the $4.60 estimated for 1989.

The dividend should remain at $0.37 quarterly.

Sales for 1990 should show moderate gains, based upon healthy backlogs and continued strong demand for paper, paperboard and packaging. Prices and margins should hold up well unless the general economy begins to weaken.



Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	706	645	537
Jun.	---	712	660	578
Sep.	---	667	670	583
Dec.	---	---	686	610
	---	---	2,661	2,308

Sales for the nine months ended September 30, 1989 increased 5.6%, year to year, reflecting good demand for linerboard and corrugated containers. Margins widened, and pretax earnings increased 8.4%. After taxes at 36.3%, versus 36.9%, net income was up 9.5%. Share earnings were $3.45 on 1.2% fewer shares outstanding, compared with $3.11.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.05	1.16	0.95	0.60
Jun.	E1.05	1.18	1.07	0.65
Sep.	E1.10	1.11	1.09	0.77
Dec.	E1.10	E1.15	1.14	0.81
	E4.30	E4.60	4.25	2.83

Important Developments

Oct. '89— In discussing third quarter results, the company said that shipping and production schedules had been disrupted by hurricane Hugo. The Savannah, Ga. and Eastover, S.C. mills were down during the storm, but did not suffer serious physical damage. The disruptions contributed to a 4% decline in paper shipments during the quarter.

Sep. '89— The company sold its tallow fatty acids business, including formulations and manufacturing technology, to Witco Corp. for an undisclosed amount of cash.

Apr. '89— UCC said that its total mill capacity would rise 26%, to 3.5 million tons per year by 1992.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[1]1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	22.66	20.24	18.62	17.92	17.63	16.37	15.60	14.91	13.58	12.18
Earnings	4.25	2.83	1.77	1.30	2.48	1.82	1.70	2.32	2.27	2.07
Dividends	1.22	1.14⅜	1.09⅜	1.09⅜	1.09⅜	1.00	1.00	0.93⅜	0.86¾	0.81¾
Payout Ratio	28%	40%	62%	84%	44%	55%	59%	40%	38%	39%
Prices—High	38¾	48⅛	38⅞	28½	28⅛	28⅞	22	21⅛	18	17½
Low	31	26	25½	22⅛	20½	20	14	14⅞	12⅜	13¾
P/E Ratio—	9-7	17-9	22-14	22-17	11-8	16-11	13-8	9-6	8-5	8-7

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1987, 100% May 1984. 1. Reflects accounting change. 2. Reflects merger or acquisition. E-Estimated

January 2, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1988	2,661	685	25.7	359	191	63.8	468	36.9%	295	11.1
1987	2,308	550	23.8	182	178	63.6	339	38.8%	207	9.0
1986	2,045	408	19.9	209	166	70.5	202	35.6%	[2]130	6.4
1985	1,866	321	17.2	240	152	68.1	123	22.5%	95	5.1
1984	1,974	410	20.8	316	126	68.5	275	34.1%	181	9.2
[2]1983	1,688	288	17.1	444	118	59.3	161	17.7%	133	7.9
[3]1982	1,526	261	17.1	286	105	30.7	165	24.6%	124	8.1
1981	1,666	346	20.8	241	97	26.6	254	33.4%	169	10.1
1980	1,575	322	20.4	239	80	24.7	255	35.3%	165	10.5
1979	1,389	285	20.5	284	66	13.3	230	34.4%	151	10.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1988	128	774	326	2.4	3,094	10.1%	628	1,559	2,768	22.7	20.0%
1987	154	730	277	2.6	2,897	7.4%	633	1,452	2,620	24.2	14.9%
1986	46	569	262	2.2	2,751	4.8%	642	1,371	2,489	25.8	9.7%
1985	14	508	345	1.5	2,661	3.6%	592	1,315	2,316	25.6	7.3%
1984	5	491	296	1.7	2,567	7.3%	608	1,291	2,271	26.8	14.6%
1983	8	478	286	1.7	2,381	6.0%	620	1,197	2,095	29.6	11.4%
1982	71	471	207	2.3	2,045	6.5%	465	1,139	1,838	25.3	11.1%
1981	66	390	180	2.2	1,780	9.8%	320	1,087	1,600	20.0	16.3%
1980	67	394	185	2.1	1,652	10.7%	321	990	1,467	21.9	17.6%
1979	10	299	202	1.5	1,440	11.3%	230	887	1,238	18.6	18.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition

Business Summary

UCC is an integrated producer of paper and paperboard products. Contributions by business segment in 1988:

	Sales	Profits
Paper & paperboard	41%	87%
Packaging	38%	6%
Chemicals	15%	5%
Building products	6%	2%

UCC produces unbleached coarse paper, containerboard, and special processed grades. About 65% of unbleached output in 1988 was converted by UCC into corrugated boxes, bags and folding cartons. The company also makes white papers for use in printing and advertising, business forms and envelopes. In 1988 UCC produced some 2,640,000 tons of paper and paperboard products.

Building materials activities include the production of lumber, plywood and particleboard. UCC owns or controls 1.7 million acres of timberland. UCC also makes various wood-based chemicals, including tall oil, turpentine derivatives and aromatic chemicals. The acquisition of Bush Boake Allen gives UCC a worldwide position in the flavor and fragrance compounding business.

UCC also has interests in land development. Foreign packaging operations are conducted in Ireland, Spain and the Canary Islands.

Dividend Data

Dividends have been paid since 1940. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.31	Jan. 31	Feb. 27	Mar. 3	Mar. 13'89
0.37	Apr. 25	May 26	Jun. 2	Jun. 13'89
0.37	Jun. 27	Aug. 28	Sep. 1	Sep. 13'89
0.37	Nov. 1	Nov. 28	Dec. 4	Dec. 13'89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $723,184,000.

Common Stock: 68,863,616 shs. ($1 par). Institutions hold approximately 72%. Shareholders of record: 12,478.

Office— 1600 Valley Road, Wayne, N.J. 07470. **Tel**—(201) 628-9000 **Chrmn & CEO**—R. E. Cartledge **Pres**—W. C. McClelland **VP-Secy**—D. R. Soutendijk **Treas**—D. W. Barney **Dirs**—J. H. Ballengee, W. M. Blount, G. Busbee, A. Calder Jr., R. E. Cartledge, W. C. McClelland, G. E. MacDougal, A. D. McLaughlin, J. T. Mills, J. M. Piette, J. E. Ray III, J. M. Reed, D. H. Rumsfeld, G. J. Sella, Jr., T. D. Simmons. **Transfer Agents**—Bank of New York, NYC; Sovran Bank, Richmond, Va. **Incorporated** in Virginia in 1956 **Empl**— 18,508.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

N Tetrick

Union Carbide

NYSE Symbol UK Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 2'89	1989					
24⅛	33¼-23	5	1.00	4.1%	B-	0.79

Summary

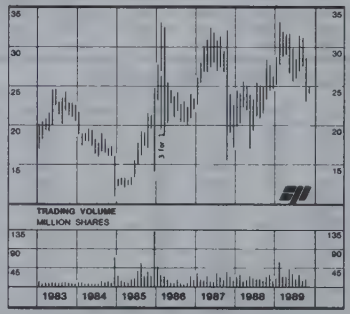
This company is a leading producer of petrochemicals, plastics, industrial gases, specialty chemicals, and carbon products. Over the past several years UK completed a major restructuring program involving asset divestments and personnel cuts. Earnings in recent periods have been penalized by lower prices for plastics, and difficult industry conditions may continue well into 1990. In February, 1989 UK paid $470 million to settle all litigation arising from the Bhopal, India industrial accident.

Current Outlook

Share earnings for 1990 are projected at approximately $4.00, down from the $4.60 estimated for 1989.

Dividend should continue at $0.25 quarterly.

Earnings in 1990 are expected to be penalized by the severe decline in polyethylene (PE) prices and margins experienced during 1989. Prices for PE may stabilized somewhat due to the recent explosion at a major competitor's PE plant and the ending of industrywide inventory reductions. Weak steel markets will limit the carbon business. The industrial gases business should continue to improve with strong industrial markets and recent industrywide price increases for gases.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.24	1.95	1.68	1.59
Jun.	2.28	2.13	1.66	1.60
Sep.	2.14	2.11	1.73	1.55
Dec.	...	2.14	1.85	1.60
	...	8.32	6.91	6.34

Sales for the first nine months of 1989 rose 7.7%, year to year, reflecting increased volumes and prices. With increased industrial gases profits, net income was up 5.0%. Share earnings were $3.74, versus $3.71.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.44	0.75	0.51	0.32
Jun.	1.33	1.39	0.52	0.37
Sep.	0.98	1.56	0.57	0.43
Dec.	E0.85	1.17	0.17	0.13
	E4.60	4.88	1.76	1.25

Important Developments

Oct. '89— UK said that lower third-quarter earnings reflected a 32% decline in chemical and plastics profits as prices for polyethylene and ethylene oxide and glycols continued to soften. Carbon profits fell 70% due to weakness in the steel industry markets. Industrial gases profits rose 50% with gains in all geographic areas. Earnings included a $0.44 a share gain from the sale of the urethane polyols business to ARCO Chemical Co., partly offset by a $0.39 a share charge for writedown of the polysilicon business. Separately, in September UK restarted a 500 million pound a year capacity ethylene plant in Taft, La., and started up a 500 million pound polyethylene plant in Seadrift, Tex. UK announced plans to increase its ethylene oxide capacity at Taft by 410 million pounds a year.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	[1]1984	[1]1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	12.96	8.88	7.28	18.94	22.75	22.99	24.21	25.30	23.34	19.89
Earnings[2]	4.88	1.76	1.25	d2.86	1.61	0.38	1.49	3.19	3.36	2.82
Dividends	1.15	1.50	1.50	1.13⅜	1.13⅜	1.13⅜	1.13⅜	1.10	1.03⅜	0.96¾
Payout Ratio	24%	86%	147%	NM	70%	303%	77%	35%	31%	35%
Prices—High	28⅜	32½	33⅛	24¾	21⅜	24⅝	20⅜	20¾	17½	14⅞
Low	17	15½	17	12	10⅞	17	13½	15⅛	11¾	11⅜
P/E Ratio—	6-3	18-9	27-14	NM	13-7	65-45	14-9	6-5	5-4	5-4

Data as orig. reptd. Adj. for stk. div(s) of 200% Mar. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of +5.49 in 1986, bef. spec. item(s) of -1.96 in 1986, +0.06 in 1985, -0.08 in 1984, +1.09 in 1980. E-Estimated d-Deficit. NM-Not Meaningful.

November 10, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	8,324	1,878	22.6	671	473	419	1,165	37.7%	662	8.0
1987	6,914	1,101	15.9	502	463	395	405	32.8%	232	3.4
[3]1986	6,343	1,112	17.5	524	453	554	226	28.3%	[4]130	2.0
1985	9,003	1,187	13.2	649	[4]596	318	d1,013	NM	d599	NM
[5]1984	9,508	1,320	13.9	670	507	373	607	37.4%	341	3.6
[5]1983	9,001	932	10.4	761	477	358	101	NM	79	0.9
1982	9,061	885	9.8	1,179	426	330	404	14.4%	[4]310	3.4
1981	10,168	1,309	12.9	1,186	386	249	954	27.0%	649	6.4
1980	9,994	1,490	14.9	1,129	326	217	1,082	33.3%	673	6.7
[5]1979	9,177	1,472	16.0	831	469	178	833	30.2%	556	6.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	146	2,883	2,455	1.2	8,441	8.0%	2,295	1,836	5,448	42.1	42.3%
1987	201	2,555	1,811	1.4	7,892	2.9%	2,863	1,247	5,277	54.3	20.3%
1986	299	2,414	1,881	1.3	7,571	1.8%	3,057	1,005	4,948	61.8	7.4%
1985	459	3,878	3,055	1.3	10,581	NM	1,750	4,019	6,464	27.1	NM
1984	96	3,306	1,758	1.9	10,518	3.3%	2,362	4,924	8,405	28.1	6.9%
1983	118	3,245	1,762	1.8	10,295	0.8%	2,387	4,929	8,330	28.7	1.6%
1982	154	3,501	1,754	2.0	10,616	2.9%	2,428	5,159	8,683	28.0	5.9%
1981	253	3,876	1,729	2.2	10,423	6.4%	2,101	5,263	8,503	24.7	12.8%
1980	243	3,919	1,795	2.2	9,659	7.2%	1,859	4,776	7,638	24.3	15.1%
1979	449	3,811	1,741	2.2	8,803	6.6%	1,773	4,043	6,818	26.0	14.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers in 1986, and spec. item(s) in 1986, 1985, 1984, 1980. 3. Excl. disc. opers. 4. Reflects accounting change. 5. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Industry segment contributions in 1988 of this diversified chemicals producer:

	Sales	Profits
Chemicals & plastics	66%	80%
Industrial gases	25%	17%
Carbon products	9%	3%

Foreign operations accounted for 31% of sales and 23% of operating profits.

Chemicals and plastics includes polyolefins (polyethylene, fabricated plastic products, specialty polymers, and technology licensing), industrial chemicals (ethylene oxide/glycol and derivatives, feedstocks and olefins, polycrystalline silicon), solvents and coatings (alcohols, esters, latexes), and speciality chemicals (biocides, solvents, silicone, urethane intermediates, lubricants, catalysts, water soluble polymers, molecular sieves, and process systems).

Industrial gases include atmospheric and specialty gases used in industrial, chemical, aerospace, electronics, food, steel, metal fabrication, and medical markets, coatings services, membrane systems, and ceramics. Carbon and graphite products include electrodes, refractories and industrial products.

Dividend Data

A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Jan. 20	Feb. 1	Feb. 7	Mar. 1'89
0.25	Apr. 26	May 2	May 8	Jun. 1'89
0.25	Jul. 26	Aug. 1	Aug. 7	Sep. 1'89
0.25	Oct. 25	Nov. 2	Nov. 8	Dec. 1'89

Next dividend meeting: late Jan.'90.

Finances

In February, 1989 UK paid $425 million to settle all litigation arising from the 1984 leak of methyl isocyanate gas at Bhopal, India, with 51% owned Union Carbide India Ltd. also paying the rupee equivalent of $45 million. Fourth quarter 1988 earnings included a $58 million ($0.43 a share) charge for the settlement, with the bulk of the payment from insurance and previous accruals. In May, 1986 all claims in U.S. Federal court against UK were dismissed.

Capitalization

Long Term Debt: $2,545,000,000.

Common Stock: 140,200,665 shs. ($1 par). Institutions hold approximately 46%. Shareholders of record: 66,491.

Office—39 Old Ridgebury Rd., Danbury, Conn. 06817-0001 **Tel**—(203) 794-2000 **Chrmn, Pres & CEO**—R. D. Kennedy **Secy & Investor Contact**—O. J. Romary **VP-Treas**—J. A. Clerico **Dirs**—J. J. Creedon, C. F. Fetterolf, H. J. Gray, J. M. Hester, V. E. Jordan, Jr., R. D. Kennedy, R. L. Kuehn, Jr., C. P. McColough, A. M. Rivlin, W. S. Sneath, J. C. Stephenson, R. E. Train. **Transfer Agent**—Company's offices **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in New York in 1917. **Empl**—43,992

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Richard O'Reilly, CFA

Union Pacific

NYSE Symbol UNP Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 6'89	1989					
73⅝	81-63¼	14	2.32	3.2%	A	1.21

Summary

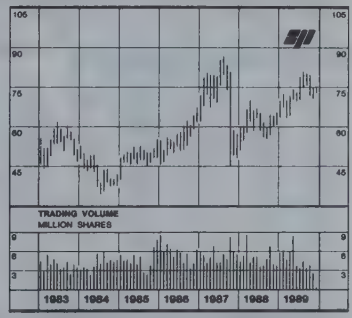
This company operates a major rail system and a leading motor carrier, and holds important interests in oil and gas, real estate and waste management services. In keeping with recent restructuring efforts, UNP repurchased in June, 1989 11 million of its common shares (10%) at $73 each through a "Dutch auction" tender for up to 14.5 million (13%), and said that it would dispose of its real estate unit. In 1988 UNP sold its oil refining assets for $555 million and a pipeline unit for $105 million.

Current Outlook

Earnings for 1990 are projected at $6.00 a share (on some 5% fewer shares), versus the $5.55 anticipated for 1989.

Dividends were lifted 5.5%, to $0.58 quarterly from $0.55, with the January 1990 payment.

Rail profits in 1990 could improve moderately as a pickup for grain traffic offsets sluggish cyclical merchandise volumes and flat rates. Helping to support margins will be savings realized from the consolidation of dispatching operations and integration of the "Katy." Overnite profits could ease, reflecting continued discounting pressure and flat volumes. Oil and gas profits should improve as output advances and prices remain firm. USPCI's profits should improve markedly as it puts expansion costs behind. Proceeds from the sale of UNP's real estate unit will help cut interest costs.



Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,551	1,461	1,427	1,822
Jun.	1,625	1,480	1,475	1,578
Sep.	1,579	1,544	1,513	1,567
Dec.	---	1,583	1,528	1,616
	---	6,068	5,943	6,583

Revenues for the 1989's first nine months rose 6.0%, year to year. Income from continuing operations was up 6.2%. Share earnings were $3.98 on 12% fewer shares, versus $3.53.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.22	1.14	1.07	0.88
Jun.	1.41	1.15	1.25	d7.38
Sep.	1.35	1.23	1.35	1.24
Dec.	E1.57	1.38	1.23	1.13
	E5.55	4.90	4.90	[1]d4.13

Important Developments

Oct. '89— UNP told analysts that it had repurchased an additional 906,000 (0.9%) of its common shares since buying back in June 11,017,160 shares (9.9% of the total outstanding) at $73 each through a "Dutch auction" self-tender. Separately, UNP said that it expected to sell its Union Pacific Realty Co. unit by 1989 year-end. Union Pacific Realty, which earned $41 million in 1988, has assets valued at over $400 million. UNP's latest restructuring efforts, which are intended to enhance shareholder value, follow its withdrawal from all downstream energy activities. In January, 1989 UNP sold its 50% stake in a 160,000 bbl./day Texas refinery to Petroleos de Venezuela for $89 million. In 1988 UNP sold its California refinery to Ultramar PLC for $466 million and a pipeline unit to GATX Corp. for $105 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	[2]1987	1986	1985	1984	1983	[2]1982	1981	1980	1979
Tangible Bk. Val.	38.48	26.50	32.47	39.67	37.52	35.34	33.38	31.40	28.76	26.00
Earnings[4]	4.90	4.90	d4.13	4.18	4.01	3.57	3.38	4.27	4.22	4.01
Dividends	2.10	2.00	1.85	1.80	1.80	1.80	1.80	1.65	1.45	1.21⅜
Payout Ratio	43%	41%	NM	42%	44%	50%	53%	39%	34%	30%
Prices—High	70⅛	86⅝	67⅜	55¼	52¾	61⅞	51¾	79¼	96¼	39¼
Low	51	45⅛	45½	39¾	34¼	44	29¼	42½	33½	25¾
P/E Ratio—	14-10	18-9	NM	13-10	13-9	17-12	15-9	19-10	23-8	10-6

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1980. 1. Incl. nonrecurring charge of 8.76. 2. Reflects merger or acquisition. 3. Reflects accounting change. 4. Bef. results of disc. opers. of +0.75 in 1988, -0.43 in 1986, -1.17 in 1983; bef. spec. item(s) of +0.20 in 1987. d-Deficit E-Estimated NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	6,068	1,642	27.1	NA	523	324	872	35.9%	559	9.2
[5]1987	5,943	1,467	24.7	700	448	270	887	36.9%	560	9.4
1986	6,574	1,445	22.0	674	495	231	d805	NM	d414	NM
1985	7,798	1,329	17.0	965	497	226	749	33.1%	501	6.4
1984	7,789	1,349	17.3	892	499	234	766	35.5%	494	6.3
[3]1983	8,353	1,271	15.2	800	[5]512	261	687	35.8%	441	5.3
[4]1982	5,818	882	15.2	846	394	183	418	21.9%	327	5.6
1981	[6]6,375	1,006	15.8	903	302	163	572	28.2%	411	6.4
1980	[6]4,832	866	17.9	966	259	[5]115	559	27.7%	405	8.4
1979	[6]3,989	793	19.9	669	200	69	563	32.0%	382	9.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	439	1,667	1,860	0.9	12,228	4.7%	3,222	4,482	9,608	33.5	13.0%
1987	165	1,396	1,565	0.9	10,919	5.1%	2,747	3,761	8,696	31.6	14.8%
1986	300	1,552	1,791	0.9	10,863	NM	2,918	3,408	8,332	35.0	NM
1985	453	1,767	1,677	1.1	10,710	4.8%	1,951	4,356	8,711	22.4	11.1%
1984	503	1,908	1,817	1.1	10,392	4.8%	1,889	4,231	8,261	22.9	11.2%
1983	751	2,055	1,701	1.2	10,218	4.4%	2,186	4,056	8,159	26.8	10.3%
1982	455	1,783	1,605	1.1	9,999	3.5%	2,644	3,888	8,113	32.6	8.6%
1981	75	1,339	1,071	1.3	7,097	6.2%	1,701	3,097	5,876	28.9	13.8%
1980	44	1,154	975	1.2	6,195	7.2%	1,325	2,832	5,053	26.2	15.0%
1979	74	864	797	1.1	5,087	8.0%	873	2,556	4,176	20.9	15.8%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. disc. opers. in 1988, 1987, 1986, 1983. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Reflects accounting change. 6. Incl. other inc. NA-Not Available. d-Deficit. NM-Not Meaningful.

Business Summary

Contributions (in million $) from continuing operations by business segment in recent years:

	1988	1987	1986
Transportation	$925	$774	$113
Natural resources	231	181	-508
Waste services	3	---	---
Land	41	36	31

The Union Pacific R.R., the nation's third largest railroad, expanded its system in 1988 to 22,853 miles through the acquisition of the 3,000-mile Katy line for $117 million. Traffic increased to 176.6 billion ton-miles in 1988, from 157.2 billion in 1987. Union Pacific is a major hauler of chemicals, which in 1988 generated 22% of freight revenues. Coal and petroleum generate 17% of rail revenues, while grain accounts for 12%.

Overnite Transportation is one of the nation's largest general freight motor carriers, operating through a network of 132 terminals in 39 states and the province of Quebec. Overnite handled 4.4 million tons of freight in 1988 (of which 74.2% was less-than-truckload cargo), compared with 3.9 million tons in 1987 (71.6%).

Natural resources activities include the production of oil and gas, coal and trona. At 1988 year-end UNP had reserves of 152.5 million bbls. of oil, condensate and gas liquids and 1.5 trillion cubic feet of gas, and controlled 6.4 million net acres of undeveloped properties. UNP also produces coal through a joint venture, collects royalties on leased properties and has a 50% stake in a major trona deposit in Wyoming.

Union Pacific Realty Co. (to be sold), an integrated land and building development company, owned 1.8 million sq. feet of properties at 1988 year-end. USPCI, Inc., acquired in 1988 for $401 million, provides a variety of waste management services including treatment, recovery and disposal at two sites in Oklahoma and Utah.

Dividend Data

Dividends have been paid since 1900.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.55	Feb. 23	Mar. 2	Mar. 8	Apr. 3'89
0.55	May 25	Jun. 5	Jun. 9	Jul. 3'89
0.55	Jul. 27	Sep. 7	Sep. 13	Oct. 2'89
0.58	Nov. 30	Dec. 7	Dec. 13	Jan. 2'90

Next dividend meeting: late Feb. '90.

Capitalization

Long Term Debt: $3,998,800,000.

Common Stock: 100,500,000 shs. ($2.50 par).
Institutions hold approximately 60%.
Shareholders of record: 69,134.

Office—Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA. 18018 **Tel**—(215) 861-3200 **Chrmn & CEO**—D. Lewis **Secy**—C. N. Olsen **Treas**—G. M. Stuart. **Dirs**—R. Bauman, E. V. Conway, W. S. Cook, S. F. Eccles, J. B. Fery, E. T. Gerry, Jr., W. D. Grant, J. R. Hope, D. B. Jenks, L. M. Jones, H. Kissinger, D. Lewis, J. R. Meyer, M. F. Miller, M. K. Milliken, H. B. Mitchell, E. L. Palmer, J. D. Robinson III, R. W. Roth, W. M. Shapleigh, R. D. Simmons. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Utah in 1969; R.R. incorporated in 1897. **Empl**—47,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Unisys Corp.

NYSE Symbol UIS Options on ASE & CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 24'89	1989					
16	30½-12⅜	NM	1.00	6.3%	B+	0.94

Summary

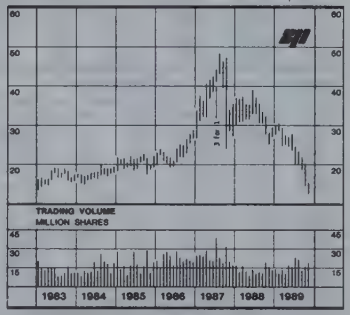
Unisys Corp. is the world's third largest computer vendor. The company incurred restructuring and other charges totaling $381 million in the 1989 third quarter, reflecting workforce reductions, manufacturing facilities consolidation, estimated losses on government contracts and litigation provisions. Although the restructuring is intended to reduce UIS' annual cost base by $500 million, results for 1990 should be adversely affected by weak revenue growth from both the commercial and Government sectors.

Current Outlook

Share earnings for 1990 are projected at $1.00, versus a loss of $4.70 estimated for 1989.

The $0.25 quarterly dividend is unlikely to be increased until profitability improves.

Revenue growth in 1990 should continue to be under pressure. Although there will be wider availability of the new 2200 Series of mainframe computers, mainframe industry growth is only 5%-7%. Furthermore, competitive pricing has intensified, and UIS has been losing market share to IBM and others. Demand for the company's open systems products should remain strong, but they still account for a small portion of total revenues. Sales to the Government will remain restricted by defense budget constraints and the ongoing investigation into procurement practices. Cost reductions resulting from the recently announced restructuring will not fully benefit earnings until later in 1990. With debt currently at 51% of total capitalization, interest expense will remain high.



Total Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	2,202	2,368	2,416	1,136
Jun.	2,575	2,393	2,275	1,338
Sep.	2,352	2,268	2,223	2,423
Dec.	---	2,874	2,799	2,536
	---	9,902	9,713	7,432

Revenues for the nine months ended September 30, 1989 advanced 1.4%, year to year. Margins were depressed across most product lines, reflecting high manufacturing costs associated with excess capacity and competitive pricing pressures. Selling, general and administrative expenses and interest costs were up significantly, and after restructuring and other charges totaling $381 million, there was a pretax loss of $605.3 million, compared with pretax income of $690.5 million. After taxes of $68.0 million, versus $227.9 million, the net loss was $673.3 million ($4.75 a share), against net income of $462.6 million ($2.38). Per-share results are after preferred dividends.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	d0.66	0.77	0.57	0.12
Jun.	0.17	0.84	0.64	0.54
Sep.	d4.25	0.77	0.68	0.34
Dec.	E0.04	1.20	1.26	d1.56
	Ed4.70	3.58	3.15	d0.54

Important Developments

Oct. '89— UIS said that its pretax loss in the third quarter included a $231 million restructuring charge, reflecting a work force reduction of about 8,000 people, consolidation of manufacturing facilities, and discontinuation of certain products and businesses. These and other actions are intended to reduce UIS' annual cost basis by about $500 million by the end of 1990. The pretax loss also included charges of $150 million to cover estimated losses on certain Government contracts and litigation provisions.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	[1]1981	[1]1980	1979
Tangible Bk. Val.	12.15	11.81	10.36	18.11	16.74	16.37	16.12	17.29	17.06	17.28
Earnings[2]	[3]3.58	[3]3.15	d0.54	1.82	1.80	1.53	0.72	1.19	[3]0.66	[3]2.48
Dividends	0.98	0.90[3]/4	0.86[3]/4	0.86[3]/4	0.86[3]/4	0.86[3]/4	0.86[3]/4	0.86[3]/4	0.86[3]/4	0.70
Payout Ratio	27%	29%	NM	48%	48%	60%	120%	73%	132%	28%
Prices—High	39	48[3]/8	28[7]/8	22[3]/4	19[7]/8	19[1]/4	16[1]/2	18[1]/2	29[1]/4	27[3]/4
Low	25	24	19[1]/4	17[3]/8	14[7]/8	13[1]/2	9[7]/8	9	15[1]/2	21[1]/2
P/E Ratio—	11-7	15-8	NM	12-10	11-8	13-9	23-14	15-8	44-23	11-9

Data as orig. reptd. Adj. for stk. div(s). of 200% Jul. 1987. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.21 in 1982. 3. Ful. dil.: 3.27 in 1988, 2.93 in 1987, 0.86 in 1980, 2.46 in 1979. d-Deficit. NM-Not Meaningful. E-Estimated.

December 4, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	9,902	1,701	17.2	670	628	305	959	29.0%	681	6.9
1987	9,713	1,745	18.0	721	618	256	948	39.0%	578	6.0
[3]1986	7,432	428	5.8	553	444	270	d92	NM	[4]d43	NM
1985	5,038	765	15.2	450	338	145	360	31.0%	248	4.9
1984	4,808	801	16.6	575	380	126	363	32.4%	245	5.1
1983	4,297	730	17.0	589	405	115	303	35.0%	197	4.6
1982	4,095	569	13.9	638	380	172	75	NM	[4]91	2.2
[3]1981	3,318	583	17.6	535	304	145	254	41.4%	149	4.5
[3]1980	2,857	418	14.6	435	248	81	134	39.0%	[4]82	2.9
1979	2,785	764	27.4	434	234	48	528	42.1%	306	11.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26	5,815	3,432	1.7	11,535	6.2%	3,078	3,526	8,103	38.0	16.8%
1987	46	4,617	3,477	1.3	9,958	5.8%	1,933	3,118	6,481	29.8	16.5%
1986	56	4,536	3,342	1.4	9,409	NM	2,226	2,397	6,067	36.7	NM
1985	43	2,868	1,240	2.3	4,556	5.5%	802	2,492	3,317	24.2	10.3%
1984	39	2,744	1,433	1.9	4,504	5.7%	742	2,297	3,072	24.2	10.8%
1983	55	2,401	1,246	1.9	4,098	4.6%	565	2,232	2,853	19.8	8.9%
1982	55	2,382	1,131	2.1	4,123	2.1%	831	2,041	2,992	27.8	4.3%
1981	55	2,302	1,352	1.7	4,439	3.6%	804	2,180	3,087	26.1	6.9%
1980	58	2,034	1,267	1.6	3,855	2.3%	372	2,125	2,588	14.4	3.8%
1979	66	1,750	961	1.8	3,387	9.7%	190	2,136	2,425	7.9	15.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. aft. 1984. 2. Bef. spec. item(s) in 1982. 3. Reflects merger or acquisition. 4. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Unisys (formerly Burroughs Corp., merged with Sperry Corp. in 1986) is the world's third largest vendor of information systems and related products and services. Revenue sources:

	1988	1987
Mainframes & peripherals	30%	32%
Distributed systems & workstations	14%	12%
Software & services	17%	16%
Equipment maintenance	20%	20%
Custom products & services	17%	18%
Other	2%	2%

Foreign operations provided 46% of revenues and 34% of operating profits in 1988. Government agencies contributed 25% of revenues.

Unisys sells a complete line of small to large mainframes and related communication processors and peripherals such as printers, storage devices and document handling equipment. Distributed systems and workstations include departmental systems, intelligent workstations, UNIX equipment, personal computers, and terminals. Software and related services consist of application and systems software along with related professional services. Custom products and services include specialized information processing systems and services marketed mainly to government agencies.

Research and development spending in 1988 amounted to $713 million (7.2% of total revenues), up from $597 million (6.1%)in 1987.

Dividend Data

Dividends have been paid since 1895. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Dec. 12	Dec. 30	Jan. 6	Feb. 7'89
0.25	Feb. 23	Mar. 17	Mar. 23	May 8'89
0.25	May 25	Jun. 19	Jun. 23	Aug. 7'89
0.25	Sep. 28	Oct. 3	Oct. 10	Nov. 7'89

Next dividend meeting: Dec. 11'89.

Capitalization

Long Term Debt: $3,178,200,000.

$3.75 Cum. Conv. Pfd. Stk.: 28,576,800 shs. ($1 par); conv. into 1.67 com. shs.

Common Stock: 158,656,857 shs. ($5 par). Institutions hold approximately 70%. Shareholders of record: 42,400.

Office—Township Line and Union Meetings Roads, Blue Bell, Pa 19424 Tel—(215) 542-4011 Chrmn & CEO—W. M. Blumenthal Pres & COO—J. A. Unruh VP-Secy—K. L. Miller VP-Treas—S. C. Riesenfeld VP-Investor Contact—Jack F. McHale. Dirs—C. F. Barber, W. M. Blumenthal, M. R. Goodes, C. A. Hessler W. E. La Mothe, W. G. Milliken, A. M. Rivlin, A. E. Schwartz, A. R. Seder, Jr., D. V. Seibert, R. R. Shinn, R. M. Surdam, J. A. Unruh. Transfer Agent & Registrar—Harris Trust Company of New York. Incorporated in Michigan in 1905, reincorporated in Delaware in 1984. Empl—90,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

USAir Group

NYSE Symbol U Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
35⅜	54¾-33⅜	27	¹0.12	¹0.3%	B+	1.20

Summary

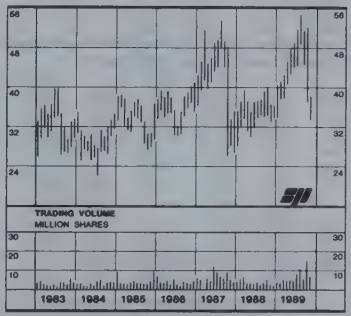
This holding company, whose principal subsidiary is USAir, a highly efficient airline operating primarily in the eastern half of the U.S., completed an aggressive acquisition program in 1987, when it acquired Piedmont Aviation and Pacific Southwest Airlines. This combination of airlines has significantly expanded the company's operating area and should produce substantial long-term operating benefits. To defend against hostile takeovers, the company sold in August, 1989 a new preferred stock to Berkshire Hathaway Inc., increased its stock buyback program and established an ESOP.

Current Outlook

Earnings for 1990 are projected at $3.50 a share, versus the $0.45 estimated for 1989.

Dividends should continue at $0.03 quarterly.

Revenues for 1990 probably will advance moderately from 1989 levels. Traffic during the first half is likely to be restrained by slow growth in the economy, but some pickup should develop later in the year. Average fare yield is likely to be flat, reflecting competitive conditions in some markets. Operating costs should be under improved control, reflecting absence of nonrecurring merger expense and possible flat fuel prics. Share earnings comparisons will benefit from share buybacks.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,485	1,248	465	407
Jun.	1,735	1,493	620	458
Sep.	1,531	1,483	791	486
Dec.	---	1,483	1,126	483
	---	5,707	3,001	1,835

Revenues for the first nine months of 1989 advanced 12.4%, year to year. Operating costs rose 17.0%. Net income declined 72.9%. Earnings per share were $0.76 a share, versus $3.28.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.35	d0.43	0.80	d0.25
Jun.	2.29	2.14	2.33	1.08
Sep.	d1.86	1.58	1.66	1.36
Dec.	Ed0.66	0.53	0.62	1.06
	³E0.45	3.81	5.28	3.34

Important Developments

Oct. '89— The third-quarter loss was attributed to lower fare yield and increased fuel, labor and merger-related costs.

Aug. '89— The company sold $358 million of new convertible preferred stock to Berkshire Hathaway Inc. The stock would be convertible after two years into an approximate 12% common share interest. BRK agreed to a limit of 14% on its voter interest without USAir's approval.

Aug. '89— USAir established an Employee Stock Ownership Plan, which acquired 2.2 million newly issued common shares. It also increased to 9.4 million the number of shares authorized for repurchase in the open market.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	²1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	28.69	25.84	38.76	35.45	31.89	26.77	22.89	20.34	18.47	13.79
Earnings	3.81	5.28	3.34	4.05	4.92	3.49	3.35	3.13	4.71	2.64
Dividends	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.09	Nil
Payout Ratio	3%	2%	3%	3%	2%	3%	4%	4%	2%	Nil
Prices—High	40⅛	53½	41	38½	35	39⅞	36⅛	26⅛	19¼	12½
Low	28	26	30⅛	27¼	22	25⅞	10	11	6½	6½
P/E Ratio—	11-7	10-5	12-9	10-7	7-4	11-7	11-3	8-4	4-1	5-2

Data as orig. reptd. 1. Excl 0.03 spec. in July 1989. 2. Reflects merger or acquisition. 3. Does not add due to change in shs. d-Deficit. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	¹Net Inc.	% Net Inc. of Revs.
1988	5,707	667	11.7	581	248	168	²270	38.8%	165	2.9
¹1987	3,001	449	15.3	2,169	130	112	²296	34.2%	195	6.5
1986	1,835	265	14.4	278	95	45	170	42.1%	³98	5.4
1985	1,765	254	14.4	327	88	41	176	33.5%	117	6.6
1984	1,630	258	15.8	338	66	34	204	40.4%	122	7.5
1983	1,432	191	13.4	394	64	31	122	34.0%	81	5.6
1982	1,273	134	10.5	237	54	30	97	39.0%	59	4.6
1981	1,110	104	9.3	218	45	22	69	25.8%	51	4.6
1980	972	135	13.9	112	43	21	88	31.6%	60	6.2
1979	729	87	12.0	76	35	15	50	32.4%	33	4.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	78	822	1,209	0.7	5,349	3.1%	1,333	2,070	3,743	35.6	8.3%
1987	233	896	993	0.9	5,257	4.5%	1,798	1,895	4,038	44.5	10.9%
1986	336	555	377	1.5	2,147	4.8%	425	1,057	1,770	24.0	9.7%
1985	350	552	322	1.7	1,951	6.1%	451	954	1,629	27.7	12.9%
1984	276	452	314	1.4	1,621	8.2%	415	735	1,307	31.7	18.0%
1983	134	336	277	1.2	1,318	6.3%	332	612	1,041	31.9	14.2%
1982	149	323	231	1.4	1,062	5.7%	316	454	831	38.0	13.7%
1981	81	243	224	1.1	881	5.4%	261	347	658	42.7	14.9%
1980	87	235	217	1.1	715	9.6%	221	222	498	44.3	29.1%
1979	80	186	160	1.2	533	6.6%	157	166	373	42.1	19.5%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change.

Business Summary

USAir Group is a holding company whose principal subsidiaries are USAir and Piedmont Aviation. Pacific Southwest Airlines, which was acquired in May, 1987, was merged into USAir in April, 1988. USAir and Piedmont are to be merged in August 1989. Other subsidiaries include Pennsylvania Airlines, Henson Aviation, Jetstream International, Suburban Airlines, Clark Leasing and USAir Leasing.

As of January, 1989, USAir served more than 130 cities in the U.S. and Canada through 106 airports. Principal hubs are at Pittsburgh and Philadelphia. During 1988 USAir carried 32.5 million passengers.

Piedmont Airlines serves more than 125 cities through 96 airports largely in the southeastern and eastern U.S., and in Canada, Nassau and London. Its principal hubs are Charlotte, Baltimore, Dayton and Syracuse. During 1988 it carried 27.1 million passengers.

The combined fleet of the two carriers at the beginning of 1989 consisted of six 767-200ERs, 44 727-200s, 31 MD-80s, 189 737s (-200,-300,-400), 74 DC-9-30s, 21 BAe 146s, 11 BAe 1-11s and 45 F-28s. On order were 61 737s (-300,-400,-500) for delivery in 1989-91, two 767-200ERs for 1990 delivery and 20 F-100s for delivery in 1989-90. Remaining payments for these aircraft totaled $1.47 billion. There were also options for 106 aircraft.

Dividend Data

Quarterly dividends were initiated in 1980. Previously, cash was paid only in 1965 and 1968. A "poison pill" stock purchase right was adopted in January, 1986 and amended in June, 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.03	Mar. 29	Apr. 10	Apr. 14	Apr. 30'89
0.03	May 10	Jul. 10	Jul. 14	Jul. 31'89
0.03 Spl.	---	Jul. 10	Jul. 14	Jul. 31'89
0.03	Sep. 27	Oct. 6	Oct. 13	Oct. 31'89
0.03	Nov. 15	Jan. 8	Jan. 15	Jan. 31'90

Next dividend meeting: late Mar.'90.

Capitalization

Long Term Debt: $1,442,611,000.

9 1/4% Conv. Preferred Stock: 358,000 shs. (no par); conv. into com. at $60 a sh. after 8/7/91; owned by Berkshire Hathaway.

Common Stock: 44,425,589 shs. ($1 par).
Institutions hold about 86%.
Shareholders of record: 24,357.

Office—1911 Jefferson Davis Highway, Arlington, Va 22202 **Tel**—(703) 892-7224 **Chrmn & Pres**—E. I. Colodny **VP-Secy**—J. T. Lloyd **VP-Treas & Investor Contact**—J. C. Heintze **Dirs**—E. I. Colodny, M. J. DeVito, M. E. Gilliand, G. J. W. Goodman, E. A. Horrigan, Jr., D. C. Jones, R. LeBuhn, R. Malin, J. W. McClure, N. S. Mead, J. G. Medlin, Jr., H. M. Merriman, P. A. Schoellkopf, S. Schofield, R. P. Simmons **Transfer Agents & Registrars**—Chase Manhattan Bank, NYC; Riggs National Bank, Wash., D.C. **Incorporated** in Delaware in 1937 **Empl**—47,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

T.M. Canning, CFA

U.S. Home

NYSE Symbol UH In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 29'89	1989					
1½	2¼-1	NM	None	None	C	1.69

Summary

This company is one of the largest on-site manufacturers of single-family homes, with over two-thirds of operations concentrated in the Sunbelt. In an effort to restore profitability, management has repeatedly downsized operations and withdrawn from unprofitable markets. Sales and earnings are very sensitive to changes in mortgage interest rates.

Current Outlook

A small profit is possible for 1990, compared with a small loss from continuing operations expected for 1989.

An early resumption of dividends is unlikely.

Revenues for 1990 are expected to decline slightly, based on withdrawals from several markets and sluggish homebuilding activity. However, higher average sales prices should limit the sales decline. Earnings should eventually benefit from more conservative management policies.

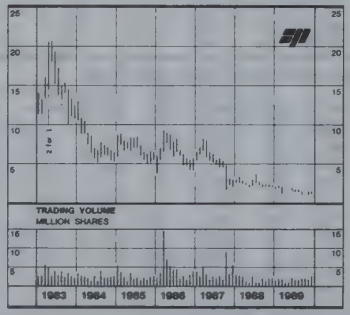
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	163	169	181	158
Jun.	173	184	199	198
Sep.	174	190	203	207
Dec.		193	204	203
		736	787	767

Operating revenues for the nine months ended September 30, 1989 declined 6.0%, year to year, primarily reflecting a sharp drop in revenues from financial services. Housing revenues were down 1.2%. A loss from continuing operations of $2,965,000 ($0.07 a share) was reported, in contrast to income of $3,393,000 ($0.08). Results exclude a loss of $0.08 a share from discontinued operations, in contrast to income of $0.01 in the year-earlier interim. Results for the 1989 period also exclude a special credit of $0.18 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.01	0.01	0.08	d0.02
Jun.	d0.03	0.05	0.04	d1.71
Sep.	d0.04	0.03	d0.02	0.14
Dec		0.08	d0.50	0.14
		0.16	d0.39	d1.47



Important Developments

Oct. '89— The company said that third quarter deliveries of new homes were 1,408 units, down 15%, year to year. New orders in the third quarter rose 4.8%, to 1,522 units. The dollar value of the backlog was $252 million.

Oct. '89— The company reported that it had retired $42.4 million of public debt during the first nine months of 1989, and an additional $16.3 million in the month of October. The debt reduction was expected to yield annual interest savings of approximately $5.6 million.

Jun. '89— UH exercised its option to pay $4,018,597 interest due on debentures and notes due in 1995 and 1997 by issuing 2,656,488 common shares in lieu of cash.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	4.43	4.09	5.23	7.24	7.38	8.80	8.31	8.07	8.06	6.22
Earnings[3]	0.16	d0.39	d1.47	d0.26	d1.27	0.80	0.32	0.24	1.66	1.57
Dividends	Nil	Nil	Nil	Nil	0.14	0.28	0.08	0.30½	0.27⅞	0.21½
Payout Ratio	Nil	Nil	Nil	Nil	NM	35%	25%	133%	18%	14%
Prices—High	3¾	8¼	9¼	8⅞	13	20¾	14⅞	16½	16½	8⅞
Low	2	1⅝	4⅛	5	5⅛	10	5	6	5	3½
P/E Ratio—	23-13	NM	NM	NM	NM	26-13	47-16	70-26	10-3	4-2

Data as orig reptd. Adj. for stk. div(s) of 100% Apr. 1983, 10% Oct. 1980, 10% Apr. 1980. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.04 in 1988, -0.75 in 1987, -0.58 in 1986, bef. spec. item(s) of +0.06 in 1982, +0.11 in 1981. d-Deficit. NM-Not Meaningful.

January 9, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

2342

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	[1]Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	736	61	8.3	Nil	Nil	95.5	7	NM	6.5	0.9
1987	787	11	1.4	Nil	9.4	49.0	d15	NM	d15.7	NM
[5]1986	767	8	1.1	2	11.7	47.1	d103	NM	d57.4	NM
1985	922	d10	NM	NA	12.9	48.3	d23	NM	d9.0	NM
1984	1,104	d75	NM	33	11.2	49.6	d90	NM	d43.9	NM
[6]1983	1,152	54	4.7	8	12.5	37.9	40	30.3%	27.6	2.4
1982	864	39	4.5	2	13.6	50.7	14	29.5%	10.1	1.2
1981	982	39	3.9	103	11.2	64.9	10	31.6%	6.8	0.7
1980	1,081	102	9.4	55	8.3	[7]43.4	82	45.8%	44.3	4.1
1979	935	102	10.9	74	6.7	36.0	75	45.4%	41.0	4.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	33.7	NA	333	NA	947	0.8%	437	177	613	71.2	3.7%
1987	15.9	NA	299	NA	723	NM	249	176	424	58.6	NM
1986	15.4	NA	352	NA	726	NM	153	221	374	40.9	NM
1985	7.2	NA	206	NA	847	NM	309	281	641	48.2	NM
1984	14.3	NA	203	NA	816	NM	277	275	613	45.3	NM
1983	10.1	NA	234	NA	868	3.3%	228	324	634	36.0	8.9%
1982	17.4	NA	185	NA	754	1.3%	231	281	569	40.7	3.6%
1981	19.6	NA	200	NA	755	0.9%	254	264	554	45.8	2.6%
1980	3.9	NA	251	NA	723	6.1%	208	246	472	44.0	20.1%
1979	7.0	NA	303	NA	640	7.2%	165	172	337	48.8	26.3%

Data as orig. reptd. 1. Net of curr. yr. retirement and disposals. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1988, 1987, 1986 & spec. item(s) in 1982, 1981. 4. Excludes discontinued operations and reflects accounting change. 5. Excludes discontinued operations. 6. Reflects merger or acquisition. 7. Reflects accounting change. NM-Not Meaningful. d-Deficit. NA-Not Available.

Business Summary

UH is one of the largest on-site manufacturers of single-family homes, with operations in 29 metropolitan areas in 13 states. Contributions to revenues by industry segment in the past two years:

	1988	1987
Single-family homes	87%	83%
Sales of lots/land	4%	4%
Equity in joint ventures/other	1%	1%
Financial Services	8%	12%

Deliveries of site-built dwellings in 1988 totaled 6,178 units, down 22% from those of 1987.

UH acquires land, installs on-site and offsite improvements, and supervises the on-site manufacturing of homes. Arrangements for mortgage financing of purchases are made with local financial institutions and through VA and FHA mortgage programs. U.S. Home Mortgage Corp. conducts mortgage brokerage and service operations, primarily for homebuyers of UH.

UH divested its manufactured housing operations in January, 1987. In August, 1988 the company sold its Dee Wood Industries unit for $16.8 million in cash.

Dividend Data

Dividends were omitted in October, 1984 after having been resumed in 1976. The most recent payment was $0.02 on September 17, 1984. A "poison pill" stock purchase right was adopted in 1986.

Finances

UH records sales of its homes at the time of closing when title has passed to the customer. Interest is capitalized on land, lots and houses during the development and construction period.

Capitalization

Long Term Debt: $336,977,000 (9/30/89).

Common Stock: 44,030,962 shs. ($0.10 par). Institutions hold approximately 12%. Shareholders of record: 8,519.

Warrants: To purchase 1,425,000 shs.

Office—1800 West Loop South, P.O. Box 2863, Houston, Tex. 77252-2863. Tel—(713) 877-2311. Chmn & CEO—R. J. Strudler. Pres—I. Hembinder. VP-Secy—R. G. Slaughter. VP-Treas—L. W. McAfee. Investor Contact—K. Somoza. Dirs—K. J. Hanau, Jr., I. Hembinder, C. A. McKee, H. Ripault, J. M. Roche, A. W. Schmidt, Jr., E. H. Smith, R. J. Strudler, S. M. Wiseman. Transfer Agent & Registrar—First National Bank, Boston. Incorporated in Delaware in 1959. Empl—1,624.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N Tetrick

U.S. Shoe

NYSE Symbol USR Options on Phila (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 3'90	1989-90					
21	27½-16⅜	18	0.46	2.2%	B+	1.40

Summary

This company is a leading women's apparel and eyewear retailer. USR also manufactures and retails brand name footwear. Earnings for fiscal 1988-9 declined due to softness in the women's apparel sector and weak footwear sales. However, profits for the first nine months of fiscal 1989-90 rose substantially as result of higher earnings in women's apparel and optical retailing, and USR was expecting to report a significantly higher earnings for the full year.

Business Summary

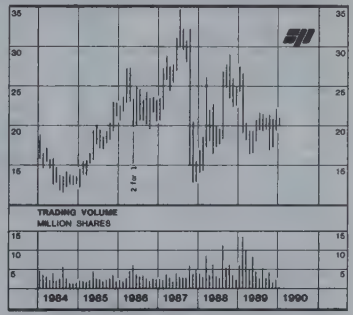
U.S. Shoe is a consumer goods company with operations in women's apparel retailing, optical retailing and footwear manufacturing and distribution. As of year-end 1988-9 the company was operating 2,512 retail locations, consisting of 1,758 stores specializing in apparel, 296 optical retailing stores, and 458 footwear stores. Industry segment contributions in fiscal 1988-9:

	Sales	Profits
Women's specialty retailing	49%	14%
Optical retailing	18%	34%
Footwear	33%	52%

The women's speciality retailing group consists mainly of enclosed mall stores, including 756 Casual Corner stores (women's medium-to-better grade apparel), 397 Ups 'N Downs stores (young women), 237 Petite Sophisticate stores (petite), 194 Caren Charles stores (misses sizes), 89 August Max Woman and August Max stores (better-quality womens), 50 Career Image stores (working women), and 15 Cabarat stores (fashion accessories). Free standing stores consist of 20 T.H. Mandy stores (misses brand name merchandise at discount prices).

The optical retail division consists of 287 LensCrafters optical superstores and nine other stores.

Footwear consists of the manufacturing, importing, wholesaling, and retailing of moderate-to-better priced women's footwear. Major brands include Abstrax, Amalfi, Bandolino, Calvin Klein, Capezio, Cobbie, Cobbie Cuddler, David Evins, Divertente, Easy Spirit, Easy Spirit Dress, Evan-Picone, Famolare, Garolini, Innovations, Joyce, Leslie Fay, Liz Claiborne, Pappagallo, Red Cross, and Selby. The company also produces various brand name boots. USR additionally operates 283 shoe stores including Hahn Shoes, Cincinnati shoes and Bannister shoes, as well as various concept shoes stores, and operates 175 leased shoe departments.



Important Developments

Nov. '89— USR attributed the year-to-year gain in profits for the first nine months of fiscal 1989-90 to higher earnings at the optical and women's apparel retailing groups. Based on these positive trends for the first nine months, USR said that it was expecting a strong profit gain for its fiscal year ending January 30, 1990. Given current consumer buying patterns, management said Casual Corner would report its highest earnings ever. Performance at Lenscrafters Optical was also strong, with 350 outlets expected by fiscal year-end. Another 100 units should open in fiscal 1990-1 as part of a long term goal of reaching $1 billion in sales by 1993. Meanwhile, although the footwear division's earnings declined during the nine-month period, profits improved during the third quarter, reflecting increased demand for shoes sold under the Easy Spirit brand.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jan. 31[1]	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Tangible Bk. Val.	NA	11.17	11.29	10.57	10.34	9.33	8.49	7.21	6.42	5.50
Earnings[2]	NA	0.29	0.80	0.57	1.46	1.21	1.71	1.36	1.34	1.08
Dividends	0.46	0.46	0.46	0.46	0.44½	0.41⅞	0.37	0.33⅜	0.30⅞	0.26⅞
Payout Ratio	NA	158%	56%	80%	30%	35%	22%	24%	23%	25%
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Prices—High	27½	29	34¾	27⅜	23	18⅞	24½	14¼	9⅛	5⅜
Low	16⅜	14	12¾	19½	12⅛	11½	12½	5¾	4⅞	2⅞
P/E Ratio—	NA	NM	43-16	48-34	16-8	16-10	14-7	10-4	7-4	5-3

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1986, 100% Jun. 1983, 50% Jul. 1981. 1. Prior to 1981 fis. yr. ended Jul. 2. Bef. spec. item(s) of +0.36 in 1988. NM-Not Meaningful. NA-Not Available.

January 11, 1990

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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[2]Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1989	2,343	138	5.9	93	65.9	27.2	21	37.5%	13.0	0.6
1988	2,168	124	5.7	165	54.8	17.4	61	40.9%	36.0	1.7
1987	2,003	119	5.9	164	44.0	18.1	49	48.5%	d25.5	1.3
1986	1,920	183	9.5	79	33.7	15.9	124	47.6%	64.9	3.4
1985	1,717	144	8.4	66	27.4	15.9	100	46.6%	53.4	3.1
1984	1,508	173	11.5	54	21.8	10.1	143	47.4%	75.2	5.0
1983	1,254	136	10.9	38	16.2	8.5	113	46.7%	60.1	4.8
1982	1,088	119	10.9	51	12.5	3.8	106	44.8%	58.8	5.4
1981	974	107	11.0	35	10.6	6.5	91	48.3%	46.9	4.8
1980	831	72	8.6	24	8.9	10.0	54	46.2%	29.2	3.5

Balance Sheet Data (Million $)

Jan. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	10.1	580	324	1.8	1,111	1.2%	202	517	776	26.1	2.5%
1988	22.1	584	369	1.6	1,101	3.6%	154	518	673	23.0	7.2%
1987	16.0	505	229	2.2	923	2.9%	144	489	632	22.7	5.3%
1986	14.7	534	232	2.3	850	7.8%	92	477	570	16.2	14.2%
1985	12.0	532	295	1.8	807	7.2%	46	428	473	9.8	13.0%
1984	2.5	439	199	2.2	670	11.9%	50	390	440	11.3	20.7%
1983	36.2	395	168	2.4	590	10.8%	59	329	403	14.7	19.1%
1982	31.2	350	139	2.5	520	11.9%	65	283	363	17.9	21.9%
1981	49.9	325	124	2.6	462	10.3%	72	237	325	22.3	21.4%
1980	2.7	343	173	2.0	449	7.3%	77	188	265	29.0	16.3%

Data as orig. reptd. 1. Prior to 1981 fis. yr. ended Jul. 2. Net of interest income after 1980. 3. Bef. spec. item(s) in 1987. 4. Reflects accounting change.

Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	572	528	506	437
Jul.	591	544	511	458
Oct.	646	587	536	498
Jan.		684	614	611
		2,343	2,168	2,003

Sales for the nine months ended October 28, 1989 advanced 9.0%, year to year, reflecting an 8.2% rise in women's apparel retailing, a 27% rise in opti cal retailing, and a 3.0% gain in the footwear operations. There was operating income in women's apparel retailing of $22.0 million, versus a loss of $18.7 million; in the optical retailing group, operating income rose 46.4%, but in the footwear division, operating income fell 3.6%. Pretax income of $54.8 million contrasted with a loss of $8.3 million. After taxes at 39.0%, versus a tax credit of $3.2 million, net income was $33.4 million ($0.74 a share), against a loss of $5.0 million ($0.11).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.17	0.07	0.18	0.07
Jul.	0.13	d0.21	0.12	d0.11
Oct.	0.44	0.03	0.27	0.30
Jan.		0.40	0.23	0.31
		0.29	0.80	0.57

d-Deficit.

Dividend Data

Dividends have been paid since 1932. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.11½	Jan. 30	Mar. 13	Mar. 17	Apr. 7'89
0.11½	Jun. 16	Jun. 20	Jun. 26	Jul. 17'89
0.11½	Sep. 20	Sep. 26	Oct. 2	Oct. 16'89
0.11½	Nov. 29	Dec. 21	Dec. 28	Jan. 15'90

Next dividend meeting: late Jan.'90.

Finances

In the fiscal 1988-9 Annual Report USR estimated capital expenditures for fiscal 1989-90 at $88.5 million, versus $93.1 million in fiscal 1988-9.

Capitalization

Long Term Debt: $177,969,000.

Common Stock: 44,707,356 shs. (no par).
Institutions hold approximately 81%.
Shareholders of record: 9,368.

Office—One Eastwood Drive, Cincinnati, Ohio 45227. **Tel**—(513) 527-7000 **Chmn & Pres**—P. G. Barach **VP-Secy**—J. J. Crowe **VP-Fin & Investor Contact**—E. J. Klee **Dirs**—J. H. Anderer, P. G. Barach, G. Hahn, Jr., L. T. Kellar, A. M. Kronick, J. F. Lebor, P. L. Lowe, D. G. Ross, J. L. Roy, H. O. Toor. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Ohio in 1931. **Empl**—46,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

U S WEST

NYSE Symbol USW Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 25'89	1989					
69⅞	75¼-56¾	12	3.76	5.4%	A-	0.74

Summary

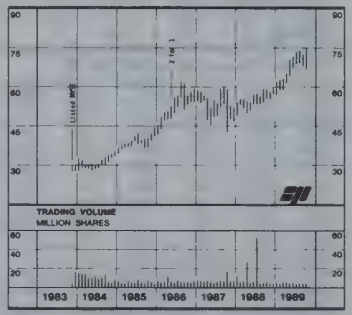
U S West, the seventh largest telephone holding company in the U.S. (based on 1988 revenues), serves customers in 14 Great Plains, Rocky Mountain, and Pacific Northwest states. While seeking to enhance its competitive position in the traditional telephone business, USW has been fairly aggressive in efforts to diversify into other businesses.

Current Outlook

Earnings for 1990 are projected at $6.25 a share, versus the $5.90 estimated for 1989.

The $0.94 quarterly dividend is likely to be raised during the first half of 1990.

Revenues from telephone operations in 1990 are expected to modestly increase, reflecting growth in access lines and calling volume, offset by rate cuts. Revenues from non-regulated operations should rise at a strong pace: cellular and paging revenues should continue to increase at a double digit pace; revenues from directory publishing should be strong; and revenues from financial services should benefit from an acquisition; revenues from building sales are unpredictable but could go higher. Margins may narrow, largely reflecting rate cuts on local telephone service.



Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.39	2.19	2.04	2.03
Jun.	2.43	2.25	2.11	2.05
Sep.	2.32	2.43	2.13	2.14
Dec.	---	2.35	2.16	2.08
	---	9.22	8.45	8.31

Revenues for the nine months ended September 30, 1989 increased 4.1%, year to year. After a $145.4 million special gain in the 1988 period, pretax income decreased 12%. After taxes at 29.5%, versus 30.5%, net income declined 11%, to $4.17 a share from $1.30.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar	1.37	1.30	1.08	0.94
Jun.	1.42	1.83	1.42	1.42
Sep	1.39	1.55	1.46	1.42
Dec.	E1.72	1.49	1.35	1.08
	E5.90	6.17	5.31	4.86

Next earnings report expected in late January.

Important Developments

Oct. '89— USW said that third-quarter earnings included onetime effects of rate settlements in Minnesota and Colorado. Earnings comparisons also reflected a gain from the sale of a building in the 1988 quarter, versus none in the 1989 quarter. Nine month comparisons reflected a onetime gain of $88.7 million, or $0.48 a share, from the April, 1988 sale of common stock in USW's cellular and paging unit. On a comparable basis, USW that said operating earnings modestly increased. Earlier, Washington State regulators proposed an incentive regulation plan that would provide $65 million annually in rate reductions and service improvements over a five year period. USW's authorized rate of return in that state would rise from 10.5% to 11.25%, and excess revenues beyond that level would be shared by ratepayers and USW. The proposal required further regulatory approval.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983
Tangible Bk. Val.	41.46	38.96	37.08	35.84	34.03	NA
Earnings	6.17	5.31	4.86	4.84	4.62	NA
Dividends	3.46	3.28	3.04	2.86	2.70	NA
Payout Ratio	56%	62%	63%	59%	58%	NA
Prices—High	59⅝	60¼	62	44½	35½	30
Low	48⅜	42½	41⅝	34¼	27⅞	27⅝
P/E Ratio—	10-8	11-8	13-9	9-7	8-6	NA

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1986 E-Estimated NA-Not Available

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Depr.	Maint.	Oper. Ratio	[1]Fxd. Chgs. Cover.	Constr. Credits	Eff. Tax Rate	Net Inc.	% Return On Revs.	% Return On Invest. Capital	[2]Com. Equity
1988	9,221	1,760	NA	83.4%	3.76	NA	30.5%	1,132	12.3	9.5	14.9
1987	8,445	1,641	NA	83.1%	4.37	NA	33.1%	1,006	11.9	8.9	13.5
1986	8,308	1,400	NA	84.4%	4.48	NA	38.9%	924	11.1	8.7	13.0
1985	7,813	1,276	NA	83.2%	4.51	NA	38.7%	926	11.8	9.1	13.6
1984	7,280	1,106	1,223	82.7%	4.45	31.5	39.1%	887	12.2	9.2	13.7

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Capital Expend.	Net Prop.	% Earn. on Net Prop.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	Pfd.	% Pfd.	Com.	% Com.
1988	24,346	2,279	17,007	12.1	18,656	6,466	45.4	Nil	Nil	7,786	54.6
1987	22,522	1,908	15,721	9.1	16,658	7,456	60.1	Nil	Nil	4,949	39.9
1986	21,383	2,282	15,614	8.4	16,343	4,909	40.3	Nil	Nil	7,279	59.7
1985	20,151	2,089	15,242	8.8	15,459	4,733	40.5	Nil	Nil	6,944	59.5
1984	18,693	1,774	14,582	8.8	14,922	4,855	42.2	Nil	Nil	6,648	57.8
[3]1983	17,535	NA	14,103	NA	14,036	4,605	42.1	Nil	Nil	6,329	57.9

Data as orig. reptd. 1. Times int. exp. (pretax basis). 2. As reptd. by co. 3. As of Jan. 1, 1984. NA-Not Available.

Business Summary

U S West is the seventh largest telephone holding company in the U.S., based on 1988 revenues. As of December 31, 1988, US West Communications, the company's telephone operations (formerly USW's Northwestern Bell, Mountain Bell, and Pacific Northwest Bell subsidiaries), served some 11,878,000 customer access lines in the following states: Arizona, Colorado, Montana, New Mexico, Utah, Wyoming, Idaho, Iowa, Minnesota, North Dakota, South Dakota, Oregon, and Washington. The subsidiaries generally provide local telephone service, and provide some intrastate long distance service.

USW has established subsidiaries to enter businesses other than the traditional telephone business. New Vector Group, Inc. (80.5% owned) at 1988 year-end provided cellular communications service in 29 western cities, including San Diego, Phoenix, and Denver, to more than 83,000 cellular customers, an increase of some 63% from the previous year. A separate subsidiary offered paging services in 51 western cities serving more than 90,600 customers.

BetaWest Properties, Inc. owns and develops commercial real estate and provides construction, design and property management services.

US West Marketing Resources Group Inc. is engaged in advertising and publishing, including directory publishing, through its U S West Direct, TransWestern Publishing and US West Marketing Resources subsidiaries.

U S West Financial Services Inc. provides leasing and sales financing to customers of USW's companies and to others. Applied Communications, Inc. markets transaction-processing software.

The company jointly owns, with the six other regional Bell holding companies, Bell Communications Research, which provides technical assistance and consulting services to the companies.

Dividend Data

Dividends were initiated in 1984. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.88	Jan. 6	Jan. 13	Jan. 20	Feb. 1'89
0.94	Feb. 3	Apr. 13	Apr. 19	May 1'89
0.94	Jun. 2	Jul. 14	Jul. 20	Aug. 1'89
0.94	Oct. 6	Oct. 16	Oct. 20	Nov. 1'89

Next dividend meeting: early Jan. '90.

Finances

Consolidated capital spending amounted to $2.29 billion ($1.79 billion by telephone subsidiaries) in 1988, up from $1.91 billion ($1.62) billion in 1987. Capital spending by the telephone companies is expected to approximate $1.6 billion in 1989.

On January 1, 1984 AT&T spun-off its 22 Bell operating companies in the form of USW and six other regional holding companies (RHCs). That action was taken pursuant to a divestiture agreement settling Federal antitrust action.

Capitalization

Long Term Debt: $7,275,800,000.

Common Stock: 186,591,000 (no par).
Institutions hold about 38%.
Shareholders of record: 1,007,428.

Office—7800 East Orchard Rd., Englewood, Colo. 80111. **Tel**—(303) 793-6500. **Chrmn & CEO**—J. A. MacAllister. **Pres**—R. D. McCormick. **EVP-Secy**—L. W. DeMuth, Jr. **VP-Treas**—J. T. Anderson. **Investor Contact**—J. L. Trygg. **Dirs**—R. Diaz-Oliver, G. A. Dove, S. M. Hufstedler, A. F. Jacobson, J. A. MacAllister, R. D. McCormick, R. D. O'Brien, G. L. Ryland, J. D. Sparks, W. I. Spencer, W. A. Strauss, J. H. Vollbrecht, Sr., J. O. Williams, D. Yankelovich. **Transfer Agent**—American Transtech Inc., Jacksonville, Fla. **Registrar**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Colorado in 1983. **Empl**—70,994.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

United Technologies

NYSE Symbol UTX Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 19'89	1989					
52½	57⅜–39⅞	10	1.60	3.1%	A-	1.45

Summary

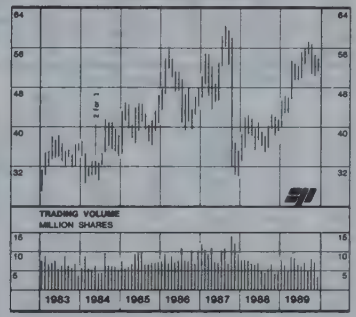
United Technologies is a major manufacturer of commercial and military aircraft jet engines, helicopters, flight systems products, air conditioning equipment, elevators and escalators, and automobile and other products. UTX has begun a program to improve margins through restructuring of operations, including employee reductions, which should produce higher profits in 1989 and 1990.

Current Outlook

Earnings for 1990 are projected at $5.60 a share, versus $5.20 estimated for 1989.

Dividends should continue at least at the current $0.40 quarterly rate.

Revenues for 1990 should show a moderately good advance. As in 1989, the power group should again lead the way as deliveries of commercial engines build up, spurred by the order boom. Some further gain in spare parts sales is also likely. Margins should improve moderately. Flight systems results should continue to be hampered by the problems at Norden. Modest gains are likely for building systems, while the industrial products group profits could decline, reflecting the drop in auto production.



Revenues[1] (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	4.46	4.33	3.94
Jun.	---	5.27	4.46	4.29
Sep.	---	4.75	4.47	4.21
Dec.	---	---	5.27	4.74
	---	---	18.52	17.17

Revenues for the first nine months of 1989 rose 6.4%, year to year. Pretax income was up 3.8%. After taxes at 39.5%, versus 39.5%, and larger minority interest, net income was up 1.8%. Share earnings were $3.91, versus $3.89.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E1.00	0.95	0.94	0.75
Jun.	E1.55	1.50	1.50	1.19
Sep.	E1.50	1.46	1.45	1.26
Dec.	E1.55	E1.29	1.16	1.32
	E5.60	E5.20	5.05	4.52

Important Developments

Oct. '89— Through mid-October UTX had announced orders for $11 billion of commercial jet engines in 1989, more than double the record full-year total of $5 billion established in 1988.

Oct. '89— Total backlog at September 30 was $18.6 billion, up 12% from a year earlier.

Aug. '89— UTX said that it abandoned attempts to sell its Norden subsidiary. It was considering a merger of Norden with its Hamilton Standard unit.

Jun. '89— UTX established an Employee Stock Ownership Plan, which was issued 10.2 million shares of new convertible preferred for $660 million borrowed from the company. Debt securities will be issued to repay the loan. UTX will repurchase 10.2 million common shares.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	[2]1987	1986	1985	[2]1984	[3]1983	[2]1982	1981	1980	[3]1979
Tangible Bk. Val.	34.88	30.80	27.08	29.11	25.72	22.74	20.66	18.15	15.19	12.98
Earnings[4]	5.05	4.52	0.07	[5]4.76	[5]4.90	[5]3.97	[5]3.37	[5]3.86	[5]3.64	[5]3.25
Dividends	1.55	1.40	1.40	1.40	1.37½	1.27½	1.20	1.20	1.10	1.10
Payout Ratio	31%	31%	NM	30%	28%	34%	36%	33%	31%	34%
Prices—High	42⅝	60½	56¼	46½	41⅝	38½	29½	32⅞	31⅝	22¼
Low	33	30	39¼	34½	28½	26⅞	15⅝	20	18⅝	17⅝
P/E Ratio—	8-7	13-7	NM	10-7	8-6	10-7	9-5	9-5	9-5	7-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Jun. 1984. 1. Sales only prior to 1988. 2. Reflects merger or acquisition. 3. Reflects merger or acquisition and accounting change. 4. Bef. spec. item(s) of +1.01 in 1982; bef. results of disc. opers. of +0.20 in 1986, -2.64 in 1985. 5. Fully diluted 4.58 in 1985, 4.70 in 1984, 3.74 in 1983, 3.21 in 1982, 3.53 in 1981, 3.26 in 1980, 2.86 in 1979. E-Estimated NM-Not Meaningful

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	18,000	1,521	8.5	875	562	370	1,165	39.5%	659	3.7
[3]1987	17,170	1,699	9.9	854	529	345	1,074	41.0%	592	3.4
1986	15,669	637	4.1	849	481	283	124	41.5%	[4]48	0.3
[5]1985	14,992	1,600	10.7	668	421	253	1,083	39.0%	636	4.2
[3]1984	16,332	1,517	9.3	825	455	258	1,016	34.5%	645	3.9
[3]1983	14,669	1,317	9.0	675	401	243	859	39.0%	509	3.5
[3]1982	13,577	1,219	9.0	528	349	288	758	42.0%	427	3.1
1981	13,668	1,327	9.7	591	304	287	875	46.0%	[4]458	3.3
1980	12,324	1,195	9.7	573	253	[4]261	787	47.5%	393	3.2
[6]1979	9,053	852	9.4	331	168	139	626	45.4%	326	3.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	243	7,989	4,948	1.6	12,748	5.3%	1,643	4,822	7,073	23.2	14.4%
1987	424	7,406	4,676	1.6	11,929	5.1%	1,856	4,291	6,673	27.8	14.6%
1986	270	6,940	4,626	1.5	11,092	0.4%	1,723	3,801	5,909	29.2	0.2%
1985	972	6,893	4,120	1.7	10,528	6.2%	1,289	3,849	6,014	21.4	15.5%
1984	225	5,820	3,753	1.6	9,905	6.9%	1,178	3,645	5,764	20.4	17.0%
1983	232	5,019	3,373	1.5	8,720	5.8%	869	3,254	5,021	17.3	14.0%
1982	121	4,604	3,050	1.5	7,993	5.4%	927	2,776	4,724	19.6	13.4%
1981	168	4,489	2,915	1.5	7,555	5.6%	832	2,446	4,408	18.9	16.2%
1980	147	4,577	3,185	1.4	7,326	5.6%	867	1,888	3,910	22.2	17.5%
1979	169	4,029	2,516	1.6	6,426	6.1%	913	1,623	3,712	24.6	17.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1982, and results of disc. opers. in 1986, 1985. 3. Reflects merger or acquisition. 4. Reflects acctg. change 5. Excl. disc. opers. 6. Reflects merger or acquisition and accounting change

Business Summary

UTX produces and sells high technology products and services. Business segment contributions (profits in $ million) in 1988:

	Sales	Profits
Power	34%	$685
Flight systems	19%	-15
Building systems	35%	409
Industrial products	11%	207
Other	1%	-48

Non-U.S. operations accounted for 29% of sales in 1988. U.S. Government business comprised 24% of sales.

Power products consist of Pratt & Whitney aircraft jet engines and spare parts for both commercial and military aircraft.

Flight systems products include Sikorsky helicopters for military and commercial operations; and rocket motors, fuel control, radar and integrated display systems and other airborne and space systems.

The Building group consists of Carrier (air conditioning equipment) and Otis Elevator (elevators and escalators).

Industrial products include wiring systems, electromechanical and hydraulic devices and electric motors for the automotive industry, and controls for the appliance industry.

Dividend Data

Dividends have been paid since 1936. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.40	Jan. 30	Feb. 13	Feb. 17	Mar. 10'89
0.40	Apr. 24	May 22	May 26	Jun. 10'89
0.40	Jul. 31	Aug. 21	Aug. 25	Sep. 10'89
0.40	Oct. 30	Nov. 16	Nov. 22	Dec. 19'89

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $2,000,400,000.

$4.50 Pfd. Stock: 9,053 shs. (liquid. pref. $105).

$4.80 Conv. Pfd. Stock: 10,153,846 shs. ($1 par); conv. into one com.; owned by ESOP.

Common Stock: 127,386,080 shs. ($5 par).
Institutions hold about 67%.
Shareholders of record: 42,900.

Office—United Technologies Building, Hartford, Conn. 06101. Tel—(203) 728-7000. Chrmn & CEO—R. F. Daniell. VP-Secy—M. R. Lewis, Jr. VP-Treas—F. A. Caine. Investor Contact—F. Flynn. Dirs—A. H. Chayes, R. F. Daniell, R. F. Dee, C. W. Duncan, Jr., T. M. Ford, P. G. Gyllenhammar, E. W. Large, R. H. Malott, J. S. Reed, R. S. Smith, J. G. Wexler. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in Delaware in 1934. Empl—186,600.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Thomas M. Canning, CFA

United Telecommunications

NYSE Symbol UT Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 17'89	1989					
78⅛	87½-44	30	$2.00	2.6%	B+	0.84

Summary

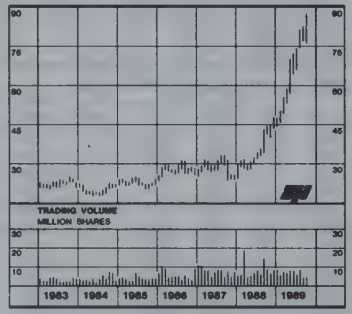
This company operates the nation's ninth largest telephone system and, with the January 3, 1989 purchase of an additional 30.1% interest from GTE Corp., has a controlling interest (80.1%) in US Sprint, the nation's third largest long distance carrier. Other operations include directory publishing, equipment distribution, "900" and operator services. A 2-for-1 stock split is to be distributed December 28, 1989.

Current Outlook

Earnings for 1990 are projected at approximately $5.50 a share, versus the $3.60 estimated for 1989 (both unadjusted for the pending 2-for-1 split).

In October, 1989 UT raised its quarterly dividend 4.2%, to the equivalent of $0.50 on present shares from $0.48.

Total revenues for 1990 should increase sharply, reflecting US Sprint revenue growth in excess of 20%, moderate growth from telephone operations, and stong growth from complementary businesses. Margins for US Sprint are anticipated to widen significantly due to a sharp increase in volume and the unit's high operating leverage. Earnings from telephone operations should increase modestly. Profits from complementary businesses should improve.



¹Oper. Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,766	1,495	573	583
Jun.	1,853	1,557	588	584
Sep.	1,934	1,707	600	587
Dec.	---	1,734	644	617
	---	6,493	2,405	2,372

Revenues for the nine months ended September 30, 1989 advanced 17%, year to year (1988 restated to include US Sprint on a consolidated basis), reflecting a 27% rise in US Sprint revenues, a 5.7% gain for local service, and a 13% increase for complementary businesses. Margins widened sharply on the higher volume, and operating income rose 2.5-fold. After a 15% increase in interest costs, and minority interests, pretax income rose 2.8-fold. Following taxes at 30.9%, versus 2.7%, net income increased to $261.5 million from $131.1 million. Share earnings were $2.49, against $1.27, which was before a $0.02 loss from discontinued operations.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.73	0.34	0.13	0.55
Jun.	0.86	0.37	d1.20	0.57
Sep.	0.90	0.56	0.23	0.49
Dec.	E1.11	0.09	0.29	0.27
	E3.60	1.38	d0.55	1.88

Important Developments

Oct. '89— The company attributed the rise in 1989 third quarter earnings largely to increased stability and continued growth of its US Sprint unit. UT noted that significant revenue growth opportunities continued to exist for US Sprint in the fourth quarter of 1989 and beyond, citing the commencement of services for the Federal government under the FTS-2000 contract and plans to extend international service utilizing the PTAT transatlantic fiber-optic cable system.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	17.15	14.56	16.73	16.96	18.11	18.75	17.36	17.21	15.04	14.55
Earnings²	1.36	d0.55	1.88	0.18	2.36	2.72	2.49	2.72	2.44	2.60
Dividends	1.92	1.92	1.92	1.92	1.88	1.80	1.72	1.64	1.56	1.48
Payout Ratio	141%	NM	102%	NM	80%	66%	69%	60%	64%	57%
Prices—High	47⅞	33⅜	31¼	25	22¾	25	23½	24	19¾	21⅜
Low	24¼	23½	23¼	20⅛	17⅜	20⅛	15¾	14⅜	14	16⅝
P/E Ratio—	35-18	NM	17-12	NM	10-7	9-7	9-6	9-5	8-6	8-6

Data as orig. reptd. 1. Tel. Revenues prior to 1986. 2. Bef. results from disc. opers. of +3.59 in 1988, +0.21 in 1984, -0.11 in 1983, +0.75 in 1981, +0.03 in 1980, +0.03 in 1979. 3. Rate based in initial quarterly aft. 2-for-1 split. d-Deficit. E-Estimated. NM-Not Meaningful.

October 25, 1989

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Income Data (Million $)

Year Ended Dec. 31	Util. Revs.	Non Util. Revs.	Total Revs.	Int. Exp.	Eff. Tax Rate	¹Net Inc.	% Return On Revs.	% Return On Assets	% Return On ²Equity
1988	2,510	4,104	6,493	302	29%	142	2.2	1.7	8.2
1987	2,405	659	3,064	130	71%	d52	NM	NM	NM
1986	2,372	485	2,857	135	13%	187	6.6	3.1	10.8
1985	2,307	913	3,219	142	NM	21	0.7	0.4	1.0
1984	2,145	713	2,858	156	39%	216	7.6	4.1	12.6
1983	1,966	508	2,474	144	37%	233	9.4	4.8	14.5
1982	1,834	595	2,429	149	38%	202	8.3	4.3	13.7
1981	1,640	615	2,255	152	36%	206	9.1	4.7	15.7
1980	1,407	497	1,904	139	39%	175	9.2	4.3	14.9
1979	1,262	510	1,792	120	40%	181	10.1	4.9	16.9

Balance Sheet Data (Million $)

Dec. 31	Gross Prop.	Depr. Reserve	Net Prop.	Capital Expend.	Total Invest. Capital	Capitalization LT Debt	% LT Debt	³Pfd.	% Pfd.	Com.	% Com.
1988	10,657	3,338	7,318	1,432	7,518	3,675	56.1	1,000.0	15.3	1,875	28.6
1987	6,970	2,625	4,344	692	5,482	3,048	65.7	63.7	1.4	1,523	32.9
1988	6,710	2,429	4,281	945	5,401	2,683	59.8	81.0	1.8	1,725	38.4
1985	7,019	2,300	4,718	1,060	4,555	1,948	52.4	82.0	2.2	1,689	45.4
1984	6,416	2,000	4,416	678	4,505	1,836	50.7	75.6	2.1	1,712	47.2
1983	5,891	1,673	4,218	542	4,322	1,762	50.6	76.3	2.2	1,645	47.2
1982	5,638	1,465	4,173	593	4,231	1,845	53.9	80.3	2.3	1,499	43.8
1981	5,280	1,293	3,987	663	3,870	1,672	53.4	84.4	2.7	1,376	43.9
1980	4,833	1,117	3,717	617	3,613	1,670	56.6	89.0	3.0	1,190	40.4
1979	4,382	972	3,411	607	3,265	1,508	58.1	93.5	3.5	1,086	40.4

Data as orig. reptd. 1. Bef. results of disc. opers. in 1988, 1986, 1984, bef. spec. item(s) in 1983, 1981-1979. 2. Common; as reptd. by co. aft. 1988-1983. 3. Incl. minority interest. d-Deficit. NM-Not Meaningful.

Business Summary

United Telecommunications' United Telephone System is the ninth largest provider of local telephone service in the U.S. Long distance service is provided through US Sprint, and diversified operations include the distribution of telecommunications and other equipment. Contributions to 1988 sales and operating income (in million $):

	Sales	Income
US Sprint	51%	-$409.0
Telephone system	38%	596.8
Complementary businesses	11%	40.6

At year-end 1988 telephone operating subsidiaries served 3,685,337 access lines, up 4.8% from 3,516,814 a year earlier.

Complementary businesses include Directories-America, the 10th-largest directory publishing company in the U.S. with $183 million of revenues in 1988; and North Supply, which distributes telecommunications, electrical and security alarm products.

US Sprint Communications, an 80.1%-owned subsidiary (GTE Corp. owns 19.9%), is the nation's third largest long distance company. US Sprint is the only nationwide network with three alternate fiber-optic routes of coast-to coast transmission.

Dividend Data

Dividends have been paid since 1939. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.48	Feb. 20	Mar. 6	Mar. 10	Mar. 31'89
0.48	May 25	Jun. 5	Jun. 9	Jun. 30'89
0.48	Aug. 8	Sep. 1	Sep. 8	Sep. 29'89
*0.05	Aug. 14	Sep. 1	Sep. 8	Sep. 29'89
2-for-1	Oct. 10	---	Dec. 7	Dec. 28'89
0.25	Oct. 10	Dec. 1	Dec. 7	Dec. 28'89

*Redemption of stk. purchase right.

Finances

In October, 1988 UT sold United TeleSpectrum, Inc., a subsidiary providing cellular telephone and paging services, for some $775 million.

Capitalization

Long Term Debt: $3,625,400,000.

Minority Interest: $399,400,000.

Redeemable Preferred Stock: $37,700,000.

Conv. Preferred Stock: $2,200,000.

Common Stock: 103,130,847 shs. ($2.50 par). Institutions hold approximately 64%. Shareholders of record: 79,300.

Office—2330 Shawnee Mission Parkway, Westwood, Kan. 66205. Tel—(913) 676-3000. Chrmn—P. H. Henson. Pres & CEO—W. T. Esrey VP-Secy—D. A. Jensen. VP-Treas—W. J. Gunter. Dirs—W. L. Batts, J. I. Cash, Jr., R. M. Davis, J. L. Dionne, W. T. Esrey, D. J. Hall, P. H. Henson, H. S. Hook, C. Horn, Jr., L. W. Lehr, J. F. McDonald, T. S. Nurnberger, C. E. Rice, S. Turley. Transfer Agents & Registrars—United Missouri Bank of Kansas City, Mo.; Manufacturers Hanover Trust Co., NYC. Incorporated in Kansas in 1938. Empl—37,661.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. H. Terrence Riley III, CFA

Unitrode Corp.

NYSE Symbol UTR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 14'89	1989					
7⅝	8⅜-6⅜	53	None	None	B-	1.13

Summary

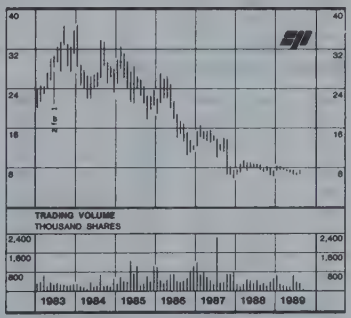
Unitrode manufacturers discrete power semiconductors and other electronic components. Half of sales in fiscal 1988-9 were made to the military. UTR recently announced that it agreed to sell its passive components business. Despite a strong recovery in the semiconductor industry and the lifting of a five-month shipment hold by the U.S. Government on certain UTR products, only modest profitability was restored in fiscal 1988-9. Slowing industry growth and unusual charges will likely cause lower earnings in fiscal 1989-90.

Current Outlook

Earnings for the fiscal year ending January 31, 1990 should approximate $0.10 a share, down from fiscal 1988-9's $0.14.

Resumption of cash dividends (omitted in November, 1987) is not anticipated.

Sales for fiscal 1989-90 are expected to decline approximately 5%, reflecting slowing growth in the semiconductor industry and the absence of sales from the passives components division for part of the year due to its planned sale. However, there should be improvement in demand from instrument, telecommunications and motor controls markets. Higher capital goods spending generally should further limit the decline. Although the stronger dollar will be somewhat restraining, foreign operations should benefit from healthy market growth and a reorganization of the company's sales force. Recent cost reductions should allow margins to expand, although severence and other nonrecurring costs will be restraining.



Net Sales (Million $)

Quarter:	1989-0	1988-9	1987-8	1986-7
Apr.	39.8	40.3	34.9	38.3
Jul.	40.1	41.6	32.8	39.6
Oct.	---	40.9	30.5	38.0
Jan.	---	40.4	37.0	33.5
	---	163.3	135.1	149.4

Sales for the six months ended July 29, 1989 declined 2.5%, year to year, reflecting sluggish demand from key computer customers. Margins narrowed on the lower volume, and pretax income declined 56%. After taxes at 45.0%, versus 40.0%, net income decreased 59%, to $0.03 a share from $0.08.

Common Share Earnings ($)

Quarter:	1989-0	1988-9	1987-8	1986-7
Apr.	0.02	0.03	d0.14	0.04
Jul.	0.01	0.06	d0.87	0.04
Oct.	E0.03	0.03	d0.40	d0.45
Jan.	E0.04	0.03	d0.03	d0.13
	E0.10	0.14	d1.45	d0.51

Important Developments

Aug.'89— UTR said that second quarter earnings were negatively impacted by severance costs related to employment reductions. Earlier in the month, UTR announced that it had agreed in principle to sell its passive components division to AVX Corp. The division had sales of $22 million and earned a small profit in fiscal 1988-9.

Next earnings report expected in mid-November.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	1984	[1]1983	1982	1981	[1]1980
Tangible Bk. Val.	7.27	7.10	8.61	9.23	8.84	7.11	5.99	4.76	3.78	3.74
Earnings[2]	0.14	d1.45	d0.51	0.67	1.65	1.25	1.09	0.97	0.84	0.68
Dividends	Nil	0.15	0.20	0.20	0.20	0.16¼	0.12½	0.12½	0.12½	0.12½
Payout Ratio	Nil	NM	NM	30%	12%	13%	11%	13%	14%	19%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	9½	16⅝	27⅛	32½	38⅞	36¾	21⅝	15⅜	11½	9½
Low	6⅛	5¾	10½	17¾	22	20⅛	10⅜	8⅛	6	4⅛
P/E Ratio—	68-44	NM	NM	49-26	22-13	29-16	20-10	16-8	14-7	14-6

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1983, 100% Jul. 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.01 in 1981. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	163	17.1	10.4	[2]9.8	13.4	0.93	3.1	40.0%	1.9	1.1
1988	135	d4.8	NM	[2]10.8	13.1	1.05	d30.7	NM	d20.0	NM
1987	149	9.6	6.4	12.8	12.1	0.94	d10.0	NM	d7.0	NM
1986	168	26.7	15.9	18.9	11.9	0.99	14.3	36.0%	9.2	5.5
1985	200	44.1	22.0	12.7	10.0	1.34	33.2	33.1%	22.2	11.1
[3]1984	160	35.7	22.4	15.6	8.5	1.59	26.5	36.9%	16.7	10.5
1983	120	27.0	22.5	[2]13.9	6.4	1.64	20.2	36.0%	12.9	10.8
1982	112	24.9	22.1	16.6	5.3	1.23	19.1	41.1%	11.2	10.0
1981	104	22.9	22.1	9.1	4.3	0.75	18.1	43.2%	10.3	10.0
[4]1980	82	17.8	21.8	8.6	3.0	0.25	[5]14.9	44.5%	8.3	10.1

Balance Sheet Data (Million $)

Jan. 31	Cash	Curr. Assets	Curr. Liab.	Curr. Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	6.9	75	22.0	3.4	139	1.3%	2.4	107	117	2.0	1.8%
1988	5.3	86	36.3	2.4	153	NM	4.1	104	116	3.6	NM
1987	5.4	93	21.7	4.3	162	NM	7.0	125	140	5.0	NM
1986	9.6	96	19.8	4.8	169	5.4%	9.8	133	149	6.6	7.1%
1985	13.1	103	27.9	3.7	164	14.5%	11.3	120	136	8.3	20.5%
1984	8.6	81	25.4	3.2	140	12.8%	13.5	96	114	11.8	18.9%
1983	11.6	60	18.6	3.2	110	12.5%	14.4	73	91	15.8	19.6%
1982	5.4	46	20.4	2.3	95	13.2%	14.3	58	75	19.2	21.5%
1981	3.0	41	20.8	2.0	74	15.4%	5.0	46	53	9.4	22.7%
1980	7.3	41	13.5	3.0	67	14.1%	2.2	50	53	4.1	18.4%

Data as orig. reptd. 1. Bef. spec. item(s) in 1981. 2. Net of curr. yr. retirement and disposals. 3. Reflects merger or acquisition. 4. Reflects merger or acquisition and accounting change. 5. Incl. equity in earns. of nonconsol. subs. d-Deficit. NM-Not Meaningful

Business Summary

Unitrode Corp. manufacture and sell electronic components and subsystems. Sales contributions by product lines in recent fiscal years were:

	1988-9	1987-8
Semiconductors	39%	35%
Power management ICs	17%	15%
Passive components	14%	15%
Data conversion devices	13%	16%
Switching power supplies	17%	19%

Foreign operations (principally Europe) accounted for 24% of sales and $7,722,000 of income from operations in fiscal 1988-9.

Unitrode's semiconductor products include rectifiers, diodes, zener diodes, thyristors, rectifier assemblies, and analog integrated circuits.

Power management integrated circuits regulate the flow of power to a circuit. Passive components include EMI filters and ceramic capacitors that are used with semiconductors to store and discharge electrical energy. Data conversion devices change an analog signal to digital form for it to be processed by a computer and then convert the digital signal back to analog form for interpretation or action. Switching power supplies that regulate power are also manufactured.

The company's products are used in computers, computer peripheral equipment, process control systems, instrumentation and telecommunications equipment, as well as recreation, home safety and transportation products. Its products are also used in major missile and defense programs in such applications as navigation, electronic countermeasures, rader and control and airborne computers.

Dividend Data

Prior to omission in November, 1987, dividends were paid since 1967. The most recent payment was $0.05 on November 1, 1987.

Capitalization

Long Term Debt: $1,886,726.

Common Stock: 13,898,203 shs. ($0.20 par).
Directors and officers own about 10%.
Allied-Signal Inc. owns about 19%.
Institutions hold about 66%.
Shareholders of record: 1,236.

Office—5 Forbes Rd., Lexington, Mass. 02173. **Tel**—(617) 861-6540. **Chrmn**—G. M. Berman. **Pres & CEO**—H. F. Wasserman. **Secy**—R. S. Morse Jr. **VP-Fin & Investor Contact**—W. B. Gates. **Dirs**—G. M. Berman, P. A. Brooke, R. L. Gable, W. B. Gates, A. L. Goldstein, K. Hechi, N. Landstrom, H. F. Wasserman. **Transfer Agent & Registrar**—Bank of Boston, Mass. **Incorporated** in Maryland in 1960. **Empl**—2,445.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Universal Corp.

NYSE Symbol UVV

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 9'89	1989					
39	39-33	12	1.40	3.6%	A+	0.61

Summary

Universal Corp. is the holding company for the world's largest independent leaf tobacco dealer, Universal Leaf Tobacco Co. Through other subsidiaries, UVV also sells title insurance and is engaged in the agri-products business. Earnings for fiscal 1989 declined, as continued soft real estate markets and poor claims experience in its title insurance operations outweighed improvements in the tobacco and agri-products segments.

Business Summary

Universal Corp. is the holding company formed in December, 1987 by Universal Leaf Tobacco Co., the world's largest independent leaf tobacco dealer, now a UVV subsidiary. Through other subsidiaries UVV sells title insurance on real estate, buys and sells agri-products worldwide, and distributes timber and building supplies in Europe. Contributions by segment in fiscal 1989 (profits in million $):

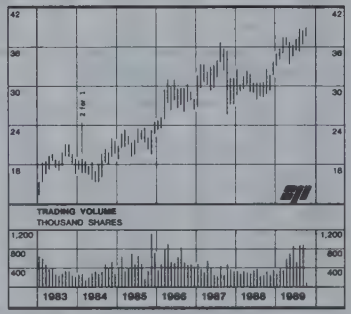
	Sales	Profits
Tobacco	52%	$93.3
Title insurance	16%	-$1.3
Agri-products	32%	$22.0

In fiscal 1989 the U.S. accounted for 64% of total sales, Western Europe 28%, South and Central America 3%, and others 5%.

Tobacco operations involve selecting, buying, shipping, processing, packing, storing and financing leaf tobacco in the U.S. and other tobacco growing countries for the account of or resale to, manufacturers of tobacco products throughout the world. The company itself does not manufacture cigarettes or other consumer tobacco products. In a normal year, the company purchases for itself and its customers about 35% to 40% of the total pounds of Flue-cured and Burley tobacco products made in the U.S. Phillip Morris Inc. accounted for 44% of tobacco revenues in fiscal 1988 (latest available). Most foreign customers are long-established firms or government monopolies.

Wholly-owned Lawyers Title Insurance Corp. and its subsidiaries provide title insurance to purchasers of real property, tenants, lenders and developers in 49 states, the District of Columbia, Canada, Puerto Rico, the U.S. Virgin Islands and the Bahama Islands.

Agri-products operations involve primarily the distribution of timber and building supply products in Europe, and the buying and selling of products



such as rubber, tea, sunflower seeds, peanuts, and vegetable oils throughout the world.

Important Developments

Aug. '89— Management attributed UVV's lower earnings for fiscal 1989 to poor results at its title insurance operations, which were adversely affected by continued soft real estate markets and a high level of claims payments made on policies written in previous years. Tobacco operations, however, experienced volume and profit increases, while sales and operating profits of agri-products improved, benefiting from increased margins in rubber, canned food, tea and peanuts. In commenting on 1990, management expected that, barring a recession, measures taken to aid title insurance operations should improve results. UVV also stated that it foresees improvement in its tobacco business, and expected agri-products to benefit from a strong European economy.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	[1]1987	[2]1986	[2]1985	1984	1983	1982	[1]1981	[2]1980
Tangible Bk. Val.	21.14	19.35	17.19	15.44	13.54	13.48	12.36	11.32	10.16	9.10
Earnings[3]	3.19	3.56	3.25	2.74	2.66	2.21	2.11	1.97	1.78	1.60
Dividends	1.37	1.25	1.12	1.04	0.96	0.90	0.85	0.79	0.71	0.63
Payout Ratio	43%	35%	34%	38%	36%	41%	40%	40%	40%	39%
Prices[4]—High	39	33 3/4	36 3/4	31	24 1/2	22	21 1/8	17	17 1/2	17 1/8
Low	33	27 7/8	25 5/8	23 1/4	18 3/4	15 1/4	13 3/8	11 3/8	10 7/8	7 7/8
P/E Ratio—	12-10	9-8	11-8	11-8	9-7	10-7	10-6	9-6	10-6	10-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar. 1984 **1.** Reflects acctg. change **2.** Reflects merger or acquisition **3.** Bef. results of disc. opers of +0.03 in 1985 **4.** Cal. yr.

October 17, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Jun. 30	[5]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	2,920	131	4.5	37.7	25.6	29.6	79.1	30.9%	54.0	1.9
1988	2,420	126	5.2	48.3	22.0	32.5	78.2	22.6%	60.7	2.5
[3]1987	2,116	139	6.6	24.8	19.6	31.1	90.2	38.0%	56.0	2.7
[4]1986	1,145	77	6.7	15.8	12.5	7.0	66.2	28.6%	47.1	4.2
[5]1985	1,079	70	6.5	23.3	11.3	10.4	59.4	22.4%	45.9	4.3
1984	1,019	73	7.1	20.0	14.8	11.2	59.2	34.1%	38.3	3.8
1983	1,082	68	6.3	19.5	12.6	10.3	55.8	32.6%	36.8	3.4
1982	1,253	79	6.3	21.9	10.6	17.4	59.7	41.1%	34.3	2.7
[3]1981	1,040	72	7.0	17.5	9.8	18.8	52.6	38.7%	31.3	3.0
[4]1980	992	64	6.4	75.5	6.8	5.7	56.2	42.4%	28.4	2.9

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	68.4	639	438	1.5	1,062	5.2%	85.2	386	505	16.9	14.6%
1988	53.1	610	429	1.4	1,007	6.3%	88.1	357	474	18.6	17.9%
1987	42.7	571	399	1.4	943	7.2%	93.3	326	448	20.8	18.1%
1986	24.0	234	150	1.6	604	8.6%	73.2	294	383	19.1	17.0%
1985	31.0	189	149	1.3	488	9.7%	8.4	261	284	3.0	18.6%
1984	3.1	270	160	1.7	459	8.9%	31.2	233	299	10.4	17.1%
1983	0.7	224	126	1.8	404	8.9%	31.5	215	277	11.3	17.8%
1982	8.1	246	139	1.8	419	8.3%	52.9	197	280	18.9	18.3%
1981	5.3	239	144	1.7	406	7.8%	53.6	179	262	20.5	18.5%
1980	44.6	246	141	1.8	402	9.3%	75.9	160	261	29.0	18.6%

Data as orig. reptd. **1.** Incl. equity in earns. of nonconsol. subs. **2.** Bef. results of disc. opers. in 1985. **3.** Reflects acctg. change. **4.** Reflects merger or acquisition. **5.** Excl. disc. opers. and reflects merger or acquisition. **6.** Incl. other inc. aft. 1984. NA-Not Available.

Gross Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	692	536	418	234
Dec.	903	769	697	394
Mar.	753	561	533	282
Jun.	572	563	468	238
	2,920	2,429	2,116	1,148

Revenues for the fiscal year ended June 30, 1989 advanced 20% from those of the prior year, primarily reflecting an increase in the value of tobacco bought, processed and shipped. Results, however, were hurt by weaknesses at its title insurance operations, which experienced continued soft real estate markets and increased claims, and pretax profits rose 1.0%. After taxes at 32.3% versus 23.6%, higher minority interests, and slightly higher income from unconsolidated affiliates, net income fell 11%, to $3.19 a share from $3.56.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Sep.	0.83	0.79	0.54	0.61
Dec.	1.52	1.43	1.33	1.10
Mar.	0.73	0.73	0.94	0.59
Jun.	0.11	0.61	0.44	0.44
	3.19	3.56	3.25	2.74

Dividend Data

Dividends have been paid since 1927. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Dec. 1	Dec. 27	Jan. 3	Feb. 1'89
0.35	Feb. 2	Mar. 28	Apr. 3	May 1'89
0.35	May 4	Jun. 27	Jul. 3	Aug. 1'89
0.35	Aug. 3	Sep. 26	Oct. 2	Nov. 1'89

Next dividend meeting: early Dec. '89.

Finances

Effective December 31, 1987 UVV changed its name to Universal Corp. from Universal Leaf Tobacco Co., and adopted the holding company format. All tobacco-related assets were transferred to a new subsidiary named Universal Leaf Tobacco.

Capitalization

Long Term Debt: $85,175,000.

Minority Interests: $2,080,000.

Common Stock: 16,930,801 shs. (no par).
Institutions hold some 52%.
Shareholders of record: 4,525.

Office—Hamilton Street at Broad, Richmond, Va 23230. **Tel**—(804) 359-9311. **Pres & CEO**—H H Harrell. **VP-Secy**—J M White III. **VP-Treas & Investor Contact**—O Kemp Dozier (804-254-3720). **Dirs**—G L Crenshaw (Chrmn), W W Berry, L E Blanchard, Jr., R E Carner, W L Chandler, C H Foster, A P Funkhouser, E T Gray, H H Harrell, J. Hassels, J. A. Jennings, A. B. King, J D Munford, T R Towers. **Transfer Agents**—Sovran Bank, Richmond; Company's office. **Registrar**—Sovran Bank, Richmond. **Incorporated** in Virginia in 1918. **Empl**—20,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A She

Universal Foods

2371M

NYSE Symbol UFC Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
23⅞	26¼-21⅜	15	0.68	2.8%	A-	0.77

Summary

This company produces a variety of food products, some of which are sold to other food companies as ingredients for their products. Earnings have risen rapidly in recent periods, reflecting volume gains in all segments. In September, 1989 High Voltage Engineering Corp. terminated its hostile takeover attempt of the company, and management said that UFC was on target to achieve its $1.93 earnings per share goal for fiscal 1990. The shares were split 3-for-2 in October.

Business Summary

Universal Foods makes and distributes a wide range of food products, many of which are sold to other food companies as ingredients for their products. The Import Foods division, which included gourmet and commodity foods, was divested in January, 1988. Sales by segment in recent years were derived as follows:

	1988	1987
Cheese	26%	25%
Frozen foods	25%	16%
Fermentation	20%	21%
Flavorings & food colors	19%	18%
Dehydrated products	7%	7%
Import division	3%	13%

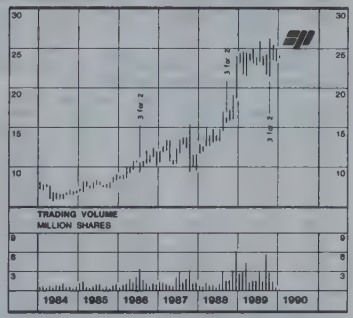
The Cheese division produces a full line of specialty delicatessen and Italian-type cheeses, cheese substitutes, a line of low sodium, semi-soft cheeses, and imports specialty cheeses from Europe. The products are marketed to grocery stores and to food processors that use these cheeses to produce their own food products.

Frozen foods involves the processing of various frozen potato products, including french fries, hash browns, and potato pancakes.

The Fermentation division produces compressed, active dry, nutritional yeast and highly refined yeast products for sale to industrial, institutional, and consumer markets under the Red Star label. Specialty yeast products are also sold to a wide range of customers.

Food colors are produced and sold to producers of soft drinks, bakery products and pharmaceuticals. Flavors are sold to the dairy, food processor and beverage industries.

The Dehydrated Seasonings division produces and markets chili powder, chili pepper and paprika as well as dehydrated onions, garlic, parsley and celery.



Important Developments

Nov. '89— Management stated that UFC was on target to achieve its $1.93 earnings per share goal for fiscal 1990, which would represent the fourth consecutive year of record earnings. Separately, in October, directors effectively raised the quarterly dividend 16%, to $0.17 per share, following a 3-for-2 stock split.

Sep. '89— High Voltage Engineering Corp. (HVE) terminated its cash tender offer for all of UFC's common shares which began in December, 1988 at $23.33 per share and was subsequently raised to $25.33 per share. In July, 1989 UFC rejected a request by HVE to meet and negotiate the acquisition of UFC by HVE at $28 per share because, among other reasons, the price was inadequate and UFC was not for sale. (All figures adjusted.)

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Sep. 30	[1]1989	[1]1988	1987	[1]1986	[1]1985	[1]1984	1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	NA	5.14	5.01	4.34	4.74	4.99	4.69	4.09	3.69	3.39
Earnings[2]	1.60	1.11	0.93	0.63	0.74	0.69	0.86	0.78	0.58	0.45
Dividends	0.53⅜	0.40⅞	0.36⅜	0.33¼	0.31⅜	0.30⅞	0.30⅞	0.29⅛	0.28⅜	0.28⅜
Payout Ratio	33%	37%	39%	58%	42%	44%	36%	37%	49%	63%
Prices—High[3]	26¼	24	15⅜	12⅜	9⅛	8⅛	9¼	7⅜	5⅛	4⅜
Low[3]	21⅜	11⅝	9⅜	8⅜	6⅞	5⅝	6⅝	4⅝	3⅜	2⅞
P/E Ratio—	16-13	22-10	16-10	20-13	12-9	12-8	11-8	10-6	9-6	10-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Oct. 1989, 50% Oct. 1988, 50% Aug. 1986. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.18 in 1984. 3. Cal. yr. NA-Not Available

January 12, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	721	80.6	11.2	21.8	18.3	10.0	49.6	44.3%	[3]27.6	3.8
1987	711	72.7	10.2	16.2	17.1	10.7	46.4	46.5%	[3]24.8	3.5
[2]1986	604	60.8	10.1	52.5	14.2	9.6	29.1	47.0%	15.4	2.6
[2]1985	492	48.8	9.9	30.3	12.4	5.3	31.3	44.5%	17.4	3.5
[4]1984	430	44.2	10.2	31.5	10.5	5.4	28.5	42.2%	16.5	3.8
1983	520	53.0	10.1	32.4	12.0	5.1	36.2	43.1%	20.6	4.0
1982	492	49.4	10.0	23.0	10.9	6.1	32.3	43.0%	18.4	3.7
[2]1981	434	40.6	9.3	26.2	9.8	7.1	23.7	42.5%	13.7	3.1
[2]1980	379	31.4	8.2	11.2	8.0	4.9	18.4	42.3%	10.6	2.8
[2]1979	318	29.3	9.2	14.7	6.1	3.5	18.2	47.2%	9.6	3.0

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	2.6	189	98.9	1.9	404	7.2%	85	178	288	29.6	15.9%
1987	14.9	184	89.1	2.1	392	6.2%	85	183	295	28.9	14.2%
1986	8.9	191	93.8	2.0	400	4.2%	111	165	299	37.3	9.9%
1985	9.2	154	68.6	2.2	292	6.5%	74	129	220	33.5	14.1%
1984	5.9	138	61.4	2.3	246	6.8%	47	119	180	26.1	14.0%
1983	4.5	127	57.6	2.2	242	8.9%	53	119	183	28.9	18.3%
1982	7.3	122	53.5	2.3	219	8.6%	53	105	164	32.0	18.5%
1981	3.4	119	55.2	2.2	208	7.0%	53	94	152	35.0	15.1%
1980	1.9	109	47.5	2.3	181	6.1%	43	86	133	32.0	12.5%
1979	2.3	98	44.3	2.2	163	6.4%	34	80	117	29.2	12.5%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1984. 2. Reflects merger or acquisition. 3. Reflects acctg. change. 4. Excludes discontinued operations and reflects merger or acquisition.

Total Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	187.7	187.0	183.8	142.3
Mar.	201.6	162.0	168.7	129.4
Jun.	219.8	180.1	176.1	157.7
Sep.	228.2	192.2	182.9	174.3
	837.3	721.3	711.5	603.7

Revenues for the fiscal year ended September 30, 1989 (preliminary) advanced 16% from those of the preceding year. Margins widened, and in the absence of a $2.9 million charge for share repurchases, and following a 7.7% increase in interest expense, pretax profits gained 34%. After taxes at 40.0%, versus 44.3%, net income was up 45%, to $1.60 a share from $1.11 (both adjusted for the subsequent 3-for-2 stock split).

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.44	0.33	0.27	0.24
Mar.	0.33	0.23	0.18	d0.04
Jun.	0.35	0.17	0.21	0.19
Sep.	0.47	0.37	0.27	0.23
	1.60	1.11	0.93	0.63

d-Deficit.

Dividend Data

Dividends have been paid since 1934. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.18	Jan. 26	Feb. 3	Feb. 9	Feb. 23'89
0.22	Mar. 30	Apr. 13	Apr. 19	May 5'89
0.22	Jun. 8	Jul. 12	Jul. 18	Aug. 9'89
3-for-2	Sep. 14	Oct. 16	Sep. 29	Oct. 13'89
0.17	Oct. 3	Oct. 23	Oct. 27	Nov. 10'89

Next dividend meeting: Jan. 25 '90.

Finances

UFC expected capital outlays to total about $57 million in fiscal 1989, and "in the high $40s" in fiscal 1990.

Capitalization

Long Term Debt: $107,827,000.

Common Stock: 25,076,145 shs. ($0.10 par).
Officers & directors own 4.7%.
Institutions hold about 35%.
Shareholders of record: 4,301.

Office—433 East Michigan St., Milwaukee, Wis. 53202 **Tel**—(414) 271-6755 **Chrmn**—J. L. Murray. **Pres & CEO**—G. A. Osborn **Treas**—D. Krzykowski **VP-Secy**—T. M. O'Reilly. **Investor Contact**—Paula Norton. **Dirs**—A. R. Anderson, M. E. Batten, J. L. Forbes, O. D. Forker, L. T. Kendall, P. L. Kohnstamm, C. S. McNeer, J. L. Murray, G. A. Osborne, B. S. Schweigert, G. E. Veneman, C. I. Wasilen Ghazali, D. E. Wilde **Transfer Agent & Registrar**—First Wisconsin Trust Co., Milwaukee **Incorporated** in Wisconsin in 1882 **Empl**—4,433

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Unocal Corp.

2374M

NYSE Symbol UCL Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 8'89	1989					
50⅞	58¼-37⅜	14	1.40	2.8%	B	0.93

Summary

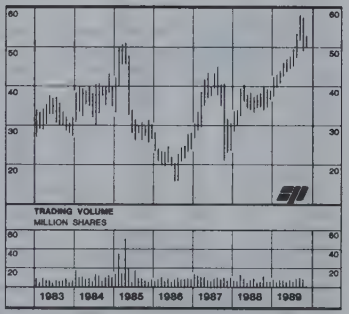
Unocal Corp. is an integrated oil and gas firm with interests in chemicals, geothermal energy and metals. In 1985 the company markedly leveraged its balance sheet with a debt-for-equity exchange offer to shareholders designed to ward off a takeover attempt. Since then, UCL has pared down its debt while expanding its exploration and production program. The company can be expected to divest nonstrategic assets in order to further improve its debt ratio and to enhance its earnings power. The quarterly dividend has been increased 40% and a 2-for-1 stock split is pending.

Current Outlook

Share earnings for 1990 are projected at $3.20, up from the $3.10 (both presplit) estimated for 1989, before a nonrecurring gain associated with the sale of the Chicago refinery. A 2-for-1 stock split is payable November 13, 1989.

The quarterly dividend on the presplit shares has been raised 40%, to $0.35 from $0.25.

Revenues for 1990 are projected to show some modest improvement, as increased natural gas prices and greater gas volumes offset potentially erratic crude oil prices. Gains in the chemicals business should continue.



[1]Total Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.64	2.30	2.06	2.28
Jun.	3.08	2.55	2.42	2.10
Sep.	2.82	2.58	2.58	1.91
Dec.		2.65	2.33	2.06
		10.08	9.39	8.35

Operating revenues for the first nine months of 1989 rose 14%, year to year (1988 restated). In the absence of a writedown in the 1988 period, pretax income was $473 million, versus a pretax loss of $196 million. After taxes at 39.5%, against a tax credit of $79 million, net income was $286 million, versus a net loss of $117 million. Share earnings were $2.44, versus a loss of $1.00, before a $3.91 special credit in 1988.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.75	d2.38	0.52	0.60
Jun.	1.02	0.55	0.53	0.30
Sep.	0.67	0.84	0.25	0.19
Dec.	E0.66	1.20	0.26	0.42
	E3.10	0.21	1.56	1.51

Important Developments

Nov. '89— The transfer of UCL's Chicago refinery and other related assets to a joint venture with Petroleos de Venezuela, S.A. is expected to be completed in 1989's fourth quarter. The transfer would generate more than $500 million (pretax). Operating profits in the exploration and production segment in 1989's third quarter benefited from increased crude oil prices and greater U.S. natural gas production. Operating profits in the refining, marketing and transportation business were impaired by narrower margins and increased maintenance costs. Chemical profits were unchanged from a year earlier. Geothermal earnings improved, reflecting higher foreign steam production and lower foreign income taxes.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	18.51	15.15	14.45	14.01	32.78	29.82	27.33	23.70	20.04	17.07
Earnings[2]	0.21	1.56	1.51	2.36	4.03	3.60	4.63	4.56	3.73	2.88
Dividends[3]	1.00	1.00	1.10	1.15	1.00	1.00	1.00	0.85	0.72½	0.63⅞
Payout Ratio	NM	64%	73%	41%	25%	28%	22%	19%	19%	22%
Prices—High	40⅜	45	28¼	51	43¼	37⅝	37⅞	46	56½	24⅞
Low	28½	21	15⅝	25⅝	30	27	21¼	28¼	20⅞	13⅞
P/E Ratio—	NM	29-13	19-10	22-11	11-7	10-8	8-5	10-6	15-6	9-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Aug. 1980, 100% Jun. 1979. 1. Incl. excise taxes. 2. Bef. spec. item(s) of +3.91 in 1988. 3. Plus 0.0285 unit of Union Exploration Partners (UXP) in 1985. d-Deficit. E-Estimated. NM-Not Meaningful.

November 16, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	8,853	1,568	17.7	1,100	816	473	46	28.3%	24	0.3
1987	8,466	1,492	17.6	877	1,006	478	265	25.7%	181	2.1
1986	7,482	1,462	19.5	862	933	514	320	39.7%	[3]176	2.4
1985	10,738	2,036	19.0	1,527	903	474	669	50.5%	325	3.0
1984	10,838	2,065	19.1	1,945	836	132	1,239	43.5%	700	6.5
1983	10,066	1,844	18.3	1,593	797	123	1,069	41.4%	626	6.2
1982	10,390	2,095	20.2	1,917	724	130	1,407	42.8%	804	7.7
1981	10,746	1,925	17.9	1,811	585	110	1,423	44.3%	791	7.4
1980	9,984	1,710	17.1	1,585	456	100	1,222	46.9%	647	6.5
1979	7,568	1,259	16.6	986	323	99	950	47.1%	501	6.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	391	1,879	1,368	1.4	9,508	0.2%	4,341	2,161	7,885	55.1	1.2%
1987	427	1,959	1,438	1.4	10,062	1.8%	4,612	1,766	8,390	55.0	10.5%
1986	370	1,835	1,175	1.6	10,133	1.7%	5,188	1,681	8,779	59.1	10.6%
1985	242	2,077	1,488	1.4	10,797	3.7%	5,657	1,630	8,830	64.1	11.9%
1984	296	1,929	1,626	1.2	10,203	7.2%	1,268	5,694	8,296	15.3	12.9%
1983	337	1,896	1,440	1.3	9,228	7.1%	1,332	5,180	7,561	17.6	12.6%
1982	280	1,645	1,349	1.2	8,511	10.0%	1,298	4,745	6,961	18.6	18.1%
1981	241	1,599	1,461	1.1	7,593	11.0%	1,089	4,114	5,943	18.3	20.8%
1980	250	1,778	1,334	1.3	6,772	10.1%	1,153	3,477	5,257	21.9	20.1%
1979	344	1,956	1,163	1.7	6,013	8.7%	1,220	2,957	4,699	26.0	18.0%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1988. 3. Reflects acctg. change.

Business Summary

Unocal is an integrated oil and gas company. Active in development of alternative fuels, UCL is also the world's largest producer of geothermal energy. Profits in recent years:

Oper. Profits	1988	1987	1986	1985
Expl. & prod.	49%	86%	53%	71%
Ref., mkt. & trans.	27%	10%	27%	14%
Chemicals	8%	6%	11%	9%
Geothermal	4%	7%	15%	10%
Metals	1%	1%	-1%	Nil
Other	11%	-10%	-5%	-4%

In 1988 net crude oil and condensate production averaged 243,000 barrels a day (243,200 in 1987), natural gas production 1,186.9 million cubic feet a day (1,142.6 MMcf), natural gas liquids 13,900 b/d (14,100 b/d), input to crude oil processing units 418,900 b/d (428,400 b/d), and geothermal production 23.8 million kilowatt-hours a day (23.8 million kilowatt-hours). Sales of petroleum products averaged 519,700 b/d (479,100 b/d).

Net proved reserves at 1988 year-end stood at 764,000,000 barrels of crude oil and condensate (771,000,000 bbls.), 6,137 billion cubic feet of natural gas (6,093 Bcf) and 117,000,000 barrels of natural gas liquids (126,000,000 bbls.) The 95%-owned Union Exploration Partners, formed in 1985 as an MLP, holds most of UCL's Gulf of Mexico region oil/gas properties.

In 1988's first quarter UCL recorded a $322 million net write-down related to production assets and a $456 million net gain from a change in taxes. In 1988's fourth quarter UCL sold its headquarters facilities for a net gain of $98 million.

Dividend Data

Dividends have been paid since 1916. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.25	Dec. 5	Jan. 4	Jan. 10	Feb. 10'89
0.25	Mar. 27	Apr. 4	Apr. 10	May 10'89
0.25	Jun. 26	Jul. 5	Jul. 11	Aug. 10'89
0.35	Sep. 25	Oct. 3	Oct. 10	Nov. 10'89
2-for-1	Sep. 25	Nov. 14	Oct. 10	Nov. 13'89

Next dividend meeting: Dec. 5'89.

Capitalization

Long Term Debt: $4,089,000,000.

Minority Interest: $49,000,000.

Common Stock: 116,950,796 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 48,391.

Office—1201 West Fifth St. (P.O. Box 7600), Los Angeles, Calif. 90051. **Tel**—(213) 977-7600. **Chrmn & CEO**—R. J. Stegemeier. **Secy**—R. O. Hedley. **Treas**—E. H. Powell. **Investor Contacts**—J. M. Abel- L.A. (213-977-6175) & A. E. Viens- N.Y.C. (212-582-2520). **Dirs**— W. F. Ballhaus, R. C. Beach, M. G. Becket, C. S. Brinegar, W. H. Doheny, R. K. Eamer, L. B. Harder, F. L. Hartley, F. C. Herringer, J. F. Imle, A. McLaughlin, D. P. Jacobs, T. B. Sleeman, R. J. Stegemeier. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co. of California, Los Angeles; Manufacturers Hanover Trust Co., NYC. **Incorporated** in California in 1890; reincorporated in Delaware in 1983. **Empl**—18,130.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Edward G. Grav

Upjohn Co.

NYSE Symbol UPJ Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
37⅞	42⅛-27⅝	19	1.00	2.6%	A+	1.19

Summary

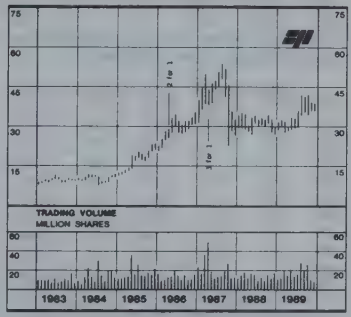
Upjohn is one of the nation's largest manufacturers of prescription drugs, consisting mainly of steroids and other anti-inflammatory agents, antibiotics, oral antidiabetes, and central nervous system compounds. Important interests are also held in agricultural products. A $1.08 a share restructuring charge is expected to result in a net loss for 1989's fourth quarter and sharply lower earnings for the year. New drugs in the R & D pipeline should make meaningful earnings contributions in the years ahead.

Current Outlook

Earnings for 1990 are projected at about $2.40 a share, up from the $1.00 estimated for 1989 (after a $1.08 restructuring charge).

An increase in the dividend, presently at $0.25 quarterly, is likely in 1990.

Sales for 1990 are expected to show further growth, aided by higher sales of Rogaine, Xanax (aided by expanded indications), Micronase and non-prescription Motrin IB. Profit comparisons should benefit from the better volume, productivity gains and the absence of the 1989 restructuring costs.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	755	662	597	537
Jun.	737	722	665	594
Sep.	715	652	609	561
Dec.	---	710	650	588
	---	2,746	2,521	2,280

Sales for the nine months ended September 30, 1989 advanced 8.4%, year to year, aided by gains in most pharmaceutical and agricultural products. Pretax income increased 11%. After taxes at 31.0% against 29.0%, and higher minority interest, net income was up 7.6%. Share earnings were $1.59, compared with $1.47.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.56	0.51	0.43	0.34
Jun.	0.51	0.47	0.42	0.35
Sep.	0.52	0.49	0.40	0.33
Dec.	Ed0.59	0.43	0.38	0.34
	E1.00	1.90	1.63	1.35

Important Developments

Dec. '89— Upjohn said that it will record an after-tax restructuring charge estimated at about $200 million ($1.08 a share) against fourth quarter 1989 earnings. The charge is associated with the planned phase-out of the North Haven, Conn. fine chemicals plant, as well as various other writeoffs and reserves.

Dec. '89— UPJ filed with the SEC for the planned sale of $300 million of debt securities. Also in December, the FDA approved UPJ's Zefazone injectable antibiotic; and in November, the agency approved Eminase, a thrombolytic drug which UPJ will market with SmithKline Beecham. Other new drugs awaiting FDA approval include Deracyn, an antidepressant; and Marogen, an EPO anti-anemia drug.

Next earnings report expected in early February.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.83	8.95	7.85	6.96	6.17	5.79	5.37	5.34	4.82	4.16
Earnings[1]	1.90	1.63	1.35	1.10	0.95	0.88	0.70	1.01	0.95	0.84
Dividends	0.76	0.57⅝	0.49⅝	0.43¾	0.42¾	0.38	0.38	0.33⅜	0.31	0.26¼
Payout Ratio	40%	35%	37%	40%	45%	43%	55%	33%	33%	31%
Prices—High	35¼	53¾	35⅜	23⅝	12	11½	9⅞	11½	11⅜	8½
Low	26⅞	22⅝	20⅝	11⅛	7½	7¾	6⅜	7⅝	6⅞	6¾
P/E Ratio—	19-14	33-14	26-15	22-10	13-8	13-9	14-9	11-8	12-7	10-8

Data as orig. reptd. Adj. for stk. div(s) of 100% May 1986 1. Bef. results of disc. opers. of -0.01 in 1985. E-Estimated d-Deficit.

January 4, 1990
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,754	601	21.8	241	103	52.1	507	28.5%	353	12.8
1987	2,530	534	21.1	212	95	64.7	439	29.0%	305	12.1
1986	2,291	454	19.9	202	81	64.6	358	29.0%	[3]253	11.0
[4]1985	2,017	370	18.3	153	70	76.0	296	32.0%	203	10.1
1984	2,188	349	16.0	137	68	82.2	259	34.0%	173	7.9
1983	1,993	309	15.2	155	57	72.4	228	30.0%	160	8.1
1982	1,836	248	13.2	137	51	63.7	185	24.5%	126	6.9
1981	1,903	289	15.0	139	45	63.5	233	22.0%	[3]182	9.6
1980	1,768	287	15.9	110	41	36.7	233	25.5%	170	9.7
1979	1,514	254	16.5	77	36	26.1	204	26.5%	149	9.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	180	1,418	752	1.9	3,139	11.5%	257	1,821	2,324	11.1	20.3%
1987	293	1,415	675	2.1	3,043	10.7%	436	1,674	2,314	18.9	19.4%
1986	212	1,202	564	2.1	2,665	10.0%	424	1,470	2,044	20.7	18.2%
1985	146	1,087	528	2.1	2,377	8.7%	377	1,295	1,786	21.1	16.6%
1984	44	960	566	1.7	2,248	7.8%	382	1,134	1,636	23.4	15.8%
1983	62	940	435	2.2	2,195	7.6%	549	1,057	1,735	31.6	15.7%
1982	76	892	438	2.0	2,014	6.4%	461	973	1,548	29.8	13.0%
1981	25	871	393	2.2	1,940	10.0%	458	965	1,529	30.0	19.8%
1980	28	819	390	2.1	1,670	11.1%	306	866	1,263	24.2	21.1%
1979	128	784	347	2.3	1,404	11.4%	221	744	1,043	21.2	21.6%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of discontinued operations in 1985. 3. Reflects accounting change 4. Excludes discontinued operations.

Business Summary

Contributions by business segment in 1988 were:

	Sales	Profits
Human health care	81%	91%
Agricultural	19%	9%

Foreign operations accounted for about 35% of sales and 28% of profits in 1988.

Human health care products include central nervous system agents (29% of human health care sales in 1988) such as Xanax and Halcion; steroids, anti-inflammatory and analgesic drugs (24%), which include Motrin antiarthritic, Nuprin analgesic, Medrol, Deltasone and other steroids, and Provera, Depo-Provera and Halotestin sex hormones; and antibiotics (15%) such as Lincocin and Cleocin. Other products (24%) include: Orinase, Tolinase and Micronase antidiabetics; Regaine topical minoxidil for male pattern baldness; nonprescription items such as Cheracol cough syrup and Kaopectate for diarrhea, and Unicap vitamins. Home health care services (8%) are also provided.

Asgrow Seed Co. develops, breeds, and produces peas, beans, sweet corn, hybrid corn and sorghum, and soybeans. Agricultural chemicals and equipment are also distributed in Florida. UPJ also produces animal health products such as feed additives and growth promotants.

Dividend Data

Dividends have been paid since 1909. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Mar. 21	Mar. 30	Apr. 5	May 1'89
0.22	Jun. 20	Jun. 28	Jul. 5	Aug. 1'89
0.25	Sep. 19	Sep. 28	Oct. 4	Nov. 1'89
0.25	Dec. 19	Jan. 4	Jan. 10	Feb. 1'90

Next dividend meeting: mid-Mar. '90.

Capitalization

Long Term Debt: $252,445,000.

Minority Interest: $47,048,000.

Common Stock: 185,418,232 shs. ($1 par).
Institutions hold some 56%.
Shareholders of record: 33,421.

Office—7000 Portage Rd., Kalamazoo, Mich. 49001 **Tel**—(616) 323 4000 **Chrmn, Pres & CEO**—T. Cooper. **VP-Secy**—K. M. Cyrus. **Treas**—A. R. Sales **Investor Contact**—A. Sood **Dirs**—R. H. Bullen, T. Cooper, M. K. Eickhoff, D. F. Graham, L. C. Hoff, D. F. Hornig, W. N. Hubbard, Jr., W. E. LaMothe, W. D. Mulholland, M. Novitch, R. T. Parfet, Jr., W. U. Parfet, P. S. Parrish, L. S. Smith. **Transfer Agents**—The Bank of New York, The company itself **Registrars**—The Bank of New York; First of America Bank-Michigan N.A., Kalamazoo. **Incorporated** in Delaware in 1958. **Empl**—21,300.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

H.B. Saftlas

USLIFE Corp.

NYSE Symbol USH In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
4 13/4	48 1/8-34 1/8	9	1.48	3.5%	B+	0.86

Summary

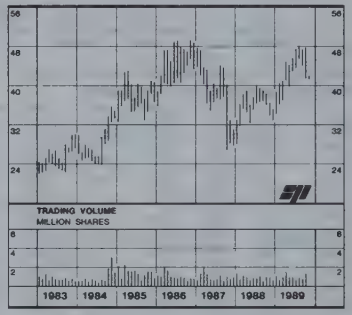
This diversified financial services holding company derives by far the largest portion of its earnings from life insurance subsidiaries. Other interests include realty investments, investment advisory, broker-dealer, and data processing operations. Increased sales of interest-sensitive life insurance products, favorable claims experience, and a rebound in the group health area aided earnings for the first nine months of 1989. Further advances are expected in 1990.

Current Outlook

Excluding realized capital gains or losses, earnings for 1990 are projected at $4.70 a share, up from the $4.25 estimated for 1989.

Directors raised the quarterly dividend 5.7%, to $0.37 from $0.35, in October, 1989.

Earnings in future periods are expected to benefit from increased demand for existing interest-sensitive individual life insurance products, contributions from new life and annuity products, and an expected turnaround in the group health area. Since mid-1987, USH has implemented sizable group health rate hikes, reflecting higher than expected medical care cost inflation and increasing utilization rates. These rate increases, plus the long term positive effects of an upgraded and more cost efficient claims processing system, should spur a profit turnaround, barring a surge in claims. Disappointing group life results will somewhat offset the gains in other lines. Per share comparisons will be aided by a share repurchase program.



Review of Operations

Total revenues for the nine months ended September 30, 1989 increased 9.0%, year to year (1988 restated). Following a 7.3% rise in benefits and expenses, pretax earnings were up 26%. After taxes at 32.6%, versus 29.8%, net income advanced 21%. After preferred dividends, share earnings were $3.46 on 2.6% fewer shares, up from $2.77, before a $0.38 extraordinary charge in the 1989 interim.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.90	0.76	0.83	0.84
Jun.	1.35	1.05	1.04	1.03
Sep.	1.21	0.88	0.96	0.95
Dec.		1.12	1.11	1.09
		3.81	3.94	3.91

Important Developments

Oct. '89— The company announced the extension of its stock repurchase program through October, 1990; through that date, directors have authorized the repurchase of up to one million common shares and/or other outstanding equity securities. Since the program's inception in 1981, USH has repurchased approximately 8.7 million of its common shares at an average cost of $30.59 per share.

Sep. '89— USH said that the Eighth Circuit Court of Appeals upheld a $15 million judgement against All American Life Insurance Co., a wholly-owned subsidiary of USH. The judgement stems from a shareholders' class action suit, filed in 1975, concerning an acquisition All American Life made before it was acquired by USH. As a result, USH posted a $6.5 million ($0.38 a share) net special charge against third quarter earnings.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	54.20	46.77	43.09	39.07	36.46	33.63	30.85	26.46	23.31	21.85
Oper. Earnings[2]	3.81	3.94	3.91	3.70	4.13	3.69	3.71	4.22	4.04	3.91
Earnings[2,3]	3.98	4.23	4.63	3.68	3.24	3.67	3.72	4.27	4.13	3.95
Dividends	1.30	1.22	1.14	1.06	0.98	0.90	0.85	0.78	0.71	0.67
Payout Ratio	33%	29%	25%	29%	30%	25%	23%	18%	17%	17%
Prices—High	40 1/4	47 3/4	49 1/2	43	35 3/4	30	25 3/8	34	25 3/4	28
Low	28	26 3/4	35 3/4	32 1/2	23 7/8	21 7/8	14 1/2	19 1/2	18 5/8	18 3/4
P/E Ratio—	11–7	12–7	13–9	12–9	9–6	8–6	7–4	8–5	6–5	7–5

Data as orig reptd. 1. Oper earns prior to 1989 2. Bef results of disc opers. of -0.02 in 1987, +0.23 in 1984, +0.04 in 1983, -0.21 in 1982, -0.25 in 1981, -0.47 in 1980 3. Aft gains/losses on securities trans

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Income Data (Million $)

Year Ended Dec. 31	Life Ins. in Force	Premium Income	Net Invest. Inc.	Total Revs.	Net Bef. Taxes	[1]Net Oper. Inc.	[1]Net Inc.	% Return On Revs.	% Return On Assets	% Return On [2]Equity
1988	90,274	922	290	1,279	95	68	71	5.3	1.7	7.4
1987	87,081	898	271	1,189	112	75	80	6.3	2.0	8.2
1986	82,378	901	256	1,179	108	78	92	6.6	2.2	8.9
1985	70,467	776	230	1,018	108	77	76	7.5	2.4	9.5
1984	61,197	698	210	923	4	84	67	9.1	2.7	10.8
1983	54,963	628	198	931	96	77	76	8.2	2.4	10.6
1982	51,251	586	196	900	111	83	83	9.2	2.6	12.3
1981	48,205	568	184	865	142	104	105	12.0	3.1	15.8
1980	41,967	515	163	789	136	97	99	12.3	2.9	16.2
1979	36,468	467	197	772	121	89	90	11.6	2.6	17.4

Balance Sheet Data (Million $)

Dec. 31	Cash & Equiv.	Premiums Due	Investment Assets: [3]Bonds	Investment Assets: Stocks	Investment Assets: Loans	Investment Assets: Total	Invest. Yield	Deferred Policy Costs	Total Assets	Debt	Common Equity
1988	146	35.8	2,407	29	712	3,229	9.3	582	4,145	300	913
1987	121	31.4	2,178	32	743	3,022	9.2	546	3,880	251	894
1986	99	30.8	1,992	45	758	2,855	9.5	524	3,669	252	901
1985	125	24.3	1,619	73	774	2,535	9.5	478	3,327	254	827
1984	108	30.5	1,383	61	815	2,332	9.0	425	3,108	159	745
1983	128	28.2	1,279	67	878	2,326	8.7	501	3,158	255	700
1982	100	26.3	1,144	71	895	2,218	9.1	503	3,221	277	630
1981	84	23.5	1,099	57	878	2,107	7.7	489	3,078	282	617
1980	153	21.2	927	110	1,439	2,594	6.6	443	3,582	270	602
1979	128	15.6	847	107	1,297	2,372	9.1	376	3,228	298	544

Data as orig. reptd. 1. Bef. results of disc. opers. in 1987, 1984, 1983, 1982, 1981, 1980. 2. Common. 3. Incl. short-term invest. aft. 1980

Business Summary

USLIFE is a diversified financial services holding company, providing individual and group life and health insurance products through subsidiaries. Other subsidiaries are engaged in investment advisory, broker-dealer, real estate and data processing and administrative services.

Through seven life insurance subsidiaries, USH offers individual life insurance and annuity policies, group life and health insurance with particular emphasis on small groups, and credit insurance. Several life subsidiaries also offer products designed for funding pension, profit sharing and other qualified plans. At year-end 1988 life insurance in force totaled $90.3 billion, of which individual life accounted for 62%, group term 14%, credit 10%, and other 14%. In 1988 total life premiums accounted for 70% of total premiums and health for 30%. Individual life accounted for 72% of total life premiums and group health 69% of total health premiums. Despite regional concentrations, several subsidiaries conduct business in all states.

Real estate activities, which include realty investments and mortgage financing, are conducted through USLIFE Real Estate Service Corp. and its subsidiaries. Securities investment operations include USLIFE Advisers Inc. and USLIFE Equity Sales Corp., a registered broker-dealer operating in 48 states and the District of Columbia. USLIFE Systems provides data processing services.

Dividend Data

Dividends have been paid since 1951. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.34	Jan. 24	Feb. 9	Feb. 15	Mar. '89
0.35	Apr. 25	May 9	May 15	Jun. '89
0.35	Jul. 10	Aug. 9	Aug. 15	Sep. '89
0.37	Oct. 24	Nov. 9	Nov. 15	Dec. '89

Next dividend meeting: late Jan. '90.

Capitalization

Long Term Debt: $349,550,000.

Red. Preferred Stock: $5,667,000.

Conv. Preferred Stock: $4,951,000.

Common Stock: 16,974,959 shs. ($1 par).
Institutions hold about 65%.
Shareholders: 12,300.

Office -125 Maiden Lane, N.Y., N.Y. 10038 **Tel**—(212) 709-6000 **Chrmn & CEO**—G. E. Crosby, Jr. **Vice Chrmn**—G. F. Henderson **VP-Secy**—W. A. Denby **VP-Treas**—F. J. Auriemmo, Jr. **Investor Contact**—R. Keating **Dirs**—G. F. Baughman, K. Black, Jr., G. E. Crosby, Jr., I. D. Daly, G. F. Henderson, T. H. Lenagh, E. W. Pyne, B. B. Ramsey, J. W. Riehm, R. L. Shafer, W. G. Sharwell, B. W. Sprinkel, P. C. Walker **Transfer Agents & Registrars**—Manufacturers Hanover Trust, NYC. **Incorporated** in New York in 1850; reincorporated in 1966 **Empl**—1,870.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Catherine A. Seifert

V. F. Corp.

2378K

NYSE Symbol VFC Options on NYSE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
35½	38⅜-27¾	14	0.88	2.5%	A+	1.34

Summary

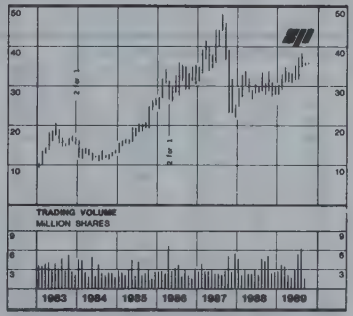
VF Corp. is an international apparel company which produces jeanswear mainly under the Lee and Wrangler names, sportswear under the Bassett-Walker and Jantzen names, intimate apparel under the Vanity Fair, Lollipop and Lee names, and occupational apparel under the Red Kap name. Earnings for 1988 were hurt by soft jeanswear sales and certain restructuring charges, but profits should rebound in 1989 and 1990. In August, 1989 VFC repurchased 10 million of its common shares (14.7% of the total) in a Dutch auction.

Current Outlook

Earnings for 1989 are estimated at $2.80 a share, up from 1988's $2.55. Share earnings for 1990 could reach $3.30.

An early increase in the $0.22 quarterly dividend is likely.

Sales for 1989 may decline slightly, reflecting soft demand for jeanswear which should be somewhat offset by stronger sales at the Bassett Walker division and higher sales at the lingerie and workwear divisions. Margins should widen on restructuring benefits at the Lee division and more efficient manufacturing and distribution at Bassett-Walker. Interest charges will increase. Fewer shares will be outstanding.



Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	563	596	581	317
Jun.	611	643	641	346
Sep.	---	672	732	430
Dec.	---	605	620	452
	---	2,516	2,574	1,545

Sales for the six months ended July 1, 1989 fell 5.2%, year to year, mainly reflecting a 14% decline in jeanswear sales. Margins narrowed, and operating income fell 7.1%. After lower interest expenses, however, pretax income rose 1.4%. Taxes were at 38.6%, versus 39.2%, and net income advanced 2.4%, to $1.23 a share from $1.20.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.56	0.54	0.48	0.41
Jun.	0.67	0.66	0.63	0.48
Sep.	E0.89	0.79	0.89	0.72
Dec.	E0.68	0.56	0.65	0.44
	E2.80	2.55	2.65	2.05

Important Developments

Aug. '89— VFC repurchased 10 million of its common shares (14.7% of the total) at about $38 a share through a Dutch auction self tender offer announced July 18. The company financed the purchase with bank borrowings.

Jul. '89— VFC said sales and operating income of jeanswear during the first half of 1989 were down 14% and 18%, respectively, reflecting slower unit shipments and pricing pressures. Earnings declined at Lee and and were flat at the Wrangler division. However, VF said industry-wide demand for jeanswear products was improving. Sales and operating income of sportswear rose 7% and 100%, respectively, mainly on a turnaround at Bassett-Walker. Meanwhile, sales and operating income rose 13% and 6% at the intimate apparel division, and rose 7% and 2% at the occupational apparel division

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	9.46	7.54	5.56	7.30	5.26	6.09	4.73	3.75	3.31	2.97
Earnings	2.55	2.65	2.05	2.25	1.96	1.82	1.41	0.81	0.65	0.49
Dividends	0.85	0.75	0.66	0.58	0.51½	0.42½	0.32½	0.26⅜	0.21⅜	0.18¼
Payout Ratio	33%	28%	34%	26%	26%	23%	23%	33%	30%	35%
Prices—High	33⅞	48¼	36	27	18⅜	20¾	10¾	5¾	4	2⅞
Low	24¾	22	24	12⅞	10⅞	9⅛	3⅞	3½	2½	2⅛
P/E Ratio—	13-10	18-8	18-12	12-6	8-6	11-5	8-3	7-4	6-4	6-4

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1986, 100% Dec. 1983, 100% Dec. 1982. 1. Reflects merger or acquisition. E-Estimated.

October 10, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	2,516	399	15.8	64.1	88.9	46.9	275	36.8%	174	6.9
1987	2,574	436	17.0	90.8	89.7	60.6	314	42.7%	180	7.0
[1]1986	1,545	319	20.6	60.8	55.0	23.8	249	48.1%	[2]129	8.4
[1]1985	1,481	340	23.0	53.1	50.1	21.5	272	48.8%	139	9.4
[1]1984	1,167	260	22.2	30.7	28.8	8.0	241	48.2%	125	10.7
1983	1,101	236	21.4	59.6	20.1	3.8	226	47.1%	119	10.8
1982	880	182	20.7	31.8	13.1	4.8	180	49.0%	92	10.4
1981	746	121	16.2	18.9	13.4	5.9	111	52.8%	[2]52	7.0
1980	634	87	13.8	26.3	10.9	4.5	84	45.5%	46	7.2
1979	544	68	12.6	23.0	8.9	2.7	66	41.1%	39	7.1

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	87	786	231	3.4	1,760	9.4%	302	1,095	1,468	20.6	16.7%
1987	112	912	464	2.0	1,926	9.5%	323	981	1,362	23.7	19.9%
1986	126	884	430	2.1	1,834	9.3%	436	824	1,301	33.6	18.1%
1985	68	437	145	3.0	860	16.7%	124	554	711	17.5	27.9%
1984	55	378	189	2.0	808	18.6%	153	441	617	24.8	30.5%
1983	134	401	103	3.9	567	23.3%	44	400	462	9.6	33.6%
1982	125	330	92	3.6	458	21.3%	34	310	361	9.5	33.0%
1981	78	289	109	2.7	400	14.0%	30	242	287	10.5	22.9%
1980	25	240	91	2.6	348	14.6%	25	213	252	9.7	22.7%
1979	52	229	63	3.6	325	12.6%	26	220	259	10.2	18.6%

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Reflects accounting change.

Business Summary

V. F. Corp. is an international apparel company which produces jeanswear, sportswear, intimate apparel and occupational apparel through four major divisions. In 1986 VFC acquired Blue Bell, a producer of Wranger jeans, Jantzen sportwear and swimwear, and work clothes, for $732 million. Segment contributions in 1988:

	Sales	Profits
Jeanswear	59%	63%
Sportswear	18%	5%
Intimate apparel	11%	16%
Occupational apparel	12%	16%

Through the Lee Company and the Wranger division, VFC has approximately 27% share of the domestic jeans market. The Lee Company produces jeanswear and casual apparel sold under the Lee, Lee Riders, and Lee Casuals trademark. The Wrangler division sells jeanswear and casual apparel under the Wrangler and Ru stler names. VFC also make upscale jeans under the Girbaud name.

Sportswear is made through Bassett-Walker, Jantzen, and JanSport. Bassett-Walke. is a leading designer and manufacturer of knitted, fleeced activewear. Jantzen produces an extensive line of men's and women's swimwear and sportswear under the Jantzen trademark, and JanSport imprints purchased activewear and t-shirts with various college logos and makes day and backpacks.

Vanity Fair produces a complete line of intimate apparel sold under the Vanity Fair name. Modern Globe produces women's cotton underwear and men's tee-shirts under the Lollipop and Lee labels.

Occupational apparel is sold under the Red Kap label.

Dividend Data

Dividends have been paid since 1941. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.22	Oct. 18	Dec. 5	Dec 9	Dec. 19'88
0.22	Feb. 14	Mar. 6	Mar. 10	Mar. 20'89
0.22	Apr. 18	Jun. 5	Jun. 9	Jun. 19'89
0.22	Jul. 18	Sep. 1	Sep. 8	Sep. 18'89

Next dividend meeting: mid-Oct.'89.

Capitalization

Long Term Debt: $299,197,000 (7/1/89).

Common Stock: 58,174,113 shs. (no par).
About 20% closely held.
Institutions hold approximately 84%.
Shareholders of record: 10,591.

Office—1047 North Park Rd., Wyomissing, Pa. 19610. **Tel**—(215) 378-1151. **Chrmn & CEO**—L. R. Pugh **Pres**—R. E. Gregory **VP-Secy & Investor Contact**—L. M. Tarnoski **VP-Treas**—H. D. McKemy **Dirs**—W. H. Blount, R. D. Buzzell, B. S. Feigin, R. E. Gregory, Jr., R. S. Hillas, L. C. Holt, J. B. Ingram, Jr., R. F. Longbine, W. E. Pike, L. R. Pugh, M. R. Sharp, L. D. Walker **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Pennsylvania in 1899. **Empl**—43,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Valhi, Inc.

2382M

NYSE Symbol VHI Options on Phila (Mar-Jun-Sep-Dec)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 27'89	1989					
18	18-11¾	16	0.20	1.1%	B-	NA

Summary

This broadly diversified company has interests in chemical operations, petroleum services and supplies, the production and sale of refined sugar, forest products, hardware, and the fast-food restaurant business. In December, 1989 a VHI subsidiary increased its stake in Lockheed Corp. to 16.9% of the outstanding common shares. Contran Corp., controlled by Harold Simmons, owns about 88% of VHI.

Business Summary

Valhi, Inc. represents the 1987 merger of LLC Corp. and Amalgamated Sugar Co. Through subsidiaries, the company is engaged in chemical operations, petroleum services, the production of refined sugar, forest products, the fast-food restaurant business, and the production of locks and hardware. Contributions by industry segment in 1988:

	Revs.	Profits
Chemicals	45%	66%
Petroleum services	22%	8%
Refined sugar	18%	13%
Forest products	9%	8%
Fast food	4%	3%
Hardware products	3%	2%

Foreign sales accounted for 49% of total revenues in 1988, compared with 35% the year before.

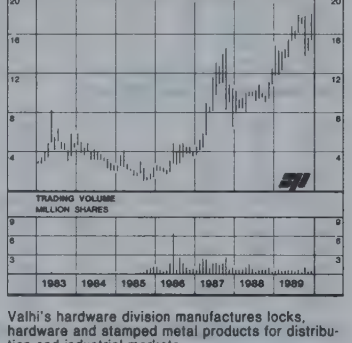
NL Industries (66%-owned) is one of the world's leading producers of titanium dioxide pigments for use in a wide variety of products, including paints, plastics, paper, fibers and ceramics. NL is also a producer of rheological additives and specialty resins.

Baroid Corp. (52%-owned, formerly NL Petroleum Services, Inc.) provides supplies and services to the drilling and production segments of the oil and natural gas industry.

Wholly-owned Amalgamated Sugar Co. is the second-largest refiner and processor of sugarbeets in the U.S. and produces approximately 10% of total domestic sugar production.

Medford Corp. (100%-owned) is an integrated forest products company that owns 151,000 acres of timberland in Oregon and produces and sells plywood, lumber, veneer and wood chips. Wholly-owned Medite Corp. is one of the world's leading producers of medium density fiberboard and a producer of laminated panel overlays.

Sybra Corp. (95%-owned) is the second-largest franchisee of Arby's restaurants with 128 restaurants in seven states.



Valhi's hardware division manufactures locks, hardware and stamped metal products for distribution and industrial markets.

Important Developments

Dec. '89— VHI said that a unit of its 66%-owned NL Industries subsidiary increased its interest in Lockheed Corp. to 16.9% of the outstanding common shares, from 10.8%, bringing its total investment in the aerospace and defense company to about $470 million. Earlier, VHI announced that it had withdrawn its previously announced proposal to merge with NL Industries. Under the proposal, NL would have become a wholly owned subsidiary of VHI and NL's common stockholders other than VHI would have received 1.5 shares of VHI common stock for each NL share. Management said the proposal was withdrawn following a preliminary determination by an investment banking firm that it would be unable to support the proposed exchange ratio.

Next earnings report expected in February.

Per Share Data ($)

Yr. End Dec. 31[1]	1988	1987	[2]1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	2.73	2.47	2.48	d11.76	d8.40	d7.46	0.60	3.73	5.33	3.31
Earnings[4]	0.70	0.39	0.62	d3.50	d0.82	d3.92	d2.69	d1.52	d0.22	0.10
Dividends	0.10	0.10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	14%	26%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices—High[5]	12½	14⅝	4⅞	4⅛	5⅞	8¼	3⅜	5¼	5¾	4⅞
Low[5]	7⅞	3⅝	1⅝	1	2	2¾	1⅞	2⅝	2½	2
P/E Ratio—	18-11	38-9	8-3	NM	NM	NM	NM	NM	NM	49-20

Data as orig. reptd. 1. Years ended Jun. 30 prior to 1987. 2. Major merger resulted in formation of new co. 3. Reflects acctg. change. 4. Bef. results of disc. opers. of 0.23 in 1987, +0.13 in 1986, +1.02 in 1984 and spec. item(s) of +0.05 in 1988, -0.06 in 1987, +0.15 in 1986, +0.70 in 1984, +1.26 in 1980, +0.08 in 1979. 5. Cal. yrs. NA-Not Available. d-Deficit. NM-Not Meaningful.

January 5, 1990

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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Dec. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,252	456	20.2	118	116	109	[3]277	51.1%	80.6	3.6
[4]1987	1,383	82	5.9	692	83	94	[3]82	82.2%	43.7	3.2
[4]1986	114	13	11.1	NA	5	5	[3]27	28.5%	19.1	16.7
1985	58	9	16.0	NA	2	6	d8	NM	d8.6	NM
[5]1984	56	8	14.8	NA	2	6	d1	NM	d1.2	NM
[6]1983	62	10	15.7	NA	2	7	d9	NM	d9.6	NM
1982	8	4	54.7	NA	Nil	6	[3]d7	NM	d7.1	NM
1981	43	20	46.6	NA	Nil	24	[3]d4	NM	d3.7	NM
1980	48	21	44.1	NA	Nil	21	Nil	NM	0.5	1.0
1979	53	22	42.5	NA	Nil	20	2	29.9%	1.5	2.9

Balance Sheet Data (Million $)

Dec. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	231	966	879	1.1	2,291	3.5%	622	311	1,270	49.0	27.3%
1987	196	925	891	1.0	2,411	0.5%	375	286	1,360	27.6	4.7%
1986	359	389	352	1.1	461	3.3%	11	88	108	10.5	NM
1985	4	NA	37	NA	63	NM	13	d20	25	53.9	NM
1984	5	NA	NA	NA	81	NM	[7]17	d10	37	46.5	NM
1983	20	NA	NA	NA	143	NM	[7]89	d8	91	75.9	NM
1982	17	122	NA	NA	151	NM	[7]81	2	112	73.0	NM
1981	66	213	45	4.7	241	NM	157	10	195	80.8	NM
1980	57	235	47	5.0	262	0.2%	164	14	206	79.6	NM
1979	43	241	NA	NA	248	0.6%	[7]109	9	149	73.6	3.3%

Data as orig. reptd. 1. Years ended Jun. 30 prior to 1987. 2. Bef. results of disc. opers. in 1987, 1986, 1984, and spec. item(s) in 1988, 1987, 1986, 1984, 1980, 1979. 3. Incl. equity in earns. of nonconsol. subs. 4. Major merger resulted in formation of new co. 5. Excludes discontinued operations. 6. Reflects accounting change. 7. Incl. current portion. NA-Not Available. d-Deficit. NM-Not Meaningful.

Net Sales[1] (Million $)

Quarter:	1989	1988	1987	1986
Mar.	545	549	261	29
Jun.	581	598	298	26
Sep.	566	545	300	26
Dec.		561	523	30
		2,252	1,383	110

Revenues and other income for the nine months ended September 30, 1989 rose 4.6%, year to year, reflecting a $38.6 million gain on the disposition of business units and increased other income. Benefiting from strength in the chemicals, petroleum services, forest products and fast food segments, pretax income advanced 20%. After taxes at 38.6% against 57.3%, and minority interest, net income was up 104%, to $0.81 a share from $0.39. Results exclude special credits of $0.02 and $0.08 a share in the respective periods.

Common Share Earnings[1] ($)

Quarter:	1989	1988	1987	1986
Mar.	0.20	0.08	0.05	0.01
Jun.	0.20	0.16	0.09	0.06
Sep.	0.41	0.15	0.13	0.31
Dec.		0.31	0.12	0.14
		0.70	0.39	0.52

1. Reflects fiscal yr. end change in 1987.

Dividend Data

In March, 1989 VHI directors approved a policy of paying a regular quarterly dividend of $0.05 a share commencing in the second quarter of 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10 Spl	Mar. 17	Mar. 22	Mar. 29	Apr. 7'89
0.05	May 24	Jun. 9	Jun. 15	Jun. 30'89
0.05	Aug. 18	Sep. 11	Sep. 15	Sep. 29'89
0.05	Nov. 9	Dec. 8	Dec. 14	Dec. 29'89

Finances

In November, 1989 VHI's 66%-owned NL Industries subsidiary said it would be willing to reinstate its offer to acquire chemical producer Georgia Gulf Corp., for $50 a share or about $1.2 billion, at Georgia Gulf's request. NL holds a 9.9% interest in Georgia Gulf.

Capitalization

Long Term Debt: $829,749,000.

Subsid. Preferred Stock: $10,000,000.

Other Minority Interest: $249,700,000.

Common Stock: 113,960,763 shs. ($0.01 par). Contran Corp. (owned by Harold C. Simmons) owns about 88%.

Shareholders of record: 7,300.

Office—5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. Tel—(214) 386-4110. Chrmn—H. C. Simmons. Pres—M. A. Snetzer. VP-Fin—W. C. Timm. VP-Secy—S. L. Watson. Dirs—A. H. Bilger, N. S. Edelcup, R. J. Frame, G. R. Simmons, H. C. Simmons, M. A. Snetzer, P. W. Sommer, J. W. Tucker, Jr. Transfer Agent & Registrar—MBank, Dallas. Incorporated in Delaware in 1932, reincorporated in Delaware in 1987. Empl—16,100.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Richard Speyer

Varian Associates

NYSE Symbol VAR Options on ASE (Feb-May-Aug-Nov)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 5'89	1989					
25⅜	30⅛-23½	10	0.26	1.0%	B	1.29

Summary

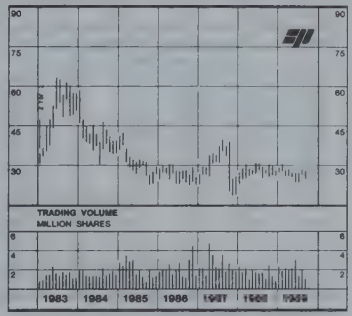
Varian Associates produces a broad line of electron tubes, analytical instruments, semiconductor production equipment, and medical equipment. Stronger industry conditions and cost reductions allowed earnings to increase in fiscal 1988, despite a net nonrecurring charge. The absence of the nonrecurring charge should have led to significantly higher earnings in fiscal 1989, despite sharply lower profits expected in the fourth quarter. A more moderate increase in earnings is likely for fiscal 1990.

Current Outlook

Earnings for the fiscal year ending September 30, 1990 should approximate $1.75 a share, up from the $1.60 estimated for fiscal 1989.

Dividends should continue at $0.06½ quarterly.

Sales are expected to increase moderately in fiscal 1990, led by higher semiconductor production equipment sales, which are benefiting from a shift in the industry to more technologically advanced products, and should offset any impact from slowing industry growth. Although instrument industry sales have slowed recently, sales of analytical instruments should still rise, benefiting from higher technology related capital spending and expanded uses. Other operations are likely to grow at a slower rate. The increased volume, well controlled costs, and a restructuring of the microwave tube and equipment areas, as well as sharply lower legal costs related to a Government investigation of the power grid tube industry, should allow operating margins to expand sharply.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	287	265	215	213
Mar.	359	299	239	221
Jun.	334	299	252	221
Sep.	---	308	276	236
	---	1,171	983	891

Sales for the nine months ended June 30, 1989 advanced 14%, year to year. Margins widened, and in the absence of a year-earlier $35.0 million restructuring charge, pretax income rose to $49.2 million from $5.6 million. After taxes at 38.0%, versus 35.9%, net income amounted to $30.5 million, compared with $3.6 million. Earnings were equal to $1.46 a share, compared with $0.16.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	0.44	d0.80	0.37	0.08
Mar.	0.58	0.43	0.18	Nil
Jun.	0.45	0.54	0.20	d0.24
Sep.	E0.13	1.10	0.24	d0.53
	E1.60	1.27	0.98	d0.70

Important Developments

Sep. '89— VAR said that it expected its fourth quarter earnings to fall substantially below the $0.45 per share reported for the third quarter. It blamed the anticipated shortfall on losses being incurred in the microwave tube and equipment areas and legal expenses in connection with a Government investigation of the power grid tube industry.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Sep. 30	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.81	19.95	19.16	20.14	19.57	16.93	14.06	12.00	11.83	10.66
Earnings[2]	1.27	0.98	d0.70	1.81	2.72	2.14	1.47	0.14	1.33	[3]1.25
Dividends	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.23	0.20
Payout Ratio	20%	27%	NM	14%	9%	12%	19%	192%	17%	16%
Prices—High[3]	31	39¾	30½	42⅜	58½	63⅜	35¼	17⅜	17⅝	15½
Low[3]	22½	18¼	22⅜	22½	30¼	30½	13	11⅜	10½	6⅞
P/E Ratio—	24-18	41-19	NM	23-12	22-11	30-14	24-9	NM	13-8	12-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Mar 1983. 1. Reflects merger or acquisition. 2. Bef. results of disc. opers. of -0.62 in 1985, -0.36 in 1981, +0.06 in 1980, -0.68 in 1979 3. Cal yr d-Deficit E-Estimated NM-Not Meaningful

October 16, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,171	114	9.8	43.2	44.7	7.9	43.4	36.0%	27.8	2.4
[3]1987	983	66	6.7	46.2	37.3	6.6	31.9	33.0%	21.4	2.2
[4]1986	891	16	1.8	50.0	34.5	8.4	d40.2	NM	d14.9	NM
[4]1985	973	85	8.7	94.1	27.4	8.5	56.8	30.0%	39.8	4.1
[3]1984	929	115	12.4	60.6	20.5	6.1	98.3	39.1%	59.9	6.4
1983	760	85	11.2	33.7	17.5	12.0	72.4	38.0%	44.9	5.9
1982	691	68	9.9	29.9	15.2	14.1	40.8	35.1%	26.5	3.8
[5]1981	638	50	7.8	39.1	12.4	20.4	d1.1	NM	2.2	0.3
1980	621	58	9.4	33.2	11.3	15.4	33.1	36.0%	21.2	3.4
[5]1979	493	48	9.7	20.5	10.7	9.5	29.3	36.0%	18.7	3.8

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Curr. Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	12	590	336	1.8	856	3.3%	35	451	519	6.8	6.3%
1987	28	537	328	1.6	830	2.6%	38	438	502	7.6	5.0%
1986	8	505	304	1.7	790	NM	51	411	486	10.5	NM
1985	13	474	247	1.9	745	5.5%	46	429	498	9.3	9.4%
1984	65	514	231	2.2	721	9.0%	43	427	489	8.8	15.0%
1983	101	446	182	2.4	599	7.7%	42	362	416	10.2	13.5%
1982	54	379	162	2.3	524	4.7%	76	275	362	21.1	10.4%
1981	12	363	177	2.0	495	0.4%	110	192	318	34.6	1.1%
1980	9	394	189	2.1	515	4.5%	114	195	326	35.1	11.4%
1979	9	309	157	2.0	408	5.0%	66	173	251	26.4	10.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers in 1985, 1981, 1979. 3. Reflects merger or acquisition. 4. Excl. disc. opers. and reflects merger or acquisition. 5. Excludes discontinued operations. d-Deficit. NM-Not Meaningful

Business Summary

Varian Associates is a high technology concern serving communications, defense, industrial production, scientific and industrial research, and health care markets. Segment contributions (pretax operating profits after nonrecurring items) in fiscal 1988 were:

	Sales	Profits
Electron devices	43%	38%
Analytical instruments	19%	27%
Semiconductor equipment	18%	7%
Medical & industrial products	20%	27%

Foreign business accounted for 25% of sales and 30% of pretax operating income in fiscal 1988.

Electron devices include electron tubes, solid state devices and components, and related equipment for use in communications, defense, industrial, scientific and medical applications.

The Instrument group supplies analytical instruments for the determination of chemical structure, chemical composition, or both. The instruments are used in industrial, academic, and governmental laboratories throughout the world.

The Semiconductor equipment group makes process equipment used in the manufacture of semiconductor devices such as integrated circuits.

The Medical and industrial products group makes linear accelerators used in cancer therapy, and also produces vacuum equipment and components, and electrical and magnetic components.

Dividend Data

Dividends were initiated in 1973. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06½	Dec. 16	Jan. 13	Jan. 20	Feb. 1'89
0.06½	Feb. 17	Apr. 17	Apr. 21	May 1'89
0.06½	Jun. 23	Jul. 17	Jul. 21	Aug. 1'89
0.06½	Aug. 18	Oct. 16	Oct. 20	Nov. 1'89

Next dividend meeting: mid-Dec. '89.

Capitalization

Long Term Debt: $57,900,000.

Common Stock: 21,561,000 shs. ($1 par).
Institutions hold about 65%.
Shareholders of record: 10,100.

Office—611 Hansen Way, Palo Alto, Calif. 94303-0863 **Tel**—(415) 493-4000 **Chrmn & CEO**—T. D. Sege **Pres**—N. H. Pond **VP-Fin**—R. A. Lemos **Secy**—W. R. Moore. **Investor Contact**—Allen Jones. **Dirs**—K. J. Arrow, J. J. Cooper, R. M. Davis, J. C. Gaither, E. L. Ginzton, C. L. Hogan, L. W. Lehr, A. A. MacNaughton, J. G. McDonald, W. F. Miller, G. E. Moore, D. O. Pederson, N.H. Pond, T. D. Sege, H. M. Stearns **Transfer Agent & Registrar**—First National Bank of Boston. **Incorporated** in California in 1948; reincorporated in Delaware in 1976 **Empl**—11,600

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Paul H. Valentine, CFA

Varity Corp.

2387T

NYSE Symbol VAT In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 9'90	1989-90					
2 1/2	3 3/8-2	8	None	None	B-	1.06

Summary

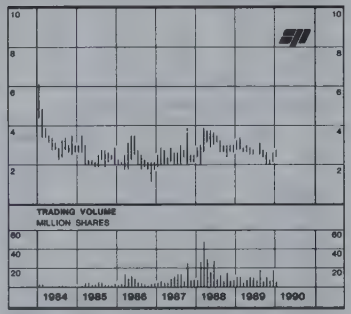
This Canadian company is a leading worldwide manufacturer of agricultural tractors, diesel engines, industrial machinery, and engineered products for the motor vehicle industry. In November, 1989 VAT acquired K-H Corp. (formerly Fruehauf Corp.) in a transaction consisting of some $40 million in cash, $422 million principal amount of K-H notes, and about 41 million new VAT common shares.

Current Outlook

Earnings for the fiscal year ending January 31, 1991 are projected at $0.20 a share, versus the $0.30 estimated for fiscal 1989-90.

Resumption of common dividends is possible.

Excluding the acquisition of K-H Corp., revenues are projected to decline in fiscal 1990-1, reflecting continued weakness in the demand for industrial machinery and transportation products along with flat farm equipment sales. Decreased sales will probably lead to lower operating rates and a drop in gross profits. Hurt further by higher interest costs and dilution from the K-H acquisition, earnings will likely decline in fiscal 1990-1.



Net Sales (Million U.S. $)

Quarter:	1989-0	1988-9	1987-8	1986-7
Apr.	524	554	454	346
Jul.	535	582	462	363
Oct.	535	525	465	256
Jan.	---	624	569	394
	---	2,285	1,949	1,359

Sales for the nine months October July 31, 1989 fell 4.0%, year to year, reflecting changes in currency values and weakness in the farm/industrial and transportion units. Margins widened, and pretax net gained 22%. After taxes at 16.0%, against 6.0%, net income was up 8.8%. After preferred dividends, share earnings were $0.22, versus $0.21. Inclusion of tax-loss carryforward credits (1988-9 restated) added $0.06 and $0.12, respectively, to share earnings.

Common Share Earnings (U.S. $)

Quarter:	1989-0	1988-9	1987-8	1986-7
Apr.	---	0.02	d0.09	0.020
Jul.	[6]0.13	0.03	Nil	0.040
Oct.	0.09	0.03	0.06	d0.014
Jan.	E0.08	0.09	0.25	d0.130
	E0.30	0.18	0.22	d0.210

Important Developments

Dec. '89— VAT announced that it had completed the acquisition of K-H Corp. (formerly Fruehauf Corp.) in a transaction consisting of some $40 million in cash, $422 million principal amount of K-H notes and approximately 41 million new VAT common shares. VAT noted that terms of the indenture governing the K-H notes would limit VAT's ability to pay cash dividends on its common shares in certain circumstances. Following the acquisition of K-H, a major supplier of wheels, wheel-end components and anti-lock braking systems for cars and trucks, VAT will have annual sales of about $3.5 billion, and total assets of some $2.6 billion. The merger is expected to reduce VAT's farm machinery sales to less than 35% of gross revenues and provide VAT with major operating assets in North America where it has about $500 million in tax loss carryforwards.

Next earnings report expected late March.

Per Share Data (U.S. $)

Yr. End Jan. 31[1]	1990	1989	1988	[2]1987	1986	1985	1984	1982	1981	1980
Tangible Bk. Val.	NA	0.99	d0.50	d0.31	d0.02	d1.93	d2.21	d4.03	4.44	12.87
Earnings[3]	NA	0.18	0.22	d0.21	0.02	d0.12	d0.93	d8.95	d8.60	d11.39
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Years	1989	1988	1987	1986	1985	1984	1983	1981	1980	1979
Prices—High[4]	3 3/8	3 7/8	3 7/8	3 1/2	3 1/2	6 1/8	6 3/4	3 1/8	5 1/8	11 5/8
Low[4]	2	2	1 7/8	1 1/8	1 7/8	2 1/4	3	1 5/8	1 5/8	3 1/4
P/E Ratio—	NA	22-11	18-9	NM	NM	NM	NM	NM	NM	NM

Data as orig. reptd. 1. Yrs. ended Oct. 31 prior to 1984. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.18 in 1986, -1.40 in 1981, -1.26 in 1980, and spec. item(s) of +0.15 in 1989, -0.28 in 1988, +5.22 in 1980. 4. Cal. yrs. 5. Six mos. d-Deficit. E-Estimated NA-Not Available NM-Not Meaningful

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Income Data (Million U.S. $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1989	2,285	232	10.2	45	75.2	97	95	43.9%	53	2.3
1988	1,949	155	7.9	46	68.0	105	67	24.9%	51	2.6
[4]1987	1,359	36	2.6	64	33.9	74	d24	NM	d23	NM
[5]1986	1,288	124	9.6	45	28.3	71	37	34.7%	24	1.9
1985	1,469	95	6.5	39	32.9	101	2	NM	7	0.5
1984	1,535	67	4.4	36	36.6	118	d69	NM	[6]d68	NM
1982	2,058	d73	NM	47	70.9	224	d417	NM	d413	NM
1981	2,646	d76	NM	44	81.0	302	d204	NM	d195	NM
1980	3,132	168	5.4	48	79.6	301	d210	NM	d200	NM

Balance Sheet Data (Million U.S. $)

Jan. 31[1]	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	219	1,019	779	1.3	1,628	2.9%	258	230	767	33.6	48.3%
1988	160	953	728	1.3	1,623	3.2%	375	d55	813	46.1	NM
1987	56	835	628	1.3	1,504	NM	474	d38	816	58.1	NM
1986	85	806	513	1.6	1,257	1.4%	335	d4	701	47.8	NM
1985	48	990	432	2.3	1,449	0.4%	637	d201	957	66.5	NM
1984	61	1,116	560	2.0	1,581	NM	653	d203	950	68.8	NM
1982	108	1,469	746	2.0	2,069	NM	1,025	d218	1,274	80.4	NM
1981	65	1,838	844	2.2	2,503	NM	1,031	191	1,614	63.9	NM
1980	56	2,106	1,894	1.1	2,828	NM	562	235	934	60.2	NM

Data as orig. reptd. 1. Yrs. ended Oct. 31 prior to 1984. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1986, 1981, 1980 and spec. item(s) in 1989, 1988, 1980. 4. Reflects merger or acquisition. 5. Excl. disc. opers. 6. Reflects accounting change. d-Deficit NM-Not Meaningful

Business Summary

Varity Corp. (formerly Massey-Ferguson) produces farm and industrial machinery, diesel engines, and engineered products. Segment contributions in fiscal 1988-9:

	Sales	Profits
Farm & industrial machinery	58%	49%
Engines	25%	37%
Transportation product	14%	12%
Other	3%	2%

The U.S. accounted for 22% of sales in fiscal 1988-9, Canada 3%, and Europe and other 75%.

Massey-Ferguson farm equipment consists of agricultural tractors in the 14 to 180 horsepower range. Industrial equipment includes backhoe and tractor loaders and other industrial tractors in the 45 to 80 horsepower range.

Perkins Engines produces diesel engines in the 7 to 1,500 horsepower range for original equipment manufacturers.

Dayton Walther manufactures transportation products, including engineered products for the motor vehicle industry and hydraulic components.

Dividend Data

Common dividends were omitted in 1978.

Finances

During fiscal 1988-9 VAT realized net proceeds of $72.1 million from the sale of assets and applied nearly all of the funds to reduction of long-term debt. Debt reduction continued in fiscal 1989 and VAT reported that long-term debt at October 31, 1989 had been cut to its lowest level since 1971.

In December, 1989 VAT said that it had adopted (retroactively) FAS # 96 under which the realization of tax benefits related to prior years' losses for the three and nine months ending October 31, 1989 was included in income before extraordinary items. This had the effect of increasing income before extraordinary items under U. S. GAAP for the the three and nine months ended October 31, 1989 by $3.7 million and $12.5 million, respectively.

Capitalization

Long Term Debt: $203,900,000 (10/31/89).

U.S. $1.30 Cum. Red. Conv. Cl. 1 Pfd. Stock: 11,843,000 shs. (liquid. pref. $20); conv. into 6.8493 com.

C$1.625 Cum. Red. Pfd. Stock: 2,001,000 shs. (liquid. pref. $25); conv. into 3.3333 com.

Common Stock: 246,873,270 shs. (no par).
Institutions hold about 40%.
Shareholders of record: 30,674.

Warrants: To purchase 35,004,198 shs.

Office—595 Bay St., Toronto, Ontario, Canada M5G 2C3 **Tel**—(416) 593-3811 **Chrmn & CEO**—V. A. Rice **Pres**—V. D. Laurenzo **Secy**—P. McCarter. **VP-Treas**—F. J. Chapman. **Investor Contact**—J. R. Nowling. **Dirs**—M. G. Bird, W. A. Corbett, T. N. Davidson, H. N. R. Jackman, V. D. Laurenzo, W. D. McKeough, V. A. Rice, W. R. Teschke, R. H. Warrender, L. R. Wilson. **Transfer Agents & Registrars**—National Trust Co. Toronto, Montreal, Winnipeg, Calgary and Vancouver; Canadian Imperial Bank of Commerce Trust Co., New York and London. **Incorporated** in Canada in 1891. **Empl**—15,330.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Leo Lark

Walgreen Co.

NYSE Symbol WAG Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
43⅝	50¼-30	17	0.80	1.8%	A+	1.43

Summary

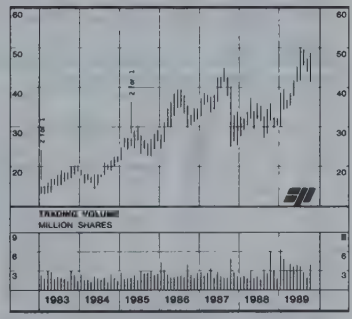
An aggressive store opening program and increasing contributions from prescription business provide this leading drug retailer with strong growth potential. Computerization of pharmacy operations, coupled with a geographically diversified store base, should enhance WAG's competitive position, as should ongoing programs to boost productivity.

Current Outlook

Share earnings for the fiscal year ending August 31, 1990 should rise to about $2.95 from the $2.50 of fiscal 1989.

The quarterly dividend was raised 18%, to $0.20 from $0.17, with the October, 1989 declaration.

Revenue growth in fiscal 1990 should reflect continued strong gains in prescription sales and an expanded store base. Competitive pricing and third party programs will keep a lid on margin expansion. Interest expense will be higher. Longer term, WAG's continuing productivity advances and superior pharmacy operations should sustain its strong industry position.



Net Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	1,212	1,115	960	818
Feb.	1,477	1,351	1,175	1,002
May	1,351	1,216	1,071	914
Aug.	1,341	1,202	1,075	927
	5,380	4,884	4,282	3,661

Sales for the fiscal year ended August 31, 1989 (preliminary) rose 10%, year to year, largely on strong prescription sales. Gross margins narrowed due to competitive pricing and expense ratios improved. Pretax income advanced 17%. After taxes at 36.7%, versus 38.2%, net income rose 20%, to $2.50 a share from $2.10.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Nov.	0.40	0.31	0.22	0.28
Feb.	0.93	0.77	0.62	0.58
May	0.63	0.50	0.42	0.39
Aug.	0.54	0.52	0.42	0.42
	2.50	2.10	1.68	1.67

Important Developments

Oct. '89— Management said that earnings for the fourth quarter were hurt by the sale of WAG's private label manufacturing operations, resulting in a onetime pretax loss of $6.1 million or $0.05 a share. Good inventory control, however, added interest income of $15.3 million to pretax earnings, compared with $4.5 million the prior year. In fiscal 1989 WAG opened 89 stores and remodeled 157 stores, including 99 pharmacies. The company planned to open 600 stores over the next five years. Capital spending was projected to increase to $200 million in fiscal 1990; over $40 million will be devoted to construction of WAG's eighth distribution center. The company opened four RxPress mini-drugstores (2,000 sq. ft.) in Chicago, offering a full service pharmacy and popular nonprescription items.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Aug. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	NA	11.59	10.12	9.00	7.83	6.76	5.74	4.91	4.24	3.73
Earnings	2.50	2.10	1.68	1.67	1.53	1.39	[2]1.14	[2]0.94	[2]0.73	[2]0.64
Dividends	0.68	0.60	0.54	0.50	0.44	0.36	0.30	0.25	0.22	0.19½
Payout Ratio	27%	29%	32%	30%	29%	26%	26%	27%	30%	31%
Prices—High[2]	50¼	37⅜	44⅞	39½	30¼	22⅝	20¼	14⅝	6⅞	5¼
Low[2]	30	27⅛	24⅜	24¼	21½	14⅜	13	5⅝	4⅞	3⅜
P/E Ratio—	20-12	18-13	27-15	24-15	20-14	16-10	18-11	16-8	9-7	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1985, 100% Feb. 1983, 100% Feb. 1982. 1. Reflects merger or acquisition. 2. Cal. yr. NA-Not Available

November 1, 1989

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Aug. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	4,884	284	5.8	114	59.4	20.0	209	38.2%	129	2.6
1987	4,282	264	6.2	122	53.7	18.1	194	46.7%	104	2.4
1986	3,661	240	6.6	156	43.8	11.6	188	45.0%	103	2.8
1985	3,162	212	6.7	97	34.4	6.3	174	45.8%	94	3.0
1984	2,745	181	6.6	68	28.6	6.2	[2]155	44.8%	85	3.1
1983	2,361	147	6.2	71	25.1	6.5	[2]124	43.6%	70	3.0
1982	2,039	108	5.3	70	20.4	6.9	[2]93	39.9%	56	2.7
[3]1981	1,743	76	4.3	79	16.6	[4]6.6	[2]68	37.9%	42	2.4
[3]1980	1,531	68	4.5	42	14.0	6.7	[2]58	39.8%	35	2.3
1979	1,345	64	4.7	37	11.7	6.5	[2]53	43.1%	30	2.3

Balance Sheet Data (Million $)

Aug. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	209.7	974	489	2.0	1,512	9.0%	191	713	1,023	18.7	19.3%
1987	41.2	824	466	1.8	1,362	8.1%	167	622	896	18.6	17.6%
1986	98.1	720	389	1.9	1,197	9.5%	163	554	808	20.2	19.9%
1985	82.4	594	336	1.8	962	10.4%	72	481	625	11.5	21.0%
1984	56.6	532	320	1.7	841	11.0%	53	415	521	10.2	22.3%
1983	67.8	426	275	1.6	718	10.4%	54	352	443	12.2	21.4%
1982	41.4	357	235	1.5	616	9.7%	55	299	382	14.3	20.1%
1981	38.3	304	184	1.7	521	8.4%	65	251	337	19.3	17.9%
1980	55.1	289	143	2.0	449	8.0%	82	207	305	26.7	17.9%
1979	57.7	269	129	2.1	402	7.9%	84	175	273	30.7	18.4%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1978. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects merger or acquisition. 4. Reflects acctg. change

Business Summary

Walgreen is the largest retail drug store chain in the U.S. The company also manufacturers and packages over 400 private label health and beauty items which are marketed nationally through its own stores.

There were 1,416 drug stores in operation at August 31, 1988 in 29 states and Puerto Rico (1,356 at fiscal 1987 year-end). Of these, 88 new drug stores were opened during the year, 28 were closed and 60 stores remodeled. By the end of fiscal 1988, about 60% of all drug stores were either new or had been remodeled in the last five years.

In fiscal 1988 prescriptions accounted for 27% of sales, proprietary drugs 13%, general merchandise 29%, liquor and beverages 13%, cosmetics and toiletries 11%, food services 2% and tobacco products 5%. The company's prescription sales increased by 26.1% and 29.8% in fiscal 1988 and 1987, respectively. The company considers its Intercom pharmacy system a major factor in prescription sales increases. The on-line system connects all stores with headquarters and one another.

The company completed its largest acquisition—66 Medi Mart drug stores in the Northeast—and also purchased 26 Ribordy drug stores in Northern Indiana in fiscal 1986.

In August, 1988 the company sold its 91 Wag's family restaurant chain to Marriott Corp.

Dividend Data

Dividends have been paid since 1933. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Jan. 11	Feb. 15	Feb. 22	Mar. 11'89
0.17	Apr. 12	May 16	May 22	Jun. 12'89
0.17	Jul. 12	Aug. 16	Aug. 22	Sep. 12'89
0.20	Oct. 11	Nov. 7	Nov. 13	Dec. 12'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $150,121,000, incl. $27.3 million of capital lease obligations.

Common Stock: 61,515,516 shs. ($1.25 par).
Officers and directors own about 2.6%.
Institutions hold approximately 47%.
Shareholders of record: 21,460.

Office—200 Wilmot Rd., Deerfield, Ill. 60015 Tel—(312) 940-2500. Chrmn & CEO—C. R. Walgreen III. Pres & COO—L. D. Jorndt. VP-Secy—W. O. Shank. Investor Contact—J. M. Palizza. Dirs—F. F. Canning, T. Dimitriou, M. M. Hedlund, J. J. Howard, C. D. Hunter, L. D. Jorndt, A. C. Nielsen, Jr., J. B. Schwemm, W. H. Springer, C. R. Walgreen III. Transfer Agent & Registrar—Harris Trust & Savings Bank, Chicago. Incorporated in Illinois in 1909

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Wal-Mart Stores

NYSE Symbol WMT Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
43⅝	44⅞-30	25	0.22	0.5%	A+	1.35

Summary

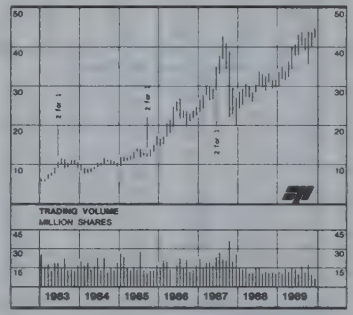
Wal-Mart operates a chain of discount department stores in an area spanning the Sunbelt and the Midwest, with locations generally in smaller communities. Strong base expansion and an aggressive pricing posture should facilitate market share gains in the Wal-Mart division, while improving profitability of the wholesale clubs and contributions from new hypermarkets—combination supermarket/discount merchandisers—and other new store prototypes enhance longer-term prospects.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991 are projected at $2.30, versus an estimated $1.85 in fiscal 1989-90.

The $0.05½ quarterly dividend should be increased in early 1990.

Sales for fiscal 1990-91 should continue to reflect double digit gains in the Wal-Mart stores and growing contributions from high-volume wholesale clubs. Continuing use of efforts to pare operating and distribution costs, coupled with improved inventory management, should accommodate an aggressive price posture, facilitating market share gains.



Net Sales (Billion $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	5.37	4.28	3.21	2.34
Jul.	6.05	4.85	3.73	2.77
Oct.	6.28	4.99	4.02	2.95
Jan.	---	6.53	5.00	3.85
	---	20.65	15.96	11.91

Sales for the nine months ended October 31, 1989 rose 25%, year to year. Gross margins narrowed slightly, and SG&A expenses declined as a percentage of sales. Pretax income increased 26%. After taxes at 37.0%, versus 37.1%, net income also rose 26%, to $1.15 a share from $0.91.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.35	0.27	0.19	0.13
Jul.	0.39	0.32	0.24	0.17
Oct.	0.41	0.32	0.24	0.17
Jan.	E0.70	0.57	0.44	0.33
	E1.85	1.48	1.11	0.80

Important Developments

Nov. '89— Management said that although the fourth quarter of fiscal 1989-90 was expected to be highly competitive, the company's inventory levels and dedication to customer service will enable it to meet its goals and objectives. In the third quarter of fiscal 1989-90 WMT opened 40 new Wal-Mart stores, nine Sam's Wholesale Clubs and two Hypermarket USA units (formerly operated as a joint venture), adding 5 million square feet of retail space. At October 31, WMT had 1,347 Wal-Mart stores, 118 Sam's Wholesale clubs, 14 dot Discount Drug stores and three Hypermarket USA units. In July the company's Sam's Wholesale Club division announced its expansion into North Carolina, Iowa, Wisconsin and Pennsylvania.

Next earnings report expected in mid-February.

Per Share Data ($)

Yr. End Jan. 31	1989	[1]1988	1987	1986	1985	1984	1983	[1]1982	1981	1980
Tangible Bk. Val.	5.25	3.91	3.00	2.28	1.76	1.32	0.91	0.63	0.48	0.35
Earnings	1.48	1.11	0.80	0.58	0.48	0.35	0.23	0.16	0.11	0.09
Dividends	0.16	0.12	0.08½	0.07	0.05⅜	0.03½	0.02⅜	0.01¾	0.01⅜	0.01
Payout Ratio	11%	11%	11%	12%	11%	10%	10%	10%	12%	11%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	33⅞	42⅞	26⅞	17⅜	11⅞	11¾	6⅞	2⅞	2	1¼
Low	24¼	20	14⅝	9½	7⅝	5½	2½	1⅜	⅞	⅞
P/E Ratio—	23-16	39-18	34-18	30-16	25-16	33-16	30-11	18-11	18-8	14-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1987, 100% Oct. 1985, 100% Jul. 1983, 100% Jul. 1982, 100% Dec. 1980. 1. Reflects merger or acquisition. E-Estimated.

December 27, 1989

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Income Data (Million $)

Year Ended Jan. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1989	20,649	1,538	7.4	593	214	144	1,325	36.8%	837	4.1
[1]1988	15,959	1,244	7.8	658	166	119	1,069	41.3%	628	3.9
1987	11,909	972	8.2	587	124	90	846	46.8%	450	3.8
1986	8,451	695	8.2	532	90	61	604	45.7%	327	3.9
1985	6,401	563	8.8	325	66	49	501	46.0%	271	4.2
1984	4,667	405	8.7	229	49	35	357	45.1%	196	4.2
1983	3,376	278	8.2	166	37	41	225	44.7%	124	3.7
[1]1982	2,445	189	7.7	102	26	32	149	44.3%	83	3.4
1981	1,643	122	7.4	92	18	17	99	43.9%	56	3.4
1980	1,248	90	7.2	89	13	14	74	44.6%	41	3.3

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	13	3,631	2,066	1.8	6,360	14.6%	1,193	3,008	4,294	27.8	31.8%
1988	11	2,905	1,744	1.7	5,132	13.7%	1,053	2,257	3,388	31.1	31.8%
1987	166	2,353	1,340	1.8	4,049	12.6%	943	1,690	2,709	34.8	30.3%
1986	174	1,784	993	1.8	3,104	12.3%	776	1,278	2,111	36.8	28.9%
1985	2	1,303	689	1.9	2,205	14.0%	491	984	1,516	32.4	31.4%
1984	157	1,006	503	2.0	1,652	13.6%	381	737	1,149	33.1	31.4%
1983	33	721	347	2.1	1,187	11.5%	329	488	840	39.2	30.0%
1982	9	589	340	1.7	938	10.8%	259	323	598	43.3	28.9%
1981	19	345	178	1.9	592	10.3%	165	248	415	39.8	26.2%
1980	5	267	170	1.6	458	10.5%	122	165	288	42.4	28.1%

Data as orig. reptd. 1. Reflects merger or acquisition.

Business Summary

Wal-Mart is a discount retailer, primarily operating a chain of 1,259 Wal-Mart discount department stores in 25 Southern, Southwestern states, 105 Sam's Wholesale Clubs and 14 dot Discount Drug stores at January 31, 1989.

The average Wal-Mart discount store is 63,500 sq. ft. in size (90% selling area), located primarily in small towns. Each store features nationally advertised merchandise, as well as private label items, in some 36 departments, including family apparel, automotive, housewares, sporting goods, hardware, health and beauty aids, toys, etc. Softlines generally account for about 28% of sales. The company plans to expand or relocate about 70 of the older Wal-Mart stores into experimental combination supermarket/ general merchandise stores to operate as Wal-Mart SuperCenters.

The first Sam's Wholesale Club was opened in 1983. Sam's is a membership-only, cash and carry wholesale warehouse operating in metropolitan areas. Units are located primarily in larger metropolitan markets and range in size from 68,000 sq. ft. to 130,000. At fiscal year-end 1988-9, 105 units were in operation.

Thirteen distribution centers supplied the stores with some 78% of their merchandise needs in fiscal 1988-9.

The company sold its three Helen's Arts and Crafts stores in 1988.

Dividend Data

Dividends were initiated in 1973.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.05½	Mar. 9	Mar. 17	Mar. 24	Apr. 10'89
0.05½	Jun. 1	Jun. 12	Jun. 16	Jul. 7'89
0.05½	Aug. 10	Aug. 28	Sep. 1	Oct. 4'89
0.05½	Nov. 9	Dec. 5	Dec. 11	Jan. 2'90

Next dividend meeting: early Mar.'90.

Finances

Funds totaling $2.4 billion were used to finance capital expenditures in fiscal 1988-9, which included fixture additions, leasehold improvements, new stores, partial construction of two new distribution centers, the payment of dividends and providing general working capital.

Capitalization

Long Term Debt: $1,197,385,000, incl. $1.0 billion of capital lease obligations.

Common Stock: 565,932,298 shs. ($0.10 par).
Walton family interests own about 39%.
Institutions hold approximately 33%.
Shareholders of record: 80,270.

Office—702 Southwest 8th St. (P.O. Box 116), Bentonville, Ark. 72712. Tel—(501) 273-4000. Chrmn—S. M. Walton. Pres & CEO—D. D Glass. Vice-Chrmn & COO—S. R. Walton. VP & Treas—C. Rateliff. Dirs—D. R. Banks, P. R. Carter, H. R. Clinton, J. A. Cooper, Jr., D. D. Glass, A. L. Johnson, J. H. Jones, R. Kahn, C. Lazarus, W. H. Seay, J. Shewmaker, D. G. Soderquist, J. E. Tate, J. L. Walton, S. M. Walton, S. R Walton. Transfer Agent & Registrar—Boatmen's Trust Co., St. Louis, Mo. Incorporated in Delaware in 1969. Empl—223,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J Sack

Wang Laboratories

9517P

ASE Symbol WAN.B Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
4⅞	10⅞-4⅝	NM	¹---	¹---	B	1.13

Summary

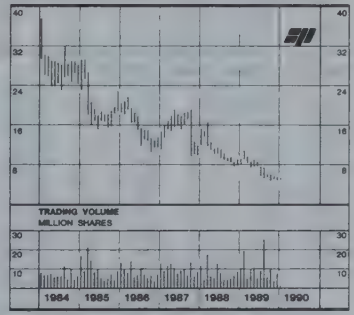
This company manufactures computer systems and provides related products and services, primarily for the office automation market. Losses are projected to continue into fiscal 1990, reflecting a difficult minicomputer marketplace, customer concern over the company's financial health, and further margin declines in its proprietary minicomputer lines. The company's credit agreements with its bank lenders were restructured in mid-1989, and the quarterly dividend was omitted.

Current Outlook

Losses are expected to continue into fiscal 1990, following fiscal 1989's loss from continuing operations of $1.96 a share.

Quarterly dividends were omitted in July 1989.

Revenues in fiscal 1990 should continue under pressure, hurt by a lack of acceptance of new products, reflecting customer concern regarding Wang's financial condition. A stronger dollar would also reduce foreign sales. Weakness in domestic minicomputer demand has clouded visibility and increased competition. Minicomputer vendors also face competition from workstation vendors and are encountering a shift from proprietary architectures to industry standards. Wang is relying on its new image systems to generate growth, but this business currently accounts for a small percentage of total revenues. Cost containment programs could lead to improved operating margins, but net interest expense will likely rise.



Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	597	684	693	598
Dec.		722	784	689
Mar.		721	768	746
Jun.		741	823	824
		2,869	3,068	2,837

Revenues for the three months ended September 30, 1989, dropped 13%, year to year, as restated. Domestic sales fell 21%, and international business was down 3.8%. Margins narrowed, and following $12.9 million of restructuring charges, a pretax loss of $62.1 million contrasted with pretax income of $19.9 million. After no taxes, versus taxes at 18.6%, a net loss of $62.1 million ($0.38 a share) replaced income from continuing operations of $18.2 million ($0.10). Results exclude a loss of $0.02 a share from discontinued operations in the 1988 period.

Com. B & C Share Earns. ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.38	0.10	0.14	d0.19
Dec.		0.03	0.21	d0.49
Mar.		d0.38	0.14	0.04
Jun.		d1.70	0.08	0.20
		d1.96	0.56	d0.44

Important Developments

Oct. '89— Wang sold the lease portfolio of its domestic lease financing unit for $152 million, of which $139 million was used to repay bank debt. An additional $30 million of debt was subsequently repaid through other asset sales. Separately, Wang said it expects to record an additional accrual for employee severance of $30 million in the second quarter of fiscal 1990.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	²1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	6.84	8.99	8.45	9.45	8.93	9.01	7.09	4.82	3.91	1.88
Earnings[6]	d1.96	0.56	d0.44	0.35	0.11	1.52	1.16	0.88	³0.68	0.50
Dividends	0.16	0.16	0.16	0.16	0.16	0.12	0.09	0.06	0.05⅓	0.04
Payout Ratio	NM	28%	NM	47%	144%	8%	8%	7%	8%	8%
Prices[4]—High	10⅞	18½	19⅛	21¾	29¼	37⅝	42½	31¾	22⅞	22⅝
Low	4⅛	7½	9⅝	10½	15	23	28	12⅜	12	7⅛
P/E Ratio—	NM	29-13	NM	62-30	NM	25-15	37-24	36-14	34-18	45-14

Data as orig reptd Adj for stk div(s) of 100% Dec 1982, 100% Nov 1980 1. Omitted in Jul 1989 2. Reflects accounting change 3. Ful diluted 0.67. 4. Cal. yr. 5. Bef results of disc opers. of -0.83 in 1989 NM-Not Meaningful d-Deficit

January 16, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

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Income Data (Million $)

Year Ended Jun. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
⁴1989	2,869	198	6.9	288	263	80.3	²d263	NM	d321	NM
1988	3,068	450	14.7	¹274	276	68.5	²119	21.9%	93	3.0
³1987	2,837	258	9.1	367	254	78.2	²d52	NM	d71	NM
1986	2,643	339	12.8	376	223	84.1	²56	8.9%	³51	1.9
1985	2,352	182	7.7	514	177	74.3	²d55	NM	16	0.7
1984	2,185	428	19.6	520	140	54.7	²261	19.5%	210	9.6
1983	1,538	324	21.0	361	108	31.0	190	19.9%	152	9.9
1982	1,159	225	19.4	253	83	33.5	136	21.3%	107	9.2
1981	856	175	20.4	230	54	25.6	100	22.0%	78	9.1
1980	543	124	22.8	126	30	15.9	78	33.0%	52	9.6

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	258	1,322	968	1.4	2,726	NM	623	1,131	1,758	35.4	NM
1988	155	1,178	709	1.7	2,838	3.3%	537	1,586	2,129	25.2	6.0%
1987	180	1,250	653	1.9	2,812	NM	668	1,486	2,159	30.9	NM
1986	158	1,204	538	2.2	2,649	2.0%	657	1,448	2,111	31.1	3.6%
1985	48	1,049	455	2.3	2,376	0.7%	667	1,248	1,921	34.7	1.2%
1984	73	1,128	542	2.1	2,252	10.5%	359	1,249	1,710	21.0	18.8%
1983	233	928	309	3.0	1,682	10.2%	363	938	1,373	26.5	19.3%
1982	70	766	243	3.2	1,188	10.3%	329	577	945	34.8	20.5%
1981	35	599	168	3.6	895	9.9%	244	466	729	33.5	22.6%
1980	7	394	153	2.6	578	11.6%	214	191	425	50.4	33.0%

Data as orig reptd 1. Net of curr yr retirement and disposals 2. Incl equity in earns of nonconsol. subs. 3. Refl. accounting change 4. Excludes discontinued operations. d-Deficit. NM-Not Meaningful

Business Summary

Wang Laboratories manufactures computer and communication systems and provides related products and services primarily used for data and text processing as well as image and voice processing. Foreign operations accounted for 49% of revenues in fiscal 1989.

Wang's principal hardware line is the VS family of computers. The low end microprocessor-based VS 5000 series, introduced in July 1988, is designed for small businesses, corporate departments and distributed offices in large enterprises. The VS 8000 series, introduced in September 1989, consists of mid-range computers that offer intensive processing power and large storage capacities for heavily interactive applications, distributed data processing and advanced communications. The high end VS 10000 series was introduced in January 1989.

Wang Integrated Image Systems (WIIS) makes possible the integration of paper-based image documents with data and text and permits users to incorporate image information into office and data processing systems. Shipments began in fiscal 1988.

Dividend Data

Cash dividends, which had been paid on Class B shares since 1976, and on Class C (formerly common) since 1974, were omitted in July 1989. The last quarterly dividend on Class B was $0.04, paid on August 8, 1989.

Finances

In August 1989, Wang restructured its credit agreements with its bank lenders. The new agreements cover $575 million of bank borrowings, an increase of $100 million from prior agreements. The restructuring also extends the maturity of $125 million from September 30, 1989, until July 15, 1990. Wang has pledged its assets, excluding inventory, to its lender banks, and the agreement enables Wang to release collateral to raise $175 million for working capital.

Capitalization

Long Term Debt: $604,000,000 (9/89), incl. about $372.3 million of debs. conv. into 7.8 million Cl. B com.

Common Stock: 158,210,762 Cl. B ($0.50 par); 5,879,775 Cl. C ($0.50 par).

Cl. B shs. have 1/10 vote ea.; elect 25% of directors; receive divs. of $0.01¼ more quarterly than Cl. C. Cl. C shs. elect 75% of directors; are conv. sh.-for-sh. into Cl. B.

Wang family interests hold about 22.9% of Cl. B and 82.8% of Cl. C.

Shareholders of record: 46,600 Cl. B; 2,300 Cl. C.

Office—One Industrial Ave., Lowell, Mass. 01851. Tel—(508) 459-5000. Chrmn & CEO—An Wang. Pres & COO—R. W. Miller. SVP, CFO & Treas—E. M. Bullis. SVP & Secy—E. D. Grayson. Investor Contact—P. Henning. Dirs—P. A. Brooke, L. W. Cabot, H. H. S. Chou, M. Kirkpatrick, R. W. Miller, E. F. Stockwell, Jr., H. R. Swearer, H. Tsiang, P. E. Tsongas, An Wang, F. A. Wang, L. C. Wang. Transfer Agent & Registrar—Bank of Boston. Incorporated in Mass. in 1955. Empl—23,817.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Warner-Lambert

NYSE Symbol WLA Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 21'89	1989					
112¼	116-74½	19	2.56	2.3%	B+	1.05

Summary

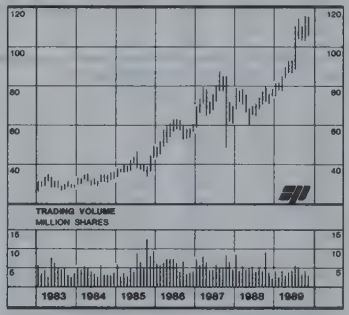
Warner-Lambert is a leading producer of prescription and over-the-counter pharmaceuticals, with interests in a number of consumer products. Good growth prospects for WLA's product lines coupled with benefits from an aggressive R&D program and further expansion in foreign markets point toward above-average earnings growth in the years ahead.

Current Outlook

Earnings for 1990 are projected at about $7.10 a share, up from the $6.10 estimated for 1989.

An increase in the $0.64 quarterly dividend is likely over the near term.

Sales for 1990 are expected to show further strong growth, aided by gains in major established drug and consumer products lines and contributions from new products such as WLA's Accupril ACE inhibitor cardiovascular drug. Continued strong demand is projected for WLA's Lopid lipid-regulating drug. Profitability should benefit from the better volume, cost controls, and a lower tax rate. Significant long-term potential is seen for Cognex, a treatment for Alzheimer's disease.



Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,020	928	822	747
Jun.	1,025	951	856	761
Sep.	1,108	1,031	897	782
Dec.	---	998	910	813
	---	3,908	3,485	3,103

Sales for the nine months ended September 30, 1989 increased 8.3%, year to year, aided by gains in all major business segments. Pretax income rose 11%. After taxes at 33.2%, against 39.2%, net income was up 22%. Earnings were equal to $4.73 a share, versus $3.86.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.49	1.22	1.02	0.86
Jun.	1.66	1.35	1.12	1.61
Sep.	1.58	1.29	1.06	0.91
Dec.	E1.37	1.14	0.95	0.79
	E6.10	5.00	4.15	4.18

Important Developments

Oct. '89— WLA projected research and development expenditures of nearly $350 million in 1990, of which about 80% was slated for pharmaceutical R & D. WLA's strategic plan calls for an R & D investment of $1.8 billion over the next five years. Sales of ethical products for the first nine months of 1989 increased 11%, year to year, aided by growth in Lopid lipid regulating drug. Sales of non-prescription products rose 5.8%, gum and mint sales advanced 10%, and sales of other products increased 4.8%. New drug products include Accupril, an ACE inhibitor cardiovascular; Cognex (THA), a treatment for Alzheimers disease which WLA plans to submit for FDA approval by mid-1990; a nicotine skin patch to be used as a smoking cessation aid; and an advanced quinolone antibacterial which WLA licensed from a Japanese firm.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	[1]1981	1980	1979
Tangible Bk. Val.	12.54	11.59	12.12	10.82	11.54	10.87	10.23	13.62	14.71	13.40
Earnings	5.00	4.15	4.18	d4.05	2.81	2.51	2.20	0.12	2.41	1.55
Dividends	2.16	1.77	1.59	1.50	1.48	1.42	1.40	1.34	1.32	1.29
Payout Ratio	43%	43%	37%	NM	52%	57%	64%	NM	55%	83%
Prices—High	79½	87½	63⅛	49⅜	36⅛	35	30⅛	25	23¼	26½
Low	59⅞	48¼	43⅜	33⅜	28¾	25¾	19⅝	17	17	17⅜
P/E Ratio—	16-12	21-12	15-10	NM	13-10	14-10	14-9	NM	10-7	17-11

Data as orig. reptd. 1. Reflects merger or acquisition. E-Estimated. d-Deficit. NM-Not Meaningful.

December 1, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	3,908	641	16.4	190	96.4	74.2	538	36.8%	340	8.7
1987	3,485	575	16.5	177	79.4	65.6	493	40.0%	[2]296	8.5
1986	3,103	503	16.2	138	68.2	70.1	446	30.6%	309	10.0
1985	3,200	501	15.7	139	92.8	82.8	d252	NM	d316	NM
1984	3,167	480	15.2	142	96.7	88.6	384	41.7%	224	7.1
1983	3,108	468	15.0	166	99.3	79.8	379	47.1%	200	6.5
[3]1982	3,246	401	12.3	154	88.8	94.5	344	49.1%	[2]175	5.4
1981	3,380	382	11.3	166	84.5	80.9	102	90.9%	9	0.3
1980	3,479	433	12.4	130	79.1	88.4	331	41.7%	193	5.5
1979	3,217	432	13.4	139	73.1	74.9	233	47.1%	123	3.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	177	1,265	1,025	1.2	2,703	13.2%	318	999	1,452	21.9	36.5%
1987	221	1,253	974	1.3	2,476	12.1%	294	874	1,277	23.0	34.0%
1986	568	1,510	970	1.6	2,516	13.0%	342	907	1,305	26.2	35.3%
1985	142	1,246	872	1.4	2,358	NM	358	891	1,323	27.1	NM
1984	283	1,316	766	1.7	2,900	7.8%	510	1,433	2,047	24.9	15.8%
1983	250	1,324	710	1.9	2,919	6.9%	603	1,421	2,122	28.4	14.3%
1982	279	1,363	656	2.1	2,906	6.0%	679	1,378	2,142	31.7	12.7%
1981	379	1,638	852	1.9	2,963	0.3%	519	1,385	1,988	26.1	0.6%
1980	360	1,691	748	2.3	2,954	6.6%	558	1,487	2,125	26.3	13.4%
1979	407	1,730	836	2.1	2,874	4.4%	490	1,399	1,951	25.1	8.9%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Reflects accounting change. 3. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Warner-Lambert produces ethical drugs, over-the-counter pharmaceuticals and various consumer products. Segment contributions in 1988 were as follows:

	Sales	Oper. Profits
Ethical products	31%	42%
Non-prescription products	33%	30%
Gums and mints	24%	19%
Other products	12%	9%

Foreign operations represented 47% of sales and 41% of profits in 1988.

Ethical products include pharmaceuticals, biologicals and diagnostic products, capsules and hospital products. Products include Meclomen nonsteroidal anti-inflammatory agent, Procan SR heart drug, Centrax tranquilizer, Lopid lipid (fat) regulator, Dilzem antihypertensive, Dilantin epilepsy treatment, Comprecin quinolone antibacterial, Doryx antibiotic, and Cholybar cholesterol-lowering candy bar. Branded generics are also sold.

Non-prescription items include Listerine oral antiseptic, Listermint mouthwash, Bromo-Seltzer anti-acid-analgesic, Halls cough tablets, Rolaids anti-acid, Benadryl cold medication and others.

Gums and mints include Dentyne, Trident, and Freshen-Up gums; Clorets, Dynamints, Junior Mints and Certs mints; and Pom Poms and Rascals candies.

Other products include the Schick line of razors and blades, Tetra home aquarium and empty gelatin capsules.

Dividend Data

Dividends have been paid since 1926. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.64	Nov. 22	Feb. 6	Feb. 10	Mar. 10'89
0.64	Apr. 25	May 1	May 5	Jun. 9'89
0.64	Jul. 25	Jul. 31	Aug. 4	Sep. 8'89
0.64	Oct. 31	Nov. 6	Nov. 10	Dec. 8'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $296,900,000.

Common Stock: 67,759,082 shs. ($1 par).
Institutions hold about 67%.
Shareholders of record: 50,800.

Office—201 Tabor Rd., Morris Plains, N.J. 07950. **Tel**—(201) 540-2000. **Chrmn & CEO**—J. D. Williams. **Pres**—M. R. Goodes. **Secy**—R. G. Paltiel. **Treas**—E. J. Larin. **Investor Contact**—R. W. Keelty. **Dirs**—B. C. Ames, D. C. Clark, R. J. Dircks, J. A. Georges, M. R. Goodes, W. S. Hagan, W. R. Howell, I. Kristol, L. D. Leffall, Jr., P. S. Longe, D. E. O'Neill, L. G. Rawl, P. S. Russell, E. J. Sullivan, K. J. Whalen, J. D. Williams. **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1920. **Empl**—33,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

H.B Saftlas

Waste Management

2428M

NYSE Symbol WMX **Options on Phila (Feb-May-Aug-Nov)** **In S&P 500**

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 28'89	1989					
65⅜	66⅜-40¾	29	0.60	0.9%	A	1.21

Summary

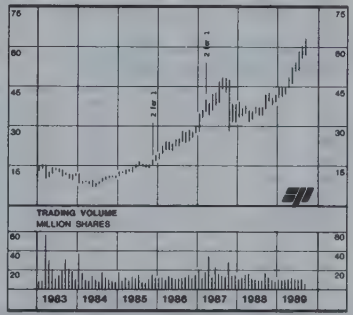
This company is the nation's largest provider of comprehensive waste management services, offering collection and disposal services for residential, commercial and industrial generators of solid, liquid, chemical, nuclear and hazardous wastes. Good earnings growth is expected to continue for the next several years, reflecting further expansion of solid waste operations and strong gains for the Chemical Waste Management unit.

Current Outlook

Earnings for 1990 may rise to $3.00 a share from the $2.45 estimated for 1989.

Dividends should remain at $0.15 quarterly.

Revenues for 1990 are anticipated to rise about 20%, reflecting additional acquisitions of local haulers, more municipal contracts, continued geographic expansion, and higher prices. Contributions from recycling operations and the treatment and disposal of medical waste will also aid revenue growth. The hazardous waste disposal business will benefit from capacity additions and a greater number of wastes excluded from land disposal. Margins will probably narrow slightly, due to lower margins from international operations. Long-term prospects appear favorable, based on the company's leadership position and the strong growth seen for the solid waste disposal industry.



Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	959	768	584	433
Jun.	1,119	887	658	491
Sep.	---	938	757	528
Dec.	---	973	759	565
	---	3,566	2,758	2,018

Revenues for the six months ended June 30, 1989, rose 26%, year to year, reflecting price increases, acquisitions and volume gains for domestic operations, and growth for international revenues, which were aided by acquisitions. Margins narrowed, and following higher depreciation and interest charges, the gain in pretax income was spared to 20%. After taxes at 37.0%, versus 38.0%, net income advanced 22%, to $1.13 a share from $0.93.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.51	0.42	0.31	0.22
Jun.	0.62	0.51	0.37	0.26
Sep.	E0.66	0.57	0.39	0.29
Dec.	E0.66	0.55	0.39	1.00
	E2.45	2.05	1.46	1.76

Important Developments

Apr. '89— WMX and DuPont Co. announced they had signed a letter of intent to form a joint venture that will be the largest U.S. plastics recycling operation. The venture will reclaim plastics for high-value uses by cleaning, separating and recycling them at a facility that was expected to start in early 1990 and have the capacity to process up to 40 million pounds of plastics annually.

Next earnings report expected in mid-October.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	1985	[1]1984	[1]1983	[1]1982	[1]1981	[1]1980	[1]1979
Tangible Bk. Val.	5.93	5.53	4.64	3.24	2.37	3.28	2.91	2.20	1.68	1.16
Earnings	2.05	1.46	1.76	0.86	0.74	0.63	0.60	0.49	0.36	0.26
Dividends	0.45	0.36	0.27	0.22½	0.19⅜	0.16	0.12⅜	0.09½	0.07⅛	0.05½
Payout Ratio	22%	25%	15%	26%	26%	25%	22%	19%	20%	21%
Prices—High	42¾	48½	29⅞	19	12	15½	14	10⅜	8½	3⅞
Low	31½	27⅜	17¼	10⅞	6⅞	9½	6½	6½	3	2¼
P/E Ratio—	21-15	33-19	17-10	22-13	16-9	25-15	23-11	21-13	23-8	14-8

Data as orig. reptd. Adj. for stk. div(s). of 100% Apr 1987, 100% Dec. 1985, 200% Jun. 1981. 1. Reflects merger or acquisition. E-Estimated

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[1]1988	3,566	1,110	31.1	893	302	81.0	[2]746	37.8%	464	13.0
[1]1987	2,758	876	31.8	558	232	40.6	584	44.0%	327	11.9
[1]1986	2,018	659	32.7	418	181	53.4	507	26.9%	371	18.4
1985	1,625	506	31.1	365	140	64.2	318	46.0%	[3]172	10.6
[1]1984	1,315	382	29.1	386	109	53.1	248	42.5%	143	10.8
[1]1983	1,040	296	28.5	219	85	24.7	209	42.5%	120	11.6
[1]1982	967	288	29.7	220	74	21.9	196	45.5%	[3]107	11.0
[1]1981	773	226	29.3	145	63	14.4	154	45.6%	84	10.9
[1]1980	560	163	29.1	142	48	10.0	101	45.8%	55	9.8
[1]1979	382	112	29.4	109	37	7.4	68	45.8%	37	9.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	% Ret. on Equity
1988	54	827	745	1.1	4,879	11.3	1,270	2,179	3,823	33.2	22.8
1987	20	599	590	1.0	3,351	10.4	468	1,885	2,634	17.7	18.5
1986	198	638	474	1.3	2,795	14.3	403	1,580	2,196	18.3	26.7
1985	25	504	367	1.4	2,261	7.9	483	1,137	1,780	27.2	16.6
1984	9	445	356	1.2	1,966	8.6	489	886	1,497	32.7	17.1
1983	52	387	233	1.7	1,338	9.5	168	768	1,039	16.2	16.7
1982	86	358	198	1.8	1,170	10.2	166	664	914	18.2	19.0
1981	88	273	172	1.6	833	11.5	128	418	612	20.9	22.5
1980	37	144	101	1.4	575	10.7	103	301	449	22.8	21.2
1979	6	86	81	1.1	407	9.6	79	196	308	25.5	20.2

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Incl. equity in earns. of nonconsol. subs. 3. Reflects accounting change.

Business Summary

This company is the nation's largest provider of comprehensive waste management services. Revenue and pretax profit breakdown in 1988:

	Revs.	Profits
North American group	76%	73%
Chemical waste group	20%	26%
International group	4%	1%

The Waste Management of North America (WMNA) group collects, processes and disposes of solid waste in 46 states, the District of Columbia, and five Canadian provinces. In 1988 operations in California, Florida and Pennsylvania accounted for about 27% of revenues. At the end of 1988, WMNA served about 655,700 commercial and industrial customers and 7.6 million households, and also operated 123 landfills in North America, with 80 additional sites under investigation for development. The company is also engaged in providing paper, glass, plastics and metal recycling services. In addition, WMX holds a 22% interest in Wheelabrator Technologies Inc., the nation's leading waste-to-energy company.

Chemical Waste Management (81%-owned) is the largest provider of comprehensive hazardous waste management services in the U.S. Services include transportation, treatment, resource recovery and disposal, which are provided principally to commercial and industrial customers. It also provides integrated hazardous waste site remediation services and low-level radioactive waste management services.

Dividend Data

Dividends were initiated in 1976. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Nov. 29	Dec. 15	Dec. 21	Jan. 5'89
0.12	Feb. 13	Mar. 16	Mar. 22	Apr. 6'89
0.15	May 19	Jun. 15	Jun. 21	Jul. 6'89
0.15	Aug. 21	Sep. 14	Sep. 20	Oct. 5'89

Next dividend meeting: late Nov. '89.

Finances

The company believes that it will be faced in the normal course of business with fines and penalties for remedial work at its landfill sites. WMX has been subject to antitrust investigations in its solid waste operations.

Capitalization

Long Term Debt: $1,399,775,000.

Minority Interest: $171,501,000.

Common Stock: 228,849,414 shs. ($1 par). Institutions hold approximately 58%.
Shareholders of record: 21,430.

Office—3003 Butterfield Rd., Oak Brook, Ill. 60521. **Tel**—(312) 572-8800. **Chrmn & CEO**—D. L. Buntrock. **Pres**—P. B. Rooney. **Secy**—H. A Getz. **SVP & CFO**—D. F. Flynn. **VP-Treas & Investor Contact**—James E. Koenig **Dirs**—H. H. Baker, Jr., D. L. Buntrock, J. E. Dempsey, O. N. Emmons, D. F. Flynn, P. H. Huizenga, L. L. Morgan, P. Pedersen, J. R. Peterson, P. B. Rooney, A. Trowbridge. **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago. **Incorporated** in Delaware in 1968. **Empl**—36,750.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Michael V. Pizzi

Watkins-Johnson

NYSE Symbol WJ

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 29'89	1989					
26	27¼-23½	10	0.48	1.8%	A-	1.18

Summary

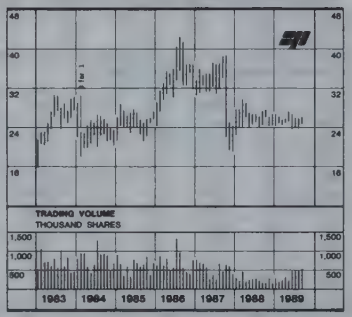
This company designs and manufactures advanced electronic systems and devices for military, industrial and space applications. Microwave tube and semiconductor products and equipment for commercial markets are also produced. Although tight defense spending has affected the flow of new orders, some gain in operating earnings is likely for 1990 through improved margins.

Current Outlook

Earnings for 1990 are projected at $2.80 a share, compared with the $3.00 estimated for 1989, which includes $0.34 nonrecurring income.

Dividends should continue at the current $0.12 quarterly rate.

Revenues for 1990 should advance moderately. Order rates have weakened somewhat in 1989, particularly for certain systems and some devices used in various missiles. Backlog could remain flat during the 1989 second half and finish the year below the year-end 1988 total. Improvement in margins is likely in 1990, reflecting internal efficiencies and employee reductions.



Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	80.8	69.9	66.1	58.8
Jun.	82.3	69.9	62.4	68.9
Sep.	---	71.8	66.1	63.2
Dec.	---	80.6	69.6	64.5
	---	292.2	264.3	255.4

Sales for the first half of 1989 increased 16.6%, year to year. Margins narrowed, and pretax income rose 15.3%. After taxes at 34.0%, against 33.0%, net income was up 13.6%, to $1.28 a share from $1.13.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.62	0.56	0.56	0.52
Jun.	0.66	0.57	0.45	0.54
Sep.	E1.01	0.66	0.54	0.50
Dec.	E0.71	0.67	0.58	0.41
	E3.00	2.46	2.13	1.97

Important Developments

Sep. '89— The company reached an agreement to acquire R. L. Stollar & Associates, which provides consulting services to industry and government in solving environmental and water-resource problems.

Aug. '89— WJ won a judgement of $5.75 million in a breach of contract suit against the government of Iran. As a result, third-quarter 1989 earnings will be increased by $0.34 a share.

Jul. '89— WJ said that the firm order backlog on June 30 was $263.9 million, down 3.1% from the year-earlier backlog of $272.2 million. The portion of the latest backlog shippable within 12 months was 80%, compared with 82%.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	15.98	13.92	12.30	12.08	11.88	9.96	8.36	7.44	6.89	6.30
Earnings[2]	2.46	2.13	1.97	1.94	2.26	1.84	1.08	0.70	0.74	0.77
Dividends	0.40	0.40	0.40	0.36	0.32	0.23	0.16	0.16	0.16	0.13
Payout Ratio	16%	19%	19%	19%	14%	13%	15%	23%	22%	17%
Prices—High	29¾	38¾	42½	28¾	29	30⅝	17½	13¼	13⅜	10⅞
Low	22⅜	19	24¼	21⅛	18	15⅞	7¼	6⅞	8¾	5
P/E Ratio—	12-9	18-9	22-12	15-11	13-8	17-9	16-7	19-10	18-12	14-6

Data as orig. reptd. Adj. for stk. div(s). of 200% Feb 1984. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of -0.08 in 1987. E-Estimated

October 10, 1989

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	292	44.0	15.1	11.6	12.2	1.97	30.8	33.1%	20.6	7.0
[2]1987	264	42.1	15.9	12.3	11.6	2.03	28.7	38.1%	17.8	6.7
1986	255	41.2	16.1	13.6	10.3	2.05	30.0	42.5%	17.2	6.8
1985	233	38.9	16.7	10.1	9.1	2.11	30.6	39.7%	18.4	7.9
1984	211	35.1	16.7	11.8	8.0	2.11	28.9	24.2%	21.9	10.4
1983	186	29.5	15.9	12.4	6.5	2.00	29.3	39.5%	17.7	9.5
1982	156	22.4	14.4	6.4	5.7	2.19	17.6	41.4%	10.3	6.6
1981	132	15.6	11.8	5.2	5.2	2.28	11.3	41.0%	6.7	5.0
1980	133	17.7	13.3	9.2	4.7	2.05	12.3	42.4%	7.1	5.3
1979	128	18.3	14.3	3.7	4.5	2.27	12.7	42.9%	7.3	5.7

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	24.5	145	51.7	2.8	210	10.3%	20.2	134	154	13.1	16.4%
1987	13.8	122	46.4	2.6	186	9.8%	21.3	116	138	15.5	16.2%
1986	6.6	115	43.5	2.6	173	10.1%	22.3	103	125	17.9	17.0%
1985	19.8	121	43.7	2.8	176	10.8%	23.0	106	129	17.8	17.6%
1984	34.2	127	40.0	3.2	181	12.9%	23.6	115	139	17.0	20.7%
1983	34.3	110	36.4	3.0	158	12.2%	21.3	96	120	17.8	20.1%
1982	27.7	89	26.8	3.3	131	8.3%	21.8	80	105	20.8	13.6%
1981	22.7	75	20.5	3.6	116	5.9%	22.2	71	96	23.2	9.7%
1980	16.0	68	19.1	3.5	109	6.5%	22.6	66	90	25.0	11.3%
1979	15.5	70	23.9	3.0	108	7.1%	23.0	60	84	27.2	12.7%

Data as orig. reptd. 1. Bef. spec. item(s) in 1987. 2. Reflects merger or acquisition.

Business Summary

Watkins-Johnson designs, develops and manufactures advanced electronic systems and devices for military, industrial and space applications. Contributions by product line in the past three years:

Sales	1988	1987	1986
Electronic systems	60%	52%	51%
Devices	40%	48%	49%

Foreign sales accounted for 26% of total sales in 1988, compared with 19% in 1987.

The majority of sales are to governmental agencies and to customers engaged in national defense. Direct sales to U.S. Government agencies totaled $87.0 million in 1988, versus $79.9 million in 1987.

The electronic warfare market is WJ's largest. Products offered there include receiving systems for threat detection, intelligence collection, and general reconnaissance and surveillance purposes, as well as various types of jammers.

Other markets served include automatic missile components test equipment, test instruments, signal parameter measurement, communications and production and laboratory furnaces for the semiconductor industry.

WJ's research and development efforts in 1988 resulted in 115 new products. Company sponsored R&D expense amounted to 6.3% of sales in 1988.

Dividend Data

Dividends have been paid since 1974. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.10	Nov. 28	Dec. 6	Dec. 12	Jan. 3'89
0.10	Feb. 27	Mar. 7	Mar. 13	Mar. 30'89
0.12	May 22	May 31	Jun. 6	Jun. 22'89
0.12	Aug. 28	Sep. 6	Sep. 12	Sep. 28'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $22,219,000.

Common Stock: 8,400,145 shs. (no par).
Institutions hold about 80%.
Shareholders of record: 5,300.

Office—3333 Hillview Ave., Palo Alto, Calif. 94304. **Tel**—(415) 493-4141. **Pres & CEO**—W. K. Kennedy Jr. **Vice-Chrmn**—H. R. Johnson. **Secy**—C. H. Roosen. **Treas**—A. C. Montaudon. **VP-Investor Contact**—W. K. Kennedy. **Dirs**—D. A. Watkins (Chrmn), R. R. Campbell, V. R. Eshleman, W. R. Graham, J. J. Hartmann, H. R. Johnson, W. K. Kennedy Jr., R. F. O'Brien, J. L. Shepard. **Transfer Agent & Registrar**—Bank of America, San Francisco. **Incorporated** in California in 1957. **Empl**—3,150.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

T.M. Canning, CFA

Wells Fargo

NYSE Symbol WFC Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 28'89	1989					
79⅛	87½-59	8	3.60	4.5%	A-	1.17

Summary

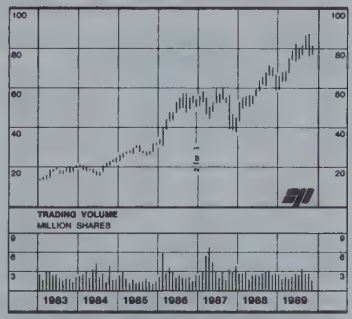
This bank holding company is the fourth largest in California and the 11th largest in the U.S. WFC is continuing to realize efficiencies, even after the full integration of Crocker National, which was acquired in 1986. It also emphasizes higher margined, though riskier business lines. Together with the reserve building of recent years, this gives WFC flexibility to experience earnings gains despite mounting problem real estate loans and slowing loan growth.

Current Outlook

Earnings for 1990 could reach $12.00 a share, before an estimated $1.30 gain from the sale of a 50% interest in WFC's institutional investment unit, up from the $11.00 projected for 1989.

The quarterly dividend was raised 20%, to $0.90 from $0.75, with the October, 1989 payment.

WFC is continuing to stress the efficiency of its operations, even though it is already one the the most efficient banks in the nation, following the very successful integration of its cross-town rival, Crocker (acquired in 1986). This focus on expense control should help in 1990 as loan growth will likely slow as the economy cools. WFC also emphasizes high-return businesses, such as real estate lending, financing leveraged buyouts (a $3.4 billion portfolio at September 30), and credit cards, which can, however, be the most risky. While provisions for loan losses have increased in 1989, rising nonperforming loans in the real estate portfolio (about 42% of the total loan portfolio) could lead to higher provisions in 1990. Long-term LDC exposure has been eliminated via sales and chargeoffs. Recent alliances with Asian firms could help WFC develop new markets and enhance revenue growth.



Review of Operations

Net interest income for the nine months ended September 30, 1989 advanced 11%, year to year, reflecting 5.2% growth of earning assets (average commercial loans rose 13%) and a wider net interest margin. The provision for loan losses was 25% higher at $282 million, to boost reserves in light of rising nonperforming assets. Noninterest income advanced 14%. With noninterest expenses up 2.4%, pretax income gained 24%. After taxes at 40.3%, versus 33.2%, net income was up 18%. Share earnings were $8.07, compared with $6.75.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	2.56	2.15	1.36	1.13
Jun.	2.68	2.24	d5.56	1.17
Sep.	2.83	2.36	2.77	1.35
Dec.	E2.93	2.45	1.95	1.36
	E11.00	9.20	0.52	5.03

Important Developments

Oct. '89— During the third quarter WFC signed definitive agreements to acquire three California banking companies; Valley National Bank of Glendale, Central Pacific Corp. of Bakersfield, and the Torrey Pines Group of Solana Beach, for approximately $55 million, $160 million and $75 million, respectively.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	[2]1984	1983	1982	1981	1980	[1]1979
Book Value	34.27	27.40	26.82	30.58	28.11	25.08	23.31	21.19	19.97	18.29
Earnings[3]	9.20	0.52	5.03	4.15	3.43	3.02	2.91	2.67	2.67	2.73
Dividends	2.20	1.67	1.41	1.24	1.08	0.99	0.96	0.96	0.96	0.86
Payout Ratio	24%	321%	28%	30%	32%	33%	33%	36%	36%	32%
Prices—High	71¼	60⅛	57½	32½	24⅞	20⅞	17⅛	18⅛	14½	16¾
Low	43⅛	37½	30½	22¾	15½	13	9⅛	12½	10⅞	12¾
P/E Ratio—	8-5	NM	11-6	8-5	7-5	7-4	6-3	7-5	5-4	6-5

Data as orig reptd Adj for stk div(s) of 100% Jan 1987 **1.** Reflects merger or acquisition. **2.** Reflects acctg change. **3.** Aft gains/losses on security trans. of -0.05 in 1988, -0.15 in 1987, +0.40 in 1986, +0.64 in 1985, +0.04 in 1984, +0.01 in 1983, -0.07 in 1982, -0.04 in 1981, +0.01 in 1980, -0.15 in 1979. E-Estimated. d-Deficit. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Net Int. Inc.	Tax Equiv. Adj.	Non Int. Inc.	Loan Loss Prov.	% Exp./ Op. Revs.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Int. Margin	—% Return On— Assets	Equity
[1]1988	1,976	36	683	300	56.4	835	38.6%	512	4.94	1.14	30.0
[1]1987	1,931	68	483	892	61.3	d11	NM	51	4.95	0.11	1.5
[1]1986	1,609	88	430	362	61.8	392	30.2%	274	5.09	0.73	14.5
1985	1,220	48	340	372	58.7	300	36.7%	190	4.93	0.67	14.1
[2]1984	1,069	55	268	195	63.7	259	34.6%	169	4.66	0.62	12.9
1983	915	50	275	121	67.7	230	32.6%	155	4.33	0.61	12.1
1982	822	53	299	115	71.1	164	15.4%	139	4.06	0.56	13.1
1981	731	59	236	58	73.1	155	20.2%	124	3.85	0.51	12.9
1980	678	48	163	71	67.2	173	29.7%	122	3.88	0.55	14.0
[1]1979	692	42	111	63	62.9	194	36.4%	123	4.45	0.64	15.6

Balance Sheet Data (Million $)

Dec. 31	Total Assets	Earning Assets— Mon. Mkt. Assets	Inv. Secs.	Com'l Loans	Other Loans	% Loan Loss Resv.	—Deposits— Demand	Time	% Loans/ Deposits	Long Term Debt	Common Equity	% Equity To Assets
1988	**46,617**	**349**	**3,970**	**14,501**	**23,170**	**2.00**	**7,113**	**27,956**	**107.4**	**2,917**	**2,174**	**3.6**
1987	44,183	412	3,555	13,766	23,025	3.69	6,330	25,990	113.8	3,824	1,843	4.2
1986	44,577	400	2,545	14,422	22,349	2.00	8,041	24,951	111.5	4,411	1,938	4.7
1985	29,429	721	1,696	9,590	15,025	1.70	3,702	15,799	126.2	4,186	1,308	4.4
1984	28,184	856	1,089	8,911	13,983	1.14	3,922	16,279	113.3	2,720	1,194	4.4
1983	27,018	2,238	968	8,032	12,645	0.98	3,845	16,516	99.5	1,533	1,198	4.7
1982	24,814	1,146	604	7,589	12,362	0.92	3,646	14,533	108.7	1,374	1,100	4.3
1981	23,219	905	1,211	6,220	11,970	0.82	3,769	13,085	106.7	1,176	1,021	4.0
1980	23,638	1,711	1,672	5,421	11,699	0.81	4,262	11,945	103.9	805	914	4.0
1979	20,593	530	1,683	4,650	11,154	0.81	4,316	11,515	97.7	517	834	4.1

Data as orig. reptd. **1.** Reflects merger or acquisition. **2.** Reflects acctg. change. d-Deficit. NM-Not Meaningful.

Business Summary

Wells Fargo & Co. owns California's third largest and the nation's seventh largest bank. Retail banking conducted through some 452 branches, is important, as well as construction and middle market commercial lending, and trust operations ($98 billion of assets under management). International operations are being scaled back. Nonbanking activities include leasing, mortgage banking, consumer and agricultural credit, and credit life insurance.

Average earning assets of $40.5 billion during 1988 were divided: commercial loans 34%, real estate loans 36%, consumer loans 18%, foreign loans 3%, investment securities 8% and money market assets 1%. Average sources of funds were noninterest bearing deposits 14%, savings deposits 36%, time deposits 24% (total deposits were $33.0 billion), short-term borrowings 11%, long-term debt 7%, equity 5% and other 3%.

At year-end 1988 nonperforming assets were $1.0 billion (2.7% of loans), against $1.6 billion (4.3%) a year earlier, reflecting sales of LDC loans. The reserve for loan losses was 2.00%, versus 3.69%. Net chargeoffs during 1988 were 0.80% of average loans, against 0.73% in 1987.

Dividend Data

Dividends have been paid since 1936. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Mar. 1	Mar. 27	Mar. 31	Apr. 20'89
0.75	Jun. 20	Jun. 27	Jul. 3	Jul. 20'89
0.90	Sep. 19	Sep. 25	Sep. 30	Oct. 20'89
0.90	Nov. 21	Dec. 22	Dec. 31	Jan. 19'90

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $2,680,700,000.

Var. Rate Cum. Preferred Stock: $405,000,000.

Common Stock: 51,541,569 shs. ($5 par).
Institutions hold about 67%.
Shareholders of record: 28,360.

Office—420 Montgomery St., San Francisco, Calif. 94163 **Tel**—(415) 396-0123 **Chrmn & CEO**—C. E. Reichardt **Pres**—P. Hazen **VP-Secy**—G. Rounsaville, Jr. **Treas**—A. J. Pabst. **Investor Contact**—Leslie Langan-Altick. **Dirs**—W. R. Breuner, J. F. Dickason, J. K. Dobey, P. Hazen, R. A. Jaedicke, D. M. Koll, M. E. Langer, P. A. Miller, R. T. Nahas, E. M. Newman, C. E. Reichardt, H. O. Reinsch, D. B. Rice, H. F. Trione, J. A. Young. **Transfer Agents & Registrars**—Manufacturers Hanover Trust Co., NYC, San Fransieco. **Incorporated** in California in 1968; reincorporated in Delaware in 1987. Bank incorporated in 1899. **Empl**—19,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Richard M. Levine, CFA

Wendy's International

2445

NYSE Symbol WEN Options on Pacific (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 7'89	1989					
5	7-4¾	19	0.24	4.8%	B+	1.27

Summary

Earnings of this operator and franchisor of Wendy's Hamburgers restaurants peaked in 1985, and have been relatively weak since then. Efforts to improve results have included closing or disposing of weaker units, reducing administrative costs, and a large-scale introduction of a buffet product. However, industry conditions are likely to remain quite competitive, which is expected to limit gains in 1990.

Current Outlook

Earnings for 1990 are estimated at $0.28 a share, up from the $0.24 expected for 1989, which excludes a special credit of $0.07.

Dividends may remain at $0.06 quarterly.

Revenues for 1990 are expected to rise slightly, with the number of company-operated restaurants approximating year-earlier levels. Advertising efforts and an emphasis on lower-priced menu items may continue to boost the number of customer transactions, but this could be offset to some extent by lower average check sizes. Restaurant development efforts are expected to accelerate in 1990, with ground being broken for at least 100 new units (including franchises).

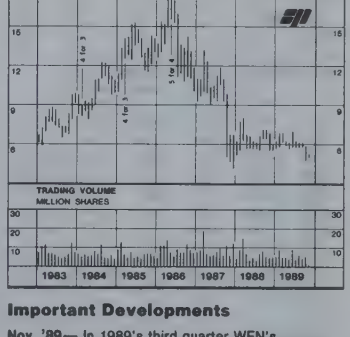
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	259	254	257	275
Jun.	279	275	271	300
Sep.	269	275	272	294
Dec.	---	259	259	271
	---	1,063	1,059	1,140

Revenues for the nine months ended October 1, 1989 increased 0.6%, year to year. Pretax income fell 13%, and after taxes at 38.5%, versus 35.4%, net income declined 17%. Share earnings were $0.19, versus $0.23. Results for the 1989 period exclude a special credit of $0.07 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.01	0.04	d0.07	0.17
Jun.	0.10	0.10	0.02	0.25
Sep.	0.08	0.09	0.05	d0.49
Dec.	E0.05	0.07	0.04	0.02
	E0.24	0.30	0.04	d0.05



Important Developments

Nov. '89— In 1989's third quarter WEN's systemwide sales totaled $787 million, compared with $758 million a year-earlier. Average net sales of domestic company-operated units increased to $210,000 from $205,000, while sales of domestic franchises rose to $204,000 from $196,000. During the quarter WEN introduced a "Super Value Menu" — seven to nine items priced at 99 cents each. WEN said that the number of customer transactions in the quarter rose 3%. However, overall prices were up only 3.5% during a period in which average beef prices were about 14% higher. WEN's profit margin for all company-operated restaurants narrowed to 10.2% from a year-earlier 11.1%. At October 1, 1989 WEN had 1,142 company-operated and 2,612 franchised units, compared with 1,188 and 2,572, respectively, a year earlier.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	1984	1983	1982	[1]1981	1980	[1]1979
Tangible Bk. Val.	4.07	4.00	4.15	4.37	3.77	3.18	2.72	2.14	1.56	1.24
Earnings[2]	0.30	0.04	d0.05	0.82	0.75	0.61	0.51	0.46	0.40	0.31
Dividends	0.24	0.24	0.20⅞	0.17½	0.15	0.11¾	0.09	0.08½	0.08	0.08⅛
Payout Ratio	81%	600%	NM	22%	20%	19%	18%	19%	20%	26%
Prices—High	8	13¼	17⅞	15⅜	12⅜	9⅞	7½	5⅞	3⅞	4⅞
Low	5⅛	4⅛	10	10	7⅞	5⅞	3⅝	3⅛	1⅜	2¼
P/E Ratio—	27-17	NM	NM	19-12	16-11	16-10	15-7	13-7	10-4	16-7

Data as orig. reptd. Adj. for stk. div(s). of 25% May 1986, 33⅓% Mar. 1985, 33⅓% Mar. 1984, 50% Nov. 1982, 50% Mar. 1981. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.01 in 1987. d-Deficit. E-Estimated. NM-Not Meaningful

November 15, 1989

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,046	100	9.5	56	55.7	22.4	44	35.0%	28.5	2.7
[4]1987	1,051	54	5.1	77	53.9	24.2	d12	NM	3.5	0.3
[4]1986	1,103	123	11.1	118	56.4	23.9	11	143.5%	[5]d4.9	NM
[4]1985	1,100	169	15.4	217	46.4	19.1	133	42.9%	76.2	6.9
1984	939	163	17.4	153	35.5	12.4	127	45.8%	68.7	7.3
1983	715	126	17.6	83	24.9	12.9	100	44.5%	55.2	7.7
1982	604	108	17.8	71	20.9	14.1	81	45.4%	[6]44.1	7.3
[4]1981	487	85	17.5	126	15.3	10.2	65	43.0%	36.9	7.6
1980	347	67	19.3	52	9.8	6.3	55	45.0%	30.1	8.7
[4]1979	271	54	19.9	42	7.6	4.4	41	43.8%	23.1	8.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	47.9	110.0	110	1.0	777	3.7%	193	420	665	28.9	6.8%
1987	31.8	98.2	131	0.7	774	0.4%	186	412	641	29.0	0.8%
1986	31.9	97.9	125	0.8	801	NM	214	425	674	31.7	NM
1985	16.0	50.8	119	0.4	811	10.5%	202	444	691	29.3	18.5%
1984	33.1	58.6	112	0.5	614	12.2%	105	364	501	21.0	20.3%
1983	32.4	57.7	89	0.7	507	11.5%	87	308	417	20.8	19.3%
1982	38.5	56.3	71	0.8	456	10.3%	103	265	384	26.8	18.4%
1981	22.1	38.6	66	0.6	376	11.8%	98	202	308	31.8	21.4%
1980	12.9	24.7	45	0.5	219	15.3%	42	126	172	24.6	26.5%
1979	14.9	22.4	24	0.9	173	14.8%	44	101	147	29.9	24.6%

Data as orig. reptd. 1. Subsequent to 1979, includes equity in earns. of nonconsol. subs. 2. Before spec. item(s) in 1987. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition. 5. Reflects accounting change. d-Deficit. NM-Not Meaningful.

Business Summary

Wendy's International owns and operates, and licenses others to operate, restaurants under the name Wendy's Old Fashioned Hamburgers.

	1988	1987
Units in operation (yr.-end)		
Company-owned	1,173	1,229
Franchised	2,589	2,587
Avge. sales per unit:		
Systemwide (thousand $)	759	741

At year-end 1988 a total of 3,762 Wendy's restaurants were being operated, while another 19 were under construction. Restaurants menus may vary somewhat, but major products includes hamburgers, other types of sandwiches, french fries, and a SuperBar buffet product which was introduced in 1987. At year-end 1988, the SuperBar was in 88% of the company-operated units and in 41% of the franchise restaurants. In 1988 WEN's systemwide sales totaled $2.902 billion, up 1.1% from the year before.

Franchise holders are required to pay WEN a royalty of 4% of gross receipts. Also, under newly executed franchise agreements, a technical assistance fee of $25,000 per restaurant is required.

In March, 1987 WEN sold its Sisters International subsidiary, an operator of 35 restaurants and franchiser of 35 more, to SIS Corp.

Dividend Data

Cash dividends were initiated in 1976. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.06	Feb. 20	Feb. 27	Mar. 3	Mar. 17'[illegible]
0.06	May 1	May 5	May 11	May 25'[illegible]
0.06	Aug. 3	Aug. 8	Aug. 14	Aug. 28'[illegible]
0.06	Oct. 31	Nov. 6	Nov. 10	Nov. 27'[illegible]

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $179,461,000, incl. $44.5 millio[illegible] of capitalized lease obligations.

Common Stock: 96,397,000 shs. ($0.10 stated value).
R. David Thomas controls about 8%.
Institutions hold some 22%
Shareholders of record: 58,000.

Office—4288 W. Dublin-Granville Rd., P.O. Box 258, Dublin, Ohio, 43017-0256. Tel—(614) 764-3100. Chrmn—R. L. Barney. CEO & Pres—W. Near. VP & Secy—L. E. Schauf. VP-Treas—J. Brownley. Investor Contact—D. Mitchell. Dirs—R. L. Barney, J. K. Casey, S. B. Davis, C. Hamner, L. J. Immke, Jr., R. C. Laughter, R. E. Musick, J. W. Near, F. B. Nutter, J. V. Pickett, T. R. Shackelford, R. D. Thomas, A. I. Vonys. Transfer Agent & Registrar—American Stock Transfer & Trust Co., NYC. Incorporated in Ohio in 1969. Empl—42,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Tom Gra[illegible]

Western Digital

ASE Symbol WDC Options on Pacific (Jan-Apr-Jul-Oct)

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 6'89	1989					
7	15¼-5¾	11	None	None	B	1.57

Summary

This California-based company is a leading manufacturer of a broad range of storage management, intelligent disk drive, communications, imaging, core logic and integrated systems products for both OEM and reseller markets. Acquisitions and strong international demand have led to dramatic sales growth in recent years, but earnings have been falling since fiscal 1987, restricted by narrowing margins.

Business Summary

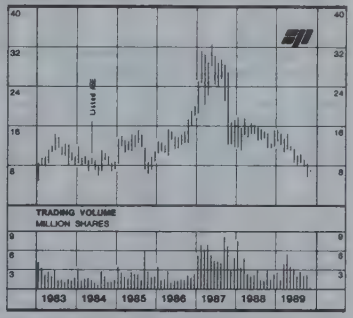
Western Digital Corp. designs, manufactures and markets proprietary semiconductor devices, board-level subsystems and Winchester disk drives for personal computers and microcomputer-based systems. International sales accounted for 48% of the total in fiscal 1989, down from 52% in fiscal 1988, but up from 36% in 1987. Contributions to sales by type of product in recent years were:

	1989	1988
Storage management	64%	71%
Imaging	25%	18%
Communications	6%	4%
Integrated systems	5%	6%

The company believes it is the leading supplier of Winchester hard disk controller products for use in IBM-compatible personal computers. The acquisition of Tandon Corp.'s Winchester disk drive operations in March 1988 extended Western's presence in the Winchester hard-disk controller device and Winchester hard-disk controller board-level subsystems markets. The company recently commenced production of its newly developed intelligent drives. These drives combine the functions of the disk drive controller, the drive electronics and the drive mechanism in one unit, thereby reducing size and manufacturing costs and improving performance.

With the 1986 acquisition of Paradise Systems, Inc., the company also became a leading supplier of IBM PC-compatible video controller boards and related integrated circuit devices. The company manufactures video controller products that conform to most industry standards, such as EGA and VGA, and markets such products under both the Western Digital and Paradise brand names.

Integrated systems products consist of core logic semiconductor devices and integrated motherboards. The company entered this market by acquiring Faraday Electronics Inc. in 1987.



Communications products are comprised of data communication and network protocol controllers, including StarLAN, Ethernet, Ethernet/Twisted-pair and Token Ring.

Research and development expenses were 8.7% of revenues in fiscal 1989, down from 8.8% a year earlier. Manufacturing facilities are located in California (three), Ireland, Malaysia, Puerto Rico, Korea and Singapore.

Important Developments

Nov. '89— The company said it had jointly developed with Texas Instruments (TXN, NYSE) the systems board featured in TXN's new portable computers.

Aug. '89— Western Digital said it had signed a three-year agreement, valued in excess of $60 million, to market IBM's high capacity disk drives for PCs under its own name worldwide.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	10.38	9.26	7.82	4.81	3.62	2.77	1.83	1.83	2.59	0.42
Earnings[1]	1.18	1.51	1.78	1.04	d0.26	0.39	0.14	d0.40	d0.04	0.05
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices[2]—High	15¼	17⅞	32⅝	20	15⅛	11⅞	14⅝	8⅜	13⅜	14⅝
Low	5¾	11	11⅛	9⅞	6¼	5⅞	4¾	3½	6⅛	2¾
P/E Ratio—	13-5	12-7	18-7	15-9	NM	30-15	NM	NM	NM	NM

Data as orig. reptd. 1. Bef. results of disc. ops. of -0.02 in 1984, -0.04 in 1983, -0.11 in 1982, and spec. items of +0.02 in 1988, +0.22 in 1987, +0.05 in 1986, +0.12 in 1984 2. Cal. yr. d-Deficit. NM-Not Meaningful

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Income Data (Million $)

Year Ended Jun. 30	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr. & Amort.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1989	992	106	10.7	38.9	45.2	15.9	45.5	24.5%	34.3	3.5
[2]1988	768	81.7	10.6	35.9	24.7	4.55	55.1	22.0%	43.0	5.6
[2]1987	462	76.0	16.4	41.6	15.6	3.93	57.5	25.6%	42.8	9.3
1986	279	43.8	15.7	16.2	11.4	5.45	27.8	26.0%	20.6	7.4
1985	177	9.0	5.1	21.0	7.5	5.80	d4.1	NM	d4.6	NM
1984	113	17.6	15.6	21.5	4.8	3.25	10.0	37.4%	6.3	5.5
[3]1983	48	6.1	12.7	6.4	2.9	1.36	4.0	45.6%	2.2	4.5
[3]1982	33	d4.7	NM	9.3	2.2	0.87	d5.6	NM	d5.6	NM
1981	24	d2.3	NM	8.2	1.0	0.24	d0.5	NM	d0.5	NM
1980	20	3.3	16.0	0.8	0.9	0.96	1.7	58.9%	0.7	3.3

Balance Sheet Data (Million $)

Jun. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. On Equity
1989	40.5	384	122.1	3.1	589	5.9%	153.9	302	467	33.0	12.0%
1988	28.5	382	178.0	2.1	551	9.8%	111.0	255	372	29.7	18.3%
1987	62.1	217	77.5	2.8	308	14.7%	24.7	202	230	10.7	26.3%
1986	44.1	150	45.4	3.3	207	10.8%	65.4	94	162	40.4	24.9%
1985	2.4	114	80.7	1.4	169	NM	19.3	69	88	21.9	NM
1984	1.3	82	64.6	1.3	123	6.9%	15.2	44	59	25.8	17.3%
1983	0.4	34	20.2	1.7	54	4.4%	6.7	27	34	19.8	8.1%
1982	4.2	26	11.8	2.2	44	NM	5.6	26	32	17.5	NM
1981	18.4	34	8.1	4.2	45	NM	1.4	35	37	3.9	NM
1980	0.1	12	5.7	2.1	14	6.0%	4.8	4	8	57.2	25.9%

Data as orig. reptd. 1. Bef. spec. items. 2. Refl. merger or acq. 3. Excl. disc. ops. d-Deficit. NM-Not Meaningful.

Total Revenues (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	224.9	247.0	140.1	90.3
Dec.		258.4	160.7	109.8
Mar.		243.2	190.7	122.0
Jun.		243.5	276.8	140.3
		992.1	768.3	462.5

Revenues for the quarter ended September 30, 1989, slid 8.9%, year to year, primarily reflecting a sharp falloff in sales of imaging products to the reseller channel. Gross margins narrowed, and, despite lower research and development expenses, results were penalized by higher net interest expense; a net loss of $2,690,000 ($0.09 a share) replaced income of $12,854,000 ($0.45).

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Sep.	d0.09	0.45	0.42	0.35
Dec.		0.44	0.29	0.45
Mar.		0.15	0.29	0.45
Jun.		0.15	0.52	0.50
		1.18	1.51	[1]1.78

Dividend Data

No cash has been paid.

Finances

In May 1989, the company sold $60 million of 9% subordinated debentures due June 1, 2014, convertible into Western common at $14.45 a share. Proceeds were used to reduce bank borrowings and for general corporate purposes.

In August 1988, Western entered into a three-year agreement with a financial institution under which it agreed to sell undivided fractional interests in designated pools of trade accounts receivable on an ongoing basis, in an amount not to exceed $40 million. In March 1989, it entered into a similar two-year agreement to sell certain European trade receivables in an amount not to exceed $20 million.

In April 1988, the company signed a $75 million revolving credit/term loan agreement.

Capitalization

Long Term Debt: $166,316,000, (9/89) incl. $69,000,000 of 9% debs. due 2014, conv. into com. at $14.45 a sh.

Common Stock: 29,175,490 shs. ($0.10 par). Institutions own about 53%. Shareholders: 4,515 of record.

Options: To buy 3,671,848 shs. at $1.22 to $16.75 ea.

1. Does not reconcile bec. of change in shares outstanding.

Office—2445 McCabe Way, Irvine, Calif. 92714. Tel—(714) 863-0102. Chrmn, Pres & CEO—R. W. Johnson. SVP & CFO—A. J. Moyer. VP-Secy—R. L. Erickson VP & Investor Contact—R. J. Blair. Dirs—I. M. Booth, I. Federman, A. R. Horn, R. W. Johnson, A. O. Krueger, W. C. May, J. S. Mayo, R. R. Poppe, D. B. Tatum. Transfer Agent & Registrar—First Interstate Bank of California, Los Angeles. Incorporated in California in 1970. Reincorporated in Delaware in 1987. Empl—6,394

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Neeraj Vohra

Westinghouse Electric

2470

NYSE Symbol WX Options on ASE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
75½	76¼-51¼	13	2.40	3.2%	A+	1.34

Summary

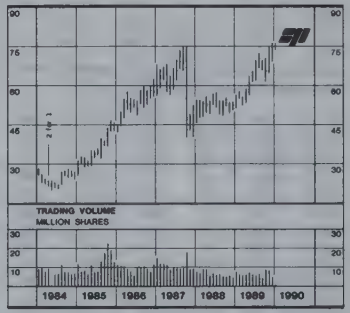
Westinghouse Electric's diversified businesses include electronics, electrical energy, construction, broadcasting, and finance. A restructuring program has been implemented over the past few years. Led by strong comparisons from energy and utility systems and the industrial segment, earnings should have increased for the sixth consecutive year in 1989. A further gain is likely in 1990.

Current Outlook

Share earnings for 1990 are expected to approximate $6.75 a share, up from the $6.20 projected for 1989.

A modest increase in the $0.60 quarterly dividend is likely in 1990.

Sales should increase modestly in 1990, assisted by higher capital spending and the beginning of a cyclical rebound in energy and utility systems. Financial services should also grow meaningfully due to the company's aggressive marketing efforts. However, the gain will be restrained by limited economic growth. In addition, broadcasting is likely to experience only modest growth, as should the electronic systems group due to pressure on defense spending. Margins should continue to benefit from well controlled costs and continuing benefits from restructuring. Long-term prospects should be aided by management's commitment to stimulate earnings growth.



Net Sales (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	2.89	2.75	2.32	2.55
Jun.	3.18	3.04	2.64	2.73
Sep.	3.13	3.06	2.59	2.57
Dec.	---	3.65	3.12	2.87
	---	12.50	10.68	10.73

Revenues for the nine months ended September 30, 1989 increased 3.9%, year to year. Margins widened, and following a $266.1 million gain from the sale of the elevator business and the formation of a transmission and distribution joint venture that was largely offset by a $261.5 million restructuring charge, a 3.1% decline in other income, and a 13% advance in interest expense, pretax income rose 12%. After taxes at 26.5%, versus 23.0%, and minority interest, net income increased 6.0%, to $4.46 a share from $4.23.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.30	1.25	1.05	0.88
Jun.	1.56	1.47	1.25	1.05
Sep.	1.60	1.51	1.28	1.11
Dec.	E1.74	1.43	1.54	1.38
	E6.20	5.86	5.12	4.42

Important Developments

Dec. '89— WX said that it had completed the acquisition of eight radio stations for approximately $360 million.

Dec. '89— The company announced that it had sold its factory automation systems and drive control systems developments and its interest in Mictron Inc. to AEG AG, West Germany.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	[1]1987	1986	1985	1984	1983	1982	[1]1981	[2]1980
Tangible Bk. Val.	NA	22.24	21.58	19.30	17.22	18.06	16.04	15.06	12.96	14.91
Earnings[3]	NA	5.66	5.12	4.42	3.52	3.04	2.54	2.58	2.55	2.36
Dividends	2.30	1.93	1.64	1.35	1.15	0.97½	0.90	0.90	0.90	0.70
Payout Ratio	NA	34%	32%	31%	29%	32%	35%	35%	35%	30%
Prices—High	76¼	57⅜	75	62½	46¾	28⅜	28¼	20⅜	17⅜	18⅜
Low	51¼	45⅝	40	42	25⅜	19¾	18⅝	10⅞	11½	9½
P/E Ratio—	NA	10-8	15-8	14-10	13-7	9-6	11-7	8-4	7-5	7-4

Data as orig. reptd. Adj. for stk. div(s). of 100% May 1984. 1. Reflects merger or acquisition. 2. Reflects accounting change 3. Bef. spec item(s) of -2.36 in 1979. E-Estimated NA-Not Available

January 10, 1990

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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	12,500	2,026	16.2	422	348	678	1,066	22.8%	823	6.6
[3]1987	10,679	1,255	11.8	419	318	126	1,072	31.1%	[4]739	6.9
1986	10,731	1,242	11.6	440	371	146	801	16.1%	671	6.3
1985	10,700	1,191	11.1	568	449	185	796	23.7%	605	5.7
1984	10,265	980	9.5	662	370	177	662	18.5%	536	5.2
1983	9,533	805	8.4	716	327	151	459	0.9%	449	4.7
1982	9,745	807	8.3	724	283	186	550	17.2%	449	4.6
[3]1981	9,368	780	8.3	1,140	221	143	570	22.8%	438	4.7
[4]1980	8,514	678	8.0	446	187	62	557	27.2%	403	4.7
1979	7,332	483	6.6	317	163	44	459	27.4%	331	4.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,233	5,712	5,312	1.1	16,937	6.1%	3,522	3,794	7,767	45.3	22.3%
1987	1,435	5,520	4,870	1.1	9,953	8.0%	830	3,577	4,474	18.6	22.4%
1986	598	4,635	4,196	1.1	8,482	7.7%	518	3,010	3,582	14.5	22.3%
1985	702	4,591	5,224	0.9	9,682	6.8%	525	3,235	3,979	13.2	18.5%
1984	612	4,137	4,250	1.0	9,150	6.1%	567	3,741	4,479	12.7	15.0%
1983	548	3,898	4,152	0.9	8,569	5.3%	355	3,410	3,999	8.9	13.6%
1982	542	4,005	4,125	1.0	8,427	5.3%	493	3,175	3,716	13.3	14.8%
1981	694	4,312	4,201	1.0	8,316	5.8%	695	2,821	3,572	19.5	16.3%
1980	853	4,118	3,263	1.3	6,813	5.9%	327	2,530	2,962	11.0	16.8%
1979	918	4,368	3,384	1.3	6,821	5.1%	344	2,250	2,721	12.6	14.2%

Data as orig. reptd.; finance subs. consol. after 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1979. 3. Reflects merger or acquisition. 4. Reflects accounting change.

Business Summary

Westinghouse is the second largest maker of electrical equipment. Segment contributions in 1988:

	Sales	Profits
Industrial	37%	25%
Energy and utility systems	21%	23%
Electronic systems	21%	22%
Commercial	9%	9%
Financing services	6%	11%
Broadcasting	5%	12%
Other	1%	-2%

The U.S. Government accounted for 22% of sales in 1988. Foreign operations totaled 11% of sales and 9.8% of operating income.

Products manufactured by the Industrial segment include transport refrigeration systems, laminates, electrical distribution and control products, industrial automation systems and large industrial motors.

The Energy and Utility Systems Group combines all business activities involving electrical power generation and transmission and distribution products and services.

The Electronic Systems Group manufactures products for the Department of Defense, Federal Aviation Administration, National Aeronautics and Space Administration and certain other Government agencies.

The Commercial Group includes Westinghouse Beverage Group, Inc., Westinghouse Communities, Inc., Westinghouse Furniture Systems and Longines-Wittnauer Watch Company.

A wide range of financial services are offered.

The Broadcasting Group owns television and radio stations.

Dividend Data

Dividends have been paid since 1935.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.50	Jan. 25	Jan. 31	Feb. 6	Mar. 1'[illegible]
0.60	Apr. 26	May 1	May 6	Jun. 1'[illegible]
0.60	Jul. 25	Jul. 31	Aug. 5	Sep. 1'[illegible]
0.60	Sep. 26	Oct. 30	Nov. 5	Dec. 1'[illegible]

Next dividend meeting: late Jan.'90.

Capitalization

Long Term Debt: $4,068,500,000.

Common Stock: 145,268,181 shs. ($1 par).
Institutions hold about 52%.
Shareholders of record: 112,774.

Office—Gateway Center, Pittsburgh, Pa. 15222 **Tel**—(412) 244-2000. **Chrmn & CEO**—J. C. Marous. **Pres**—P. E. Lego. **VP-Treas**—D. C. Korb **Investor Contact**—David W. Knapp (412)-642-3786. **Dirs**—R. W. Campbell, J. B. Carter, F. C. Carlucci, B. H. Franklin, D. F. Horning, P. Lego, D. T. McLaughlin, R. C. McPherson, J. C. Marous, R. M. Morrow, R. R. Pivirotto, H. T. Watkins. **Transfer Agents & Registrars**—Harris Trust Co. of New York, NYC; Mellon Bank, Pittsburgh. **Incorporated** in Pennsylvania in 1886. **Empl**— 119,640.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed Paul H. Valentine, C[illegible]

Westmoreland Coal

5642

NASDAQ Symbol WMOR (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 21'89	1989					
13¾	23½–14¼	13	¹---	¹---	C	0.85

Summary

This leading independent coal producer also has minority interests in several cogeneration projects. Following the erratic profit performance over the past decade, WMOR's recent cost-control efforts appear to be bearing fruit. In July 1989, Penn Virginia Corp. raised its interest in WMOR to 39.6%, from 19.6%, with the purchase of 1,650,000 common shares at $15.75 each.

Current Outlook

Profits for 1990 could reach $1.50 a share, compared with the $1.25 estimated for 1989.

The restoration of dividend payments is anticipated by late 1990.

Coal volume should increase moderately in 1990, spaced by rising sales of steam coal by WMOR's 50%-owned affiliate, Westmoreland Resources. Also supporting volume will be the commencement of shipments to the Fort Drum cogeneration plant.

Prices for metallurgical coal should remain firm.

Margins should continue to widen, reflecting cost-control measures and the absence of 1989's labor disruptions. Reduced interest expense will be offset by a sharply higher effective tax rate.

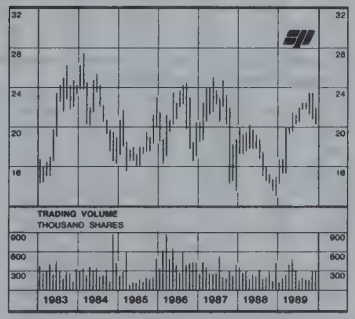
Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	149.7	137.2	141.4	142.6
Jun.	153.8	150.5	193.1	157.8
Sep.	145.4	153.4	143.1	152.1
Dec.	---	152.4	139.2	146.1
	---	593.5	616.7	598.6

Revenues for 1989's first nine months were up 4.8%, year to year, on a 2.2% increase in coal volume. With results aided by tight cost controls and better mining conditions at WMOR's Virginia operations, a $9,966,000 pretax profit contrasted with a $4,646,000 loss. After taxes and minority interests, income was $8,497,000 ($1.03 a share), versus a $5,164,000 ($0.63) deficit. Results for the 1988 period exclude a special credit of $0.20 a share.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.42	d0.69	0.18	0.18
Jun.	d0.10	0.13	1.20	0.71
Sep.	0.71	d0.07	d0.21	0.49
Dec.	E0.22	0.61	d6.17	d0.18
	E1.25	d0.02	d5.00	1.59



Important Developments

Dec. '89— WMOR was awarded a 15-year contract to supply 385,000 tons of coal annually to the Salt City Energy cogeneration plant in Solvay, N.Y., beginning in 1991. In October, WMOR, together with its partner Hadson Power Systems, secured $380 million in financing for the construction of four 70-megawatt coal-fired cogeneration plants in Virginia. WMOR, with a 30% interest in the facilities, will supply a portion of the coal requirements.

Dec. '89— WMOR sold its Central Supply Co. unit, a distributor of mining supplies and equipment, to United Supply Co. Inc. for an undisclosed amount.

Jul. '89— Penn Virginia Corp. raised its interest in Westmoreland to 39.6%, from 19.6%, with the purchase of 1,650,000 WMOR common shares held by VEBA AG for $26 million, or $15.75 each.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	[2]1985	[2]1984	1983	1982	1981	1980	[3]1979
Book Value	16.88	17.00	22.82	21.97	20.77	27.18	25.48	23.97	26.14	26.09
Earnings[4]	d0.02	d5.00	1.59	1.24	d6.01	1.91	1.14	d2.17	0.05	0.26
Dividends	0.30	0.60	0.50	0.40	0.40	0.20	Nil	Nil	Nil	1.60
Payout Ratio	NM	NM	32%	31%	NM	10%	Nil	Nil	Nil	NM
Prices—High	20¼	25	24½	23	27½	26¼	23¼	27⅜	33	37½
Low	13	13½	16¼	15½	16¼	14¼	13½	19¼	17¾	24
P/E Ratio—	NM	NM	15–10	19–13	NM	14–7	20–12	NM	NM	NM

Data as orig. reptd. 1. Omitted in Jul. 1988. 2. Refl. merger or acq. 3. Refl. acctg. change. 4. Bef. spec. items of +0.20 in 1988, -0.22 in 1987. d-Deficit. E-Estimated. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Oper. [1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	593	22.1	3.7	25	22.5	9.21	1.1	NM	d0.1	NM
1987	582	14.2	2.4	51	25.3	6.56	d37.9	NM	d41.3	NM
1986	595	44.5	7.5	28	27.1	6.28	14.2	NM	[3]13.0	2.2
[4]1985	588	43.5	7.4	40	27.2	5.64	13.4	15.1%	10.1	1.7
[4]1984	633	39.2	6.2	52	28.7	5.93	d50.1	NM	d49.4	NM
1983	579	52.2	9.0	26	28.4	6.09	22.4	24.2%	15.3	2.6
1982	590	41.5	7.0	35	24.8	7.50	12.2	21.1%	8.4	1.4
1981	527	17.1	3.3	14	24.3	9.57	d13.7	NM	d14.8	NM
1980	448	25.1	5.6	15	25.8	9.53	d3.0	NM	0.3	0.1
[3]1979	385	18.6	4.8	41	25.1	5.36	[5]d5.9	NM	1.8	0.5

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	7.5	132	69.2	1.9	386	NM	96.2	139	264	36.4	NM
1987	8.4	106	89.4	1.2	370	NM	50.4	140	222	22.7	NM
1986	8.0	125	69.2	1.8	402	3.2	57.2	188	278	20.6	7.1
1985	16.5	114	79.5	1.4	406	2.6	61.7	172	269	22.9	6.0
1984	17.1	126	84.4	1.5	398	NM	51.8	171	257	20.1	NM
1983	44.0	134	66.0	2.0	404	3.8	54.9	218	310	17.7	7.2
1982	24.8	123	73.2	1.7	401	2.0	60.1	204	302	19.9	4.2
1981	4.7	106	65.3	1.6	376	NM	81.9	164	282	29.0	NM
1980	6.4	89	49.5	1.8	370	0.1	83.1	178	300	27.7	0.2
1979	3.3	92	57.7	1.6	387	0.5	86.8	178	309	28.1	1.0

Data as orig. reptd. 1. Incl. other inc. 2. Bef. spec. items. 3. Refl. acctg. change. 4. Refl. merger or acq. 5. Incl. equity in earns. of nonconsol. subs. NM-Not Meaningful. d-Deficit.

Business Summary

Westmoreland Coal is a leading independent coal producer, operating mines in Virginia, West Virginia, Kentucky and Montana.

Contributions to coal volume by market in recent years were:

	1988	1987	1986
Domestic steam	63%	70%	74%
Export steam	5%	6%	7%
Domestic metallurgical	14%	8%	6%
Export metallurgical	18%	16%	13%

Total coal sales in 1988 were 19,148,000 tons (of which 9,172,000 tons were brokered), at an average price of $27.97 per ton, compared with 17,609,000 tons in 1987 (8,091,000 tons brokered) at $30.33 per ton. In 1988, some 61% of coal volume was sold under long-term contracts. Westmoreland's two largest customers in 1988, Duke Power and Georgia Power Co., generated 26% of coal revenues.

WMOR's recoverable coal reserves at 1988 year-end were 1,331,189,000 tons, of which 238,053,000 were unassigned. Approximately 60% of WMOR's coal reserves were leased from the Crow Tribe in Montana, while 29% of total coal reserves were leased from Penn Virginia Corp.

Other activities (accounting for 9% of total revenues in 1988) include Cleancoal Terminal, a six-million-ton-capacity coal transloading facility on the Ohio River in Kentucky; a 17.5% equity interest in Dominion Terminal Associates, which operates a 14-million-ton export coal terminal at Newport News, Va.; Westmoreland Energy, which is active in the development of seven cogeneration plants; and the leasing of mining equipment to other coal producers.

Dividend Data

The quarterly dividend was omitted in July 1988, after having been paid continuously since 1983.

Capitalization

Long Term Debt: $71,562,000 (9/89), excl. $25,102,000 of certain employee benefits.

Minority Interest: $12,762,000.

Common Stock: 8,250,000 shs. ($2.50 par). Penn Virginia Corp. owns 39.6%. Institutions hold some 48%. Shareholders: 2,295 of record.

Office—700 The Bellevue 200 South Broad St., Philadelphia, Pa. 19102 **Tel**—(215) 545-2500 **Chrmn**—E. B. Leisenring Jr. **Pres & CEO**—P. Hutchinson **VP-Treas & Investor Contact**—John P. Lamond **Secy**—C. K. Seglem **Dirs**—E. Albrecht, H. M. Gaul, B. S. Halsey, A. L. Holton Jr., P. Hutchinson, W. R. Klaus, E. B. Leisenring Jr., J. A. H. Shober, E. E. Tuttle. **Transfer Agent & Registrar**—Morgan Shareholder Service Trust Co., NYC. **Incorporated** in Delaware in 1910; business founded in 1854. **Empl**—1,585.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R. Klein

Westvaco Corp

2470D

NYSE Symbol W Options on Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 20'89	1989					
31½	33⅜-27¾	9	1.00	3.2%	A-	0.98

Summary

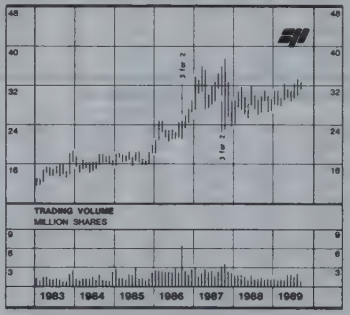
This company is an integrated producer of bleached board, white printing and converting papers and is an important factor in linerboard and corrugated medium, a substantial portion of which is converted into shipping containers. Long-term prospects are enhanced by strong new product development, expanding activities in Brazil and a large capital spending program.

Current Outlook

Earnings for the fiscal year ending October 31, 1990 are projected at $3.90 a share, compared with the $3.50 estimated for fiscal 1989.

The quarterly dividend has been raised 8.7%, to $0.25 from $0.23, with the October, 1989 payment.

Sales for fiscal 1990 should benefit from strong prices for pulp, containerboard and most paper grades, together with good volume levels. The recent rise of the U.S. dollar is unlikely to hurt exports. New products should make a significant contribution to earnings.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jan.	---	555	501	441
Apr.	---	562	533	461
Jul.	---	565	532	482
Oct.	---	---	567	520
	---	---	2,134	1,904

Sales for the nine months ended July 31, 1989 rose 7.3%, year to year, reflecting price gains. Margins widened on the higher prices, and pretax income increased 22%. After taxes at 39.5%, versus 38.7%, net income was up 21%. Share earnings were $2.51, compared with $2.08.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jan.	E0.80	0.75	0.58	0.30
Apr.	E1.00	0.90	0.70	0.37
Jul.	E0.95	0.86	0.80	0.67
Oct.	E1.15	E0.99	1.02	0.91
	E3.90	E3.50	3.10	2.25

Important Developments

May '89— W announced it would invest $130 million for a new recovery boiler for its Covington, Virginia bleached paperboard mill. The new recovery boiler would support major future growth at the mill.

Jan. '89— The company said that capital spending for fiscal 1989 and for the next several years would exceed $500 million per year, compared with $393 million in fiscal 1988. Capital spending for fiscal 1989 will be concentrated on expanding coated paper production.

Jan. '89— W announced a $25 million voluntary investment program to reduce chlorine use at its mills and thereby reduce the potential for the generation of trace amounts of dioxin. Westvaco has been an industry leader in environmental protection.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Oct. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	20.39	18.15	16.66	15.63	14.59	13.06	12.54	12.06	11.01	9.92
Earnings	3.10	2.25	1.67	1.62	2.05	1.02	1.07	1.75	1.54	1.37
Dividends	0.83	0.70	0.60¾	0.58¾	0.54¾	0.53⅜	0.53⅜	0.50⅞	0.45½	0.40½
Payout Ratio	27%	31%	36%	36%	27%	54%	50%	29%	30%	30%
Prices—High¹	32	37½	29	19⅞	18	18¾	12¾	13½	11½	10⅝
Low¹	24⅛	23	18⅛	15½	14⅛	11½	7⅝	9	7⅞	7½
P/E Ratio—	10-8	17-10	17-11	12-10	9-7	18-11	12-7	8-5	7-5	8-5

Data as orig. reptd. Adj. for stk. div(s) of 50% Oct 1987, 50% Oct 1986, 50% May 1981. 1. Cal. yr. E-Estimated

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	2,134	479	22.4	366	140	54.7	313	36.0%	200	9.4
1987	1,904	362	19.0	280	130	52.5	243	39.8%	146	7.7
1986	1,812	305	16.8	250	122	52.7	159	32.0%	¹108	6.0
1985	1,722	290	16.8	324	123	51.0	162	35.5%	105	6.1
1984	1,766	313	17.7	318	108	38.9	192	32.3%	130	7.4
1983	1,493	205	13.7	190	94	32.1	96	34.9%	63	4.2
1982	1,450	178	12.2	177	85	24.0	94	32.6%	63	4.4
1981	1,551	246	15.9	148	75	24.8	171	41.2%	101	6.5
1980	1,410	222	15.8	158	67	¹22.1	152	42.3%	88	6.2
1979	1,224	188	15.3	162	56	21.6	121	35.8%	78	6.4

Balance Sheet Data (Million $)

Oct. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	187	589	271	2.2	2,513	8.5%	577	1,318	2,242	25.7	16.1%
1987	164	552	240	2.3	2,214	6.8%	490	1,178	1,974	24.8	12.9%
1986	180	550	198	2.8	2,060	5.4%	504	1,083	1,840	27.4	10.3%
1985	153	533	195	2.7	1,923	5.7%	502	1,013	1,703	29.5	10.7%
1984	200	543	224	2.4	1,759	7.9%	427	936	1,535	27.8	14.6%
1983	122	457	177	2.6	1,488	4.3%	329	825	1,312	25.1	7.8%
1982	73	403	167	2.4	1,343	4.8%	276	756	1,176	23.5	8.5%
1981	108	406	167	2.4	1,263	8.3%	272	702	1,096	24.8	15.0%
1980	86	360	142	2.5	1,151	8.0%	275	629	1,008	27.2	14.7%
1979	80	325	123	2.6	1,043	7.8%	267	566	920	29.0	14.5%

Data as orig. reptd. 1. Reflects accounting change.

Business Summary

Westvaco is a large producer of printing and converting paper and bleached board, and is an important factor in the corrugating and linerboard area. Contributions by industry segment:

Fiscal 1988	Sales	Profits
Bleached pulp and paper	65%	66%
Unbleached paper products	26%	26%
Other	9%	8%

Foreign units accounted for 8.6% of net income in fiscal 1988.

In fiscal 1988 the company produced 2,488,000 tons of paper, paperboard and market pulp, up from 2,386,000 tons in fiscal 1987. Westvaco's domestic converting facilities produce corrugated containers, envelopes, paper cups, milk cartons and flexible packaging.

The U.S. Envelope division is one of the largest domestic producers of envelopes.

The Rigesa, Ltda. subsidiary operates two paperboard mills, and three corrugated container plants in Brazil. Foreign sales units are in Belgium, Australia Hong Kong, Tokyo, and Toronto.

At October 31, 1988 W owned some 1,462,000 acres of timberland. These lands, combined with certain managed acreage, provided the equivalent of 38% of W's wood requirements in fiscal 1988. Westvaco eventually plans to provide 50%-75% of its fiber needs internally. Four plants produce specialty chemicals. W also produces lumber.

Dividend Data

Dividends have been paid since 1892. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1987.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.23	Nov. 22	Dec. 2	Dec. 8	Jan. 3'89
0.23	Mar. 1	Mar. 8	Mar. 14	Apr. 3'89
0.23	May 24	Jun. 1	Jun. 7	Jul. 3'89
0.25	Aug. 22	Aug. 30	Sep. 6	Oct. 2'89

Next dividend meeting: late Nov. '89.

Capitalization

Long Term Debt: $767,045,000.

Common Stock: 64,783,233 shs. ($5 par).
Institutions hold some 49%.
Employees own 14%.
Shareholders of record: 15,730.

Office—299 Park Ave., NYC 10171 **Tel**—(212) 688-5000. **Chrmn**—D L Luke III **Pres & CEO**—J A Luke **Secy**—J W Hetherington **VP-Treas**—W. S. Beaver. **Investor Contact**—R. A. Holmes. **Dirs**—J. C. Bierwirth, S. W. Bodman III, W. H. Brown, G. E. Cruser, J. C. Duncan, W Effers D L Hopkins, Jr., D L. Luke III, J A Luke, V S Luke, K G Peden **Transfer Agent & Registrar**—Manufacturers Hanover Trust, NYC **Incorporated** in Delaware in 1899. **Empl**—14,750.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

Wetterau Inc.

5646

NASDAQ Symbol WETT (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 18'89	1989					
29⅞	31¾-22¾	16	0.60	2.0%	A-	0.68

Summary

One of the nation's largest food wholesalers, Wetterau supplies nearly 2,600 retailers in 28 states and also operates food and other retail outlets. Operations have been expanded through an aggressive acquisition program. Earnings and dividends have risen steadily in recent years.

Business Summary

Wetterau Incorporated is one of the nation's largest wholesale food distributors. The company also distributes nonfood items, operates retail outlets and provides various ancillary services to retailers.

Contributions in 1988-9 were:

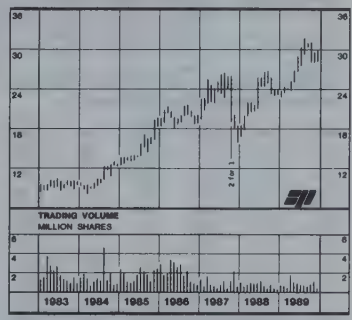
	Revs.	Profits
Food Distribution Group	94%	76%
Industries Group	6%	19%
Financial Operations.....	---	5%

At April 1, 1989, the Food Distribution Group was supplying food and nonfood items to 2,580 retailers. In recent years, Wetterau has emphasized expansion of its regional chain business through an aggressive acquisition program.

Wetterau operates numerous retail supermarkets through its four retail subsidiaries. Laneco, Inc. operates 41 stores primarily in eastern Pennsylvania and western New Jersey. Save-A-Lot (acquired in January 1988), a wholesale and retail food distributor, consists of about 250 stores in 16 states throughout the Midwest and along the Eastern Seaboard. Operating mainly in the St. Louis area, Shop 'N Save Warehouse Foods, Inc. has 25 stores, which are mostly super warehouse and warehouse-type units. The company also operates one Super Dollar grocery store; 12 Spee-D Mart convenience stores in Pennsylvania and West Virginia; and three Save and Pack stores in the Tampa Bay area of Florida.

The Industries Group provides services and products related to retail grocery store operations, consisting primarily of housewares, school supplies, health and beauty aids and bakery products. It also offers construction services, promotional and advertising materials and a complete line of insurance protection programs.

Wetterau provides additional services to its retailers, including loans for fixtures, equipment and store improvements, and leased store locations. Other services include management development and training, audiovisual services and data processing and management information systems.



Important Developments

Dec. '89— Wetterau's directors authorized the repurchase of one million shares of the company's common stock on the open market, to be used for general corporate purposes. Earlier in 1989, the company entered into an agreement to purchase 1.5 million Wetterau common shares from Raymond A. Bartolacci, a director of Wetterau and chairman and chief executive officer of its Laneco, Inc. subsidiary; the value of the transaction was not disclosed.

Oct. '89— In reporting results for the second quarter of 1989, Wetterau said it had been selected as the primary supplier for the Almac's chain of 36 supermarkets in Rhode Island and southeastern Massachusetts, representing the largest single customer acquired by the company, with more than $200 million expected in additional yearly sales.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Mar. 31	[1]1989	[1]1988	1987	[1]1986	1985	1984	[1]1983	1982	[1]1981	[1]1980
Tangible Bk. Val.	7.77	7.08	7.22	7.77	8.16	7.38	6.79	5.79	5.97	6.17
Earnings[2]	1.82	1.58	1.41	1.45	1.26	1.03	0.96	0.13	1.07	0.92
Dividends	0.55	0.52	0.51¼	0.47⅞	0.43	0.40	0.40	0.38⅞	0.35	0.34⅞
Payout Ratio	30%	33%	36%	40%	34%	38%	56%	NM	33%	38%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	26¾	26½	21⅝	19¾	13	10½	9⅞	11½	8⅛	8⅞
Low	16¾	15⅞	18	12½	8⅛	8½	4¾	4⅞	5⅛	5⅝
P/E Ratio—	15-9	17-10	15-13	14-9	10-6	10-8	10-5	91-40	8-5	7-6

Data as orig. reptd. Adj. for stk. div. of 100% Oct. 1987. 1. Refl. merger or acq. 2. Ful. dil.: 1.22 in 1988, 1.12 in 1985, 0.97 in 1984, 0.92 in 1983. NM-Not Meaningful.

December 27, 1989
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Income Data (Million $)

Year Ended Mar. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
[2]1989	4,918	56.5	1.1	88.3	36.0	32.9	72.4	40.3%	43.3	0.9
[2]1988	4,156	65.8	1.6	71.7	32.4	21.0	64.0	39.7%	[3]38.6	0.9
1987	3,842	67.0	1.7	64.0	27.7	16.6	62.6	44.0%	35.0	0.9
[2]1986	3,482	67.1	1.9	87.3	38.6	16.3	55.5	42.6%	31.8	0.9
1985	3,101	43.3	1.4	70.4	20.0	14.5	46.1	42.4%	26.6	0.9
1984	2,684	37.8	1.4	21.2	15.7	10.7	38.9	43.0%	22.2	0.8
[2]1983	2,265	31.4	1.4	32.9	14.0	15.2	26.5	41.8%	15.4	0.7
1982	1,957	14.0	0.7	17.0	12.3	13.5	2.8	32.8%	1.8	0.1
[2,4]1981	1,503	26.5	1.8	33.7	10.5	7.7	27.2	41.0%	16.1	1.1
[2]1980	1,239	25.0	2.0	27.6	9.3	[5]5.2	23.2	40.4%	13.8	1.1

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	9.2	485	389	1.2	952	5.0	283	230	529	53.6	19.7
1988	38.6	451	329	1.4	799	5.2	221	214	454	48.7	18.3
1987	32.4	369	258	1.4	683	5.5	191	210	420	45.5	16.2
1986	5.6	335	243	1.4	640	4.7	126	243	387	32.7	13.8
1985	42.0	315	204	1.5	556	5.4	162	172	347	46.6	16.2
1984	23.6	250	171	1.5	435	5.3	94	157	261	35.9	14.7
1983	5.5	228	172	1.3	407	3.5	74	147	231	32.0	10.8
1982	5.3	177	130	1.4	327	0.6	90	98	196	45.8	1.8
1981	4.4	165	142	1.2	307	5.8	54	104	164	32.8	16.3
1980	4.6	139	116	1.2	247	6.2	34	91	130	26.4	15.9

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Refl. merger or acq. 3. Refl. acctg. change. 4. Excl. disc. ops. 5. Net.

Net Sales (Million $)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jun.	1,308	1,128	967	939
Sep.	1,305	1,265	995	968
Dec.		1,302	1,040	994
Mar.		1,223	1,155	941
		4,918	4,156	3,842

Net sales for the 26 weeks ended September 30, 1989, advanced 9.2%, year to year. Pretax income was up 6.2%. After taxes at 39.0%, against 40.7%, net income increased 9.2%, to $21,796,000 ($0.92 a share), from $19,964,000 ($0.84) in the year-earlier period.

Common Share Earnings ($)

13 Weeks:	1989-90	1988-9	1987-8	1986-7
Jun.	0.47	0.42	0.37	0.32
Sep.	0.45	0.42	0.36	0.33
Dec.		0.56	0.50	0.45
Mar.		0.42	0.35	0.31
		1.82	1.58	1.41

Dividend Data

Dividends have been paid by the present corporate entity in each year since 1961. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.14	Mar. 1	Mar. 2	Mar. 2	Mar. 16'89
0.14	May 17	May 23	May 30	Jun. 13'89
0.15	Aug. 15	Aug. 28	Sep. 1	Sep. 15'89
0.15	Nov. 8	Nov. 21	Nov. 28	Jan. 2'90

Finances

At July 1, 1989, the company had available lines of credit totaling $298 million, of which $213 million was unused.

In October 1988, the company filed a shelf registration statement covering the sale of $150,000,000 of senior subordinated debt securities on a delayed or continuous basis. As of April 1989, Wetterau had not issued any of the securities.

In June 1988, Wetterau acquired Roger Williams Foods, a full-service food distributor operating mainly in Connecticut, Massachusetts and Rhode Island (annual sales of $425 million), making it the leading wholesale food distributor in New England.

Capitalization

Long Term Debt: $301,286,000 (9/89).

Common Stock: 23,685,503 shs. ($1 par). Institutions hold about 34%.
Shareholders: 6,016 of record (5/89).

Office—8920 Pershall Road, Hazelwood, Mo 63042. Tel—(314) 524-5000. Chrmn, Pres & CEO—Ted C Wetterau. Vice Chrmn & CFO—R E. Mohrmann. Vice Chrmn—R. K. Crutsinger. VP-Secy—M. M. McCarthy. Treas—H. W. Idel. Sr VP-Fin—K. D Blumenthal. Sr VP & Investor Contact—Dick N. Dalton. Dirs—C. C. Barksdale, R. A. Bartolacci, R. A. Bartolacci Jr., D. D. Bennett, P. A. Cox, R. K. Crutsinger, G. K. Davis, J. J. Goebel, J. B. Higdon, R. F. Hyland, M. F. Lewis, R. J. Livingston, R. E. Mohrmann, R. C. Nieman Jr., J. D. Ryan, S. Simon, G. H. Thomazin, L. V Waldron, M S Wetterau, T. Conrad Wetterau, Ted C. Wetterau. Transfer Agent—Boatmen's Trust Co., St. Louis. Registrar—Company's office. Incorporated in Missouri in 1961. Empl—14,319.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Stephen R Bigger

Weyerhaeuser Co.

NYSE Symbol WY Options on CBOE (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 4'89	1989					
27⅝	32¾–24½	9	1.20	4.3%	B+	1.37

Summary

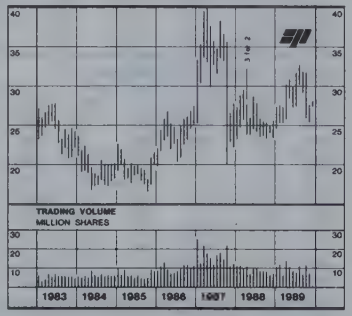
This company is the largest factor in the wood products area and a major producer of pulp, paperboard and corrugated containers. While earnings remain vulnerable to fluctuations in general business conditions, the ability to supply virtually all of its fiber needs internally, coupled with benefits from large capital spending programs and cost efficiency moves, should enable WY to remain one of the premier firms in the forest products industry.

Current Outlook

Earnings for 1990 are projected at $2.70 a share, compared with the $2.85 estimated for 1989.

Dividends should remain at $0.30 quarterly.

Wood products sales and earnings should hold up well in 1990 as timber shortages caused by environmental lawsuits continue. Sales and earnings from pulp and paper should remain firm in line with the general economy. Export sales and earnings will also continue strong.



Sales (Billion $)

Quarter:	1990	1989	1988	1987
Mar.	---	2.32	2.28	1.62
Jun.	---	2.64	2.62	1.77
Sep.	---	2.57	2.54	1.82
Dec.	---	---	2.56	1.78
	---	---	10.00	6.99

Sales for the 39 weeks ended September 24, 1989 rose 8.6% from those of the comparable year-earlier period. The increase reflected strong domestic pulp, paper and paperboard markets and good export sales of logs. Margins widened, and pretax earnings increased 14%. After taxes at 34.8%, versus 35.0%, net income was up 15%. Share earnings were $2.21 on 2.3% more shares outstanding, compared with $1.95.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.65	0.70	0.54	0.50
Jun.	E0.70	0.73	0.71	0.42
Sep.	E0.70	0.78	0.70	0.59
Dec.	E0.65	E0.64	0.73	0.61
	E2.70	E2.85	2.68	2.12

Important Developments

Nov. '89— Weyerhaeuser continued its efforts to refocus operations and to sell off small units that were not essential to core businesses. These included its corrugated packaging operations, nurseries, a wall paneling business, gypsum wallboard operations, and a private label health and beauty aids business.

Jul. '89— Weyerhaeuser completed the sale of its milk carton business and its Vancouver, Wash. production facility to Tetra Pak MatWest Inc. Details of the sale were not announced. The Vancouver plant had annual sales of $30 million.

Apr. '89— WY said that it was reviewing its businesses and expected that following the review, a company with "fewer, and a less complex group of businesses" would emerge.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	1987	1986	[2]1985	1984	1983	1982	[2]1981	1980	[2]1979
Tangible Bk. Val.	18.14	16.53	14.83	14.41	14.49	14.43	14.17	14.29	14.58	13.44
Earnings[3]	2.68	2.12	1.27	0.88	1.01	0.91	0.60	1.11	1.85	2.68
Dividends	1.15	0.90	0.86⅔	0.86⅔	0.86⅔	0.86⅔	0.86⅔	0.86⅔	0.86⅔	0.71⅔
Payout Ratio	43%	42%	68%	99%	86%	97%	146%	78%	53%	27%
Prices—High	29⅝	40	27½	22¾	23¾	27⅞	26⅛	27⅛	25⅜	23¾
Low	23⅛	19⅞	19¾	16½	16¾	20¾	15	16⅛	18¾	16⅜
P/E Ratio—	11-9	19-9	22-16	26-19	23-16	31-23	44-25	24-14	15-11	9-6

Data as orig. reptd. Adj. for stk. div(s). of 50% Jun. 1988. 1. Reflects merger or acquisition and accounting change. 2. Reflects merger or acquisition. 3. Bef. spec. item(s) of +0.15 in 1982, -0.03 in 1981, -0.23 in 1980. E-Estimated.

December 12, 1989

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	10,004	1,708	17.1	726	415	529	849	33.5%	564	5.6
1987	6,990	1,093	15.6	605	371	178	713	37.4%	447	6.4
1986	5,652	747	13.2	605	348	138	421	34.2%	277	4.9
[4]1985	5,206	622	11.9	398	350	116	304	34.1%	200	3.8
1984	5,550	816	14.7	383	398	125	321	29.6%	226	4.1
1983	4,883	626	12.8	312	341	127	297	30.9%	[5]205	4.2
1982	4,186	532	12.7	548	353	148	220	36.4%	140	3.3
[4]1981	4,502	723	16.1	768	372	147	311	24.5%	234	5.2
1980	4,536	963	21.2	768	411	121	529	39.3%	321	7.1
[4]1979	4,423	1,082	24.5	605	333	113	739	30.7%	512	11.6

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	204	NA	NA	NA	15,387	5.0%	4,197	3,695	9,076	46.2	15.5%
1987	55	1,614	806	2.0	7,202	6.4%	1,772	3,366	6,133	28.9	13.5%
1986	38	1,344	862	1.6	6,558	4.4%	1,647	2,904	5,460	30.2	8.7%
1985	40	1,200	709	1.7	6,005	3.3%	1,234	2,809	5,067	24.4	6.1%
1984	173	1,338	891	1.5	5,958	3.8%	1,160	2,823	4,838	24.0	7.0%
1983	219	1,337	713	1.9	5,946	3.4%	1,326	2,852	5,014	26.5	6.3%
1982	185	1,263	758	1.7	5,924	2.4%	1,422	2,713	4,949	28.7	4.2%
1981	105	1,221	647	1.9	5,716	4.2%	1,540	2,735	4,905	31.4	7.8%
1980	109	1,101	618	1.8	5,239	6.3%	1,417	2,745	4,548	31.2	11.8%
1979	363	1,292	646	2.0	4,958	10.8%	1,343	2,529	4,156	32.3	21.4%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. item(s) in 1982, 1981, 1980. 3. Reflects merger or acquisition and accounting change. 4. Reflects merger or acquisition. 5. Reflects accounting change. NA-Not Available.

Business Summary

WY is the world's largest timber products firm, and is a major factor in pulp and paper. Contributions by business segment in 1988 (profits in million $):

	Sales	Profits
Forest products	35%	$313
Paper	34%	737
Diversified & specialty	7%	-7
Corporate & other	2%	-121
Real estate	8%	64
Financial services	14%	18

About 20% of 1988 sales were made abroad.

Sales in 1988 included 1,146,000 metric tons of pulp, 470,000 tons of newsprint, 753,000 tons of paper, 669,000 tons of paperboard and containerboard, and 23,260 million sq. ft. of packaging. WY also shipped 4,442 million bd. ft. of softwood lumber, 2,878 million sq. ft. of softwood plywood and veneer, 599 million sq. ft. of particleboard, and 1,029 million sq. ft. of oriented strandboard. WY also conducts real estate activities.

WY owns 5.83 million acres of timberland in the U.S. and has rights on another 13.3 million acres in Canada. WY supplies virtually all of its fiber needs and over two-thirds of its energy requirements from internal sources.

Dividend Data

Dividends have been paid since 1933. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.30	Jan. 10	Jan. 27	Jan. 27	Feb. 27'89
0.30	Apr. 20	Apr. 24	Apr. 28	May 30'89
0.30	Jul. 11	Jul. 24	Jul. 28	Aug. 28'89
0.30	Oct. 10	Oct. 23	Oct. 27	Nov. 27'89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $4,753,322,000.

Minority Interest: $26,815,000.

Red. Pref. Stk.: $14,700,000 liquid. pref.

Cum. Pfd. & Pref. Stk.: $350,000,000 liquid. pref.

Common Stock: 204,536,739 shs. ($1.25 par).
Institutions hold approximately 56%.
Shareholders of record: 30,379.

Office—Tacoma, Wash. 98477. **Tel**—(206) 924-2345. **Chrmn & CEO**—G. H. Weyerhaeuser. **Pres**—J. W. Creighton, Jr. **Secy**—A. P. Vandevert. **VP-Treas**—W. C. Stivers. **Investor Contact**—L. E. Moholt. **Dirs**—W. H. Clapp, J. W. Creighton, Jr., W. J. Driscoll, D. C. Frisbee, P. M. Hawley, H. J. Haynes, E. B. Ingram, R. H. Kieckhefer, W. D. Ruckelshaus, G. H. Weyerhaeuser, T. A. Wilson. **Transfer Agent**—Manufacturers Hanover Trust Co., NYC. **Incorporated** in Washington in 1900. **Empl**—46,976.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Whirlpool Corp.

NYSE Symbol WHR Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 2'90	1989-90					
32¼	33⅜-24¼	13	1.10	3.4%	A-	1.38

Summary

This leading producer of home appliances sells about 38% of its output to Sears, Roebuck. WHR has enlarged its sales base through acquisitions, including KitchenAid in early 1986, purchase of the Roper brand name from General Electric Co. in April, 1988, and 53% of N.V. Philips' appliance business in January, 1989, making WHR the world's largest appliance manufacturer. While real sales growth should be moderate in 1990, mainly reflecting weak domestic demand and slow growth abroad, earnings should benefit from productivity improvements and various cost savings programs.

Current Outlook

Earnings for 1990 are projected at $2.90, up from the $2.70 estimated for 1989.
The $0.27½ quarterly dividend may be increased in 1990.
Despite continued weak domestic demand, sales should increase about 5% in 1990 on higher prices and increased volume at Whirlpool International. Adverse effects of currency exchanges and competitive pressures both domestically and abroad will be offset by cost controls, productivity improvements, integration of most of WHR's businesses, and a global source of raw materials. Interest charges should be lower.

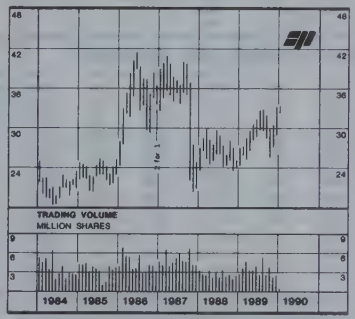
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	1,549	1,042	961	871
Jun.	1,604	1,127	1,137	1,075
Sep.	1,465	1,152	1,109	1,120
Dec.	---	994	972	943
	---	4,315	4,179	4,009

Revenues for the first nine months of 1989 rose 39%, year to year, reflecting the joint venture formed between WHR and N.V. Philips. Operating margins narrowed slightly, and following higher interest charges, pretax income rose 22%. After taxes at 43.9%, versus 40.4%, earnings from affiliated companies, and minority interests, net income from continuing operations rose 14.0%, to $1.99 a share from $1.74, which excludes a loss from discontinued operations of $0.21.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.59	0.54	0.66	0.67
Jun.	0.72	0.67	0.65	0.71
Sep.	0.68	0.53	0.63	0.76
Dec.	E0.71	0.59	0.59	0.57
	E2.70	2.33	2.53	2.70



Important Developments

Oct. '89— WHR said that its North American operating margins improved in the third quarter and nine month periods, reflecting productivity gains, price increases and cost controls. Meanwhile, increased volume at Whirlpool International, B.V. offset intense competitive pressures and higher raw material prices, allowing a positive earnings contribution. Despite adverse currency exchanges and weak domestic demand, WHR said that it was well-positioned to compete globally, with various programs now in place to enable it to respond quickly to the marketplace and effectively manage production and spending levels. WHR added that domestic volume should decline in the fourth quarter, but business should begin to recover in 1990.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	[1]1988	1987	[2]1986	[2]1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	17.46	17.02	16.63	16.46	14.97	13.38	12.01	10.92	9.99
Earnings[3]	NA	2.33	2.53	2.70	2.49	2.59	2.24	1.88	1.87	1.41
Dividends	1.10	1.10	1.10	1.02½	1.00	1.00	0.92½	0.82½	0.80	0.70
Payout Ratio	NA	47%	42%	38%	40%	39%	41%	44%	43%	50%
Prices—High	33¼	29⅞	40⅞	41½	25½	25	28½	23⅞	15⅜	11½
Low	24¼	23½	20¼	24¼	20⅜	18⅜	20⅛	11½	9½	7⅜
P/E Ratio—	NA	13-10	16-8	15-9	10-8	10-7	13-9	13-6	8-5	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jan. 1987. 1. Reflects accounting change. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of -0.97 in 1986, +0.06 in 1983, +0.04 in 1982, -0.14 in 1981; bef. spec. item(s) of +0.15 in 1987. NA-Not Available. E-Estimated

January 10, 1990

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25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3,4]1988	4,421	452	10.2	166	143	101.0	252	36.0%	161	3.6
1987	4,179	396	9.5	245	132	23.3	299	39.6%	181	4.3
[5]1986	4,009	410	10.2	230	115	17.8	340	41.0%	[3]200	5.0
[5]1985	3,474	363	10.4	187	87	7.7	322	42.1%	182	5.2
1984	3,137	343	10.9	137	70	6.6	332	42.9%	190	6.0
1983	2,668	317	11.9	84	61	6.2	293	44.3%	163	6.1
1982	2,271	226	10.0	81	54	6.1	235	42.0%	136	6.0
[4]1981	2,437	228	9.4	78	51	5.6	239	43.5%	135	5.5
1980	2,243	201	8.9	70	48	7.1	187	45.5%	102	4.5
1979	2,261	217	9.6	57	47	8.3	195	43.3%	111	4.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	143	1,827	1,399	1.3	3,410	5.5%	474	1,321	1,998	23.7	12.3%
1987	88	1,105	804	1.4	2,418	8.1%	166	1,304	1,600	10.3	14.1%
1986	228	1,088	537	2.0	2,202	10.0%	171	1,350	1,653	10.3	15.5%
1985	301	972	421	2.3	1,760	11.0%	49	1,207	1,324	3.7	15.8%
1984	311	912	376	2.4	1,565	12.5%	53	1,096	1,175	4.5	18.3%
1983	418	905	396	2.3	1,467	11.9%	57	978	1,056	5.4	17.6%
1982	370	785	291	2.7	1,262	11.3%	61	875	954	6.4	16.3%
1981	277	708	248	2.9	1,134	12.2%	61	792	869	7.0	17.8%
1980	263	704	259	2.7	1,075	9.6%	61	724	800	7.6	14.6%
1979	205	694	273	2.5	1,037	11.3%	61	672	747	8.1	17.3%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1983, 1982, 1981, and spec. item(s) in 1987. 3. Reflects accounting change. 4. Excludes discontinued operations. 5. Reflects merger or acquisition.

Business Summary

Whirlpool Corp. manufactures a full line of household appliances and other products for home and industrial use. In January, 1986 WHR completed the purchase of Kitchen-Aid Inc. from Dart & Kraft Inc. In April, 1989 WHR acquired the Roper brand from General Electric Co., and on January 2, 1989 acquired a 53% interest in a joint venture with N.V. Philips Gloeilampenfabrieken of The Netherlands.

About 38% of 1988's sales were made to Sears, Roebuck & Co., which sells the products under its own brand names and the Whirlpool name. About 13.5% of the sales were foreign, versus 12% in 1988.

Major appliances produced by WHR include home refrigeration and room air conditioning equipment (34% of 1988's sales), which consists of refrigerators, freezers, and room air conditioners and dehumidifiers. WHR also makes home laundry appliances (34%), which include automatic washers and dryers and coin operated laundry machines; and manufactures various other appliances (25%), which include vacuum cleaners, dishwashers, ranges, built-in ovens and surface cooking units, microwave ovens, and trash compactors.

Whirlpool Acceptance Corp. provides inventory financing for distributors and dealers selling WHR products. Whirlpool International B.V., a joint venture in which WHR owns a 53% interest, consists of the major portion of N.V. Philips' Gloeilampenfabrieken's worldwide major domestic appliance business.

Dividend Data

Dividends have been paid since 1929. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1988.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.27½	Feb. 21	Feb. 27	Mar. 3	Mar. 15'89
0.27½	Apr. 25	May 17	May 23	Jun. 15'89
0.27½	Aug. 15	Aug. 22	Aug. 28	Sep. 15'89
0.27½	Oct. 17	Nov. 29	Dec. 5	Dec. 31'89

Next dividend meeting: late Feb.'90.

Capitalization

Long Term Debt: $1,031,200,000.

Minority Interest: $214,500,000.

Common Stock: 69,377,194 shs. ($1 par).
Institutions hold about 84%.
Shareholders of record: 12,521.

Office—Benton Harbor, Mich. 49022. **Tel**—(616) 926-5000 **Chrmn & CEO**—D. R. Whitwam **Pres**—A. E. Suter **Exec. VP & CFO**—J. R. Samartini **Secy**—D. F. Hopp. **VP-Treas**—B. J. Bell **Investor Contact**—T. Filstrup **Dirs**—V. A. Bonomo, R. A. Burnett, B. E. Phillips, C. D. Putnam, J. B. St. Clair, J. R. Samartini, P. L. Smith, J. D. Sparks, J. D. Stoney, A. E. Suter, K. J. Whalen, D. R. Whitwam **Transfer Agent & Registrar**—Harris Trust & Savings Bank, Chicago **Incorporated** in Delaware in 1955 **Empl**—29,110

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Elizabeth Vandeventer

Whitman Corp.

NYSE Symbol WH Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 26'89	1989					
27⅞	38¼-27½	15	1.02	3.7%	B	1.23

Summary

This diversified holding company (formerly IC Industries) has sharpened its focus on consumer goods markets via acquisitions and the 1988 sale of Pneumo Abex and spin-off of Illinois Central Railroad. Major subsidiaries include Pet Inc., Pepsi-Cola General Bottlers, Hussmann Corp., and Midas International. Acquisitions and expansion at Pet Foods should propel higher earnings in 1990 and beyond.

Current Outlook

Earnings for 1990 are expected to be up 13% to $2.15 a share from the $1.90 estimated for 1989. The quarterly dividend is likely to remain at $0.25½.

Revenues and profits from continuing operations for 1990 should remain in a good uptrend, given continued growth at Pet Foods, relatively stable costs and higher prices for Pepsi bottling operations, and further expansion of Midas shops abroad. A comparatively stable dollar will also be important to anticipated earnings growth. Per share earnings should be modestly enhanced by 1989 treasury stock repurchases.

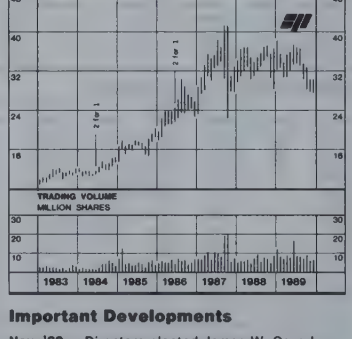
Sales & Revenues (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	859	766	901
Jun.	---	956	858	985
Sep.	---	1,023	924	989
Dec.	---	---	1,035	1,152
	---	---	3,583	4,027

Sales from continuing operations for the 1989 nine months rose 15%, year to year, led by a 15% gain at Pet foods. Margins narrowed on soft pricing for Pepsi and adoption of an employee stock ownership plan, but after lower interest costs, pretax net gained 21%. After taxes at 38.6% versus 43.1%, net income was up 36%, to $1.14 a share on 4.7% fewer shares from $0.99. Results excluded a loss from discontinued operations of $0.24 a share versus income of $0.41, and a $0.22 special credit in 1988.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.35	0.30	0.24	0.24
Jun.	E0.40	0.35	0.32	0.39
Sep.	E0.55	0.48	0.42	0.39
Dec.	E0.85	E0.77	0.69	1.20
	E2.15	E1.90	1.66	2.20



Important Developments

Nov. '89— Directors elected James W. Cozad chairman and chief executive officer effective January 1, 1990 following the unexpected death of former chairman Karl D. Bays.

Nov. '89— WH reported a net cost of $0.02 a share and income of $0.07, respectively, in the 1989 third quarter and nine months from an Employee Stock Ownership Plan formed in January, 1989. The plan issued $500 million of new 7.75% Whitman preferred stock, convertible into common equal to 10% of Whitman's total common or, with prior employee holdings, equal to 15%.

Sept. '89— WH acquired Van de Kamp's Frozen Seafoods, a subsidiary of the former Pillsbury Co. with annual sales of $100 million from Grand Met for approximately $140 million.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[1]1988	[1]1987	[1]1986	[1]1985	[1]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	d2.35	3.01	6.29	10.86	10.00	14.85	15.64	16.63	15.10	14.33
Earnings[2]	1.66	2.20	d0.51	1.44	1.59	1.22	0.88	1.67	1.51	1.33
Dividends	0.94	0.86	0.78	0.70⅜	0.63½	0.58½	0.56½	0.53⅞	0.49	0.45
Payout Ratio	55%	37%	NM	48%	50%	50%	63%	28%	33%	34%
Prices—High	37¼	41¼	30⅜	20⅜	14½	12⅜	9⅛	10⅜	8⅛	7¾
Low	28¼	22⅜	17⅞	13½	10½	8⅞	6¼	7¼	4⅜	6
P/E Ratio—	22-17	19-10	NM	14-9	9-7	10-7	10-7	6-4	6-3	6-5

Data as orig reptd Adj. for stk. div(s) of 100% Jul. 1986, 100% Jul. 1984. 1. Reflects merger or acquisition 2. Bef. results of disc. opers of +0.31 in 1988, +0.03 in 1987, -0.73 in 1986, +0.09 in 1985, -0.14 in 1984, -0.04 in 1983, -0.38 in 1982, -0.02 in 1979, and spec. item(s) of +0.22 in 1988, +1.07 in 1979 E-Estimated d-Deficit NM-Not Meaningful

January 4, 1990

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Standard & Poor's Corp.
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
[4]1988	3,583	586	16.4	168	102	137	330	42.4%	177	4.9
[4]1987	4,027	599	14.9	155	92	141	389	36.0%	[5]249	6.2
[4]1986	4,222	616	14.6	210	122	160	d113	NM	d58	NM
[4]1985	4,405	566	12.9	200	145	172	264	41.7%	154	3.5
[4]1984	4,234	614	14.5	193	137	149	248	46.2%	133	3.1
[6]1983	3,734	484	12.9	155	133	152	171	44.4%	95	2.5
[6]1982	3,868	457	11.8	350	135	158	122	44.0%	68	1.8
1981	4,195	571	13.6	311	134	147	234	42.5%	134	3.2
1980	4,142	522	12.6	372	131	142	190	36.5%	121	2.9
1979	3,735	465	12.4	340	121	119	179	40.0%	[5]107	2.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	53	1,036	698	1.5	3,486	4.3%	1,506	868	2,664	56.5	14.9%
1987	267	1,615	1,053	1.5	4,871	5.3%	1,886	1,573	3,708	50.9	16.4%
1986	49	1,394	938	1.5	4,713	NM	1,509	1,528	3,661	41.2	NM
1985	241	1,542	856	1.8	4,818	3.0%	1,510	1,639	3,863	39.1	9.2%
1984	42	1,365	1,030	1.3	4,840	2.6%	1,468	1,477	3,691	39.8	7.8%
1983	180	1,139	752	1.5	3,985	2.1%	1,271	1,121	3,144	40.4	6.6%
1982	20	1,003	808	1.2	3,952	1.9%	1,298	992	3,043	42.7	4.9%
1981	18	1,096	781	1.4	3,742	3.8%	1,059	1,076	2,874	36.8	10.9%
1980	25	1,161	825	1.4	3,693	3.3%	1,023	1,080	2,790	36.7	9.2%
1979	38	1,248	773	1.6	3,618	3.1%	1,146	1,003	2,780	41.2	8.8%

Data as orig. reptd. 1. Net of interest income. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1988, 1987, 1986, 1985, 1984, 1983, 1982, 1979, and spec. item(s) in 1988, 1979. 4. Excludes discontinued operations and reflects merger or acquisition. 5. Reflects acctg. change. 6. Excl. disc. opers. d-Deficit. NM-Not Meaningful.

Business Summary

This diversified company (formerly IC Industries) makes consumer and commercial products. Segment contributions:

1988	Sales	Profits
Pet	41%	48%
Pepsi General	25%	26%
Midas	11%	13%
Hussman	23%	13%

Pet Inc. includes Mexican and Italian specialty foods (Old El Paso, Progresso and Primo brands), Whitman's chocolates, Accent seasonings and Underwood spreads.

Pepsi-Cola General Bottlers bottles and distributes Pepsi soft drinks in the Midwest (includes RKO General Bottlers and a joint venture with Pepsi-Cola, Inc. since late 1987).

Midas International provides auto repair services through more than 2,000 shops worldwide.

Hussmann Corp. makes refrigeration systems and environmental controls for supermarkets and the foodservice industry.

Pneumo Abex Corp., a leading producer of aircraft landing gear and inflight controls, was sold in August, 1988 for $1.3 billion.

In December, 1988 WH spun off its Illinois Central Gulf R.R. unit to shareholders.

Dividend Data

Dividends have been paid since 1950. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1989.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.24	Feb. 17	Mar. 6	Mar. 10	Apr. '89
0.25½	May 4	Jun. 5	Jun. 9	Jul. '89
0.25½	Aug. 18	Sep. 1	Sep. 8	Oct. '89
0.25½	Nov. 10	Dec. 4	Dec. 8	Jan. '90

Next dividend meeting: mid-Feb.'90.

Capitalization

Long Term Debt: $2,315,000,000.

7.75% Conv. Preferred Stock: $500,000,000. Held by ESOP.

Common Stock: 102,422,836 shs. (no par).
Institutions hold about 60%.
Shareholders of record: 32,901.

Office—111 East Wacker Drive, Chicago, Ill 60601. **Tel**—(312) 565-3000. **Chrmn & CEO**—J. W. Cozad. **VP-Secy**—W. B Moore. **VP-Treas**—L. W. Baker **VP-Investor Contact**—A. R. Lehmann (212) 972-5530. **Dirs**—B S Chelberg, R. G. Cline, J. W. Cozad, A. R. Dykes, H Galland, C J Grayson Jr., W H Helmerich III, D.P Jacobs,W. B. Johnson, H R Logan, H. A Merlo, G T. Scharffenberger, B. F Schenk **Transfer Agent & Registrar**—Morgan Shareholder Services Trust Co., NYC. **Incorporated** in Delaware in 1962 **Empl**—25,396

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane H. Collin

Whittaker Corp.

NYSE Symbol WKR

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 8'90	1989-90					
8⅜	53¼-7⅝	20	None	None	NR	1.11

Summary

In June, 1989 this manufacturer of technology and chemical products completed a recapitalization plan under which each WKR common share outstanding (except those held by certain members of senior management) was exchanged for $40 in cash and one new WKR share. As part of the plan, WKR has sold or plans to sell the bulk of its chemical operations, certain technology operations, and certain non-operating assets. At October 31, 1989 WKR had a shareholders' equity of negative $46.8 million.

Business Summary

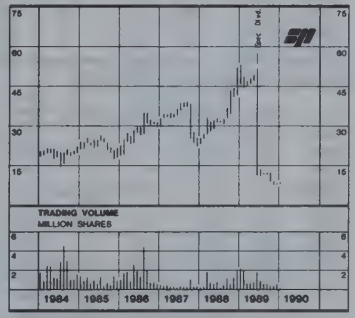
Whittaker Corp. manufactures a wide variety of technology products for the defense, aerospace and automotive industries, and produces various chemical products including coatings, adhesives and plastics. Contributions by business segment in fiscal 1988:

	Sales	Profits
Technology	59%	54%
Chemicals	41%	46%

About 12% of fiscal 1988 sales were to customers outside the U.S.

Technology activities include the production of aircraft fluid controls; radar and digital system simulators; electronic countermeasures equipment; aluminum automotive engine parts; coaxial and multiconductor cable assemblies; expendable and rechargeable high-energy-density batteries utilized primarily for space, missile and undersea applications; and command, control and communications systems. Whittaker also provides immunoassay diagnostic test kits for the clinical laboratory market, tissue cultures, and other biomedical products. In fiscal 1988 some 37% of this segment's sales were directly or indirectly to the U.S. government.

The chemicals business involves primarily the manufacture of industrial coatings, plastics, adhesives, heat-treating compounds, and other specialty chemical products. Principal industrial coatings are coatings applied to aluminum and steel coils, decorative and functional finishes, highway marking coatings, and finishes for wood and furniture. Plastic products include liquid plastic products used as sealants and gaskets, and various custom-extruded thermoplastic products. Adhesive products, used for bonding rubber to metal, are sold to customers in the packaging, automotive, and electronics industries.



Important Developments

Dec. '89— WKR reported that during fiscal 1989 its Aerospace division accounted for 65% of its $209.7 million in sales from continuing operations and 65% of its $40.6 million of operating profits, Specialty Chemicals accounted for 20% and 20%, respectively, and Biotechnology 15% and 15%. WKR's continuing operations have been grouped into the three segments in connection with its restructuring. Earnings for fiscal 1989 were penalized by a nonrecurring pretax charge of $14.1 million consisting of (1) $6.8 million for expenses related to efforts to maximize stockholder value, including attempts to sell the company; (2) $3.8 million for the cancellation of employee stock options in connection with the recapitalization; and (3) $3.5 million for the resolution with the U.S. Government of certain claims against a subsidiary of the company. Together, these charges cut net income by $8.5 million ($1.12 a share).

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Oct. 31	1989	1988	[1]1987	[1]1986	[2]1985	[1]1984	1983	[1]1982	1981	[1]1980
Tangible Bk. Val.	NA	18.10	15.48	16.69	28.01	24.45	23.56	19.86	19.05	16.06
Earnings[3]	0.41	3.30	1.55	0.30	1.40	3.01	2.55	3.77	4.40	3.90
Dividends	0.25	1.00	0.70	0.60	0.60	1.35	1.60	1.60	1.40	1.00
Payout Ratio	61%	30%	45%	132%	43%	44%	63%	40%	32%	26%
Prices—High[4]	53¼	52¼	39⅛	35	26½	24⅛	34⅛	33¾	50⅞	35⅝
Low[4]	7⅝	23	22⅛	18⅝	17¼	14½	17¼	18	28¼	18¾
P/E Ratio—	NM	16-7	25-14	NM	19-12	8-5	13-7	9-5	12-6	9-4

Data as orig. reptd. 1. Reflects merger or acquisition 2. Reflects merger or acquisition and accounting change 3. Bef. results of disc. opers. of +3.76 in 1989, +3.05 in 1987, -0.74 in 1986 4. Cal. yr. NA-Not Available. NM-Not Meaningful

January 16, 1990

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Income Data (Million $)

Year Ended Oct. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	[1]Int. Exp.	[2]Net Bef. Taxes	Eff. Tax Rate	[3]Net Inc.	% Net Inc. of Revs.
1988	499	65	13.0	15.4	18.4	7.2	39	41.0%	23.1	4.6
[4]1987	427	52	12.3	17.5	18.0	9.1	25	50.0%	12.7	3.0
[4]1986	399	38	9.5	24.4	14.1	3.8	8	47.2%	4.4	1.1
[5]1985	1,130	58	5.2	23.8	21.1	3.6	d15	NM	19.9	1.8
[6]1984	1,437	149	10.4	28.9	21.5	10.9	105	39.7%	43.9	3.1
1983	1,603	150	9.4	19.7	23.8	19.9	107	26.1%	37.6	2.3
[6]1982	1,674	167	10.0	59.5	21.8	10.7	134	35.3%	58.7	3.5
1981	1,672	188	11.3	39.2	19.9	12.9	156	43.5%	69.3	4.1
[6]1980	1,396	150	10.8	54.7	17.2	13.8	119	40.4%	57.5	4.1
1979	1,074	122	11.4	52.5	15.7	13.2	93	47.5%	46.8	4.4

Balance Sheet Data (Million $)

Oct. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	3	215	160	1.3	436	5.3%	36	193	242	15.0	12.2%
1987	9	194	163	1.2	432	2.7%	41	174	229	17.9	7.2%
1986	26	345	282	1.2	609	0.8%	92	199	326	28.2	1.7%
1985	111	537	243	2.2	796	2.4%	118	384	553	21.4	5.4%
1984	67	569	317	1.8	873	4.8%	140	342	556	25.2	12.9%
1983	80	651	435	1.5	974	4.0%	149	341	538	27.7	11.0%
1982	108	611	421	1.5	920	6.8%	155	329	499	31.0	18.1%
1981	66	620	381	1.6	867	8.2%	134	339	486	27.6	21.6%
1980	66	555	357	1.6	785	7.7%	132	284	427	31.0	21.3%
1979	41	434	274	1.6	643	7.8%	130	228	369	35.3	22.0%

Data as orig. reptd. 1. Net of interest income. 2. Incl. equity in earns. of nonconsol. subs. 3. Bef. results of disc. opers. in 1987, 1986. 4. Excl. disc. opers. and reflects merger or acquisition. 5. Reflects merger or acquisition and accounting change. 6. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful

Sales (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	47	111	98	86
Apr.	52	125	106	103
Jul.	51	128	108	100
Oct.	59	135	115	110
	210	499	427	399

Sales from continuing operations for the fiscal year ended October 31, 1989 (preliminary) advanced 4.8% from those of fiscal 1988 (restated). Penalized by nonrecurring charges totaling $14.1 million and a substantial rise in interest expense, pretax profits declined 33%. After taxes at 45.0%, versus 47.9%, net income fell 29%, to $0.41 a share on 11% more shares from $0.64. Results exclude income from discontinued operations of $1.11 a share against $2.33, and gains on sale of these operations of $2.67 versus $0.33.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Jan.	0.34	0.16	0.17	0.25
Apr.	0.55	1.02	0.37	d0.12
Jul.	d0.39	1.00	0.56	0.12
Oct.	d0.07	1.12	0.45	0.03
	0.41	3.30	1.55	0.30

Dividend Data

Dividends were initiated in 1978 and discontinued in February, 1989 in connection with the recapitalization and payment of a $40 special distribution in June, 1989. The most recent quarterly dividend was $0.25 in January, 1989. A "poison pill" stock purchase right was adopted in 1988.

Finances

In June, 1989 WKR completed its recapitalization plan under which each common share held by the public on June 28 became exchangeable for $40 in cash and one new WKR share. Each WKR common share held by certain members of senior management became exchangeable for one new common share and one new non-voting participating preferred share. In connection with the plan, WKR implemented a restructuring program involving sale of a substantial part of its chemical operations, certain technology operations, and certain nonoperating assets.

Capitalization

Long Term Debt: $197,758,000.

Preferred Stock: 1,300 shs.

Common Stock: 6,930,330 shs. ($0.01 par).
Institutions hold 4.7%.
Shareholders of record: 9,209.

Office—10880 Wilshire Blvd., Los Angeles, Calif. 90024 **Tel**—(213) 475-9411. **Chrmn & CEO**—J. F. Alibrandi **Pres**—G. T. Parkos. **VP-Secy**—E. R. Muller. **Treas & Investor Contact**—J. Otto. **Dirs**—E. F. Ackell, J. F. Alibrandi, J. D. Daane, W. B. Gerken, G. T. Parkos, F. J. Rauscher, Jr., R. Reznick, J. C. West. **Transfer Agent & Registrar**—Manufacturers Hanover Trust Co., NYC **Incorporated** in California in 1947; reincorporated in Delaware in 1986 **Empl**—3,900

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Kenneth A. Shea

Willamette Industries

5659K

NASDAQ Symbol WMTT (Incl. in Nat'l Market; marginable) Options on NYSE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 11'90	1989-90					
50⅜	57½-41	7	1.45	2.9%	B+	1.31

Summary

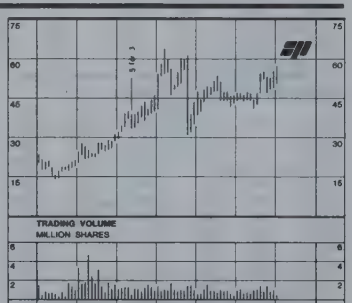
This integrated forest products company produces and sells particleboard, plywood, corrugated containers, bleached pulp, grocery bags and other wood and paper products. Strong prices for plywood and other building products will contribute to record earnings for 1989, and the outlook for 1990 is favorable, barring an economic downturn.

Business Summary

Willamette Industries, Inc. grows and harvests timber and manufactures and sells building products (such as lumber, plywood and particleboard) and paper products (such as pulp, paper, paperboard, containers, bags and business forms).

The company estimates that its share of national U.S. output by product in 1988 was:

Particleboard	13.1%
Grocery bags	8.1%
Fiberboard	11.7%
Bleached hardwood market pulp	6.1%
Plywood	6.1%
Continuous business forms	4.6%
Linerboard, bag paper and corrugating medium	3.9%
Corrugated containers	4.1%
Fine paper	1.7%
Lumber	0.9%



In 1988, the Paper Group accounted for 68% of total sales, while the Building Materials Group contributed 32% (compared with 67% and 33%, respectively, in 1987). The Paper Group was responsible for 90% of operating income in 1988 (78% in 1987), with the Building Materials Group accounting for the remaining 10% (22%).

The company sells its building products primarily to wholesalers and distributors. Converted paper products are sold mainly to industrial and commercial users.

At 1988 year-end, the company owned about 1,000,000 acres of timberland in seven states, with 563,000 acres located in Louisiana, Arkansas and Texas, 282,000 in Oregon, 86,000 in Tennessee and 69,000 in the Carolinas. Willamette supplies 43% of its own long-term log needs, while 23% is purchased on the open market and 34% is derived from government timber sales or private short-term contracts.

At December 31, 1988, the company was operating 70 plants in 17 states. Production in 1988 included 1.64 billion square feet of plywood, 321 million board feet of lumber, 516 million square feet of particleboard, 111 million square feet of medium-density fiberboard, 1.41 million tons of pulp and paper, 12.3 billion square feet of corrugated containers, 236,000 tons of business forms and copy paper, 107,000 tons of grocery bags and 212 million square feet of preprinted linerboard.

Important Developments

Oct. '89— Concern about timber shortages in the Pacific Northwest helped drive up plywood and lumber prices, contributing to higher third-quarter earnings. Environmentalists have fought to protect old-growth timberlands from logging, while Japanese and other foreign interests have bid heavily for remaining timber supplies.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	1985	1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	29.38	24.24	20.54	18.62	17.24	15.74	15.76	17.02	16.77	15.07
Earnings[2]	6.34	4.78	2.94	2.37	2.61	0.88	0.21	1.13	2.31	2.67
Dividends	1.20	1.08	1.02	0.99½	0.90½	0.90½	0.90½	0.87¾	0.79½	0.68⅜
Payout Ratio	19%	23%	35%	42%	35%	NM	NM	78%	34%	25%
Prices—High	53½	64	46	31⅜	23⅝	28⅛	23½	28½	24⅜	22¼
Low	38½	30¾	29½	20⅜	14	19	9⅞	14⅞	15⅛	15⅞
P/E Ratio—	8-6	13-6	16-10	13-9	9-5	32-22	NM	25-13	10-6	8-6

Data as orig. reptd. Adj. for stk. dvs. of 67% May 1986, 3% each 1979-1981. 1. Refl. merger or acq. 2. Bef. spec. items of -0.20 in 1984, -0.57 in 1982, +0.18 in 1980. NM-Not Meaningful.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	1,716	380	22.2	[2]278	96.3	35.1	255	36.7%	161	9.4
1987	1,432	318	22.2	[2]129	87.0	31.1	201	39.6%	121	8.5
[3]1986	1,200	206	17.1	243	72.7	25.9	112	33.2%	[4]75	6.2
1985	1,152	177	15.3	95	64.5	19.9	95	36.9%	60	5.2
1984	1,182	188	15.9	59	61.3	26.2	101	34.6%	66	5.6
1983	1,046	111	10.6	55	58.6	28.6	36	38.8%	22	2.1
1982	929	83	8.9	78	55.4	35.8	d7	NM	5	0.6
1981	976	103	10.6	135	47.1	32.4	31	8.6%	29	2.9
1980	940	141	15.0	171	40.4	[4]22.4	85	30.6%	[4]59	6.3
1979	864	147	17.0	71	35.2	10.7	109	38.0%	68	7.9

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	33.2	344	152	2.3	1,430	12.3	391	747	1,275	30.7	23.6
1987	8.9	273	142	1.9	1,181	10.6	294	616	1,035	28.4	21.3
1986	1.3	231	143	1.6	1,100	7.4	314	522	954	32.9	15.0
1985	8.1	211	125	1.7	884	6.5	185	473	791	27.8	13.2
1984	17.1	232	174	1.3	882	7.1	183	438	757	31.6	15.8
1983	9.7	210	150	1.4	866	2.4	238	400	769	38.6	5.6
1982	26.2	238	143	1.7	904	0.6	296	400	819	43.8	1.3
1981	8.6	184	97	1.9	829	3.4	247	432	793	39.4	6.7
1980	6.9	186	111	1.7	744	8.2	189	426	689	32.9	14.6
1979	18.0	169	99	1.7	598	11.2	84	383	529	22.1	19.0

Data as orig. reptd. 1. Bef. spec. items. 2. Net. 3. Refl. merger or acq. 4. Refl. acctg. change. d-Deficit. NM-Not Meaningful.

Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	438	405	323	272
Jun.	492	425	352	310
Sep.	487	441	377	300
Dec.		446	380	318
		1,716	1,432	1,200

Sales for the nine months ended September 30, 1989, rose 11%, year to year, reflecting gains in both building materials and paper. Margins widened in the Building Materials group, and pretax earnings increased 17%. After taxes at 38.0%, versus 36.7%, net income was up 15%. Per-share earnings were $5.50, compared with $4.79.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.57	1.59	0.90	0.30
Jun.	1.85	1.66	1.10	0.76
Sep.	2.08	1.54	1.25	0.84
Dec.		1.55	1.53	1.04
		6.34	4.78	2.94

Dividend Data

Cash has been paid each year since 1962.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.36¼	Feb. 9	Feb. 21	Feb. 27	Mar. 14'89
0.36¼	Apr. 18	May 22	May 29	Jun. 14'89
0.36¼	Aug. 10	Aug. 22	Aug. 28	Sep. 14'89
0.36¼	Nov. 7	Nov. 20	Nov. 27	Dec. 14'89

Finances

In July 1988, Willamette placed privately $100 million of 9.3% notes, due 1993, of the $200 million in senior debt securities registered with the SEC in May 1988. Proceeds were used to repay short-term debt and for general corporate purposes.

Capitalization

Long Term Debt: $387,967,000 (9/89).

Common Stock: 25,417,041 shs. ($0.50 par). Officers & directors control about 39%. Institutions hold about 49%. Shareholders: 10,200 (12/88).

Office—3800 First Interstate Tower, 1300 S.W. Fifth Ave., Portland, Ore. 97201. **Tel**—(503) 227-5581. **Chrmn, Pres & CEO**—W. Swindells. **Exec VP, CFO, Secy & Treas**—J. A. Parsons. **Dirs**—C. M. Bishop Jr., E. B. Hart, C. W. Knodell, P. N. McCracken, R. T. Miller, L. B. Perry, L. E. Seely, S. J. Sheik Jr., W. Swindells, S. C. Wheeler. **Transfer Agent & Registrar**—First Interstate Bank of Oregon, Portland. **Incorporated** in Oregon in 1906. **Empl**—9,325.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

N. Tetrick

Williams Companies

NYSE Symbol WMB Options on CBOE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 18'89	1989					
40⅝	44¾-29¾	NM	1.40	3.5%	B-	1.26

Summary

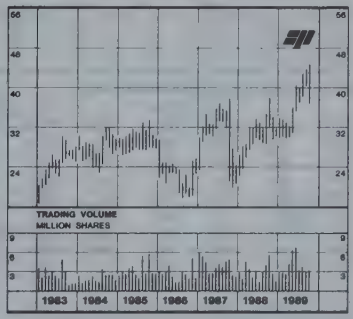
This company owns and operates a 16,800-mile interstate natural gas pipeline system, an intrastate natural gas pipeline in Louisiana, and a petroleum products pipeline. WMB also holds a majority interest in Williams Telecommunications Group, which operates a coast-to-coast telecommunications system. Earnings for the 1989 first half declined sharply, reflecting lower pipeline profits and higher interest charges.

Current Outlook

Share earnings for 1990 are projected at $1.65, compared with an estimated $0.90 for 1989.

Dividends should continue at $0.35 quarterly, supported by cash flow.

Gas pipeline profits should rebound in 1990, reflecting an expected increase in gas transmission volumes and margins at both Northwest Pipeline and Williams Natural Gas; absence of a loss provision for contract reformation should further enhance profits at Northwest Pipeline. Profits at Williams Telecommunication Group should benefit from expansion of services and an improvement in margins on those services.



Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	514	627	536	678
Jun.	338	304	327	349
Sep.		292	337	311
Dec.		450	581	521
		1,673	1,780	1,859

Revenues for the six months ended June 30, 1989 declined 8.7%, year to year (1988 period restated), reflecting conversion by customers from gas sales to transportation services. Penalized by sharply lower profits at Northwest Pipeline and Williams Natural Gas and increased interest charges more than offsetting higher telecommunications profits, net income dropped 42%, to $0.58 a share from $1.08, which excludes income from discontinued operations of $2.45.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.79	0.88	0.81	0.60
Jun.	d0.21	d0.06	0.31	d0.30
Sep.	Ed0.08	d0.52	0.14	d0.48
Dec.	E0.40	d0.43	d0.37	d3.70
	E0.90	d0.13	0.69	d3.88

Important Developments

Oct. '89— Kern River Transmission Co., WMB's joint venture with Tenneco Inc., said it had signed agreements to provide to customers in California firm transportation of 320 million cubic feet of natural gas daily and had letters of intent for an additional 639 million cubic feet per day; gas transmission service by Kern River was expected to start in 1991. Separately, a Kansas City Southern Industries, Inc. unit planned to sell all of its 16% interest in Williams Telecommunications Group, Inc.

May '89— WMB sold 3.0 million shares of exchangeable preferred stock at a price of $50 each; the shares are convertible into WMB common stock at $39.25 per share. Net proceeds of $146 million were to be used for general corporate purposes.

Next earnings report expected in late October.

Per Share Data ($)

Yr. End Dec. 31	1988	[1]1987	1986	1985	1984	[2]1983	1982	1981	1980	1979
Tangible Bk. Val.	29.66	28.46	26.94	35.33	37.43	34.34	34.58	34.50	32.49	27.16
Earnings[3]	d0.13	0.69	d3.88	0.92	4.21	1.79	1.00	3.32	5.07	2.55
Dividends	1.40	1.40	1.40	1.40	1.25	1.20	1.20	1.20	1.10	1.00
Payout Ratio	NM	219%	NM	152%	30%	76%	120%	36%	24%	39%
Prices—High	38	37⅞	29½	33½	31⅞	30¼	30¼	47½	49⅞	32¼
Low	22⅛	19¾	17⅝	26¼	22¾	16½	12⅝	22⅛	22⅛	15
P/E Ratio—	NM	55-29	NM	36-29	8-5	17-9	30-13	14-7	10-4	13-6

Data as orig. reptd. 1. Reflects merger or acquisition and acctg. change 2. Reflects merger or acquisition 3. Bef. results of disc. opers. of +2.70 in 1988, +1.85 in 1987, -3.37 in 1986, +0.15 in 1984, +0.15 in 1982, +0.35 in 1981, and spec. item(s) of +0.04 in 1987, +0.28 in 1986 NM-Not Meaningful E-Estimated d-Deficit

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	1,673	312	18.6	202	126	126	6	181.7%	d5	NM
[4]1987	1,780	318	17.9	120	113	153	66	63.4%	24	1.4
[3]1986	1,859	384	20.7	273	116	205	d115	NM	d134	NM
1985	3,140	496	15.8	259	185	240	77	58.7%	[5]32	1.0
[3]1984	3,389	548	16.2	262	180	254	198	27.2%	145	4.3
[6]1983	2,167	300	13.8	253	191	125	71	23.8%	54	2.5
1982	1,691	186	11.0	172	144	73	19	NM	30	1.8
[3]1981	1,976	259	13.1	233	120	74	152	34.8%	99	5.0
1980	2,073	362	17.5	340	105	69	227	38.9%	139	6.7
1979	1,850	268	14.5	113	93	76	110	37.0%	[5]69	3.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	110	610	729	0.8	3,567	NM	1,159	1,128	2,678	43.3	NM
1987	29	479	720	0.7	3,441	0.6%	1,077	1,080	2,555	42.2	2.3%
1986	113	1,037	877	1.2	3,908	NM	1,694	926	2,895	58.5	NM
1985	63	774	789	1.0	4,337	0.7%	1,846	1,213	3,459	53.4	2.5%
1984	75	866	831	1.0	4,534	3.1%	1,870	1,284	3,591	52.1	11.7%
1983	78	976	1,262	0.8	4,686	1.5%	1,788	1,174	3,278	54.5	4.6%
1982	197	595	344	1.7	2,370	1.2%	660	1,029	1,977	33.4	2.9%
1981	181	700	426	1.6	2,446	4.1%	667	1,027	1,980	33.7	9.9%
1980	254	760	412	1.8	2,380	6.1%	697	966	1,932	36.0	15.6%
1979	89	617	353	1.7	2,012	3.4%	676	744	1,640	41.2	9.5%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers. in 1988, 1987, 1986, 1984, 1982, 1981, and spec item(s) in 1987, 1986 3. Excl. disc. opers. 4. Reflects merger or acquisition and acctg. change. 5. Reflects accounting change. 6. Reflects merger or acquisition d-Deficit NM-Not Meaningful.

Business Summary

WMB is a broadly diversified company engaged in oil and gas pipeline transportation and interstate telecommunications. As part of a restructuring plan, completed in 1987, the company sold its oil, gas and coal exploration and production interests, chemical fertilizer operations, and real estate activities. Segment contributions in 1988:

	Sales	Profits
Northwest Pipeline	31%	38%
Williams Natural Gas	30%	29%
Williams Gas Marketing	21%	-4%
Williams Telecommunications	10%	15%
Williams Pipe Line	8%	22%

Northwest Pipeline is a 7,000-mile interstate pipeline system serving eight Western U.S. states. Williams Natural Gas is a 9,800-mile interstate pipeline system serving six Midcontinent states. Williams Gas Marketing operates a large intrastate gas pipeline in Louisiana. Williams Pipeline operates a 8,500 mile petroleum products pipeline in the Midwest.

Williams Telecommunications Group (84%-owned) operates an interstate coast-to-coast digital telecommunications network, and is affiliated with National Telecommunications Network, which provides telecommunications service to virtually every major metropolitan area.

Dividend Data

Dividends were resumed in 1974. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.35	Nov. 11	Nov. 28	Dec. 2	Dec. 27'88
0.35	Jan. 23	Feb. 27	Mar. 3	Mar. 26'89
0.35	May 3	May 26	Jun. 2	Jun. 26'89
0.35	Jul. 17	Aug. 21	Aug. 25	Sep. 18'89

Next dividend meeting: Nov. 17'89.

Capitalization

Long Term Debt: $1,055,000,000.

Subsid. Red. Preferred Stock: $26,200,000.

$3.875 Conv. Exch. Preferred Stock: 3,000,000 shs. ($50 par); conv. into com. at $39.25 a sh.

Common Stock: 38,159,817 shs. ($1 par).
Institutions hold about 72%.
Shareholders of record: 9,935.

Office—One Williams Center, Tulsa Okla 74172 **Tel**—(918) 588-2000 **Chrmn & CEO**—Jos H Williams **Pres**—V T Jones **Secy**—D M Higbee **VP-Treas**—J. D. McCarthy **VP-Investor Contact**—L R Francisco **Dirs**—H W Andersen, K E Bailey, R E Bailey, W C Douce, V T Jones, R. J. LaFortune, J. C. Lewis, S. M. Matheson, J. W. Morris, R. O. Newman, G. K. Parker, D. R. Williams, Jr., John H. Williams, Jos H Williams **Transfer Agents & Registrars**—Morgan Shareholder Services Trust Co., NYC; Bank of Oklahoma, Tulsa **Incorporated** in Nevada in 1949; reincorporated in Delaware in 1987.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Mark Mattke

Winn-Dixie Stores

NYSE Symbol WIN In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 4'90	1989-90					
63¼	65-42⅞	18	1.98	3.1%	A	0.81

Summary

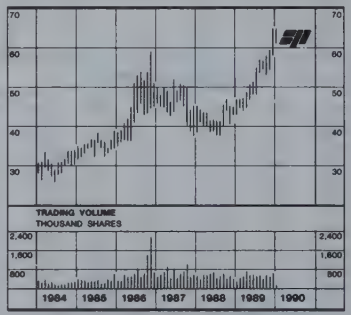
Winn-Dixie is the largest supermarket operator in the highly competitive Sunbelt area. The closing of unproductive stores and emphasis on larger stores with expanded specialty food and general merchandise departments have boosted earnings. More aggressive pricing strategies should strengthen the company's competitive position.

Current Outlook

Earnings for the fiscal year ending June 30, 1990 are projected to rise to $3.80 a share from the $3.36 of fiscal 1989. Earnings should approximate $4.15 a share in fiscal 1991.

The $0.16½ monthly dividend is the minimum expected.

Sales for fiscal 1990 should advance moderately. Gross margins should remain about level, but selling, general and administrative expenses may increase slightly as a percentage of sales, reflecting higher costs at the store level. Longer term, the benefits of improved computer technology will aid profit margins.



Net Sales (Million $)

Period:	1989-90	1988-9	1987-8	1986-7
12 Wks. Sep. ...	2,170	2,029	1,997	1,985
16 Wks. Jan.	---	2,782	2,733	2,725
12 Wks. Mar. ...	---	2,187	2,072	2,068
12 Wks. Jun.	---	2,153	2,205	2,025
		9,151	9,008	8,804

Sales for the 12 weeks ended September 20, 1989 rose 6.9%, year to year; comparable store sales increased 5.4%. Margins widened, reflecting cost cutting and more aggressive buying programs, and pretax income increased 25%. After taxes at 34.0%, versus 33.2%, net income was up 24%. Share earnings were $0.63, versus $0.50.

Common Share Earnings ($)

Period:	1989-90	1988-9	1987-8	1986-7
12 Wks. Sep. ...	0.63	0.50	0.38	0.33
16 Wks. Jan.	E0.96	0.87	0.87	0.66
12 Wks. Mar. ...	E1.04	0.93	0.71	0.81
12 Wks. Jun.	E1.17	1.06	1.11	0.92
	E3.80	3.36	2.87	2.72

Important Developments

Oct. '89— WIN said that average weekly sales increased 8.3% in the first quarter of fiscal 1990 and same stores sales rose 5.4%. The company continues to lower operating expenses and to improve its buying programs, so additional savings can be passed on to customers. WIN is expanding its everyday low price format, emphasizing customer service, and continuing to work on expense controls. During the first quarter of fiscal 1990 WIN opened seven new stores averaging 38,500 square feet, closed nine older stores averaging 25,000 square feet, and remodeled or enlarged 10 locations. On September 20, 1989 1,227 locations were in operation, compared with 1,241 a year earlier. Some 31 new stores were under construction. During fiscal 1990 WIN began installation of its new retail automation system, which should be completed in three years.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Jun. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	19.61	18.20	17.93	17.05	15.80	14.86	13.93	12.53	11.34	10.87
Earnings	3.36	2.87	2.72	2.84	2.64	2.83	2.72	2.52	2.21	2.06
Dividends	1.92	1.86	1.80	1.74	1.68	1.55⅝	1.43⅞	1.30⅛	1.15¾	1.01⅜
Payout Ratio	57%	64%	66%	62%	64%	55%	53%	52%	52%	48%
Prices—High[1]	65	47	52	59	38⅞	34	37¾	30½	22½	19⅜
Low[1]	42⅞	37½	37½	34⅞	31½	25¾	25⅛	18⅞	15⅞	14⅜
P/E Ratio—	19-13	16-13	19-14	21-12	15-12	12-9	14-9	12-7	10-7	9-7

Data as orig. reptd. Adj. for stk. div(s). of 66⅔% Nov. 1983. 1. Cal. yr. E-Estimated.

January 12, 1990

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Income Data (Million $)

Year Ended Jun. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	9,151	248	2.7	[2]127	136	24.8	198	32.0%	135	1.5
1988	9,008	247	2.7	149	162	18.2	[1]189	30.9%	117	1.3
1987	8,804	258	2.9	168	164	15.7	[1]174	35.6%	112	1.3
1986	8,225	285	3.5	183	162	13.3	[1]192	39.5%	116	1.4
1985	7,774	267	3.4	170	159	11.0	[1]173	37.5%	108	1.4
1984	7,302	749	3.4	170	131	10.5	[1]188	38.4%	116	1.6
1983	7,019	238	3.4	179	115	9.4	[1]189	40.1%	113	1.6
1982	6,764	222	3.3	167	103	9.2	[1]176	41.2%	104	1.5
1981	6,200	192	3.1	108	85	9.5	[1]162	40.9%	95	1.5
1980	5,389	183	3.4	115	76	9.7	157	41.3%	92	1.7

Balance Sheet Data (Million $)

Jun. 30	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	128	1,031	635	1.6	1,575	8.7%	72	783	856	8.5	17.8%
1988	132	989	631	1.6	1,514	8.1%	87	726	814	10.7	16.2%
1987	120	851	517	1.6	1,418	8.1%	103	739	842	12.2	15.6%
1986	181	830	500	1.7	1,355	8.9%	99	705	804	12.3	17.1%
1985	117	705	454	1.6	1,239	9.0%	95	647	742	12.8	17.2%
1984	108	634	402	1.6	1,159	10.1%	100	609	716	14.0	19.7%
1983	166	670	428	1.6	1,159	10.2%	105	583	696	15.1	20.5%
1982	135	594	388	1.5	1,040	10.6%	101	515	623	16.2	21.1%
1981	160	559	343	1.6	925	10.7%	90	467	557	16.2	20.8%
1980	165	557	313	1.8	904	10.8%	98	474	572	17.1	20.1%

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Net of curr. yr. retirement and disposals.

Business Summary

Winn-Dixie, the nation's fifth largest food retailer, was operating 1,229 stores in 13 Sunbelt states at June 28, 1989. The heaviest concentration of stores was in Florida (476), North Carolina (146), Georgia (120), Alabama (91), South Carolina (89) and Louisiana (88).

Fiscal Yr. End	1989	1988	1987
Stores	1,229	1,246	1,271
Total store square footage (million)	36.5	35.8	35.2

The average supermarket contained about 29,700 sq. ft. at the end of fiscal 1989, up from 28,800 at the end of the preceding fiscal year. Recent emphasis has been on constructing larger superstores and combination stores, and closing or enlarging older stores. The company labor force is predominantly nonunion.

WIN operates various support facilities for its stores, including 15 warehousing and distribution centers and a variety of manufacturing and processing plants. An unconsolidated subsidiary operates 12 stores in the Bahamas.

The company discontinued its Table Supply superwarehouse operations during fiscal 1988-9; five stores were converted to Winn-Dixie and one store, in Orlando, Florida, continued to use the Table Supply name.

Dividend Data

Dividends, which have been paid since 1934, are declared quarterly and paid monthly. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.16	Apr. 3	Apr. 11	Apr. 17	May 1'89
0.16	Apr. 3	May 9	May 15	Jun. 1'89
0.16	Apr. 3	Jun. 9	Jun. 15	Jul. 3'89
0.16½	Jul. 3	Jul. 11	Jul. 17	Aug. 1'89
0.16½	Jul. 3	Aug. 9	Aug. 15	Sep. 1'89
0.16½	Jul. 3	Sep. 11	Sep. 15	Oct. 2'89
0.16½	Oct. 4	Oct. 10	Oct. 16	Nov. 1'89
0.16½	Oct. 4	Nov. 9	Nov. 15	Dec. 1'89
0.16½	Oct. 4	Dec. 11	Dec. 15	Jan. 2'90
0.16½	Jan. 2	Jan. 9	Jan. 16	Feb. 1'90
0.16½	Jan. 2	Feb. 9	Feb. 15	Mar. 1'90
0.16½	Jan. 2	Mar. 9	Mar. 15	Apr. 2'90

Capitalization

Long Term Debt: $71,473,000 capital lease obligations.

Common Stock: 39,829,100 shs. ($1 par).
The Davis family & associates own some 38%.
Institutions hold about 22%.
Shareholders of record: 38,103.

Office—5050 Edgewood Court (P.O. Box 9), Jacksonville, Fla. 32203 **Tel**—(904) 783-5000 **Chrmn & CEO**—A. Dano Davis **Pres**—J. Kufeldt **VP-Secy**—J. S. Bryan, Jr. **Treas**—D. H. Bragin. **Investor Contact**—R. P. McCook. **Dirs**—J. S. Bryan, Jr., A. M. Codina, A. D. Davis, A. Dano Davis, J. E. Davis, R. D. Davis, T. W. Davis, F. L. James, J. Kufeldt, R. D. Lovett, C. H. McKellar, D. F. Miller, C. P. Stephens **Transfer Agent & Registrar**—American Transtech, Jacksonville, Fla. **Incorporated** in Florida in 1928. **Empl**—94,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Karen J. Sack

Woolworth Corp.

NYSE Symbol Z Options on Phila (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
59¼	72¼-48⅜	13	1.88	3.2%	A-	1.35

Summary

Following a major restructuring in 1982, this major retailer has pursued a three-pronged strategy of revitalizing its domestic variety stores, aggressively expanding its multiple shoe and other specialty store formats, and acquiring compatible specialty retail businesses. The significant gains in the refurbished variety stores and rapid expansion of specialty stores should continue to contribute to good earnings growth over the next few years.

Current Outlook

Share earnings for the fiscal year ending January 31, 1991 should advance to about $5.50 from the estimated $4.95 of fiscal 1989-90.

The $0.47 quarterly dividend is the minimum expected.

Added specialty outlets and higher sales in refurbished variety stores should boost domestic revenues in fiscal 1990-91; sales of foreign operations are also expected to improve. Margins should widen on greater contributions from specialty businesses. Expense ratios are expected to be well controlled. Further acquisitions in specialty areas are possible.

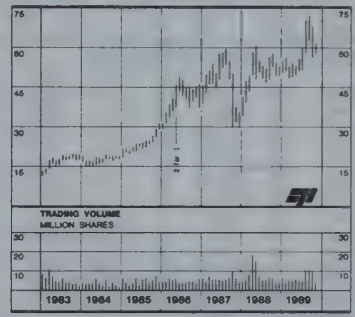
Revenues[1] (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	1,877	1,721	1,531	1,365
Jul.	1,983	1,847	1,630	1,515
Oct.	2,165	1,974	1,756	1,601
Jan.	---	2,546	2,217	2,020
	---	8,088	7,134	6,501

Sales for the nine months ended October 28, 1989 rose 8.7%, year to year. Gross margins widened and expense ratios improved, but following higher depreciation and amortization costs, pretax income advanced only 6.9%. After taxes at 38.2% in each period, net income also rose 6.9%. Earnings per share were $2.38, versus $2.24.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Apr.	0.56	0.54	0.43	0.20
Jul.	0.74	0.68	0.56	0.54
Oct.	1.08	1.02	0.82	0.73
Jan.	E2.57	2.23	2.00	1.78
	E4.95	4.47	3.81	3.25



Important Developments

Nov. '89— Specialty store revenues for the 13 weeks ended October 28, 1989 rose 18% and general merchandise revenues increased 3.6%; domestic revenues rose 9.8% and foreign revenues increased 9.3% (in U.S. dollars). Operating profit at specialty stores rose to $99 million from $83 million, and general merchandise operating profit was unchanged. General merchandise results mainly reflected a decline in operating profit of Woolworth stores in Germany, where unseasonably mild weather hurt apparel sales. At the end of fiscal 1988-9, 39% of revenues and 52% of operating profits were from specialty stores; general merchandise operations accounted for the balance. Z planned to open 778 specialty and 34 general merchandise units in fiscal 1989-90.

Next earnings report expected in late February.

Per Share Data ($)

Yr. End Jan. 31	1989	1988	1987	1986	1985	[2]1984	1983	[2]1982	1981	1980
Tangible Bk. Val.	26.20	26.54	22.49	18.80	16.34	15.96	15.79	21.93	22.65	20.98
Earnings[4]	4.47	3.81	3.25	2.75	2.23	1.86	1.32	1.32	2.65	3.01
Dividends	1.64	1.27	1.12	1.00	0.90	0.90	0.90	0.90	0.90	0.80
Payout Ratio	37%	33%	34%	36%	40%	48%	69%	68%	34%	27%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	60¾	59⅝	49	31⅜	19½	19¾	14⅝	13⅞	14⅝	16
Low	34⅛	29½	29⅛	18⅜	14⅞	11⅜	7⅞	8½	10⅝	9½
P/E Ratio—	14-8	16-8	15-9	11-7	9-7	11-6	11-6	10-6	6-4	5-3

Data as orig. reptd. Adj. for stk. div(s). of 100% Jun 1986 1. Net sales prior to 1988-9 2. Reflects merger or acquisition 3. Reflects acctg change 4. Bef. results related to disc. opers. of -7.17 in 1983 E-Estimated

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Income Data (Million $)

Year Ended Jan. 31	[1]Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1989	8,088	592	8.6	264	177	75	444	35.1%	288	3.6
1988	7,134	561	7.9	254	147	57	406	38.2%	251	3.5
1987	6,501	525	8.1	202	125	58	374	42.8%	214	3.3
1986	5,958	461	7.7	152	111	69	314	43.6%	177	3.0
[3]1985	5,737	412	7.2	130	105	85	251	43.8%	141	2.5
[3]1984	5,456	366	6.7	108	100	86	207	43.0%	118	2.2
[4]1983	5,124	297	5.8	116	97	100	[5]135	39.3%	82	1.6
[5]1982	7,223	293	4.1	173	127	167	[5]108	24.1%	82	1.1
1981	7,218	389	5.4	232	121	145	[5]204	21.1%	161	2.2
1980	6,785	396	5.8	202	111	78	[5]285	36.8%	180	2.7

Balance Sheet Data (Million $)

Jan. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	81	1,949	1,166	1.7	3,535	8.4%	347	1,836	2,265	15.3	16.3%
1988	259	1,930	1,084	1.8	3,299	8.2%	344	1,707	2,111	16.3	15.9%
1987	239	1,684	881	1.9	2,850	7.9%	358	1,473	1,879	19.1	15.8%
1986	143	1,521	831	1.8	2,535	7.2%	356	1,205	1,609	22.1	15.6%
1985	119	1,335	732	1.8	2,311	6.0%	372	1,028	1,453	25.6	13.8%
1984	167	1,309	715	1.8	2,364	4.8%	435	1,005	1,498	29.0	11.7%
1983	260	1,383	736	1.9	2,489	2.9%	516	987	1,548	33.3	6.9%
1982	16	1,624	926	1.8	3,142	2.6%	753	1,330	2,158	34.9	5.9%
1981	35	1,658	949	1.7	3,172	5.3%	744	1,359	2,183	34.1	12.1%
1980	25	1,556	800	1.9	2,927	6.3%	757	1,244	2,086	36.3	15.0%

Data as orig. reptd. 1. Incl. sales of leased depts. 2. Bef. results of disc. opers. in 1983. 3. Reflects merger or acquisition 4. Excl. disc. opers 5. Incl. equity in earns. of nonconsol. subs. 6. Reflects accounting change

Business Summary

Woolworth Corp. (formerly F.W. Woolworth Co.) is a major retailer of general merchandise and footwear in the U.S. and abroad, operating a total of 7,739 retail stores, of which 6,098 are specialty units and 1,641 are general merchandise stores.

Fiscal 1988-9	Sales	Profits
U.S. Woolworth	26%	20%
Woolworth/Woolco Canada	21%	15%
Woolworth Germany	15%	13%
Kinney Shoe Corp.	32%	49%
Richman Brothers	4%	2%
Other specialty	2%	1%

The U.S. Woolworth division, primarily consisting of 1,100 variety stores, is undergoing substantial restructuring including the redesign of store layouts. The merchandise mix will emphasize more heavily basic departments, such as health and beauty aids, which account for about two-thirds of Woolworth's volume. An additional 506 Woolworth and Woolco stores operate in Canada and Germany.

Kinney operates 1,813 family shoe stores and leased departments in the U.S. and Canada. Foot Locker and Lady Foot Locker, two fast growing athletic shoe chains, operate 1,621 stores.

Men's and boy's clothing is sold through 148 Richman stores; family apparel through 129 Anderson-Little shops.

Other specialty operations include the Kids Mart and Little Folk Shop apparel chains, with 416 stores combined, and 8 deep-discount drug stores.

Dividend Data

Dividends have been paid since 1912. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.41	Jan. 11	Jan. 26	Feb. 1	Mar. '89
0.47	Apr. 12	Apr. 28	May 4	Jun. '89
0.47	Jul. 12	Jul. 26	Aug. 1	Sep. '89
0.47	Oct. 11	Oct. 26	Nov. 1	Dec. '89

Next dividend meeting: mid-Jan.'90.

Capitalization

Long Term Debt: $311,000,000, incl. $85 million of capital lease obligations.

$2.20 Conv. Preferred Stock: 246,000 shs. ($1 par); conv. into 2.84 com.

Common Stock: 64,024,140 shs. ($1 par). Institutions hold about 60%. Shareholders of record: 50,738.

Office—233 Broadway, NYC 10279 Tel—(212) 553-2000 Chrmn & CEO—H E Sells Pres—F E Henning VP-Treas—J H Cannon Secy—W B Thomson Investor Contact—R Garofalo Dirs—J W Adams, H Galland, J Gilbert, Jr., F E Henning, F M Kirby, S H Knox III, J W Lyne, M P MacKinnon, J J Mackowski, A F Peck, J E Preston, E J Sullivan. Transfer Agent & Registrar—Morgan Shareholder Services Trust Co., NYC. Incorporated in New York in 1911. Empl—74,000

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Karen J. Seck

Worthington Industries

5671

NASDAQ Symbol WTHG (Incl. in Nat'l Market; marginable) In S&P 500

Price	Range	P–E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 8'89	1989					
24	25½–20⅝	16	0.56	2.3%	A	1.23

Summary

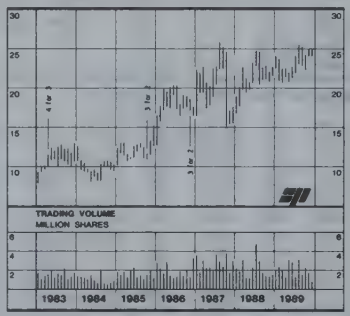
This processor of close-tolerance steel also manufactures steel castings, pipe fittings, pressure cylinders and custom plastic and precision metal parts. Earnings for the first quarter of fiscal 1990 were adversely affected by a less favorable sales mix and by costs associated with a new plant and the start-up of several new product lines.

Current Outlook

Earnings for the fiscal year ending May 31, 1990, are estimated at $1.40 a share, versus the $1.58 recorded in fiscal 1989.

The dividend was increased 17%, to $0.14 a share quarterly, with the September, 1989, payment.

Sales may decline in fiscal 1990, reflecting a forecasted softening of demand in both the processed steel and custom plastics units. Lower auto production and weakness in durable goods will account for most of the projected decline in volume. Start-up costs at a newly opened plastics plant, along with the decreased volume, should lead to margin contraction and a decline in earnings for fiscal 1990.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	228.0	226.5	198.4	188.3
Nov.		244.2	215.5	197.1
Feb.		251.6	226.8	202.8
May		283.7	263.5	230.6
		1,006.0	904.2	818.8

Net sales for the three months ended August 31, 1989, rose 0.7%, year to year. Margins were hurt by a less favorable sales mix and start-up costs associated with several new product lines; gross profits fell 5.1%. After increased selling, general and administrative expense and higher interest costs, pretax income declined 13%. After taxes at 37.0% in both periods, net income also fell 13%. Earnings were $0.28 versus $0.32.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Aug.	0.28	0.32	0.23	0.22
Nov.	E0.30	0.36	0.31	0.20
Feb.	E0.36	0.39	0.35	0.24
May	E0.46	0.51	0.48	0.36
	E1.40	1.58	1.37	1.02

Important Developments

Sep. '89— WTHG reported a 13% decline in earnings on a 0.7% rise in sales for fiscal 1990's first quarter. WTHG attributed the sluggish sales growth to weaker than expected orders from the automotive and leisure time industries. The company stated that a less favorable sales mix along with costs of a recently opened plastics plant and start-up costs of several new jobs and product lines hurt profitability.

Mar. '89— WTHG announced plans to build a steel processing plant in Porter, Indiana, stating that the facility would include a highly advanced pickling operation in addition to equipment for slitting, rolling and leveling. Construction of the 400,000 square foot building is scheduled for completion in 1990, with the total investment in the project expected to exceed $30 million.

Next earnings report expected in late December.

Per Share Data ($)

Yr. End May 31	1989	1988	1987	1986	1985	[1]1984	1983	1982	1981	[1]1980
Tangible Bk. Val.	7.99	7.04	6.30	5.64	4.91	4.26	3.40	3.04	2.73	2.29
Earnings	1.58	1.37	1.02	1.01	0.93	0.69	0.53	0.51	0.62	0.53
Dividends[2]	0.46	0.41	0.35	0.29⅞	0.26¾	0.24	0.21½	0.20	0.18	0.16
Payout Ratio	29%	30%	34%	29%	29%	35%	41%	39%	29%	34%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	24¾	25⅞	20⅜	15¼	12½	13	8⅛	8¼	8	7⅛
Low	16¾	14⅞	12⅝	10⅛	8	7⅞	4⅛	6¼	4¼	5½
P/E Ratio—	16–11	19–11	20–12	15–10	14–9	19–11	15–8	16–12	13–7	13–10

Data as orig. reptd. Adj. for stk. dvs. of 50% Nov. 1986, 50% Oct. 1985, 33⅓% Apr. 1983. 1. Refl. merger or acq. 2. On ex-div. basis

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Income Data (Million $)

Year Ended May 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	1,006	127	12.6	[1]45.1	20.4	4.75	102.0	37.0%	64.2	6.4
1988	904	114	12.6	[1]29.8	19.0	4.25	90.5	38.0%	56.1	6.2
1987	819	100	12.2	[1]19.8	17.6	4.41	78.1	46.1%	42.1	5.1
1986	754	102	13.5	33.6	16.5	4.90	80.4	47.8%	42.0	5.6
1985	701	98	13.9	20.4	15.3	6.65	75.9	49.0%	38.7	5.5
[2]1984	578	74	12.8	18.7	12.8	5.49	55.6	48.8%	28.5	4.9
1983	450	56	12.5	15.2	11.6	9.05	35.5	44.0%	19.9	4.4
1982	438	54	12.2	24.7	10.6	8.78	34.6	44.7%	19.2	4.4
1981	428	59	13.8	20.8	9.6	8.47	41.7	45.2%	22.9	5.3
[2]1980	286	38	13.3	67.5	3.5	4.63	[3]32.2	45.3%	17.6	6.2

Balance Sheet Data (Million $)

May 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1989	43.1	333	150	2.2	558	12.1	46.9	320	406	11.5	21.3
1988	32.8	307	133	2.3	507	11.8	48.4	286	372	13.0	20.7
1987	50.5	268	105	2.5	455	9.5	51.4	261	348	14.8	17.0
1986	28.5	248	109	2.3	436	10.1	59.9	234	324	18.5	19.2
1985	17.4	225	96	2.3	393	10.2	65.7	203	294	22.3	20.4
1984	15.4	206	98	2.1	366	8.1	68.8	177	264	26.0	17.9
1983	30.9	166	71	2.4	301	6.9	86.8	127	227	38.2	16.5
1982	14.2	139	61	2.3	275	7.2	88.6	113	210	42.2	17.9
1981	6.5	137	72	1.9	254	9.6	71.1	101	178	40.0	24.6
1980	5.5	118	65	1.8	224	9.7	65.6	85	155	42.4	24.6

Data as orig. reptd. 1. Net expend. 2. Refl. merger or acq. 3. Incl. equity in earnings of Buckeye prior to merger

Business Summary

Worthington Industries, Inc. processes flat-rolled steel, manufactures pressure cylinders and pipe fittings, and makes a broad line of cast steel products and precision parts. In 1988-9, sales and profits were derived from:

	Sales	Profits
Processed steel products	65%	73%
Custom plastic products	18%	15%
Cast products	17%	12%

The processed steel products segment processes sheet steel to the custom order of more than 1,700 industrial customers in the automotive, appliance, electrical, machinery, communications, office equipment, leisure time and other industries. It also produces pressure cylinders including disposable steel cylinders sold primarily to producers and distributors of refrigerant gases, and refillable steel and aluminium cylinders used to hold liquified petroleum gas.

The custom plastic products segment makes injection molded plastic and precision metal parts, primarily for customers in automotive original equipment markets. Sales are also made to appliance, lawn equipment and houseware manufacturers. Products consist of a variety of custom made injection molded plastic components and precision metal components made mostly for the auto and trucking industries.

Cast products consist of steel castings and pipe fittings operations. The steel castings operation makes a diverse line of cast steel products for the mass transit, construction, off-highway, defense and petroleum drilling markets. Pipe fittings operations produce malleable iron and plastic pipe fittings, plastic valves, pipe couplings, cast iron fittings and other related products.

Dividend Data

Cash has been paid in each year since 1966. A dividend reinvestment plan is available.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.12	Mar. 1	Mar. 8	Mar. 14	Mar. 31'89
0.12	May 17	May 24	May 31	Jun. 21'89
0.14	Aug. 16	Aug. 28	Sep. 1	Sep. 29'89
0.14	Nov. 16	Dec. 1	Dec. 7	Jan. 2'90

Next dividend meeting: early Mar.'90.

Finances

At August 31, 1989, working capital totaled $183.1 million and the current ratio stood at 2.5-to-1; long-term debt decreased to 11.0% of total capital.

Capitalization

Long Term Debt: $45,839,000 (8/89).

Common Stock: 40,105,292 shs. ($0.01 par).
Institutions hold about 41%.
Shareholders: 10,256 (5/89).

Office—1205 Dearborn Drive Columbus, Ohio 43085 **Tel.**—(614) 438 3210 **Chrmn & CEO**—J. H. McConnell **Pres & COO**—D. H. Malenick **Secy**—C. D. Minor **VP-Treas & CFO**—J. H. Stegmayer **Investor Contact**—Mark E. Tikson **Dirs**—C. R. Carson E. A. Ferkany, J. F. Havens, R. J. Klein, D. H. Malenick, J. H. McConnell, R. B. McCurry Jr., C. D. Minor, G. B. Mitchell, J. Petropoulos Jr., J. W. Phillips, J. H. Stegmayer **Transfer Agent & Registrar**—First National Bank of Boston **Incorporated** in Ohio in 1955, reincorporated in Delaware in 1986 **Empl**—6,500

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Leo Larkin

Wrigley (Wm.) Jr.

NYSE Symbol WWY Options on ASE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Jan. 5'90	1989-90					
54⅛	57-35½	20	¹0.80	¹1.5%	A-	0.96

Summary

Wrigley is the world's largest producer of chewing gum, with some 47% of the U.S. market. In April, 1986 the company distributed one additional common share and one share of a new Class B common (with 10 votes per share) for each share held. Expansion abroad and good sales gains in the U.S. should boost earnings nicely again in 1990. Since mid-1987, WWY has bought back 2.8 million of its common shares for a total of $86.8 million under authorizations for up to $120 million of stock repurchases.

Current Outlook

Earnings for 1990 should increase to $2.95 a share from the $2.72 expected for 1989.

The regular quarterly dividend, raised 25% in mid-1989, should remain at $0.20. The 1989 year-end payment was raised 25% to $0.60.

Sales for 1990 should remain in a good uptrend, although growth may be less robust. Market penetration should continue to increase, and concomitant volume gains should facilitate higher returns on newly improved equipment. Higher prices may also help maintain margins, given stable packaging and ingredient costs. Comparisons for foreign currency translations will be an important variable, while an improved product mix should help raise profitability. Growing contributions from expansion at Amurol should also aid the future.

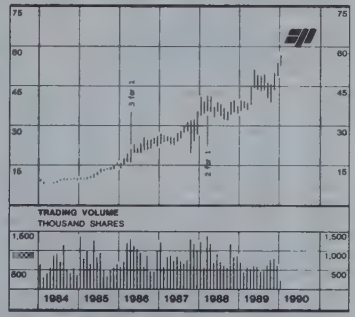
Net Sales (Million $)

Quarter:	1990	1989	1988	1987
Mar.	---	258.9	215.3	184.4
Jun.	---	261.8	241.4	209.2
Sep.	---	242.3	232.1	203.1
Dec.	---	---	202.6	184.4
	---	---	891.4	781.1

Sales for the 1989 nine months rose 11%, year to year, due largely to higher volume worldwide and gains for Amurol Products. Well-contained product and marketing costs widened margins, and net income advanced 23%, to $2.31 a share (on 2% fewer shares) from $1.83.

Common Share Earnings ($)

Quarter:	1990	1989	1988	1987
Mar.	E0.75	0.67	0.51	0.34
Jun.	E0.95	0.87	0.75	0.55
Sep.	E0.75	0.77	0.57	0.48
Dec.	E0.50	E0.41	0.35	0.32
	E2.95	E2.72	2.18	1.69



Important Developments

Nov. '89— Settlement of a U.S. income tax case in the 1989 third quarter increased net earnings $0.08 a share.

Nov. '89— As of October 30, 1989 WWY had repurchased 2,837,998 of its common shares for an aggregate $86,806,490 under a June, 1987 $120 million authorization.

Aug. '89— The company increased prices for Spearmint, Doublemint, Juicy Fruit and Big Red gums 17% late in the 1989 second quarter. Prices for Freedent and Extra were raised 15%.

May '89— The company reported that a May, 1988 expansion of Extra sugarfree gum boosted the brand to a number one market share position in the U. S.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Tangible Bk. Val.	NA	7.77	7.18	6.93	6.13	5.43	5.38	5.27	5.18	4.95
Earnings	NA	2.18	1.69	1.28	1.03	0.93	0.85	0.76	0.60	0.65
Dividends	1.36	1.09	0.85	0.61½	0.51¾	0.47¼	0.41½	0.39	0.37½	0.34⅞
Payout Ratio	NA	50%	49%	48%	50%	50%	47%	51%	62%	54%
Prices—High	53¾	41¼	35½	26	15⅞	10	9½	7¾	7¼	6¾
Low	35½	32	19½	13⅞	9⅝	7½	6⅝	4⅞	5⅜	4⅞
P/E Ratio—	NA	19-15	21-12	20-11	15-9	11-8	11-8	10-6	12-9	10-7

Data as orig. reptd. Adj. for stk. div(s) of 100% Apr. 1988, 200% Apr. 1986, 100% Apr. 1980. 1. Excl. 0.60 extra in Dec. 1989. NA-Not Available E-Estimated

January 15, 1990
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Standard & Poor's Corp.
25 Broadway, NY, NY 10004

Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1988	891	154	17.3	29.8	23.2	0.53	141	38.0%	87.2	9.8
1987	781	137	17.5	36.0	21.0	0.61	123	43.0%	70.1	9.0
1986	699	116	16.6	25.4	18.7	0.54	104	48.1%	53.8	7.7
1985	620	92	14.8	26.8	17.2	0.79	81	45.9%	43.5	7.0
1984	591	82	13.8	28.8	15.9	0.82	71	44.2%	39.7	6.7
1983	582	83	14.3	18.9	16.1	0.70	74	46.8%	39.2	6.7
1982	581	77	13.2	18.2	16.5	0.69	67	46.4%	¹35.8	6.2
1981	608	76	12.5	19.4	17.1	1.66	56	49.0%	28.4	4.7
1980	558	68	12.2	22.8	16.4	3.07	51	39.9%	30.7	5.5
1979	505	76	15.1	26.3	14.5	1.95	63	42.2%	36.4	7.2

Balance Sheet Data (Million $)

Dec. 31	Cash	Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	115	269	125	2.1	440	20.7%	Nil	309	315	Nil	29.4%
1987	99	242	111	2.2	407	17.9%	Nil	289	296	Nil	24.7%
1986	110	247	93	2.7	394	14.4%	Nil	293	302	Nil	19.5%
1985	72	210	85	2.5	352	13.2%	Nil	259	267	Nil	17.8%
1984	45	176	72	2.4	308	12.9%	Nil	229	236	Nil	17.4%
1983	59	201	79	2.5	324	12.5%	Nil	239	245	Nil	16.6%
1982	60	196	68	2.9	320	11.3%	Nil	246	252	Nil	14.7%
1981	48	185	67	2.8	319	8.9%	Nil	245	252	Nil	11.9%
1980	20	181	75	2.4	317	9.9%	Nil	234	242	Nil	13.5%
1979	24	177	78	2.3	305	12.4%	Nil	219	228	Nil	17.4%

Data as orig reptd. 1. Reflects accounting change.

Business Summary

Wrigley is the world's largest manufacturer of chewing gum, and accounts for about 47% of total chewing gum sales volume in the U.S. Principal products include Wrigley's Spearmint, Doublemint and Juicy Fruit. Newer products include Freedent, Big Red, Orbit, Hubba Bubba (bubble gum) and Extra. Chewing gum accounts for more than 90% of total sales and earnings.

By geographical area, sales and profit contributions in 1988 were:

	Sales	Profits
United States	64%	60%
Europe	21%	20%
Other	15%	20%

Three domestic associated companies produce certain other types of products. Amurol Products Co. primarily manufactures novelty gum products and to a lesser extent hard candies and mints. L. A. Dreyfus Co. makes chewing gum base for Wrigley and other customers, as well as industrial coatings and adhesives. Northwestern Chemical Co. processes flavorings and refines mint oil for Wrigley and for food-related industries. The Wrico Packaging division produces a majority of the company's domestic printed and other wrapping supplies. The company's six largest markets abroad in 1988 were Australia, Canada, West Germany, Kenya, Taiwan and the U.K.

Dividend Data

Dividends have been paid since 1913. A dividend reinvestment plan is available. Payments on the common and Class B common in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.20	Mar. 7	Apr. 11	Apr. 17	May 1'89
0.20	Jun. 21	Jul. 11	Jul. 17	Aug. 1'89
0.20	Aug. 23	Oct. 10	Oct. 16	Nov. 1'89
0.60 Ext.	Oct. 25	Dec. 11	Dec.15	Dec. 31'89
0.20	Oct. 25	Jan. 9	Jan. 16	Feb. 11'90

Next dividend meeting: early Mar.'90.

Capitalization

Long Term Debt: None.

Common Stock: 29,197,257 shs. (no par). The Wrigley family controls about 27%.

Class B Common Stock: 10,095,754 shs. (no par). 10 votes per share; conv. into one com.; restricted transferability. The Wrigley family controls about 38%.

Shareholders of record: 9,426.

Office—410 North Michigan Ave., Chicago, Ill. 60611 **Tel**—(312) 644-2121 **Pres & CEO**—W. Wrigley **Treas**—H. W. Moyse **VP-Secy & Investor Contact**—W. M. Piel **Dirs**—C. F. Allison III, L. P. Bell, R. P. Billingsley, R. D. Ewers, J. H. Flom, I. Seaman, Jr., R. K. Smucker, W. Wrigley, W. Wrigley, Jr. **Transfer Agent & Registrar**—The First National Bank of Chicago. **Incorporated** in Delaware in 1927. **Empl**—5,100

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Jane Collin

Xerox Corp.

NYSE Symbol XRX Options on CBOE & Pacific (Jan-Apr-Jul-Oct) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 15'89	1989					
57⅝	69-56	15	3.00	5.2%	B+	1.12

Summary

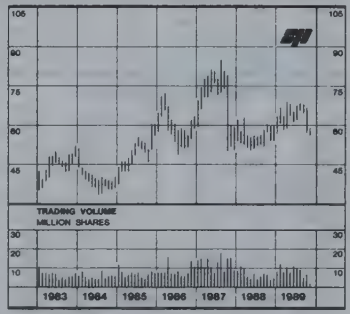
Xerox is the leading producer of copying and duplicating machines, and sells other office and computer equipment. XRX also provides financial services. Near-term earnings growth should continue to be impaired by soft demand for business products and systems, unfavorable currency impacts, and tough environments in the property and casualty and investment banking businesses. XRX recently authorized the adoption of an ESOP and repurchased about 11.5 million common shares at $68 each.

Current Outlook

Earnings for 1990 are projected at $6.70 a share, up from the $6.15 estimated for 1989.

Dividends should continue at $0.75 quarterly.

Revenues for the business products and systems segment, which had posted double-digit growth in the first half of 1989 on strong demand for the new model 50 copier family, have recently been restrained by softer domestic demand and unfavorable currency impacts. The recent sluggishness is likely to continue into 1990; however, continued tight cost controls should benefit margins. Earnings of the financial services group, dominated by Crum and Forster, are likely to be under pressure from competitive pricing as the insurance industry remains in a period of slowness; however, a turn in the underwriting cycle is expected in mid-1990, which bodes well for profits in the latter half.



[1]Revenues (Billion $)

Quarter:	1989	1988	1987	1986
Mar.	4.14	3.83	2.32	2.02
Jun.	4.38	4.07	2.59	2.30
Sep.	4.45	4.15	2.58	2.32
Dec.	---	4.40	2.83	2.72
	---	16.44	10.32	9.36

Business products and systems revenues for the nine months ended September 30, 1989 rose 6.0%, year to year. Pretax income advanced 13%, reflecting the effects of price increases that Xerox received in Brazil which partially offset the extreme inflation and devaluation. Net income from this segment was up 11%. Net income from financial services advanced 1% as a high level of capital gains, investment income, and finance income was offset by weakness in the investment banking and property and casualty businesses as well as reserve strengthening and the impact of Hurricane Hugo. Combined net income rose 5.8%. After preferred dividends, earnings increased to $4.55 a share from $4.32.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	1.48	1.37	1.25	0.93
Jun.	1.67	1.59	1.44	1.27
Sep.	1.41	1.37	1.23	1.03
Dec.	E1.59	d0.83	1.43	1.29
	E6.15	3.50	5.35	4.52

Important Developments

Oct. '89— XRX offered $150 million of 8.75% notes due 1995 as part of a $750 million shelf registration filed during the 1989 first quarter. In recent months, XRX also issued $150 million of 8.50% notes due 1992 and $250 million of 9.20% notes due 1999. Separately, in July 1989, XRX authorized the adoption of a leveraged employee stock ownership plan, the issuance of a new series of cumulative preferred stock and the commencement of a "Dutch Auction" self-tender offer for 11.2 million common shares.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	[2]1988	1987	1986	1985	[3]1984	[3]1983	1982	1981	1980	1979
Tangible Bk. Val.	41.63	51.00	48.00	45.47	42.77	44.40	43.96	44.11	42.90	38.29
Earnings[4]	3.50	5.35	4.52	3.48	3.42	4.42	4.34	7.08	7.33	6.69
Dividends	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.80	2.40
Payout Ratio	87%	56%	67%	87%	88%	68%	69%	42%	38%	36%
Prices—High	63	85	72¼	60½	51⅛	52⅛	41¾	64	71¾	69⅛
Low	50¼	50	46⅝	37¼	33¼	35	27⅛	37⅜	48⅝	52⅝
P/E Ratio—	18-14	16-9	16-11	17-11	15-10	12-8	10-6	9-5	10-7	10-8

Data as orig. reptd. 1. Incl. finance subs aft. 1987. 2. Reflects acctg. change. 3. Reflects merger or acquisition. 4. Bef. results of disc opers of -0.67 in 1986, +0.98 in 1985, -0.89 in 1984, +0.86 in 1982, bef. spec. item(s) of +0.43 in 1986. E-Estimated d-Deficit

November 27, 1989
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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
[3]1988	[4]15,994	2,154	13.5	508	784	643	1,005	46.8%	388	2.4
1987	10,320	1,376	13.3	937	731	226	921	28.4%	[5]578	5.6
[6]1986	9,355	1,327	14.2	1,032	806	212	675	16.6%	[3]488	5.2
[6]1985	8,732	1,502	17.2	951	849	230	609	27.1%	381	4.4
[6]1984	8,792	1,557	17.7	1,349	881	261	614	27.4%	376	4.3
[7]1983	8,464	1,444	17.1	1,136	848	190	667	20.4%	466	5.5
[5]1982	8,456	1,654	19.6	1,205	835	153	614	27.8%	368	4.3
1981	8,691	2,071	23.8	1,432	841	130	1,180	38.5%	[3]598	6.9
[8]1980	8,196	2,155	26.3	1,328	803	115	1,351	44.7%	619	7.6
1979	7,027	2,054	29.2	1,227	753	103	1,283	46.1%	563	8.0

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	1,365	NA	NA	NA	26,441	2.0%	5,379	5,371	11,852	45.4	6.7%
1987	309	4,459	2,850	1.6	11,598	5.1%	1,539	5,105	7,738	19.9	10.7%
1986	402	3,973	2,206	1.8	10,608	4.8%	1,730	4,687	7,424	23.3	9.6%
1985	267	3,901	2,215	1.8	9,817	3.9%	1,583	4,386	6,990	22.6	7.8%
1984	227	3,739	2,451	1.5	9,537	4.0%	1,614	4,101	6,747	23.9	7.8%
1983	371	3,655	2,306	1.6	9,297	5.2%	1,461	4,222	6,786	21.5	10.0%
1982	616	3,814	2,175	1.8	7,668	4.8%	850	3,724	5,338	15.9	9.9%
1981	427	3,616	2,081	1.7	7,674	8.0%	870	3,728	5,449	16.0	16.3%
1980	523	3,515	1,984	1.8	7,349	8.9%	898	3,625	5,232	17.2	18.1%
1979	758	3,104	1,679	1.8	6,554	9.1%	913	3,221	4,746	19.2	18.4%

Data as orig. reptd.; Finance subs. consol. aft. 1987. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. results of disc. opers in 1986, 1985, 1984, 1982, and spec. item(s) in 1986 3. Reflects acctg. change. 4. Excl. other income. 5. Excl. disc. opers 6. Excl. disc. opers. and reflects merger or acquisition. 7. Reflects merger or acquisition. 8. Reflects merger or acquisition and acctg. change. NA-Not Available.

Business Summmary

Xerox is a leading manufacturer of copiers and a range of business equipment and supplies. The company also provides a variety of financial services. Industry segment contributions in 1988:

	Revs.	Profit
Document processing	71%	38%
Third party financing	2%	8%
Insurance	26%	52%
Investment Banking	1%	2%

Foreign operations provided 37% of revenue in 1988; 49% of document processing revenue and 1% of financial services revenues.

Xerox sells a broad range of copiers and duplicators; electronic non-impact, ink-jet and electrostatic printers; electronic typewriters; workstations; local area networks; facsimile products; scanners; programming products; and CAD/CAM systems.

Xerox Credit Corp. provides equipment financing. Crum and Forster writes property and casualty insurance. Van Kampen Merritt Inc. specializes in fixed income investment products. Furman Selz is an institutional research, brokerage and investment banking company.

Dividend Data

Dividends have been paid since 1930.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.75	Feb. 6	Feb. 27	Mar. 3	Apr. '89
0.75	May 18	May 26	Jun. 2	Jul. '89
0.75	Jul. 10	Aug. 28	Sep. 1	Oct. '89
0.75	Oct. 2	Nov. 27	Dec. 1	Jan. '90

Finances

In August, 1989, Xerox announced it would repurchase about 11.5 million shares at $68 a share under terms of a "Dutch Auction" self-tender offer.

Capitalization

Long Term Debt: $6,791,000,000.

Minority Interest: $815,000,000.

$3.6875 Cum. Pfd. Stk.: 2,500,000 shs. ($1 par).

$4.125 Cum. Pfd. Stk.: 3,427,086 shs. ($1 par).

$6.25 Series B Conv. Pfd. Stk.: 10,032,000 shs.

Common Stock: 92,050,953 shs. ($1 par).
Institutions hold approximately 80%.
Shareholders of record: 84,864.

Class B Common Stock: 28,570 shs. ($1 par).

Office—P O. Box 1600, 800 Long Ridge Rd., Stamford, Conn. 06904. Tel—(203) 968-3000 Chrmn & CEO—D. T. Kearns. Pres—P. A. Allaire VP-Treas—A. Z. Senter VP-Secy—E. M. Filter. Investor Contact—Ross C Santy Dirs—P. A. Allaire, R. A Beck, J. G Cooney, A Herrmausen, M. Howard, B. R Inman, V. E. Jordan, Jr., D. T. Kearns, Y. Kobayashi, J. D. Macomber, C. P. McColough, N. J. Nicholas Jr., W. E Simon, T. C. Theobald Transfer Agent—Xerox Corp., Rochester, N.Y. Registrar—Chase Lincoln First Bank, Rochester, N.Y. Incorporated in New York in 1906. Empl—113,245

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Lawrence S. Freitag, CFA

Yellow Freight System

5675

NASDAQ Symbol YELL (Incl. in Nat'l Market) Options on CBOE (Mar-Jun-Sep-Dec) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Dec. 5'89	1989					
27	32⅞-23¾	12	0.76	2.8%	B+	1.11

Summary

Yellow is the nation's largest general freight motor carrier. While volume growth should remain positive in 1990 as YELL scores market share gains, profits will remain checked by fierce rate discounting on less-than-truckload freight.

Current Outlook

Profits for 1990 are estimated at $2.30 a share, versus the $2.10 anticipated for 1989.

Dividends were lifted 8.6%, to $0.19 a share quarterly, with the August 1989 payment.

Freight volume growth will continue to slow in 1990, reflecting sluggish economic activity. Yellow, however, should continue to outperform other carriers, deepening its penetration in several key markets. Fierce rate discounting for less-than-truckload shipments will continue to hamper profitability, but earnings comparisons should be positive as fuel costs ease, insurance and utility expenses stabilize and diminishing capital requirements permit the reduction of bank debt.

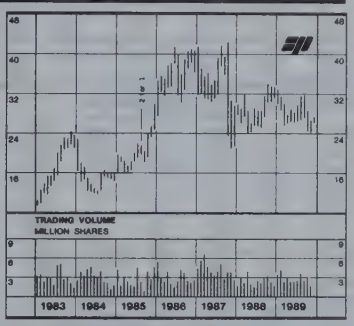
Operating Revenues (Million $)

Quarter:	1989	1988	1987	1986
Mar.	530	464	415	397
Jun.	565	491	438	437
Sep.	566	538	448	445
Dec.	---	524	459	435
	---	2,016	1,760	1,714

Revenues for 1989's first nine months rose 11%, year to year, on a 9% tonnage gain. Operating margins narrowed, as freight rates came under pressure. Pretax income fell 7.8%. After taxes at 34.6%, versus, 33.9%, net income was off 8.9%. Share earnings were $1.59, compared with $1.75.

Common Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	0.55	0.33	0.20	0.50
Jun.	0.64	0.49	0.44	0.74
Sep.	0.40	0.93	0.40	0.75
Dec.	E0.51	0.65	0.40	0.36
	E2.10	2.40	1.44	2.35



Important Developments

Nov. '89— Capital outlays for 1990 were projected at $175 million, versus the $182 million expected to be spent in 1989. Yellow said it would spend some $71 million in 1990 for tractors, trucks and trailers (compared with $84 million in 1989). Some $71 million was allocated for land and structures ($77 million). YELL said terminal additions in 1990 would approximate the 18 expected for 1989. Outlays for computers and other equipment were budgeted at $26 million ($19 million).

Dec. '88— YELL repurchased 341,000 of its common shares in 1988 for $8.5 million under a 1,270,000-share (4.4%) buyback program authorized in November 1987. The stock repurchase program, originally set to expire at 1988 year-end, was extended for an indefinite period.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	[1]1986	[1]1985	1984	1983	1982	1981	1980	1979
Book Value	14.21	13.82	13.14	11.27	9.84	8.77	7.49	7.53	6.76	6.40
Earnings[2]	2.40	1.44	2.35	1.95	1.55	1.73	0.38	0.58	0.74	0.73
Dividends	0.66	0.62	0.58	0.52	0.48	0.44	0.42	0.40	0.38	0.36
Payout Ratio	28%	43%	25%	27%	31%	25%	112%	69%	51%	50%
Prices—High	34	42½	41½	29⅞	22⅞	24⅜	10⅞	10⅝	9½	11½
Low	23⅞	20⅞	27½	15⅞	11⅝	9⅝	5½	7½	6	7⅛
P/E Ratio—	14-10	30-14	18-12	15-8	15-8	14-5	29-15	18-13	13-8	16-10

Data as orig. reptd. Adj. for stk. div. of 100% Aug. 1985. 1. Refl. merger or acq. 2. Bef. spec. items of +0.09 in 1986, +0.59 in 1981, -1.23 in 1980. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Oper. Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	[1]Net Bef. Taxes	Eff. Tax Rate	[2]Net Inc.	% Net Inc. of Revs.
1988	2,016	226	11.2	189	108	12.3	105	34.3%	69.0	3.4
1987	1,760	177	10.1	167	99	9.2	64	35.9%	41.3	2.3
[3]1986	1,714	222	13.0	199	87	7.4	123	45.6%	[4]67.1	3.9
[3]1985	1,530	182	11.9	158	76	10.3	96	41.8%	55.5	3.6
1984	1,380	136	9.9	205	59	6.2	73	39.5%	44.1	3.2
1983	1,089	132	12.1	62	46	5.0	84	41.4%	49.2	4.5
1982	936	67	7.2	77	45	7.1	10	NM	10.7	1.1
1981	936	84	9.0	54	43	6.2	25	32.7%	16.5	1.8
1980	776	84	10.8	62	42	7.9	34	38.2%	21.0	2.7
1979	863	85	9.8	105	44	5.5	35	39.8%	20.7	2.4

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	% Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	% Ret. on Equity
1988	8.2	253	265	1.0	1,021	7.1	169	409	702	24.1	17.1
1987	8.7	229	241	0.9	924	4.6	126	393	637	19.8	10.8
1986	14.6	218	260	0.8	862	8.3	75	376	559	13.5	19.2
1985	7.5	191	226	0.8	748	7.8	67	322	484	13.8	18.4
1984	8.5	176	210	0.8	666	7.2	64	280	424	15.2	16.7
1983	65.8	204	187	1.1	565	9.5	42	250	357	11.8	21.3
1982	12.7	116	121	1.0	471	2.3	61	213	334	18.1	5.0
1981	14.7	118	140	0.8	467	3.6	44	214	315	14.0	8.1
1980	3.8	100	118	0.8	449	4.5	55	192	319	17.3	10.3
1979	11.2	117	129	0.9	489	4.7	71	218	350	20.1	9.7

Data as orig. reptd. 1. Incl. equity in earns. of nonconsol. subs. 2. Bef. spec. items. 3. Refl. merger or acq. 4. Refl. acctg. change. NM-Not Meaningful.

Business Summary

Yellow Freight is the nation's largest general freight motor carrier, providing service to all 50 states, Puerto Rico and the Canadian provinces of Alberta, British Columbia, Manitoba, Ontario and Quebec. Through intermodal arrangements, Yellow offers service to points in Europe, Australia, New Zealand and the Far East.

Operating Data	1988	1987
Shipments (000s)	15,145	14,229
LTL tonnage (000s)	6,302	5,559
TL tonnage (000s)	1,468	1,304
Avg. shipment weight (lbs.)	1,026	965
Average haul (miles)	1,215	1,196
Terminals	618	610

In 1988, higher-rated less-than-truckload (LTL) freight generated 90% of freight revenues and 99% of shipments. YELL's fleet at 1988 year-end consisted of 3,826 road tractors and 27,362 trailers (of which 86% were "pup" trailers used in tandem configurations). Yellow also operated 10,776 trucks, tractors and trailers for pickup and delivery service.

Dividend Data

Cash dividends have been paid each year since 1958. A "poison pill" stock purchase right was distributed in October 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17½	Jan. 31	Feb. 7	Feb. 13	Feb. 27'89
0.17½	Apr. 20	May 2	May 8	May 22'89
0.19	Jul. 21	Aug. 1	Aug. 7	Aug. 21'89
0.19	Oct. 25	Oct. 31	Nov. 6	Nov. 20'89

Finances

In October 1989, YELL said it planned to implement a 5.5% general rate hike in early January 1990.

Capitalization

Long Term Debt: $191,279,000 (9/89).

Common Stock: 28,774,344 shs. ($1 par).
Officers & directors control some 13%.
Institutions hold about 71%.
Shareholders: 3,200 of record.

Office—P.O. Box 7563, 10990 Roe Ave., Overland Park, Kansas 66207. **Tel**—(913) 345-1020 **Chrmn & CEO**—G. E. Powell Jr. **Pres**—G. E. Powell III. **Sr VP-Secy**—S. P. Murphy. **VP-Treas & Investor Contact**—Phillip A. Spangler. **Dirs**—K. E. Agthe, H. M. Dean, C. A. Duboc, D. H. Hughes, J. C. McKelvey, D. L. McMorris, G. E. Powell Jr., G. E. Powell III, S. H. Stautter. **Transfer Agent & Registrar**—Chase Manhattan Bank, NYC. **Incorporated** in Indiana in 1950, reincorporated in Delaware in 1983. **Empl**—27,200.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Stephen R. Klein

Zapata Corp.

2518K

NYSE Symbol ZOS

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Sep. 27'89	1989					
2½	4¼-2	NM	None	None	C	0.98

Summary

Zapata operates a fleet of offshore drilling rigs, explores for and produces oil and natural gas, and produces fish meal and oil; it also has a 34.7%-interest in Zapata Gulf Marine Corp., operator of a large fleet of marine service vessels. Recent large losses reflect the prolonged depression in the oil service industry. Following a review of its recent financial performance and outlook for the future, the company announced in August, 1989 that it would suspend interest payments on its subordinated debentures, and began talks regarding a comprehensive restructuring of its principal debt obligations.

Business Summary

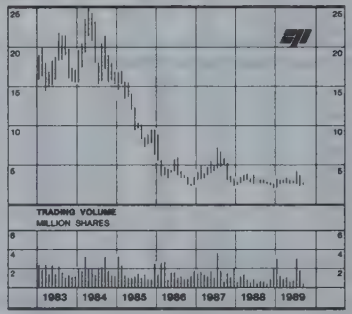
Zapata Corp. is an international company which operates a fleet of offshore drilling rigs, conducts commercial fishing and related processing, and explores for and produces oil and natural gas. ZOS also holds a 34.7% interest in Zapata Gulf Marine Corp., which operates a fleet of marine service and supply vessels. Industry segment contributions in fiscal 1988 (profits in million $):

	Revs.	Profits
Fishing	47%	$12.0
Offshore drilling	32%	-28.3
Oil & gas	21%	10.7

ZOS operates 14 offshore drilling rigs worldwide, including eight semisubmersibles and six jackup rigs. A number of the rigs are equipped for work in deep water and severe environments. Average rig utilization rate in fiscal 1988 was 84%, compared with 48% in fiscal 1987. Zapata Gulf Marine Corp. operates 344 marine service vessels.

Zapata's fishing and related processing operations catch menhaden, a small boney fish, and process it into fish meal and fish oil. Operations are conducted by a fleet of 63 fishing vessels and 46 spotter aircraft that supply five processing plants in Louisiana, Mississippi and Virginia. Fish meal is sold primarily to poultry feed producers as a high-protein ingredient, and fish oil is exported to Europe and used to make shortening and margarine. The company's fish catch in fiscal 1988 totaled 726,000 tons; price of fish meal averaged $386 a ton, versus $299 the year before.

At September 30, 1988 oil and gas interests consisted of 384,077 net developed and undeveloped leasehold acres located in the U.S. Gulf of Mexico region and in Bolivia. Net proved reserves at 1988 fiscal year end totaled 119 Bcf of natural gas and 1.8 billion bbls. of liquids. For fiscal 1988, U.S.



prices were $1.84 per Mcf of gas ($1.60 per Mcf in fiscal 1987) and $16.06 per bbl. ($16.68).

Important Developments

Aug. '89— ZOS said it suspended interest payments to holders of its subordinated debentures following a review of recent financial performance and the outlook for the future. As permitted under its November, 1987 bank debt restructuring, the company reduced its past-due interest on the debentures earlier in 1989, at which time ZOS said continued payments would depend on its current and prospective financial condition. ZOS also began talks with its bank group regarding a restructuring of its principal debt obligations. The company said it was not in default to its bank lenders and expected to remain in compliance with its loan covenants through 1990.

Next earnings report expected in late November.

Per Share Data ($)

Yr. End Sep. 30	[1]1988	1987	1986	1985	[2]1984	1983	1982	1981	1980	1979
Tangible Bk. Val.	d0.54	d0.72	6.71	19.05	23.21	22.65	20.90	18.30	14.97	13.90
Earnings[3]	d1.40	d7.46	d12.19	d3.14	1.28	2.71	5.16	3.38	2.19	1.14
Dividends	Nil	Nil	0.06	0.84	0.84	0.81	0.64	0.36	0.21⅝	0.14⅜
Payout Ratio	Nil	Nil	NM	NM	68%	30%	12%	11%	11%	12%
Prices—High[4]	3⅞	7¼	8⅞	17	24⅞	21⅞	29¼	39⅝	37⅜	14⅞
Low[4]	2	2¼	2¼	6¼	15¼	14⅜	11⅝	22	10⅝	5¼
P/E Ratio—	NM	NM	NM	NM	19-12	8-5	6-2	12-7	17-5	13-5

Data as orig. reptd. Adj. for stk. div(s) of 100% Jan. 1981, 2% Oct. 1979, 2% Jul. 1979, 2% Apr. 1979, 2% Jan. 1979, 2% Oct. 1978. 1. Reflects merger or acquisition. 2. Reflects accounting change. 3. Bef. results of disc. opers of -0.36 in 1985, -0.26 in 1983, 0.43 in 1982, +0.43 in 1981, +0.04 in 1979 & spec. item(s) of +0.24 in 1984. 4. Cal. yr. NM-Not Meaningful. d-Deficit.

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Income Data (Million $)

Year Ended Sep. 30	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
[2]1988	194	43	22.0	35	57.1	55.3	[3]5	NM	[4]d37	NM
1987	147	d8	NM	32	47.9	64.5	[3]d161	NM	d156	NM
1986	220	d77	NM	33	84.8	78.8	[3]d290	NM	d251	NM
[5]1985	289	15	5.1	90	50.6	67.9	[3]d134	NM	d64	NM
[4]1984	421	133	31.7	254	65.7	61.3	[3]16	NM	26	6.2
[5]1983	443	187	42.3	140	60.7	48.8	[3]101	45.4%	52	11.8
[5]1982	537	258	48.1	183	52.8	53.4	176	38.6%	104	19.3
[5]1981	463	184	39.7	195	38.0	48.3	125	39.9%	73	15.7
1980	637	133	20.9	143	42.8	51.0	56	22.4%	44	6.8
[5]1979	525	105	20.1	81	40.6	55.4	25	19.7%	21	4.0

Balance Sheet Data (Million $)

Sep. 30	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	41	128	171	0.7	771	NM	573	d17	594	96.3	NM
1987	16	80	136	0.6	766	NM	629	d16	625	NM	NM
1986	29	106	655	0.2	875	NM	64	139	215	30.0	NM
1985	41	138	90	1.5	1,142	NM	610	391	1,046	58.3	NM
1984	87	234	147	1.6	1,359	2.0%	589	476	1,210	48.6	5.4%
1983	103	230	131	1.8	1,176	4.5%	451	431	1,045	43.1	12.5%
1982	75	264	121	2.2	1,168	10.0%	498	399	1,048	47.5	27.8%
1981	70	216	113	1.9	1,014	7.2%	407	388	901	45.2	20.4%
1980	60	281	159	1.8	992	4.1%	464	315	833	55.8	14.2%
1979	48	278	155	1.8	908	2.2%	463	237	753	61.5	8.6%

Data as orig. reptd. 1. Bef. results of disc. opers. in 1985, 1983, 1982, 1981, 1979 & spec. item(s) in 1984. 2. Reflects merger or acquisition. 3. Incl. equity in earns. of nonconsol. subs. 4. Reflects accounting change. 5. Excl. disc. opers. NM-Not Meaningful. d-Deficit.

Revenues (Million $)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	45.2	40.3	35.9	60.0
Mar.	38.6	44.3	28.2	47.3
Jun.	51.7	47.7	27.5	51.6
Sep.		61.5	55.7	60.9
		193.8	147.2	219.8

Revenues for the nine months ended June 30, 1989 rose 2.4%, year to year. Operations were again unprofitable, although depreciation and interest charges decreased, and following a $16.4 million provision for the write-down of coal-related assets, the pretax loss widened to $58.7 million from $57.4 million. After tax credits of $12.9 million, against $1.3 million, the net loss was $45.7 million, versus a loss of $56.1 million. Following preferred dividend requirements, the loss per share was $1.44 on 29% more shares, versus $2.28.

Common Share Earnings ($)

Quarter:	1988-9	1987-8	1986-7	1985-6
Dec.	d0.21	d1.12	d0.99	d0.28
Mar.	d0.41	d0.74	d1.53	d1.67
Jun.	d0.82	d0.52	d1.69	d2.49
Sep.		0.61	d3.25	d7.75
		d1.40	d7.46	d12.19

d-Deficit

Dividend Data

Directors omitted the dividend on the common stock in February, 1986 and dividends on the $6 cumulative preferred stock and $2 noncumulative preference stock in May, 1986.

Finances

In December, 1987 ZOS completed the restructure of about $595 million of long-term debt. Under the agreement, $75 million of debt converted into 10 million new common shares in April, 1988, with $100 million to be converted in 1990 into a new preferred series, which ZOS would redeem in 1996 through 2000 at $1,000 a share. ZOS deferred principal and interest payments on nearly all bank-related debt through September, 1990.

Capitalization

Long Term Debt: $587,344,000, excl. $91,806,000 of subord. debt incl. in current liabs. at Mar. 31, 1989.

Preferred & Preference Stock: $4,503,000.

Common Stock: 31,962,750 shs. ($0.25 par). Institutions hold about 12%. Shareholders of record: 14,193

Office—Zapata Tower, P.O. Box 4240, Houston, Texas 77210-4240 **Tel**—(713) 226-6000 **Chrmn & CEO**—R. C. Lassiter **VP-Secy**—K. R. Stephenson **VP-Treas & Investor Contact**—David W. Starke **Dirs**—T. H. Bowerson, E. C. Brown, Jr., R. C. Lassiter, B. J. Mackin, M. B. Morris, J. T. Trotter, K. W. Waldorf, D. P. Whitty, W. W. Woods, Jr. **Transfer Agent & Registrar**—First City National Bank of Houston **Incorporated** in Delaware in 1954 **Empl**—2,700

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed

Adam J. Penn

Zenith Electronics

2520

NYSE Symbol ZE Options on ASE (Feb-May-Aug-Nov) In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Oct. 24'89	1989					
13⅜	21½-13	NM	None	None	C	1.54

Summary

A major manufacturer of television sets and VCR's, Zenith Electronics also makes picture tubes, cable products and electronic components. Subject to shareholder and regulatory approvals, ZE has agreed to sell its computer business, which accounted for 58% of sales in 1988, and plans to use the approximately $635 million proceeds from the sale to reduce debt and expand remaining operations. A deficit is likely to be incurred on continuing operations in 1989. Profitability should be restored in 1990, aided by higher television prices and sharply lower interest expense.

Current Outlook

Earnings for 1990 should reach $1.00 a share, in contrast to the $0.50 loss anticipated from continuing operations in 1989.

Early reinstatement of dividends is unlikely.

Sales in 1990 should rise 10%, aided by higher television and picture tube prices. Margins should benefit from the higher prices, reductions in costs and sharply lower interest expense caused by debt reduction from the anticipated sale of the computer and components segment.

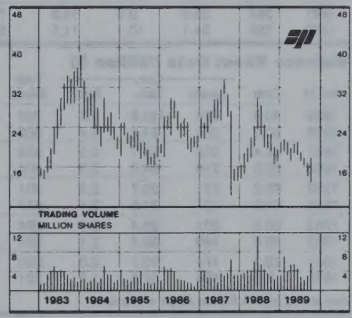
Net Sales (Million $)

Quarter:	1989	1988	1987	1986
Mar.	---	574	547	401
Jun.	[3]729	589	539	381
Sep.	377	682	592	514
Dec.	---	841	686	597
	---	2,686	2,363	1,892

Sales from continuing operations for the nine months ended September 30, 1989 rose 15%, year to year. Margins narrowed, and the pretax loss widened to $20.7 million from $17.8 million. After taxes in each period, the net loss was $21 million ($0.79 a share), versus a loss of $18.5 million ($0.71). Results exclude a loss from discontinued operations of $0.75 a share, versus income of $0.37.

Capital Share Earnings ($)

Quarter:	1989	1988	1987	1986
Mar.	---	0.01	0.04	d0.19
Jun.	[3]d0.45	d0.46	0.02	d0.43
Sep.	d0.34	0.11	d0.99	0.17
Dec.	E0.29	0.53	0.18	0.02
	Ed0.50	0.20	d0.78	d0.43



Important Developments

Oct. '89— ZE announced that it had signed a definitive agreement to sell its computer business to Groupe Bull, a French company. Under terms of the agreement, the exact purchase price will be based on the net asset value of the computer business at the time of closing, which is expected at year-end. Based on the balance sheet as of July 1989, the purchase price would have been $635 million, but ZE indicated that the final price at the closing would likely be lower. Proceeds are to be used to reduce debt and fund expansion of the company's consumer electronics business. ZE has decided to seek shareholder approval for the transaction, which is expected to be completed by year-end. The transaction was also subject to regulatory approval.

Next earnings report expected in late January.

Per Share Data ($)

Yr. End Dec. 31	1988	1987	1986	1985	1984	1983	1982	1981	1980	[1]1979
Tangible Bk. Val.	18.84	18.45	18.49	18.90	20.00	17.08	14.42	15.73	15.43	14.62
Earnings[2]	0.20	d0.78	d0.43	d0.33	2.88	2.26	d1.15	0.82	1.40	1.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	0.15	0.52½	0.60	0.90
Payout Ratio	Nil	Nil	Nil	Nil	Nil	NM	64%	43%	89%	
Prices—High	30	33⅝	29⅞	25	38⅝	36	16⅝	21½	21¼	15½
Low	13½	10	17⅞	16¼	19½	13⅜	9¾	10¼	7⅞	9⅛
P/E Ratio—	NM	NM	NM	NM	13-7	16-6	NM	26-13	15-6	15-9

Data as orig. reptd. 1. Reflects merger or acquisition. 2. Bef. spec. item(s) of +0.25 in 1988. 3. Six mos. NM-Not Meaningful. d-Deficit. E-Estimated.

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Income Data (Million $)

Year Ended Dec. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[1]Net Inc.	% Net Inc. of Revs.
1988	2,686	99	3.7	32.9	43.1	51.2	15.1	64.9%	5.3	0.2
1987	2,363	48	2.0	55.4	41.5	45.7	d28.9	NM	d19.1	NM
1986	1,892	42	2.2	61.0	40.0	29.6	d20.2	NM	d10.0	NM
1985	1,624	14	0.8	56.5	36.7	23.4	d20.9	NM	[2]d7.7	NM
1984	1,716	133	7.8	66.3	31.8	17.1	91.7	30.6%	63.6	3.7
1983	1,361	123	9.0	31.5	29.8	12.5	87.5	47.1%	46.3	3.4
1982	1,239	7	0.5	32.3	25.9	27.5	d40.2	NM	d21.8	NM
1981	1,275	57	4.5	59.8	22.4	19.6	26.6	41.4%	15.6	1.2
1980	1,186	72	6.1	26.8	18.5	16.1	47.0	44.3%	26.4	2.2
[3]1979	1,075	55	5.1	41.3	16.4	10.9	33.0	42.0%	19.0	1.8

Balance Sheet Data (Million $)

Dec. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1988	26.3	1,168	585	2.0	1,428	0.4%	309	503	843	36.6	1.1%
1987	19.5	1,090	548	2.0	1,373	NM	315	478	825	38.2	NM
1986	2.9	966	491	2.0	1,235	NM	272	432	744	36.6	NM
1985	7.1	687	291	2.4	927	NM	165	437	636	26.0	NM
1984	12.3	686	270	2.5	909	7.7%	172	443	639	27.0	15.5%
1983	71.5	546	227	2.4	739	6.0%	105	375	512	20.4	13.4%
1982	10.5	485	218	2.2	683	NM	162	273	465	34.9	NM
1981	17.6	545	256	2.1	743	2.2%	163	297	487	33.4	5.3%
1980	63.0	495	180	2.8	655	4.2%	163	291	476	34.3	9.3%
1979	7.6	436	185	2.4	591	3.5%	113	275	406	27.8	6.9%

Data as orig. reptd. 1. Bef. spec. item(s) in 1988. 2. Reflects accounting change. 3. Reflects merger or acquisition. d-Deficit. NM-Not Meaningful.

Business Summary

Zenith Electronics is a major manufacturer of television sets and VCRs. An agreement has been reached to sell its computer systems and components operations. Sales contributions:

	1988	1987
Computer systems and components	58%	53%
Consumer electronics	42%	47%

Foreign operations accounted for 11% of revenues and 18% of pretax income in 1988. Sales to the U.S. Government totaled 21%.

In October, 1989 the company announced that it had agreed to sell its computer systems and components segment that manufactures and markets personal desktop computers, portable computers, computer terminals, color monitors, monochrome monitors, computer printers, other peripherals, software, educational systems and electronic kit products.

Zenith is a leader in both color and black-and-white television in the U.S. Other consumer electronic products include video cassette recorders, related parts and accessories, large screen projection color televisions, monitor-receivers, stereo TV decoders, and teletext decoders, as well as cable decoders.

The company is also a leading supplier of monochrome and color displays, switch mode power supplies and hybrid microcircuits for original equipment manufacturers in the computer, telecommunications and automotive industries.

Dividend Data

Dividends were omitted in August, 1982 after having been paid since 1939. A "poison pill" stock purchase right was adopted in 1986.

Finances

At July 1, 1989 the company had $174 million of short-term debt outstanding, including $7 million in current maturities of long-term debt.

Capitalization

Long Term Debt: $309,000,000, incl. $115 million of 6¼% debs. due 2011, conv. into com. at $31.25 a sh.

Common Stock: 26,708,475 shs. ($1 par). Institutions hold approximately 55%. Shareholders of record: 22,188.

Office—1000 Milwaukee Ave., Glenview, Ill. 60025. **Tel**—(312) 391-7000. **Chrmn & Pres**—J. K. Pearlman. **Secy**—D. J. Waldeck. **Treas**—D. S. Levin. **Investor Contact**—S. Lipton (312)-745-5003. **Dirs**—H. G. Beckner, T. K. Brooker, S. Davidson, W. H. Gantz, G. R. Guthrie, R. B. Hansen, F. G. Jacks, J. K. Pearlman, A. W. Schultz. **Transfer Agent & Registrar**—Harris Trust and Savings Bank, Chicago, Ill. **Incorporated** in Delaware in 1958. **Empl**—36,000.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. Paul H. Valentine, CFA

Zurn Industries

NYSE Symbol ZRN In S&P 500

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking	Beta
Nov. 1'89	1989					
38	44¼-25¾	18	0.76	2.0%	A-	1.12

Summary

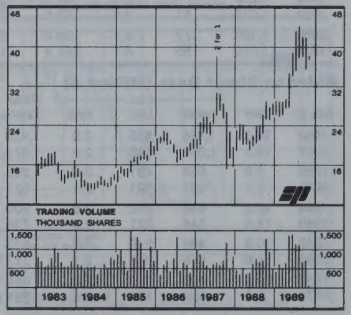
Zurn is a leading provider of products and services for waste-to-energy plants and water quality control systems. It also makes Lynx golf equipment. Strong earnings growth was achieved in fiscal 1988-9, primarily reflecting gains for the fast growing waste-to-energy business, and continued good growth is anticipated for the next several years. Dividends were recently raised 12%.

Current Outlook

Earnings for the fiscal year ending March 31, 1991 may rise to $2.65 a share from the $2.30 estimated for fiscal 1989-90.

The dividend was raised 12%, to $0.19 quarterly from $0.17, with the October, 1989 declaration.

Sales for fiscal 1990-1 are expected to advance about 15%. Strong growth should continue in the waste-to-energy segment, reflecting greater public awareness of the need to dispose of solid wastes in an environmentally-acceptable manner and a declining number of landfill sites available for solid waste disposal. Improving demand for backflow prevention equipment will contribute to gains in the water control area. Modest growth is seen for Lynx golf equipment and mechanical drives. Margins should be stable, aided by cost controls. Long-term prospects appear favorable, based on the increased emphasis being placed on the high growth waste-to-energy business and the company's strong financial position.



Net Sales (Million $)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	130.6	103.2	108.8	87.8
Sep.	164.1	120.0	100.9	89.9
Dec.	---	118.1	94.6	101.0
Mar.	---	143.2	101.5	104.6
	---	484.5	405.8	383.3

Sales for the six months ended September 30, 1989 rose 32%, year to year, reflecting gains all segments, especially the waste-to-energy group. Margins widened significantly on the higher volume, aided by cost controls. However, following lower other income and greater interest charges, pretax income was limited to a 28% gain. After taxes at 40.0%, versus 37.5%, net income rose 23%, to $1.06 a share from $0.88.

Common Share Earnings ($)

Quarter:	1989-90	1988-9	1987-8	1986-7
Jun.	0.49	0.42	0.38	0.33
Sep.	0.57	0.46	0.38	0.33
Dec.	E0.60	0.48	0.37	0.40
Mar.	E0.64	0.62	0.43	0.37
	E2.30	1.98	1.56	1.43

Important Developments

Oct. '89— ZRN announced that it had received approval to proceed on four separate waste-to-energy and wastewater control projects totaling $59 million. Separately, ZRN reported that its backlog at the end of fiscal 1989-90's second quarter totaled a record $403 million, up 28% from a year earlier. Zurn noted that order activity for its three segments continued to exceed the year-earlier pace and that earnings improvements were expected to continue in 1989-90's second half.

Next earnings report expected in mid-January.

Per Share Data ($)

Yr. End Mar. 31	1989	1988	1987	1986	1985	[1]1984	[1]1983	1982	1981	1980
Tangible Bk. Val.	16.85	15.62	14.69	13.93	13.19	12.36	12.01	10.89	9.52	8.49
Earnings	1.98	1.56	1.44	1.41	1.45	0.95	1.73	1.88	1.64	1.42
Dividends	0.68	0.68	0.66	0.66	0.66	0.66	0.64½	0.58	0.49	0.41½
Payout Ratio	34%	43%	46%	47%	46%	70%	37%	31%	30%	29%
Calendar Years	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Prices—High	29	30⅜	22⅞	20⅞	15⅜	18¾	15	17¾	12¾	10⅞
Low	18⅞	15	16½	12½	10⅝	12⅛	9	8⅞	7⅛	7¼
P/E Ratio—	15-10	20-10	16-11	15-9	11-7	20-13	9-5	9-5	26-14	8-5

Data as orig. reptd. Adj. for stk. div(s). of 100% Jul. 1987. 1. Reflects merger or acquisition. E-Estimated.

November 9, 1989

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Income Data (Million $)

Year Ended Mar. 31	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	Net Inc.	% Net Inc. of Revs.
1989	485	44.5	9.2	18.0	10.6	2.13	39.4	38.7%	24.2	5.0
1988	406	40.0	9.9	14.1	11.1	2.36	32.1	40.2%	19.2	4.7
1987	383	33.6	8.8	11.0	9.9	2.19	30.8	43.2%	17.5	4.6
1986	384	30.7	8.0	10.6	9.7	2.39	30.3	43.8%	17.0	4.4
1985	345	29.5	8.5	7.8	9.2	3.28	26.1	34.6%	17.1	5.0
[1]1984	338	28.5	8.4	14.5	10.2	3.65	20.0	44.9%	11.0	3.3
[1]1983	373	38.6	10.3	18.5	9.2	3.30	35.1	43.3%	19.9	5.3
1982	395	40.0	10.1	15.1	7.8	3.06	39.5	45.6%	21.5	5.4
1981	364	35.6	9.8	14.3	7.0	2.83	33.3	44.9%	18.3	5.0
1980	339	34.1	10.1	11.5	5.2	2.58	29.4	46.3%	15.8	4.7

Balance Sheet Data (Million $)

Mar. 31	Cash	Curr. Assets	Curr. Liab.	Ratio	Total Assets	Ret. On Assets	Long Term Debt	Common Equity	Total Inv. Capital	% LT Debt of Cap.	Ret. On Equity
1989	43.5	254	122.5	2.1	360	7.3%	14.9	206	230	6.5	12.2%
1988	30.2	204	84.2	2.4	302	6.3%	10.0	191	211	4.7	10.3%
1987	49.4	209	85.1	2.5	303	5.8%	13.8	179	211	6.6	10.0%
1986	69.9	219	94.0	2.3	300	5.6%	17.6	169	206	8.5	10.4%
1985	68.2	221	96.7	2.3	301	5.8%	23.3	157	205	11.4	11.3%
1984	54.9	197	81.6	2.4	277	3.9%	29.6	143	196	15.1	7.8%
1983	58.5	201	96.4	2.1	284	7.3%	33.9	137	188	18.0	15.2%
1982	40.6	190	88.4	2.1	264	8.2%	30.1	126	175	17.2	18.1%
1981	29.1	179	90.7	2.0	250	7.7%	33.3	106	159	20.9	18.1%
1980	8.3	154	84.5	1.8	221	7.5%	33.1	93	137	24.1	17.9%

Data as orig. reptd. 1. Reflects merger or acquisition.

Business Summary

Zurn primarily makes products and provides services for waste-to-energy plants and water quality control systems. Segment contributions in fiscal 1988-9:

	Sales	Profits
Environmental technologies:		
Waste-to-energy	40%	43%
Water control	42%	47%
Other technologies	18%	10%

Export sales were 4.9% of total sales in fiscal 1988-9, versus 5.1% in 1987-8.

The waste-to-energy segment designs, constructs and operates alternate energy power plants, builds steam generators and waste heat energy recovery and incineration systems, and produces equipment and fans to control emissions of solid particulate and gaseous pollutants. Primary markets served are the municipal refuse and biomass-burning markets.

The water control group provides a broad range of products, systems, technologies and services for the control, distribution and treatment of water and wastewater streams. Products and services include engineering and construction of water resource and water quality control systems, engineered concrete products, water and wastewater systems and equipment, and wastewater controls.

Other technologies include Lynx golf clubs and accessories, and mechanical energy conversion products.

Dividend Data

Dividends have been paid since 1964. A dividend reinvestment plan is available. A "poison pill" stock purchase right was adopted in 1986.

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.17	Feb. 8	Mar. 13	Mar. 17	Apr. 15'89
0.17	Jun. 5	Jun. 12	Jun. 16	Jul. 15'89
0.17	Aug. 4	Sep. 11	Sep. 15	Oct. 15'89
0.19	Oct. 24	Dec. 11	Dec. 15	Jan. 15'90

Next dividend meeting: early Feb.'90.

Capitalization

Long Term Debt: $23,276,000, incl. $2,978,000 of 5¾% debs. due 1994, conv. into com. at $14.25 a sh.

$1 Conv. Pfd. Stock: 5,000 shs. ($1 par).

Common Stock: 12,281,561 shs. ($0.50 par). Institutions hold approximately 54%.
Shareholders of record: 6,378.

Office—1 Zurn Place, Erie, Pa. 16505. **Tel**—(814) 452-2111. **Chrmn, Pres & CEO**—G. H. Schofield. **SVP-Secy**—D. H. Lund. **Treas**—J. E. Sharbaugh. **Investor Contact**—Steven Adams. **Dirs**—K. S. Axelson, E. J. Campbell, A. S. Cartwright, A. F. Duval, J. M. Krepa, G. H. Schofield, D. W. Wallace, J. A. Zurn. **Transfer Agent & Registrar**—AmeriTrust Co., Cleveland. **Incorporated** in Pennsylvania in 1932. **Empl**—3,940.

Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Michael V. Pizzi

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